

New Delhi, dated the March 30, 2012

NOTIFICATION

Issue of Postal Life Insurance Government of India Special Floating Rate Security, 2022

F. No. 5 (12)-PD/2001: Government of India hereby notifies the issue of Postal Life Insurance Government of India Special Floating Rate Security, 2022, (hereinafter briefly described as "Special Floating Rate Bond") for an aggregate amount of Rs. 7,000 crore (nominal) on March 30, 2012.

1. Eligibility for making subscription to the Special Floating rate Bonds and limits of subscription.

The Directorate of Postal Life Insurance shall be eligible to subscribe to the Special Floating Rate Bonds and its subscription shall be limited to the extent of the amount of Bonds. No other person including any bank, company, corporation or any other body, except the Directorate of Postal Life Insurance, shall be eligible to subscribe to the Floating Rate Special Bonds.

2. Price

The Special Floating Rate Bonds shall be issued on application at par for the amount as per the application made by the Directorate of Postal Life Insurance. The Special Bond will be issued for a minimum amount of Rs. 10,000 (Nominal) and in multiples of Rs. 10,000 thereafter.

3. Application

The Special Floating Rate Bonds shall be issued on application as per Performa in Annex I, to the Directorate of Postal Life Insurance.

4. Form of Bond

The Special Floating Rate Bonds will be issued by credit to the Subsidiary General Ledger account maintained with the Reserve Bank of India.

5. Commencement of tenure and date of repayment

The tenure of Special Floating Rate Bonds will commence from March 30, 2012. Interest on the Special Floating Rate Bonds will accrue from the date of commencement of tenure. The Special Bonds will be repaid at par on March 30, 2022 at Public Debt Office, Reserve Bank of India, Mumbai.

6. Interest

The Special Floating Rate Bonds will bear interest at the rate of 7.85 per cent per annum for the financial year 2011-12. Interest rates on these bonds for subsequent financial years (i.e. after 2011-12) would be in line with daily average yield of 10 years Government Securities in

the preceding calendar year. Therefore, applicable interest rate for the Special Floating Rate Bond would be 8.33 per cent for the financial year 2012-13. Further, interest will be reckoned from the date of commencement of tenure of the Special Floating Rate Bonds and will be payable half yearly on September 30 and March 30 till maturity. Interest on the Special Floating Rate Bonds will be payable at Public Debt Office, Reserve Bank of India, Fort, Mumbai. Interest will be paid after rounding off the amount of interest to the nearest rupee.

7. Transferability

(i) Subject to the provisions of paragraph 4 of the notification, the Special Securities can be renewed, sub-divided, consolidated, converted and transferred by the holder in accordance with the provisions of the Government Bonds Act, 2006 and the Government Bonds Regulations, 2007 framed there under.

(ii) Notwithstanding what is stated in paragraph 1 hereinabove, there will be no restriction on the transfer of the Special Bonds by the subscriber in favour of any other person including banks, corporation or any other body and the transferee of such Bond would also be entitled to hold and transfer the same in such manner.

8. Statutory Provisions

With respect to any such matter which has not been provided under this Notification, the Special Floating Rate Bonds shall be governed by the Government Bonds Act, 2006 and the Government Bonds Regulations, 2007 framed thereunder.

9. Applicability of Tax Law

The value of the investment in the Special Floating Rate Bonds and the interest payable thereon will be governed by the provisions of tax laws as applicable from time to time.

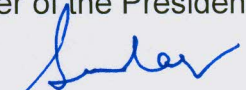
10. Eligibility of Securities

The investment in the Special Floating Rate Bonds by the banks and insurance companies will not be reckoned as an eligible investment in Government Bonds for their statutory requirements. However, such investment by the insurance companies will be eligible to be reckoned as investment under "other Approved Bonds" category as defined under Insurance Regulatory and Development Authority (Investment) Regulations, 2000. Further, the investment by the Provident Funds, Gratuity Funds, Superannuation Funds, etc. in the Special Bonds will be treated as an eligible investment under the administrative order of the Ministry of Finance.

11. Eligibility for Repo

The Special Floating Rate Bonds will be transferable and eligible for market ready forward transactions (Repo). The Bonds, however, will not be an eligible underlying Bond for ready forward transactions (Repo/Reverse Repo) with the Reserve Bank of India.

By Order of the President of India



(Shaktikanta Das)

Additional Secretary to the Government of India

Annex I

Place:

Date:

The Regional Director,
Public Debt Office,
Reserve Bank of India,
Mumbai 400 001

Subject : Postal Life Insurance Government of India Special Floating Rate Security,
2022

Sir,

In terms of Government of India, Ministry of Finance, Notification No F. No. 5 (12)-PD/2001 dated March 30, 2012, we are eligible to subscribe to the captioned securities for an aggregate amount of Rs. 7,000 crore.

We accept the terms and conditions governing the Special Floating Rate Security and request you to issue the securities in our favour.

Yours faithfully,

Signature:

Name:

Designation:

Office Seal/Stamp