Debt instruments are contracts in which one party lends money to another on pre-determined terms with regard to rate of interest to be paid by the borrower to the lender, the periodicity of such interest payment, and the repayment of principal amount borrowed (either in installments or bullet). In the Indian securities market we generally use the term 'bond' for debt instruments issued by the central and state governments and public sector organisation, and the term 'debentures' for instruments issued by Private corporate sector.

The principal features of a bond are:

a) Maturity
b) Coupon
c) Principal

In the bond markets, the terms maturity and term-to-maturity are used quite frequently. Maturity of a bond refers to the date on which the borrower has agreed to pay (redeem) the principal amount to the lender, the borrowing is extinguished with redemption, and the bond ceases to exist after that date. Term to maturity, on the other hand, refers to the number of years remaining for the bond to mature. Term to maturity of a bond changes everyday from the date of issue of a bond until its maturity. Coupon rate refers to the periodic interest payments that are made by the borrower (who is also the issuer of the bond) to the lender (the subscriber of the bond) and coupons are stated upfront either directly specifying then number (e.g. 8%) or indirectly tying with a benchmark rate (e.g. MIBOR+0.5%). Coupon rate is the rate at which interest is paid, and is usually represented as a percentage of the par value of a bond. Principal is the amount that has been borrowed, and is also called the par value or face value of the bond. The coupon is the product of the principal and coupon rate. Typical face values in the bond market are Rs.100 though there are bonds with face values of Rs.1000 and Rs.100000 and above. All government bonds have the face value of aRs.100. In many cases, the name of the bond itself conveys the key features of a bond. For example a GS CG2008 11.40%. Since the central government bonds have a face value of Rs.100, and normally pay coupon semi-annually, this bond will pay Rs.5.70 as six-monthly coupon, until maturity when the bond will be redeemed. The term to maturity of a bond can be calculated on any date, as the distance between such a date and the date of maturity, when the bond will be redeemed. The term to maturity of a bond can be calculated on any date, as the distance between such a date and the date of maturity. It is also called the term or the tenor of the bond. For instance on February 17,2004, the term to maturity of the bond maturing on May 23, 2008 will be 4.27 years. The general day count convention in bond market is 30/360, European that assumes total 360 days in a year and 30 days in a month.

There is not rigid classification of bonds on the basis of their term to maturity. Generally bonds with tenor of 1-5 years are called short-term bonds; bonds with tenors ranging 4 to 10 years are medium term bonds and above 10 years are long-term bonds. In India central government has issued upto 30-year bonds.

Bonds can be issued in secured or unsecured form. Normally bonds issued in the form of debentures are secured. Bond issued by Financial Institutions offer attractive returns. Interest under the scheme is paid monthly, quarterly, half yearly, annually and on maturity. Most of the bonds provide flexibility, liquidity and safety. The flexibility can be seen from the range of options provided (i.e.) frequency of return/tenure/tax benefits etc. Bonds provide good liquidity, option to withdraw on pre-specified dates, listing on major stock exchanges, avail loans from banks by pledging bonds/securities.

Bonds Vs Fixed deposit

Bonds are similar to Fixed Deposits. Like Bonds, fixed deposit receipts are normally issued by a bank, a financial institution or a company, for a fixed period. A specified rate of interest is payable to the investor at regular intervals. However, unlike Bonds, Fixed Deposits are not transferable. Also, while Bonds may be secured or unsecured, Fixed Deposits are always unsecured

Fixed Rate Bond

These Bonds carry fixed rate of interest which is declared at the time of issue and remains same till maturity.

Floating rate Bonds

These Bonds carry interest rate which is linked to independent reference rates, independent index, commodities etc. and the rate is fixed for next period at the beginning of the period itself.

Deep Discount Bonds

This bond is issued at a discount to the face value. The face value is paid at the maturity. These bonds are also know as Zero coupon bonds or "Zeros".

