



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA  
www.rbi.org.in

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IDMD.CDD.No.3155/13.01.299/2019-20

June 30, 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)- FRSB 2020 (T) - Operational Guidelines**

Please refer to the [Government of India Notification No.F.No.4\(10\)-B\(W&M\)/2020 dated June 26, 2020](#) read with [RBI circular IDMD.CDD.No.3145/13.01.299/2019-20 dated June 26, 2020](#) on FRSB 2020 (T). As you are aware, the bonds issued under this Scheme are held to the credit of the holder in an account called Bonds Ledger Account (BLA), opened with the Receiving Office (RO) and they are entrusted with the responsibility of issue and servicing of these bonds.

2. In this regard, in accordance with the powers conferred by sub-section (2) of the Section 29 of the Government Securities Act, 2006 and of all the powers enabling it in this behalf, detailed operational guidelines for this Scheme are given in [Annexure](#).

3. All the authorised ROs shall be guided by these instructions while issuing and servicing these bonds.

Yours faithfully,

(T.K Rajan)  
Chief General Manager

Encls: Annexure

## **I. Introduction**

The Floating Rate Savings Bonds, 2020 (Taxable), hereinafter referred to as “the bonds”, are issued by Government of India through any number of branches of State Bank of India, Nationalized Banks, four Private Sector Banks and any other entity authorised by Reserve Bank of India. The complete list of banks/entities authorised to issue these bonds is given in [Appendix I](#). The eligibility criteria and other terms and condition is specified in the [Government of India Notification No. F.No.4\(10\)-B\(W&M\)/2020 dated June 26, 2020](#). All the authorised Receiving Offices, are required to make arrangements to implement the Scheme through their branches and, sensitize their staff about the Scheme.

### **Definitions**

In these guidelines, unless the context otherwise requires,

(i) Receiving Office(RO) means State Bank of India, 11 Nationalised banks, Axis Bank Ltd., ICICI Bank Ltd., HDFC Bank Ltd, IDBI Bank and any other entity as authorised by Reserve Bank of India.

(ii) Bond ledger Account or BLA means the bond held to the credit of the holder in the electronic form with Receiving Office.

(iii) Certificate of Holding (COH) means a proof of subscription issued by the Receiving Office to the investor in specified format.

## **II. Procedural Guidelines for servicing the bonds:**

The ROs entrusted with the responsibility of issue/ servicing the bonds shall identify a nodal officer/s for the purpose and the contact details of the officer may be advised to RBI, Internal Debt Management Department at [email](#) and to Central Account Section, RBI, Nagpur at [email](#). In addition, the contact details of a senior level functionary, not below the rank of Chief General Manager/Head of Operations may also be advised to us. The ROs shall also keep us informed of the change in contact details from time to time.

The procedure to be followed by these offices for operation of the Scheme is outlined below.

### **1. Receipt of applications**

1.1 ROs are authorized to receive Application forms from eligible investors at any number of branches either directly or through agents. The application forms shall be

received in [Form 'B'](#) (Annexure 2 to the GoI Notification dated June 26, 2020) with requisite particulars. The application money may be received as cash (upto ₹20,000/- only)/ demand draft / cheque or any electronic mode acceptable to the RO. The demand draft / cheque shall be drawn in favour of the RO. ROs may encourage the investors to make nominations in respect of their investments.

1.2 The list of branches issuing BLA would be displayed on the ROs website.

1.3 ROs shall endeavour, at the earliest, to make available this product through all its branches and towards this end, provide an online facility to investors for ease of applying for this product.

1.4 The application shall be subjected to scrutiny to ensure that it is complete in all respects. An acknowledgement may be issued to the applicants, specifying therein the date of issue of COH.

1.5 The ROs shall open an account styled 'Bond Ledger Account' in the name of each subscriber with the amount of subscription. Each account may be allotted a six digit code with an alpha prefix denoting the bank and its branch code (e.g. SBIPNBLA 000001 - State Bank of India, Pune Bond Ledger Account 000001).

