

February 22, 2006
Phalguna 2, 1927 (Saka)

REPAYMENT CIRCULAR No. 2 / 2006

The General Manager
State Bank of India and Associate Banks
and 17 Nationalised Banks
The Managing Director
ICICI / IDBI / HDFC / UTI Bank and SHCIL

Dear Sir,

Repayment of 8.5% Relief Bonds, 2001

Please refer to our Loan Circular No 117 dated March 20, 2001 regarding issue of 8.5% of R.B. 2001. The said bonds issued in terms of Government of India Notification No. F. 4 (4) W & M / 2001 dated 15.3.2001 will mature for repayment from 15.3.2006 onwards according to the date of individual investments. The Press Communiqué dated February 15, 2006 issued by Government of India, Ministry of Finance, Department of Economic Affairs, New Delhi is enclosed for information. The general procedures to be strictly adhered to by the Agency banks in connection with the repayment of the bonds held under BLAs are given below:

1 Issue of Advices to Investors: The attention of the holders may be drawn to the ensuing maturity of their bonds one month before the date on which investment in the BLA is due for repayment as per the format given in Annexure I. The holders may be advised to submit the requisite documents 20 days in advance so that the repayment is effected on the due date itself. The advices should be sent by Registered / Speed Post. It should be ensured that the advices are sent only in respect of BLAs which are free from stoppage.

2. Post Maturity Interest: Although it was indicated in the MOP, Loan Circular No 117 dated March 20, 2001 and relative Government Notification that the investment under the scheme attracts Post Maturity Interest, the facility was subsequently withdrawn by the Government vide its Notification No. F. 4 (5)-W & M / 2002 dated February 28, 2003. You are, therefore, advised to indicate to the investors that **the investment does not carry Post Maturity Interest**, prominently in the above advices.

3. Discharge of Certificates by the investors

(i) As per paragraph 1.18 of the Memorandum of Procedure, the designated branches are required to obtain the COH duly discharged at the time of repayment. As COH may contain

multiple investments, discharge on COH may not be insisted upon. The Certificates of Holding / Certificates of Investment (COHs / COIs) submitted by the investors may be verified with the BLAs. A stamped receipt obtained from the BLA holder in the prescribed format (**Annexure 1 A**) may be treated as discharge certificate and preserved. It should be ensured that all required details are furnished in the receipt before making payment.

(ii) As per extant instructions, the investor is required to furnish the particulars of his PAN / GIR number, or a declaration in Form No 60, in case the investor does not have PAN / GIR No, if the amount of repayment exceeds Rs. 1 lakh.

4. Payment to the Investors

(i) Although the Receipt in Form Annexure IA is submitted well in advance for repayment, it should be ensured that actual payment of discharge value is made only on the due date, or later if the same is submitted after the due date, of maturity. In the event of holiday being declared by the State Government under the Negotiable Instruments Act, 1881 on the maturity date or maturity date being Sunday, **the maturity proceeds may be made on the previous working day.**

(ii) The repayment should be made only by the bank branch concerned, maintaining the BLA and the details of closure of the investment(s) i.e. date(s) and amount(s) should invariably be indicated in the BLA, duly authenticated by the Supervising Official.

(iii) If multiple investments are made against the same BLA, the repayment / closure of individual investment should be marked off under authentication of an official and reflected therein and a **statement of holding** duly indicating the BLA number, date of maturity and amounts in respect of individual investments maybe generated and given to the investor along with his COH. It should be ensured that the outstanding balance appearing in the BLA and the statement of holding are the same.

(iv) The payment may be made either by credit to the S.B. account of the investor or by issue of Payment Order depending on whether investor maintains an account with the bank or not. The payment may be made as per mandate of the investor under ECS also, subject to the extant instructions. In case the investor desires to receive the maturity proceeds by post, it may be dispatched by Speed / Registered Post, so as to reach him at least one day in advance from the date of maturity.

5. The Payment Order in advance: In case of repayment by issuance of payment order [paragraph 4 (iv) above], it should be ensured that the Payment Orders bearing the dates of redemption are prepared and kept ready / dispatched in case of request so as to reach the holder at least one day in advance and for senior citizens, three days in advance.

6. Interest payments: As regards BLAs held under non-cumulative scheme, the interest for last broken period should be paid along with the principal. The interest warrants

pertaining to such investments should be dispatched on the due date of maturity irrespective of whether the investor has surrendered the COH/COI/discharge receipt for repayment or not. While despatching such interest warrants of matured BLAs, the covering letter addressed to the investor should indicate that the investment has matured on the specific date. The advices to the investors should invariably contain the legend “**Interest will not accrue on the investment after ----/ ----/ ---- (date of maturity)**”.

