

FLOATING RATE SAVINGS BOND 2020 (FRSB)

By Govt. of India [RBI]

The Government of India has launched Floating Rate Savings Bonds, 2020 (Taxable) with effect from July 1, 2020.

Features of the bond:

Minimum Investment Amt.	Rs.1,000 (Face Value) & in multiples thereafter
Maximum Limit	No Maximum Limit
Tenure & Maturity Period	7 years from the date of issue. Special provision for premature redemption for Senior Citizens.*
Rate of Interest (ROI)	<ul style="list-style-type: none"> ✚ Interest on the bonds is payable semi-annually on 1st Jan and 1st July every year. ✚ 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. ✚ Non-Cumulative
Tax Treatment	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.
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.
Risk Attached	100% risk free investment option
Mode of Issue & Holding	Electronic form held in the Bond Ledger Account. (Non Demat)
Eligibility	<ul style="list-style-type: none"> ✚ An Indian Citizen ✚ A Hindu Undivided Family (HUF) ✚ On behalf of Minor as Father/Mother/legal Guardian ✚ NRI's are not eligible
Date of Issue of bonds	Date of realization of the funds/ Chq/ Draft
Transferability	Not Transferable
Tradability/Advances	Not tradable in the secondary market and not eligible as collateral for loans from banks, Financial Institutions and Non-Banking Financial Company (NBFC) etc.
Collateral Facility	NA
Overall Liquidity	NA
Cheque in Favour of	HDFC Bank- RBI Floating Rate Savings Bond 2020

*** Premature encashment for senior citizen**

- Age bracket: 60 – 70 years; lock-in-period of 6 years from the date of issue.
- Age bracket: 70 – 80 years; lock-in-period of 5 years from the date of issue.
- Age bracket: 80 years & above; lock-in-period of 4 years from the date of issue.
- In case of Joint holders or more than 2 holders any one of the holders shall fulfill the above conditions of eligibility.
- Bonds can be surrendered at any time after 12th , 10th and 8th half year but redemption payment will be following interest payment date. 1st Jan and 1st July every year.
- However, 50% of interest due and payable for the last 6 months of holding period will be recovered in such cases.

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WEALTH MANAGEMENT TEAM

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