

Reserve Bank of India - Floating Rate Savings Bonds 2020 (Taxable)

Govt. of India vide its notification - GoI Notification F.No.4(10)-B(W&M)/2020 dated June 26, 2020 has launched the Floating Rate Savings Bonds 2020 (Taxable); Short Name – FRSB, 2020 (T) (“the Bonds”) with effect from July 01, 2020.

The salient features of the Bond are detailed below:

Sl. No.	Item	Details
1	Product name	Floating Rate Savings Bonds, 2020 (Taxable); Short Name – FRSB, 2020 (T)
2	Issuance	To be issued by Reserve Bank India on behalf of the Government of India.
3	Eligibility	The Bonds may be held by – (i) a person resident in India, (a) in her or 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
4	Limit of investment	Minimum `1000/- and in multiples of ` 1000/-. No maximum limit.
5	Date of Issue of bonds	Date of receipt of subscription in cash (up to ` 20,000/- only), or date of realization of cheque /draft/ funds.
6	Subscription	Subscription to the bonds will be in the form of cash (upto `20,000/- only)/drafts/cheques or any electronic mode acceptable to the Receiving Office.
7	Form of the Bonds	The Bonds will be issued only in the electronic form and held at the credit of the holder in an account called Bond Ledger Account (BLA), opened with the Receiving Office.
8	Nomination	Nomination and its cancellation shall be in accordance with the provisions of the Government Securities Act, 2006 (38 of 2006) and the Government Securities Regulation, 2007, published in Part III, Section 4 of the Gazette of India dated December 1, 2007.

9	Transferability	The Bonds held to the credit of Bond Ledger Account (BLA) of an investor shall not be transferable, except transfer to a nominee(s)/legal heir in case of death of the holder of the bonds.
10	Tradability / Advances	The bonds are not tradable in the secondary market and also not eligible as collateral for availing loans.
11	Interest (Floating)	<p>(i) Option – The interest on the bonds will be payable at half yearly intervals on Jan 1st and July 1st every year. There is no option to pay interest on cumulative basis.</p> <p>(ii) Rate – The coupon/interest of the bond would be reset half yearly starting with Jan 1st, 2021 and thereafter every July 1st and Jan 1st. The coupon rate for first coupon period, payable on January 1, 2021 is fixed at 7.15%.</p> <p>(iii) Base Rate – The coupon rate will be linked/pegged with prevailing National Saving Certificate (NSC) rate with a spread of (+) 35 bps over the respective NSC rate.</p>
12	Tax benefits	<p>Income from the bonds is taxable.</p> <p>Tax will be deducted at source while interest is paid. If an exemption under the relevant provisions of the Income Tax Act, 1961 is obtained, it may be declared in the Application Form.</p>
13	Maturity period	7 years from the date of issuance.
14	Premature redemption	<p>Facility is available to the eligible investors after Lock in period of 4, 5, and 6 years in the age bracket of 80 years and above, between 70 to 80 years and 60 to 70 years respectively.</p> <p>Penalty charges @ 50% of last coupon payment.</p>
15	How To Apply	If you are IDBI Bank Customer, you can apply for the same through your I-Net banking portal. Or Else, you may visit to any of the IDBI Bank Branch with KYC and submit the application form.

The terms and conditions of the issuance of the Bonds shall be as per the above GOI Notification. A copy of the Circular, Government Notification and Press Release with regard to this Scheme has been placed on RBI website. All other terms and conditions specified in the notification of Government of India issued by the Ministry of Finance (Department of Economic Affairs) vide Notification F.No.4(2)-W&M/2018 dated March 27, 2018 shall apply to the Bonds.