Public sector bonds

These bonds are medium and long term obligations issued by public sector companies where the Government shareholding is 51% and more. Most of PSU bonds are in form of promissory notes transferable by endorsement and delivery. No stamp duty or transfer deed is required at the time of transfer of bonds transferable by endorsement.

Inflation linked bonds: These are bonds for which the coupon payment in a particular period is linked to the inflation rate at that time – the base coupon rate is fixed with the inflation rate (consumer price index-CPI) being added to it to arrive at the total coupon rate. Investors are often loath to invest in longer dated securities due to uncertainty of future interest rates. The idea behind these bonds is to make them attractive to investors by removing the uncertainty of future inflation rates, thereby maintaining the real value of their invested capital.

Bonds of Public Financial Institutions (PFIs) : Apart from public sector undertakings, Financial Institutions are also allowed to issue bonds, that too in much higher quantum. They issue bonds in 2 ways – through public issues targeted at retail investors and trusts and also through private placements to large institutional investors. Usually, transfers of the former type of bonds are exempt from stamp duty while only part of the bonds issued privately have this facility. On an incremental basis, bonds of PFIs are second only to GOISECs in value of issuance.

Retail bond issues of PFI bonds have become a big rage with investors in the last three years. PFIs have also been offering bonds with different features to meet differing needs of investors eg monthly return bonds (which pay monthly coupons), cumulative interest bonds, step up coupon bonds etc

Tax Saving Bonds

Tax-Saving Bonds are those bonds that have a special provision that allows the investor to save on tax. Examples of such bonds are:

A) Infrastructure Bonds under Section 88 of the Income Tax Act, 1961

B) Capital Gains Bonds (REC BONDS, NABARD BONDS etc.) Under Section 54EC of the Income Tax Act, 1961

C) RBI Tax Relief Bonds

BONDS IN A SNAPSHOT:

SCHEME	WHO CAN INVEST	INVESTMENT		INTEREST	MATURITY	PREMATURE WITHDRAWL	TAXBENEFITS
		MIN. (Rs.)	MAX (Rs.)				
INFRAST-RUCTURE BONDS	Individuals or on behalf of minors, trusts	5000	No limit	8%compounded semi-annually	6 YEARS	AFTER 4 YEARS	YES,
CAPITAL GAIN BONDS---	Individuals or on behalf of minors, trusts						
REC	All	1lac.	No limit	5.15% P.A.	5 YEARS	AFTER 3 YEARS	YES
NHAI	All	10000	No limit	6.5%	7 YEARS	AFTER 3 YEARS	YES
NABARD	All	1 Lac.	No limit	5%	5 YEARS	AFTER 3 YEARS	YES
RBI RELIEF BONDS	Individuals or on behalf of minors, trusts	1000	No limit	6.5%(TAX FREE)	5 YEARS	AFTER 3 YEARS	Interest exempt from income tax
		1000	No limit	8% P.A.(TAXABLE)	6 YEARS	NO	Interest is not exempt from income tax

A. TAX SAVING INFRASTRUCTURE BONDS:

Infrastructure bonds are available through issues of ICICI Bank and IDBI, brought out in the name of ICICI Safety Bonds and IDBI Flexibond's. These provide tax-saving benefits under Section 88 of the Income Tax Act, 1961, up to an investment of Rs.1, 00,000, subject to the bonds being held for a minimum period of three years from the date of allotment.

For instance, the tax-saving bond from ICICI Bank for the month of August 2003 provides four options:

ICICI Bank Tax Saving Bond August 2003

Options	I	II	III	IV
Tax Benefit Available	Sec 88	Sec 88	Sec 88	Sec 88
Issue Price (Rs.)	5000/-	5000/-	5000/-	5000/-
Redemption Period	3 years	3 years 4Months	5 years	5 years 4 Months
Face Value	5000/-	6025/-	5000/-	6,750/-
Interest Rate (%) (p.a.)*	5.75	Deep Discount Bond	5.75	Deep Discount Bond
Frequency of Interest payment	Annual	N.A	Annual	N.A
YTM (%)*# $ (with tax benefits)	12.0	11.0	9.7	9.1
Minimum Application	1 Bond	1 Bond	1 Bond	1 Bond
Maximum Application	20 Bonds	20 Bonds	20 Bonds	20 Bonds

* Subject to TDS as per the then prevailing tax laws.

