

## Floating Rate Savings Bonds, 2020 (Taxable)



**INVEST  
FOR SAFE AND  
HIGH RETURNS.  
INVEST ONLINE.**

**Floating Rate Saving Bonds, 2020 (Taxable)**

**Issued by RBI**

\*The interest rate of the bond would be re-set half yearly starting with Jan 1st, 2021 and thereafter every July 1 st, and Jan 1st, and will be linked with the prevailing National Saving Certificate (NSE) rate with a spread of (+)35 bps over the respective NSE rate.

The government has launched floating-rate bonds in lieu of earlier withdrawn 7.75% RBI bonds. The bonds are available for subscription from July 1, 2020.

If you are looking for a risk-free investment with higher returns, RBI Floating Rate Savings Bonds, 2020 (Taxable) is an attractive investment option to offer to your customers online :

### 7.15% RBI FLOATING RATE SAVINGS BONDS, 2021 – ELIGIBILITY AND FEATURES

#### Eligibility for Applying GOI:

A person residing in India

- ▶ In his or her individual capacity, or
- ▶ In individual capacity on a joint basis, or
- ▶ In individual capacity on anyone or survivor basis or,
- ▶ On behalf of a minor as father/mother/legal guardian
- ▶ A Hindu Undivided Family,

#### Features:

- ▶ Minimum investment of Rs.1,000/-
- ▶ No maximum limit on investment
- ▶ Floating rate of interest with a Half Yearly interest payout
- ▶ 7 years tenure of the bond from the date of issue with a special provision for pre mature redemption for Senior Citizens.

## FAQ

### 1. Who can subscribe to Floating Rate Savings Bonds, 2020 (Taxable)?

Resident Individual and Resident HUF category of investor can subscribe for Floating Rate Savings Bonds, 2020 (Taxable).

### 2. Are the Floating Rate Savings Bonds, 2020 (Taxable) transferable?

No, these bonds are not transferable.

### 3. What is the minimum and maximum limit for investment in the Floating Rate Savings Bonds, 2020 (Taxable)?

The Bonds will be issued for a minimum amount of Rs. 1,000/- and in multiples thereof. There will be no maximum limit for investment in Bonds.

#### **4. Is a nomination facility available?**

Yes, a nomination facility is available.

#### **5. How much tax do I have to pay?**

The interest income from the bonds is taxable. TDS (This stands for Tax Deducted at Source, which means the tax you have to pay on your salary is already deducted and the net amount is received by you.) is deducted at the time of interest payment as per the prevailing IT rules.

#### **6. What is the tenure of the Floating Rate Savings Bonds, 2020 (Taxable)?**

The tenure of the bond is 7 years from the date of issue. No interest will accrue after the maturity of the bond.

#### **7. Premature redemption for senior citizens.**

Premature redemption facility is allowed for investors in the age group of 60 years and above as per RBI's Notification. Age criteria given below-

<b>Age Group</b>	<b>Premature Redemption</b>
60 yrs -70 yrs	6 Years from date of Investment
70 yrs - 80 yrs	5 Years from date of Investment
80 yrs & above	4 Years from date of Investment

#### **8. When is the interest payable?**

Interest is payable 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.

#### **9. How much interest will the Floating Rate Savings Bonds, 2020 (Taxable) bear?**

The interest rate of the bond would be re--set half yearly starting with Jan 1st, 2021 and thereafter every July 1st and Jan 1st will be linked with the prevailing National Saving Certificate (NSC) rate with a spread of (+) 35 bps over the respective NSC rate. Accordingly, the coupon rate for first coupon period i.e. July 1 to Dec. 31, 2020 payable on Jan. 01, 2021 is arrived at 7.15% (6.80%+0.35%). All subsequent coupon reset would be based on the fixation of rate of interest on NSC on Jan 01 and July 01 following the above methodology.

#### **10. How can one subscribe to Floating Rate Savings Bonds, 2020 (Taxable)?**

Once you become our business partner, we will provide dedicated URL, which you can publish on your portal and client can subscribe Floating Rate Savings Bonds, 2020 (Taxable) using given URL.