1.6 The Bond Ledger Account shall be opened in the name of the investor/s on the date of tender of cash or the date of realisation of draft /cheque/funds This date of realisation of payment shall be called as 'Date of Subscription'.

1.7 Only one 'Bond Ledger Account' shall be opened in the name of each investor. No new account or multiple accounts shall be opened or maintained in the name of the same holder at the branch and investments subsequently made by him, shall be accounted for in the same Bond Ledger Account.

1.8 No new BLA will be opened for subsequent investments made by the investor. A fresh COH may be issued for subsequent investments.

1.9 The tenure of 7 years shall be reckoned from the date of subscription in the case of each investment.

1.10 The branches may also maintain a "Register of Bond Ledger Accounts - All holders" as per proforma given in [Appendix II](#). In addition, the Link Office will also maintain centralised record of all the BLAs issued by their branches.

1.11 The branches shall issue a COH to the subscriber/s, within 7 days from the date of tender of application, in [Form A](#) (Annex I of the GOI notification dated June 26, 2020). The COH may also be sent at the email address to all the investors as per details provided in the application form.

1.12 In case of loss of CoH, a duplicate thereof shall be issued to the holder/s on receipt of a request in this regard. However, no fees may be charged to the holder/s for the same.

## **2. Remittance of Subscription to RBI and Reporting**

2.1 The ROs should ensure that the subscription amount is remitted to RBI, Central Account Section, Nagpur within 3 (three) days of the realisation of the cheque/draft/receipt of funds, through their Link Cell.

2.2 The daily advice, indicating the distinctive number of relative Bond Ledger Accounts, amounts, due date to which the remittance to CAS, Nagpur relates, and various other details shall be forwarded by the Link Cells to the CAS, Nagpur in physical format along with the ASCII file format for uploading in E-kuber.

2.3 Delay in remittance/reporting of subscription for credit to Government Account beyond 3 (three) days from the date of realisation of relative draft/ cheque/receipt of funds, shall attract penal interest at the prevailing coupon rate from the date of receipt of subscription till the date of actual reporting to CAS. The penal interest shall be recovered by CAS from ROs.

## **3. Nomination**

3.1 The Nomination and its Cancellation shall be governed by 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. The Receiving Offices shall register the nominations made by the subscribers in the prescribed [Form C](#) (Annexure 4 to the GOI Notification dated June 26, 2020).

3.2 For this purpose, a "Register of Nomination" as per proforma given in [Appendix III](#) shall be maintained. The nomination forms shall be examined by the branches to ensure that

- i. the nomination has been made by a sole holder or all joint holders other than a minor;
- ii. the particulars of the Bond Ledger Account have been correctly mentioned therein. (The branch may enter BLA particulars when the application is made for the first time.)
- iii. the name/s with expanded initials and full address/es of the nominee/s (with bank account particulars) have been incorporated in the form;
- iv. the date of birth of the nominee, if he is a minor, and the name and address of the person appointed to receive the amount on his behalf during the minority in the event of the death of the holder, have been furnished;

- v. if the signature has been made by means of a thumb impression, it should be attested by a Magistrate/ Notary public/ Treasury Officer / bank official.
- vi. the holder/s has an option to indicate a single nominee for all the investments under the same BLA or indicate separate nomination for each investment.
- vii. the sole holder or all the joint holders may also nominate a Non-resident Indian (NRI) as his/her/their nominee(s).
- viii. every nomination and every cancellation or variation shall be registered at the RO where the Bond is issued and shall be effective from the date of registration. A rubber stamp bearing the following legend shall be affixed on the form of nomination, under proper authentication with the name of the Bank branch, Registration Number and date of registration clearly indicated.
- ix. an acknowledgement may be issued to the applicant specifying the nominee details and the registration number.
- x. the nomination forms may be kept under proper custody.

#### **4. Cancellation of Nomination**

4.1 If the holder of a Bond Ledger Account applies for cancellation of an existing nomination in the prescribed [Form D](#) (Annexure 5 to the GOI Notification dated June 26, 2020), it shall be examined to see that:

- i. correct particulars of the Bond Ledger Account have been stated in the form; and
- ii. the name/s of the nominee/s has/have been correctly mentioned in the form.

