

Press Release

Introduction of Floating Rate Savings Bonds, 2020 (Taxable)

The Government has notified the new Floating Rate Savings Bonds, 2020 (Taxable) Scheme in place of 7.75 percent Savings (Taxable) Bonds, 2018 Scheme which ceased for subscription from the close of banking business on May 28, 2020. The broad features of the new **Floating Rate Savings Bonds, 2020 (Taxable)** scheme are given below:

Sl. No.	Item	Details
1.	Scheme name	Floating Rate Savings Bonds, 2020 (Taxable)
2.	Issuance	To be issued by Reserve Bank India on behalf of the Government of India.
3.	Eligibility	<p>The Bonds may be held by -</p> <ul style="list-style-type: none">(i) a person resident in India,-<ul style="list-style-type: none">(a) in his individual capacity, or(b) in individual capacity on joint basis, or(c) in individual capacity on any one or survivor basis, or(d) on behalf of a minor as father/mother/legal guardian(ii) a Hindu Undivided Family. <p><i>Explanation: For the purpose of this paragraph, the “person resident in India” shall have the same meaning as defined in clause (v) of Section 2 of the Foreign Exchange Management Act 1999(42 of 1999)</i></p>
4.	Issue price/ Denomination/ Minimum Subscription	The Bonds will be issued at par at Rs.100/- for a minimum amount of Rs.1000/- (nominal value) and in multiples thereof.
5.	Date of Issue	The Bonds, in the form of Bonds Ledger Account, will be opened (issued) from the date of tender of cash (up to Rs.20,000/- only), or date of realization of cheque/draft/funds.
6.	Maximum limit	There will be no maximum limit for investment in the Bonds.
7.	Forms/Certificate	The Bonds will be issued only in the form of Bond Ledger Account and may be held at the credit of the holder in an account called Bond Ledger Account (BLA). The investors will be issued a Certificate of Holding for the same.
8.	Payment option	Subscription to the Bonds will be in the form of Cash (upto Rs.20,000 only)/drafts/cheques or any

		electronic mode acceptable to the Receiving Office. Cheques or drafts should be drawn in favour of the Receiving Office and payable at the place where the applications are tendered.
9.	Repayment/Tenor	The Bonds shall be repayable on the expiration of 7 (Seven) years from the date of issue. Premature redemption shall be allowed for specified categories of senior citizens.
10.	Receiving Offices	Applications will be received at the branches of SBI, Nationalised banks and specified private sector banks, either directly or through their agents.
11.	Interest Rate(Floating)	The interest on the bonds is payable semi-annually on 1 st Jan and 1 st July every year. The coupon on 1st January 2021 shall be paid at 7.15%. The Interest rate for next half-year will be reset every six months, the first reset being on January 01, 2021. There is no option to pay interest on cumulative basis.
12.	Tax treatment	Interest on the Bonds will be taxable under the Income-tax Act, 1961 as amended from time to time and as applicable according to the relevant tax status of the Bonds holder.
13.	Transferability	The Bonds in the form of Bond Ledger Account shall not be transferable except transfer to a nominee(s)/legal heir in case of death of the holder of the bonds
14.	Nomination	A sole holder or all the joint holders of Bonds, being individual/s, may nominate in Form C or as near thereto as may be, one or more persons who shall be entitled to the Bonds and the payment there on, in the event of his/their death.
15.	Tradability /Advances	The Bonds shall not be tradable in the secondary market and shall not be eligible as collateral for loans from banks, financial Institutions and Non-Banking Financial Company (NBFC) etc.
16.	Brokerage/Commission	Brokerage at the rate of 0.5% of the amount mobilized will be paid to the Receiving Offices and they shall share at least 50% of the brokerage so received with brokers/sub brokers registered with them.

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