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

RBI/IDMD/2016-17/30
IDMD.CDD No.2989/13.01.299/2016-17 July 1, 2016

The Chairman / Managing Director
Head Office (Government Accounts Department)
State Bank of India and Associates
All Nationalized banks
(Excluding Punjab and Sind Bank & Andhra Bank)
Axis Bank Ltd./ICICI Bank Ltd./HDFC Bank Ltd./
Stock Holding Corporation of India Ltd. (SHCIL)

Dear Sir/Madam,

Master Directions on Relief/Savings Bonds

The rules and regulations applicable to Relief/Savings Bonds have been updated with instructions issued up to June 30, 2016 in the Master Directions on Relief/Savings Bonds. The directions facilitate availability of all the current operative instructions on the above subject at one place and will be updated suitably and simultaneously whenever there is a change in the rules/regulations or there is a change in the policy. These Directions have been placed on RBI website https://rbi.org.in

Yours faithfully,

(A. Mangalagiri)
Chief General Manager
Encl. 1

आंतरिक ऋण प्रबंध विभाग, केंद्रीय कार्यालय, 23वीं मंजिल, केंद्रीय कार्यालय भवन, शहीद भगत सिंह मार्ग, फोर्ट , मुंबई – 400 001, भारत
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चेतावनी : रिज़र्व बैंक द्वारा ईमेल, डाक, एसएमएस या फोन काल के जरिये किसी को भी व्यक्तिगत जानकारी जैसे बैंक खाते का ब्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिये।
Caution: RBI never sends emails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or offers funds to anyone. Please do not respond in any manner to such offers.

MASTER DIRECTIONS -RELIEF/SAVINGS BONDS

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MASTER DIRECTIONS -RELIEF/SAVINGS BONDS

A) APPOINTMENT / DELISTING OF BROKERS

1. **Procedure for enrollment / registration of brokers**

Agency banks may follow a simple procedure for enrolment/registration of brokers. The broker seeking enrolment/registration may submit the request for registration on their business letterhead together with business data to the agency banks. The agency banks 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.

2. **Appointment of sub-agents by Agency banks**

It has come to our notice that some banks designated/authorized by Reserve Bank of India (RBI) have engaged the services of other banks as brokers/agents for receiving applications and the latter are using the name of RBI in their publicity material and billboards stating that RBI has appointed them as brokers for Relief/Savings bonds business. We advise that in cases where authorised banks engage the services of other banks/institutions as a broker or agent, the agency banks who have appointed them are solely responsible for their activities as an agent/broker. RBI's name should not be used by such banks.

3. **Delisting of brokers**

The names of the dormant brokers, who have been dormant for say 2 years, may be delisted after giving a due notice if, no fresh business is forthcoming from these brokers.

B) PAYMENT & RATES OF BROKERAGE FOR SAVINGS BONDS

1. **Rates of brokerage**

a. Brokerage at the rate of ₹ 1.00 (Rupee One only) per ₹ 100/- will be paid to brokers registered/enrolled with agency banks on applications tendered for

investment in the bonds in the form of Bond Ledger Account (BLA) at designated branches on behalf of their clients and bearing their stamp.

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

2. **No TDS on payment of brokerage**

No tax is required to be deducted at source by the agency banks while making payment of brokerage in respect of the Relief/Savings bonds business canvassed by brokers in terms of Section 194 (H) of the Income Tax Act, 1961.

3. **Brokerage claims**

a. Agency banks are to settle the brokerage claims expeditiously, and in any case, not later than 30 days from the date of subscription.

b. Agency banks are advised to first settle the brokerage claims and thereafter seek reimbursement from RBI.

c. As a measure towards improvement in customer service, agency banks may arrange to pay the brokerage to the agents, on a monthly basis by credit to their accounts through ECS after obtaining requisite mandate from them.

d. Reimbursement of brokerage claims in respect of Relief/Savings bonds has been centralized at CAS Nagpur from July 01, 2002, and it has been decided that 90% of the brokerage due to agencies, 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 balance 10% is to be settled on submission of Appendix IV statement.