4.2 If the form is in order, the cancellation shall be entered in the appropriate column in the Register of Nomination ([Appendix III](#)) and a rubber stamp indicating the name of the branch and legend 'Nomination cancelled as per form of cancellation of Nomination dated \_\_\_\_\_' shall be affixed on (a) the original form of nomination and (b) the form of cancellation of nomination.

4.3 An acknowledgement provided in the form of cancellation, shall be thereafter issued to the holder.

4.4 All forms of cancellation of nomination shall be filed together with the original Nomination form.

#### **5. Changes to existing nomination**

The holder can change the existing nomination, on submission of a fresh nomination in [Form C](#) (Annexure 4 to GOI Notification dated June 26, 2020). It may be examined and dealt with in the same way as the original nomination. Appropriate entry shall be made in the Register of Nomination ([Appendix III](#)) and rubber stamp as provided for

in paragraph 4.3 above shall be affixed on the fresh nomination form under proper authentication. A fresh acknowledgement indicating the new registration number shall be issued to the holder of the bond.

## **6. Recognition of the claim of the nominee/s**

6.1 On the death of the holder, nominee's/nominees' claim may be recognized in terms of the provisions of Section 9 of the Government Securities Act 2006 read with Chapter III of the Government Securities Regulations 2007.

6.2 In case the bond held in the form of Bond Ledger Account has not matured for repayment, the name/s of the nominee/s shall be substituted as the Account holder/s and a fresh COH shall be issued under proper authentication. No fresh Bond Ledger Account should be opened in such cases.

6.3 If the bond held in Bond Ledger Account has already matured, repayment would be made to the nominee/s after obtaining proper discharge from him/them. The discharge of the nominee/s should be attested by the Magistrate/ their bankers.

6.4 In case where the nominee is NRI, in the event of the death of the holder, the account shall be transferred in the name of nominee and he shall continue to hold the Bonds till maturity and repatriability of interest/ maturity proceeds would be subject to provisions of FEMA guidelines.

## **7. Recognition of claim in case of deceased holder (where no valid nomination exists)**

7.1 Recognition of title to a bond of deceased sole holder or joint holders and right of survivors of joint holders or several payees, shall be subject to the provisions of Sections 7 and 8 of the Government Securities Act 2006 read with Regulation 6 of the Government Securities Regulations 2007.

7.2 Once a claim is received by the RO, it may recognize the claim in terms of Section 7 of the GS Act 2006 and Regulation 6 of the Government Securities Regulation 2007, subject to its satisfaction with respect to the legality, genuineness, and finality thereof, provided there is no rival claim in respect of such bond and on production of all documents required to substantiate the claim. For that purpose, it may call for any other document or declaration, as it may consider necessary. It may also require the claimant to furnish a bond of indemnity for such amount as it may think fit, if found necessary.

7.3 In the event of doubt, the case may be referred to RBI, IDMD with full details.

## **8. Payment of interest**

8.1 The Bond Ledger Accounts shall be serviced by the Receiving Bank/Office.

8.2 The interest on the bonds shall accrue from the date of subscription.

8.3 The interest on the bonds shall be paid semi-annually from the date of issue of bonds, up to 30th June / 31st December as the case may be, and thereafter half-yearly for period ending 30th June and 31st December on 1st July and 1st January respectively.

8.4 The interest rate is linked/pegged with prevailing National Saving Certificate (NSC) rate with a spread of (+) 35 bps over the respective NSC rate.

8.5 The interest rate will be reset every six months, the first reset being on January 01, 2021 by direct credit to the bank account of the holder. The interest rate payable on 1st January 2021 has been fixed at 7.15%.

8.6 The interest for the broken period/last half year shall be paid along with the principal.

8.7 There is no option to pay interest on cumulative basis.

8.8 If the coupon payment date falls on a Sunday or any other holiday, the coupon payment shall be made on the next working day.

8.9 Unless an exemption under the relevant provisions of the Income Tax Act, 1961 obtained is declared by applicant in the application form, Tax shall be deducted at source while interest is paid.