Rounded off to the nearest multiple of 0.1

$ The yield has been calculated assuming that a tax rebate of 15% is available to the eligible investors and that no surcharge is payable in case of all the options.

Similarly, the IDBI Infrastructure (Tax Saving) Bond (IDBI Flexibond's - 17 Issue, issued in January 2003) offers 4 options viz. Annual Interest (2 Options) and Cumulative (2 Options).

Both ICICI Safety Bonds and IDBI Flexibonds have regular issues. Application forms can be obtained directly from these institutions or through brokers and intermediaries. Also, IDBI Bonds are listed on the stock exchange, and can be purchased from there too.

MIMIMUM INVESTMENT:

Both these bonds can be purchased at Rs 5,000 each. You have to apply for a minimum of 1 bond. There are no upper ceilings imposed upon the purchase of such bonds.

INTEREST:

The investor has option to receive interest @ 7.25% p.a., payable annually for three years or 7.50% p.a., payable annually for five years under the Annual Interest Option. Under the Cumulative Option, the initial investment of Rs.5000/-, becomes Rs.6390/- after three years and six months or Rs.7450/- after five years six months.

MATURITY:

The duration of the ICICI Safety Bonds varies according to the option chosen by the investor. Under the first option (see table above), the duration of is 3 years; under the second option, the duration is 3 years and 4 months. IDBI Flexibond's duration varies from 3 years to 5 year 6 months. IDBI Bonds are listed on both the BSE and the NSE, and can be sold in the secondary debt market. However, to avail of the tax benefits under Section 88 of the Income Tax Act, 1961, your investment in the bond must hold good for at least 3 years.

PREMATURE WITHDRAWL:

ICICI offers "Anytime Facility" on its Safety Bonds whereby the bonds can be sold back to ICICI directly at the prevailing market price. An investor holding IDBI Bonds can exercise the option of early redemption of the instrument subject to the options available on a specified instrument as spelt out in the offer letter. The market value of a bond is linked to its yield on maturity and the prevailing interest rates. Price of a bond will fall if interest rates rise and vice-versa. If the credit rating of the issuer changes, the market price of such bond may be affected. ICICI provides regular updates on the market value of its various bonds on its Website. Both ICICI Safety Bonds and IDBI Flexibond's provide investors the option of purchasing and holding the instruments either as physical certificates or in the demat form.

LOAN FACILITY:

You can borrow against infrastructure bonds by pledging them with a bank. The amount depends on the market value of the bond and the credit quality of the instrument.

CREDIT QUALITY:

ICICI Safety Bonds rated AAA by CARE, CRISIL, and FITCH. This means that the aforementioned bonds of ICICI belong to the highest safety category. Whereas, The IDBI Flexibonds-17 series has been rated AA+ by CRISIL, AA+(ind) by FITCH Ratings and LAA by ICRA.

TAX IMPLICATIONS:

According to Section 80 C of the Income Tax Act, 1961, subscription to the Tax Saving Bond would entitle Individuals and HUFs to a rebate from Income-tax as indicated below:

2) Capital Gains Bonds:

Investments in bonds issued by the National Bank for Agriculture and Rural Development (NABARD), National Highway Authority of India (NHAI), and Rural Electrification Corporation (REC) are at present eligible for capital gains tax savings. Gains made out of a capital transfer need to be invested in the above bonds within six months of sale of capital assets in order for the proceeds of such sale to be exempt from capital gains tax. These bonds are available on an 'on tap' basis, i.e., continuously open for sale. Application forms for NABARD Bonds may be obtained from the NABARD Head Office in Mumbai, 25 regional offices, and 27 selected District Development Managers' offices of NABARD. REC has recently come out with a 5-year issue at 5% with a put and a call option after 3 years.