C) NOMINATION FACILITY FOR RELIEF/SAVINGS BONDS

1. A sole holder or all the joint holders (investors) of a Relief/Savings bond other than in the form of promissory note or bearer bond may nominate one or more persons who in the event of death of the sole holder/all the joint holders, as the case may be, would be entitled to the Relief/Savings bond and to the payment thereon, provided that the person or each of the persons nominated is himself/herself competent to hold a similar bond.
2. **The nomination should be made before maturity of the bond.**

3. When nomination has been made in favour of two or more nominees, in the event of the death of either or any of them, the surviving nominee or nominees, as the case may be, shall be entitled to the Relief/Savings bond and payment thereon.
4. A nomination made by the holder(s) of a Relief/Savings bond may be varied or cancelled by making a fresh nomination in the prescribed manner and intimating the same in writing to the designated branch of the authorised public/private sector bank.
5. If the nominee is a minor, the holder(s) of the Relief/Savings bond may appoint any person, not being a minor, to receive the proceeds of a Relief/Savings bond on behalf of the nominee in the event of his/her/their death during the minority of the nominee.
6. The investor(s) can make separate nomination for each investment in a Bond Ledger Account (BLA) (subject to 2 above).
7. Agency banks to issue 'Acknowledgement of Nomination.'
8. In case of 8 % Savings (Taxable) Bonds, 2003 (currently the only scheme open for subscription) the sole holder or all the joint holders can also nominate a Non-resident Indian (NRI) as his/her/their nominee(s) and remittance of interest payment and/or maturity value, as the case may be, will be governed by the regulations as applicable to NRIs.

Exceptions – No nomination is permissible in the following cases

(a) When the BLA is held by an adult on behalf of a minor;

(b) When the holder has no beneficial interest in the BLA but holds it in an official or fiduciary capacity.

Cancellation of Nomination - A nomination previously made will stand automatically cancelled -

(a) If the holder(s) applies to the agency banks for substitution or cancellation of the nomination and the substitution or cancellation is duly registered by the office;

(b) If the holder(s) transfers the Certificate to another party.

APPENDIX

The various circulars/instructions issued by RBI based on which the above Master Direction is prepared are listed below:

i) Memorandum of Procedure' for Relief bonds.
ii) CO.DT.13.01.201/4087/2000-01 dated February 16, 2001
iii) CO.DT.13.01.201/4854/2000-01 dated March 19, 2001
iv) CO.DT.13.01.298/H-3410/2003-04 dated December 20, 2003
v) CO.DT.13.01.299/H-3426/2003-04 dated December 20, 2003
vi) DGBA.CDD. No.H-2173/13.01.299/2008-09 dated September 2, 2008
vii) CO.DT./13.01.201 / 692 / 2000-01 dated August 9, 2000)
viii) CO.DT./13.01.251/5341/2001-02 dated January 4, 2000
ix) CO.DT./13.01.201/4890/1999-00 dated March 6, 2000
x) CO.DT./13.01.201/432/2000-01 dated July 25, 2000
xi) GOI Notification No.F.4 (1-W&M/99 dated July 21, 2000
xii) CO.DT./13.01.298/H-2411/2003-04 dated October 29, 2003
xiii) CO.DT./201/5900/2000-01 dated May 28, 2001
xiv) CO.DT./13.01.298/H-3660/2003-04 dated January 3, 2004
xv) CO.DT./13.01.201/4668/2000-01 dated March 8, 2001
xvi) CO.DT.13.01.298/H-4677/2002-03 dated May 23, 2003
xvi) CO.DT.13.01.272/11032/2001-02 dated June 25, 2002
xvii) CO.DT.13.01.272/H-2906 / 2002-03 dated February 26, 2003

(In case detailed clarifications are required on specific issues, the circulars indicated above may please be referred to)