## **9. Repayment of Bonds**

9.1 The bonds shall be repayable on expiry of seven years from the date of subscription. No interest would accrue after the maturity of the bond.

9.2 The RO shall issue an advice to holder of the bond indicating the ensuing maturity of their bonds atleast one month before the date on which an investment under the BLA is due for repayment. The banks therefore shall also intimate the investors that the investment does not carry post maturity interest prominently in the advice.

9.3 It should be ensured that the advices are sent only in respect of BLAs which are free from stoppage.

9.4 The banks may not insist upon duly discharged COH at the time of redemption.

9.5 The payment of maturity proceeds to the holder of BLA shall be made by credit to the account of the holder only on due date of redemption by electronic mode.

9.6 In the event of holiday being declared by the State Government under Negotiable Instrument Act, 1881, on the maturity date or maturity date being Sunday, the maturity proceeds may be paid on the previous working day.

9.7 The repayment shall be made by the branch of the Receiving Offices concerned, maintaining the BLA. Details of closure of the investment(s) i.e. date(s) and amount(s) etc. shall be maintained by the Receiving Office.

9.8 If multiple investments are made against the same BLA, the redemption of individual investment shall be reflected therein and a fresh COH duly indicating the BLA number, date of maturity and amounts in respect of individual investments shall be generated and given to the investor. It should be ensured that the outstanding balance appearing in the BLA and the statement of holding are the same.

9.9 The interest for the broken period/last half year shall be paid along with the principal.

9.10 The maturity proceeds of joint holders of BLA shall be credited to the bank account of the investor as per details furnished by them.

9.11 The Receiving Office shall compensate an investor, for the financial loss due to late receipt/ delayed credit of interest/ maturity value, at the applicable coupon rate.

## **10. Premature encashment**

10.1 The facility of premature encashment of bonds 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.

10.2 An eligible investor can surrender the bonds at any time after the 8th, 10th and 12th half year corresponding to the respective lock in period but redemption payment shall be made on the following interest payment due date. Thus, the effective date for making the payment will be 1st January and 1st July every year.

10.3 An investor, desiring to avail of the facility of premature encashment, will have to submit documentary evidence in support of his/her date of birth to satisfaction of the Receiving Offices.



10.4 The age-criteria shall apply as on the date of premature encashment. In case of joint holding, at least one of the investors should meet the criteria on the date of premature encashment.

10.5 50% of interest due and payable for the last six months period of the holding period shall be recovered as penalty from the investor for premature encashment.

10.6 Investors are allowed to withdraw entire amount of investment made on any single application. However, if a holder is having multiple investments in the same BLA, he/she can make one or more request(s) for premature encashment of entire amount(s) of one or more investment(s), which has/have completed minimum lock-in period as per the GOI Notification dated June 26, 2020 from the date of issue.

10.7 Partial encashment of amount invested on a single application is not permitted.

10.8 The investor needs to submit a request letter for the full amount to be prematurely encashed.

## **11. Claim for reimbursement of interest/principal payment from CAS, RBI, Nagpur:**

11.1 The branches of Receiving Offices making interest/principal payment shall claim reimbursement from CAS, RBI, Nagpur through their Link Cell, giving account-wise details of payments made. (Bond Ledger Account Number, amount of investment on which interest has been paid and the interest amount) separately.

11.2 A interest/principal payment scrolls shall be prepared in this regard by the branches of Receiving Offices handling the Scheme (as per [Appendix IV](#) & [V](#)) and furnished to link offices.

11.3 The link office shall collate the scrolls received from the different branches and prepare a consolidated scroll branch-wise. Such a consolidated scroll shall indicate the actual date of payment made to the investors. Soft copy of the consolidated claim in ASCII file format and a physical mandate of the consolidated claim for reimbursement of interest/principal shall be forwarded by the Link office to the CAS, RBI, Nagpur.

11.4 The claims should be duly supported by a certificate from the Internal / Concurrent Auditors to the effect that the interest/principal payment figures have been verified 100%, the amount has already been paid to the investors and in case of any delay, compensation has been made to the investor. In addition, the Auditor should also confirm that the amount has not been claimed earlier in any previous claims.

11.5 Hard copy of the consolidated scroll, together with a copy each of the scrolls received from the branches, shall be forwarded by the link office to the Controller of Accounts, Department of Economic Affairs, Ministry of Finance, Government of India, New Delhi and a soft copy of the same shall be forwarded to RBI at the [email](#). A copy of the consolidated scroll and the branch scrolls shall be retained by the link office for its record.

11.6 The claim for reimbursement shall be made within one month of the payment of interest/principal by the branches. A penalty of 0.5% over the claim will be levied for the claims received after one month and recovered by CAS, Nagpur.

## **12. Accounting**

The interest and the principal payment shall be separately accounted for and the scrolls drawn separately and kept on records for audit/verification.

## **13. Reporting and Reconciliation**

The ROs shall prepare a statement showing the payments and outstanding in respect of the BLAs under the scheme on monthly basis as per proforma given in [Appendix VI](#), and submit a soft copy to RBI on the [e-mail](#) and a hard copy 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 interest and the principal shall be drawn separately as per [Appendix IV & V](#), shall be enclosed with the statement.

## **14. Appointment of Brokers/Sub-agents & Payment of Brokerage**

14.1 The ROs may appoint brokers/sub-agents for accepting applications for FRSB 2020 (T) scheme as per their Board approved policy for empanelment of brokers.

14.2 The Receiving Office should allot a code number to the broker which should be quoted by the broker on all applications tendered at the Receiving offices for claiming brokerage.

14.3 In cases where ROs engage the services of other banks/institutions as a broker or agent, the Receiving Office which have appointed them are solely responsible for their activities as an agents/brokers, the name of RBI shall not be used for publicity by such agents/brokers.

14.4 Brokerage at the rate of 0.5% of the amount mobilized will be paid to the Receiving Offices. At least 50% of the brokerage so paid shall be shared with brokers/sub brokers registered with them, on the applications tendered by them and bearing their stamp, on behalf of their clients.

14.5 No brokerage is payable in case the broker is one of the investors/applicants.

## 15. Remunerations to be claimed from CAS, Nagpur

15.1 ROs shall be paid the following amount for managing the Savings Bond Scheme as per the schedule of charges/periodicity given below:

Nature of payment	Rate	Periodicity for claiming the same from CAS Nagpur	Form for Claiming the same
Brokerage*	50 paise per ₹ 100	Monthly basis	<a href="#">Appendix VII</a>
Handling Charges	1/16th of one per cent of the subscription amount mobilised		
Turnover Commission	6.50 paise per ₹ 100 on interest paid, principal amount repaid in respect of the accounts held under BLA Scheme.	Quarterly basis	<a href="#">Appendix VIII</a>
Service Charges (for year July - June)	₹ 25 per every new BLA opened and ₹ 20 for the existing BLA	Annual Basis	<a href="#">Appendix IX</a>

\* 90% of the brokerage due to ROs, on the basis of funds remitted/reported to CAS as at the close of business of the month, will be paid on the 3rd working day of the succeeding month. The remaining 10% of the brokerage amount is to be claimed by ROs by submitting the claim in the form [Appendix VII](#).

## 16. Preservation Period of Records

The period for which the records in respect of the Bond Ledger Accounts shall be preserved is detailed below:

S.No.	Description of Records	Period of preservation
1.	Applications for Bond Ledger Accounts	3 years from the date of repayment of the Bonds covered by the form
2.	Surrendered Counter Receipts	3 months after the delivery of Certificate of Holding
3.	Registers of Bond Ledger Accounts	Permanent

4.	Register of Nominations, Advices regarding acknowledgement of registration of nomination/ cancellation of nomination etc.	3 years from the date of repayment of the Bonds covered by the form
5.	Forms of nomination/ cancellation	-do-
6.	Documents submitted in case of recognition of title etc.	3 years from the date of repayment of the Bonds covered by the form
7.	Scrolls submitted to RBI, IDMD / Controller of Accounts, Ministry of Finance, New Delhi	3 years
8.	Statements submitted to CAS Nagpur	5 years or repayment whichever is earlier