MINIMUM INVESTMENT:

Minimum investment for NABARD Bonds is Rs 10,000 or in multiples thereof, and Rs 1,00,000 for NHAI bonds. For REC, each bond has a face value of 5000 Rs. And minimum application size is 10 bonds. There is no prescribed upper limit for investments in the above instruments.

INTEREST:

In REC bonds, interest is paid @ 5 %. An NHAI bond carries a coupon rate of 6.5 %. Interest is payable every year @ 5% (currently) in the case of NABARD Bonds.

MATURITY:

The maturity of the bonds is at the expiry of 7 years in case of NHAI, with a lock-in period of 3 years as specified under Section 54EC of the Income Tax Act, 1961. Similarly, NABARD/REC bonds are for 5 years and have a lock-in period of 3 years from the date of allotment of the bonds.

PREMATURE WITHDRAWL:

NABARD/NHAI cannot be traded in the secondary market. While both these bonds have a lock-in period of 3 years, NHAI bonds have a Call and Put option after 3 years.

LOAN FACILITY:

NABARD/NHAI Bonds cannot be offered as security for any loan or advance. This is because instruments under Section 54EC of the Income Tax Act, 1961, cannot be offered as security for a loan.

CREDIT QUALITY:

The above bonds are rated AAA by credit rating agencies, denoting maximum safety on your investment.

DETERMINATION OF MARKET VALUE OF NABARD/NHAI BONDS:

The market value of the instrument is determined by the interest rate fixed for the instrument and the financial status of the issuing entity at any point of time.

TAX IMPLICATIONS:

The main feature of the NABARD/NHAI Bonds is that you can claim Capital Gains Tax benefits benefit under Section 54EC of the Income Tax Act, 1961. If you have realised any long-term capital gains, you can avoid paying tax on it by investing the gains in the NABARD and NHAI bonds. Such gains have to be invested within 6 months of realising the same, and the investment has to be locked up for a minimum period of 3 years. However, the interest that will accrue on this investment is taxable.

Terms of the Bond	
Minimum Subscription	Rs.10, 000 and in multiples of Rs.10, 000 thereafter
Tenure & Lock-in-period	I 5 years with PUT & CALL option after 3 years II 7 years with PUT and CALL after 5 years
Issue price	Full amount along with application
Tap period	Throughout the year, till the issue is closed
Date of allotment	The date of realisation of cheques/draft
Deemed date of allotment	The last day of the month of the date of allotment

3) RBI Bonds:

RBI Savings Bonds are instruments that are issued by the RBI, and currently has two options – one carrying an 8% rate of interest p.a., which is taxable and the other one carries a 6.5% (tax-free) interest p.a. The interest is compounded half-yearly and there is no maximum limit for investment in these bonds**.** The maturity period of the 8%(taxable) bond is 6 years and that of the 6.5%(tax-free) bond is 5 years. Application forms for RBI Bonds are available and accepted at all branches of the Reserve Bank of India, designated branches of the SBI, and designated branches of nationalised banks across the country.

The differences / similarities between the 6.5 % Savings Bonds, 2003 (Non-Taxable) and 8 % Savings (Taxable) Bonds, 2003 schemes are given in the table below:

Comparative Statement of Features

Features	**6.5 % Savings Bonds, 2003 (Non-Taxable)**	**8 % Savings (Taxable) Bonds, 2003**
Category of Applicants	Individuals, including HUF **excluding NRIs.**	Individuals, including HUF **(excluding NRIs),** Charitable Institutions and Universities
Tenure	5 years.	6 years.
Interest rate	6.5 % p.a. payable half yearly on 1st January/1st July.	8 % p.a. payable half yearly on 1st February and August.
Option for premature redemption	Available - After a lock in period of 3 years bonds are redeemable.	No Not available.
Receiving offices	RBI offices and agencies.	Only Agency banks & SHCIL
Tax concession	Non-taxable.	Taxable but tax is not deductible at source

Features	6.5 % Savings Bonds, 2003 (Non-Taxable)	8 % Savings (Taxable) Bonds, 2003
Form of Holding	(i)Stock Certificate issued by RBI only and (ii) Bond Ledger Account (BLA) facility available at RBI and Agencies.	(i) Bond Ledger Account (BLA) only with the Agencies.
Limit of investment	No ceiling on investment.	No ceiling on investment
Issue price	At par.	At par.
Option	Cumulative and Non-cumulative	Cumulative and Non- Cumulative
Advances	**Not available**. These bonds cannot be offered as security for any advance from a bank.	**Not available**. These bonds cannot be offered as security for any advance from a bank.
Nomination facility	Available to sole individual holder. NRIs can also be nominated.	Available to sole individual holder. NRIs can also be nominated.
Payment of interest	i) Half yearly through Interest Warrants/ECS-Non cumulative ii) In case of cumulative option, interest is paid along with principal at the time of redemption.	i) Half yearly through Interest Warrants/ ECS-Non cumulative ii) In case of cumulative option, interest is paid along with principal at the time of redemption.
Brokerage	Available at Re.1/-per Rs.100 for BLA with agency banks and Rs.0.50 paise per Rs.100 for BLA with RBI. No Brokerage for Stock Certificate.	Available at Re.1/-per Rs.100 for BLA with agency banks.
Transferability	Non-transferable except to nominee in case of death of the holder and by way of **gift to a relative** as defined in Sec.6 of the Indian Companies Act, 1956.	Non-transferable except to nominee in case of death of the holder.
Post Maturity interest	Not payable.	Not payable.
Tradability	Not tradable.	Not tradable.

INVESTMENT:

The minimum investment on RBI Savings Bonds is Rs 1,000. You can apply in multiples of Rs 1,000 thereafter. There is no prescribed upper limit to your investment in this instrument.

INTEREST RATES:

Under the cumulative option of the 6.5%(tax-free) RBI Relief Bond issued at a face value of Rs 1,000 would be redeemed at Rs 1,377 on maturity (after 5 years). And in case of the cumulative option of the 8% (taxable) RBI Relief Bond issued at a face value of Rs 1,000 would be redeemed at Rs 1,601 on maturity (after 6 years).You can opt to receive interest either on a half-yearly basis or on maturity of the instrument, along with the principal invested. If you opt to receive interest on a half-yearly basis, you will receive interest every six months from the date of issue of the bond up to 30th June or 31st December, whichever is earlier. Interest is paid on 1st July and 1st January each year.

MATURITY:

The period of holding of 6.5 per cent (tax-free) RBI Relief Bond is 5 years from the date of issue. And for the 8 per cent (taxable) RBI Relief bond, the maturity period is 6 years. The bonds are repayable on the expiration of the maturity.

PREMATURE WITHDRAWL:

While the 8 per cent taxable Savings Bond cannot be redeemed prematurely and must be held for the entire duration (6 years), the 6.5 per cent tax-free Savings bond can be redeemed before the maturity period of 5 years. In this case, after a minimum lock in period of 3 years from the date of issue, an investor can surrender the bond any time after the 6th half year but redemption payment will be made on the following interest payment due date. Thus the effective date of premature encashment will be 1st July and 1st January every year. However, 50% of the interest due and payable for the last six months of the holding period will be recovered in such cases both in respect of cumulative and non-cumulative Bonds.

LOAN FACILITY:

RBI Savings Bonds are not eligible as collateral for loans from banks, financial institutions and Non-Banking Financial Company (NBFC) etc.

TRANSFERRABLE:

RBI Savings Bonds are not tradable in the secondary market. The Bonds in the form of Bond Ledger Account and Stock Certificate are not transferable except by way of gift to a relative by execution of appropriate Transfer Form and execution of an affidavit by the holder.

DETERMINATION OF MARKET VALUE OF RBI Savings Bonds:

Market value of RBI Relief Bonds is determined on the basis of prevailing (6.5 per cent and 8 per cent, as applicable) interest rates and market conditions.

MODE OF HOLDING:

RBI Savings Bonds can be held at the credit of the holder in an account called BLA or in the form of PN. The bond can be held in demat form, i.e., a certificate of holding will be issued to the holder of bonds in the BLA. The bonds in the form of BLA are issued and held with the public debt offices of the RBI or any branch of a scheduled bank authorised by the RBI. The bonds in the form of PN are issued only at the offices of RBI. However, bonds issued in one form will not be eligible for conversion into the other.

TAX IMPLICATIONS:

In case of the 6.5 per cent RBI Savings Bond, the interest received is completely exempt from income tax as per the provisions of the Income Tax Act, 1961. But, In case of the 8 per cent RBI Savings Bond, the interest will be taxable under the Income-Tax Act, 1961 as applicable according to the relevant tax status of the bondholder. RBI

Savings Bonds are exempt from Wealth Tax. However, there is no tax benefit on the amount invested in these bonds.

Nomination facility

Yes, nomination facility is available. A sole holder or a sole surviving holder of a bond being an individual may nominate one or more persons who shall be entitled to the bond and the payment thereon in the event of his / her death.

Though Non-resident Indians are not allowed to invest in these bonds, the sole holder of the bond may nominate an NRI as the nominee in respect of interest / redemption value of the investment in the bonds. The normal regulations related to foreign remittances as applicable to NRIs from time to time will continue to govern these cases also.

Death of Bond Holder

In case of death of the bond holder(s) without any nominations, the legal heirs will have to furnish the succession certificate.

Details to be checked before recommending the Bond to the investor

1. Check the Bond is for which category of investor (for example a RBI bonds 8 % taxable for charitable trust cannot be recommended for an individual)
2. Check what is the purpose of the Investor making the investment (For example If the purpose is to save Capital gains recommend NABARD capital gains bonds)
3. Check what is the minimum Investment which has to be made
4. Check with the investor whether he is interested in going for non cumulative or cumulative option
5. Bank account details must be captured correctly to facilitate payment of interest
6. Inform the investor about the maturity period of the Bond
7. Inform investor about the conditions involved in Premature redemption, transferability and possibility of Loan from banks against these security

What to check after receiving a Bond application

1. Check whether the Application is complete in all aspects
2. Incomplete applications are liable to result in delay of issue of the Bonds.
3. In case the application is submitted by a Power of Attorney (POA) holder, please collect the Original POA for verification, along with an attested copy
4. In case of application is on behalf of a minor, collect the original date of birth certificate from the school or Municipal authorities for verification together with an attested copy
5. In most of the Bonds issued nomination facility is available to sole holder
6. In case of nominee is a minor, please indicate the date of birth of minor and a guardian can be appointed
7. Nomination facility is not available in case the investment is on behalf of minor
8. Check with the investor whether he wants to exercise the option (cumulative or Non cumulative if any) because change of option is generally not permitted
9. Inform the investor that change of address must be communicated immediately
10. Inform the investor that Post maturity interest is not payable after date of maturity (in case of most of the bonds) hence the redemption proceeds needs to be obtained on due date
11. If the person is a senior citizen then capture the details separately.

Documents

Collection of certain documents along with application is required as per the mandatory formalities. The investors investing in Bonds may be an individual, sole proprietor, HUF’s, Partnership, AOP’s, Trust’s, Corporates, and NRI's. The documentation would be different for each of these clients. Find below the documentation procedure for each of this client status.

Individual

1. Bank details
2. PAN copy
3. Date of Birth Proof in case of Minor
4. Payment
5. Nomination papers

NRI

1. NRE/NRO/NRI/NRNR bank certificate
2. Letter from NRI & Power of attorney
3. Attested specimen signature
4. Bank account details (Account maintained India)

Partnership Firms / Trust / Society

Where the application is made by a partnership firm/a trust/Society etc., relevant copies of the deed along with a resolution supporting the investment and the attestation of signatures of such authorised signatories by the bank in which the account is being maintained.

Companies

Where the application is made by a company, a copy of the MOA, the AOA and a resolution by the Board authorising such investments and the signatures of the authorised signatories attested by Bank are required to be submitted.

Procedure for Redemption of Bonds

For bonds held in physical form, the bondholders are required to surrender the bond certificates duly discharged by the sole holder/ all the joint holders at least one month prior to the redemption date however Bank may redeem the bonds without requiring the surrender of bond certificates. In such a case, the redemption proceeds would be paid to those bondholders whose names appear in the Register of Bondholders as on the record date fixed for this purpose.

In case of bonds held in electronic form, no action is required on part of the Bondholders and the redemption proceeds would be paid to those bondholders whose names appear on the list of beneficial owners given by the Depositories to the Company. However, the necessary redemption forms (intimation of redemption) are sent to the investor informing them the redemption procedure.

Concept of Tax Deducted at Source (TDS) in respect of interest on Bonds

As per the current provisions of Income-tax Act, 1961, (Act) , Tax Deduction at Source (TDS) is deducted on interest on Bonds where interest paid or payable to a resident individual bondholder exceeds Rs.2,500/- in a financial year. In case of all non-resident bondholders, tax will be deducted at source on interest at the rates as per prevailing Income-tax Act, 1961, or Double Taxation Avoidance Agreement, whichever is lower, subject to submission of relevant documents and fulfillment of conditions as may be amended from time to time.

What should Investor do if he is not liable to pay tax and TDS is not required to be deducted?

To avail the benefit of deduction of tax at source at Nil/lower rate, you may submit any of the following documentation :

Certificate from the Indian tax authorities :

Certificate under section 197 of the Act issued by the Assessing Officer for nil / concessional rate of TDS can be submitted by any bondholder including companies and firms. The certificate should be submitted by the bondholders

Form 15G:

If you are a resident person (other than a company, Co-operative society or a firm), you can submit Form 15G in duplicate to the registrar/company. As per the provisions of section 197A of the Act, Form 15G can be submitted provided the tax on your estimated total income for the financial year computed in accordance with the provisions of the Act is NIL) and the interest paid or payable to you does not exceed the maximum amount which is not chargeable to tax. The maximum amount of income not chargeable to tax in case of individuals and HUFs is presently Rs. 50,000 per annum.

Form 15H :

If you are a senior citizen, i.e. if you are of the age of 65 years and above at any point of time during the financial year, you can submit Form 15H even if your income paid or payable exceeds Rs.50,000 p.a. for the purposes of non-deduction of tax at source if your estimated total income for the financial year computed in accordance with the provisions of the Act is NIL.

Post Office National Savings Certificate	
Investment size	Available in denominations of Rs. 100 / 500 / 1000 / 5000 / 10000. No prescribed upper limit for investment
Tenor	The scheme duration is 6 years. No premature withdrawal facility available except in case of death or forfeiture by pledgee
Interest	The scheme offers a coupon rate of 8%, which is compounded semi-annually. On maturity, at end of 6 years, Rs. 1000 invested becomes Rs. 1601.
Tax treatment	Offers tax benefits under the IT Act on principal. • Benefit u/s 80C of Income tax act. Overall investment limit under 80 C is Rs 1,00,000/- per annum
Form	The following types of certificates are issued: (1) Single Holder Type Certificate: This can be issued to an adult for himself or on behalf of a minor or a Trust. (2) Joint 'A' Type Certificate: This may be issued jointly to two adults payable to both holders jointly or to the survivor. (3) Joint 'B' Type Certificate: This may be issued jointly to two adults payable to either of the holders or to the survivor. Investors can now hold the NSC's in demat form and this would help them to consolidate all their investments in one demat account itself. Risk of holding physical paper is totally eliminated. Also on redemption the investor's bank account will be credited directly or otherwise he can also receive the redemption warrant via post
Transferability	Not traded on the secondary market but can be transferred from one investor to another through the post office. NSC can be pledged and is accepted by banks as security