



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA
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June 26, 2020

The Chairman & Managing Director
State Bank of India & 11 Nationalised Banks
Axis Bank Ltd., ICICI Bank Ltd.,
HDFC Bank Ltd., IDBI Bank Ltd.

Dear Sir/Madam,

Floating Rate Savings Bonds 2020 (Taxable)

Government of India has decided to launch Floating Rate Savings Bonds 2020 (Taxable) scheme, with effect from July 01, 2020 in terms of [Gol Notification F.No.4\(10\)-B\(W&M\)/2020 dated June 26, 2020](#). 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. The salient features of the Bond are detailed below.

- 1. Eligibility for Investment:** 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
- 2. 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.
- 3. 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.
- 4. Receiving Offices** - Any number of branches of State Bank of India, Nationalised Banks and four private sector banks, as specified in the Annexure 3 of the [Gol Notification F.No.4\(10\)-B\(W&M\)/2020](#).

5. **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.
6. **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.
7. **Interest (Floating) –**
 - (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.
 - (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%.
 - (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.
8. **Brokerage** - 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, on the applications tendered by them and bearing their stamp, on behalf of their clients.
9. **Operational Guidelines** – With a view to facilitate availability of all the operative instructions regarding servicing of these bonds at one place, consolidated operational guidelines will be issued shortly and placed on the RBI website.
10. 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.

Yours faithfully,

(T. K. Rajan)
Chief General Manager