7. Accounting: The Principal and the interest should be separately accounted for and the scrolls drawn separately and kept on records for audit/ verification in terms of the extant instructions issued from time to time.

8. Reporting to Government of India: The designated branches should submit a statement showing the payments and outstanding in respect of the BLAs under the scheme on monthly basis to the Controller of Accounts, Department of Economic affairs, Ministry of Finance, Government of India, New Delhi through their Link Office. The repayment scrolls pertaining to the principal and the interest should be drawn separately as per Appendix XI & XII of MOP for this purpose.

9. Reporting to PDO of jurisdiction: The monthly report sent to the PDO of jurisdiction should invariably contain the details of repayments in part D of Appendix IV. The repayment scrolls pertaining to the principal and the interest drawn separately as per Appendix XII of MOP for the month as above may also be submitted alongside.

10. Reimbursement from CAS Nagpur: The agency banks may prefer claims for reimbursement as per paragraph 1.14 and 1.18 (section I) of MOP **only in respect of the repayments effected** by them. Such claims may be submitted in the usual manner to CAS, Nagpur through the respective link cells along with the consolidated scrolls *separately for principal and interest*. The claims should be duly supported by a certificate from the Internal / Concurrent Auditors to the effect that the repayment figures have been checked 100% and that the amount have already been paid to the investors.

11. Preservation of Records: The instructions vide paragraph 1.22 of MOP regarding preservation of records should be followed meticulously.

12. Advice to designated Banks: Since most of the branches have computerized their operations, the requisite system changes required to comply with the above instructions, may please be made well in advance to avoid any hassles at the operational level and to render better customer service to the investors. The contents of this circular may please be brought to the notice of the designated branches concerned urgently.

13. The above instructions are illustrative and not exhaustive and should be read with the instructions in the MOP. In case of any specific doubts or queries on the above, the designated banks / branches may please contact the PDO of jurisdiction.

14. Please acknowledge receipt and monitor compliance.

Yours faithfully,

(P. Loganathan)
Assistant General Manager

ANNEXURE I

On letterhead of the Agency branch

Ref. No.

Date:

Shri/Smt./Kum.

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Madam / Dear Sir,

Repayment 8.5% Relief Bonds Scheme 2001

We advise that the investment(s) made by you under the captioned scheme is/are due for repayment on maturity as shown below:

| BLA No. | Date of Investment | Amount invested | Date of Maturity | Interest | Total Amount |
|--------------|--------------------|-----------------|------------------|----------|--------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| Grand Total: | | | | | |

2. As per GOI Notification No. F.4 (5) - W & M / 2002 dated February 28, 2003 **Interest will not accrue on the investments from and after the date of maturity** indicated above.

3. Kindly return the attached **ANNEXURE 1 A**, completed in all respects, and the receipt (**Acquittance**) duly discharged by you, after affixing the revenue stamp at the place provided for, to enable us to credit your account / issue Payment Order. In case the repayment is to be made under ECS you may please submit the mandate for the same.

4. In case you like to have the Payment Order by post, please note to indicate your bank particulars in the **Annexure 1 A**.

5. Kindly note to submit the above documents 20 days in advance so that the repayment is made on the due date itself.

Yours faithfully,

Signature
(Name and Designation)

ANNEXURE 1 A

From

To

The Branch Manager

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.....
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Dear Sir,

Repayment of 8.5% Relief Bonds Scheme 2001

I / We request and authorise that the following investment in my / our BLA under 8.5 % Relief Bonds Scheme 2001 may please be paid by a Payment Order.

| BLA No. | Date of Investment | Amount invested | Date of Maturity | Interest | Total Amount |
|--------------------|--------------------|-----------------|------------------|----------|--------------|
| | | | | | |
| | | | | | |
| | | | | | |
| | | | | | |
| GRAND TOTAL | | | | | |

Yours faithfully

Signature (s)
Name (s)

* I / We desire that the Payment Order may please be sent by Post / Courier Service at my risk and responsibility and it may be delivered to any person available at my / our residence in my / our absence.

* Strike out if not applicable.

ACQUITTANCE

Received from (Name of designated bank / branch) Rs. _____ (Rupees-----
-----only), being the principal amount with
accrued interest due on 8.5% Relief Bonds 2001 against my /our BLA as per details given
above.

No. **Name (s)**

Income Tax PAN
(If amount exceeds Rs. 1 lakh)

- i.
- ii.
- iii.

| |
|------------------------------------|
| (Revenue Stamp) Signature(s) |
|------------------------------------|

Place:
Date: