

October 15, 2008

The Chief Executive Officer of  
all Primary Scheduled (Urban) Co-op. Banks

Dear Sir / Madam,

**7% Savings Bonds 2002, 6.5% Savings Bonds 2003 (Non-taxable) &  
8% Savings (Taxable) Bonds 2003 - Collateral facility - UCBs**

As you are aware of, in terms of relevant Government of India Notifications, Savings Bonds issued under the captioned schemes, were not eligible as collateral for loans from banks, financial institutions and non banking financial companies etc

2. It has now been decided by the Government of India to allow for pledge or hypothecation or lien of the bonds issued under the captioned schemes as collateral for obtaining loans from scheduled banks.

Accordingly, the holders of the said bonds will be entitled to create pledge or hypothecation or lien in favour of scheduled banks in accordance with section 28 of the Government Securities Act, 2006 (the G S Act) and regulations 21 and 22 of the Government Securities Regulations, 2007 (the G S Regulations). Copies of the following amending notifications issued by the Government of India are enclosed:

- a.) No. F.4(13)-W & M/2002 dated August 19, 2008 for 7% Savings Bonds, 2002
- b.) No. F.4(9) -W & M/2003 dated August 19, 2008 for 6.5% Savings Bonds, 2003 (Non-taxable) and
- c.) No. F.4(10)-W & M/2003 dated August 19, 2008 for 8% Savings (Taxable) Bonds, 2003.

3. In view of the above amendments, you may please advise the designated branches suitably for facilitating extension of collateral facility through pledge or hypothecation or lien as per the procedure laid down in Section 28 of the GS Act and Regulations 21 and 22 of the GS Regulations. You may also arrange to put in place necessary systems, controls and procedures at the issuing offices for recording pledge or hypothecation or lien as also invocation of the same. Relevant extracts of the Act / Regulations along with the forms and the relative press release issued by the Government of India are enclosed for ready reference.

4. It may be noted that collateral facility is available only for the loans extended to the holders of the bonds and, as such, the facility is not available in respect of the loans extended to third parties. In this connection, a separate instruction to all the scheduled banks is being issued by the regulatory departments concerned of RBI.

5. Please acknowledge receipt to Regional Office concerned.

Yours faithfully,

(A.K.Khound)

Chief General Manager-in-Charge

## **Extract from the Government Securities Act, 2006**

### **Section 28**

**28. Pledge, hypothecation or lien** (1) Subject to such terms and conditions as may be prescribed, the holder of a Government security may create a pledge or hypothecation or lien in respect of such security. (2) On receipt of notice of pledge or hypothecation or lien from the holder of the Government security, the Bank or any agent maintaining the account in respect of such security shall make necessary entry in its record and such entry shall be evidence of the pledge, hypothecation or lien thereof, as the case may be.

## **Extract from the Government Securities Regulations, 2007**

### **Chapter - VII**

#### **Pledge, Hypothecation or Lien of Government Security**

##### **21. Pledge, Hypothecation or Lien of Government security-**

(1) The holder of a Government security may create a pledge, hypothecation or lien in respect of a Government security by –

(a) issuing a notice of pledge, hypothecation or lien to the Bank, or, as the case may be, its agent, in triplicate in Form-XIV; and

(b) submitting the stock certificate and the duly executed Form-III in relation thereto; or the duly executed Forms-III, IV or V, as may be applicable to the Government security, where a pledge, hypothecation, or lien is to be created for the Government security held in subsidiary general ledger account or constituents' subsidiary general ledger account or bond ledger account, as the case may be.

(2) The Bank, or, as the case may be, its agent may on receipt of the notice as referred to in clause (a) of sub-regulation (1), -

(a) record the pledge, hypothecation or lien in its records and confirm the same on the duplicate and triplicate of the Form-XIV and such confirmation shall be conclusive proof of the creation of pledge, hypothecation or lien; and

(b) where any discrepancy is found in the Form - XIV, issue a return memo on the duplicate and triplicate of the notice in Form - XIV, stating the reasons for not recording the pledge, hypothecation or lien.

(3) The pledgee or creditor, at any time, when wants to invoke the pledge, hypothecation or lien may file an application in Form-XV in duplicate, to the Bank, or, as the case may be, its agent for transferring the Government securities in his favour alongwith the following documents, namely, -

(a) the stock certificate, if any;

(b) Form-XIV wherein the Bank, or, as the case may be, its agent has confirmed the recording of pledge; and

(c) Forms - III, IV or V which may be applicable to the Government security and was executed at the time of creation of pledge, hypothecation or lien by the holder of the Government security.

- (4) The Bank, or, as the case may be, its agent may on receipt of the application under sub- regulation (3) –
- (a) record in its books, the invocation of pledge, hypothecation or lien and transfer of the securities in favour of the pledgee or the creditor and confirm the same on the duplicate of the application in Form - XV; or
  - (b) issue a return memo to the pledgee or creditor on the duplicate of the application in Form - XV, if any discrepancy is found, stating the reasons for not transferring the securities in the name of the pledgee or the creditor.
- (5) The pledgee or the creditor may, at any time, before the registration of transfer of the Government securities in the books of the Bank or its agent in his favour, apply to the Bank, or, as the case may be, its agent in Form-XVI in triplicate for cancellation of such pledge, hypothecation or lien application registration.
- (6) The Bank, or, as the case may be, its agent may on receipt of the application under sub-regulation (5) –
- (a) record the cancellation of pledge, hypothecation or lien registered in its books and confirm the cancellation on the duplicate and triplicate of the application in Form-XVI; and
  - (b) issue a return memo on the duplicate and triplicate of the application in Form - XVI to the pledgee or the creditor, stating therein the reasons for not cancelling the pledge, hypothecation or lien.
- (7) The Forms - III, IV or V executed at the time of creation of pledge, hypothecation or lien, shall be valid during the currency of the pledge, hypothecation or lien created in respect of the Government security.
- (8) Subject to the forms prescribed in this regulation, the transfer form, notice of pledge, hypothecation or lien, confirmation of pledge, hypothecation or lien, application for cancellation or invocation of pledge, hypothecation or lien, or return memo, may be executed in electronic form under digital signature, as defined in clause (p) of Section 2 of the Information Technology Act, 2000 (21 of 2000).

## **22. General provisions relating to pledge, hypothecation and lien**

- (1) The Bank or, as the case may be, the Government shall not be responsible to any person creating pledge, hypothecation or lien or party to thereof for any loss caused to him on account of the invocation of the pledge, hypothecation or lien by the pledgee or the creditor in violation of the terms of pledge, hypothecation or lien or the provisions of any other law for the time being in force.
- (2) The Bank or, as the case may be, its agent shall
- (a) not take cognizance of any notice or claim of any person that may be received by it before it has taken the steps required to be taken under regulation 21 on receipt of Forms-XIV, XV or XVI;
  - (b) take the steps required under regulation 21 as if it had not received such notice or claim.
- (3) No transfer by the holder of any Government security in respect of which pledge, hypothecation or lien is in force shall be effected by the Bank or its agent without the prior concurrence of the pledgee or the creditor, as the case may be.
- (4) The Government security in respect of which pledge, hypothecation or lien has been recorded in the books of the Bank or its agent, as the case may be, matures for repayment, the maturity proceeds shall not

be payable to the holder of the security, without the written concurrence of the pledgee or creditor along with duly executed Form - XVI.

**Explanation :** For the purpose of regulation 21 and this regulation, :

(a) "pledgee" means a person in whose favour the Government security has been pledged;

(b) "creditor" means a person in whose favour the Government security has been hypothecated or a lien in respect thereof has been created.

**FORM - III**

[See regulations 4 (1) (c) and 21]

**TRANSFER OF STOCK CERTIFICATES**

I/We\* ..... (transferor/s) do hereby assign and transfer my/our\* interest or share in the inscribed stock certificate number .....of ..... percent Government Loan of ..... amounting to Rs. .... being the amount /a portion of the stock for Rs. .... as specified on the face of this instrument together with the accrued interest thereon to .....(transferee/s), his / her / their\* executors, administrators or assigns, and I/We\* ..... do freely accept the stock certificate number .....to the extent it has been transferred to me/us\*.

I/We\* ..... (transferee/s) hereby request that on my/our\* being registered as the holder/s of the stock transferred to me/us\*, the above stock certificate to the extent it has been transferred to me/us\* may be renewed in my/our\* name (s)/converted in my/our\* name(s).

@I/We\* ..... (transferor/s) hereby request that on the above transferee(s) being registered as the holder/s of the stock hereby transferred to him/them\*, the aforesaid stock certificate to the extent it has not been transferred to him/them\* may be renewed in my/our\* name (s).

As witness, our hand the ..... day of ..... two thousand and .....

Signed by the above-named transferor in the presence of** ..... .....	Signature of transferor..... Address: ..... .....
Signed by the above-named transferee in the presence** ..... .....	Signature of transferee..... ..... .....

\*: Delete whichever is not applicable.

@: This paragraph is to be used only when a portion of the Certificate is transferred.

\*\* : Signature, occupation and address of witness. Witness should be different for transferor and transferee.

**Transferred:**

Stock Certificate issued No/s ..... dated .....

Manager, Reserve Bank of India, .....

**FORM - IV**

[See regulations 4 (1) (d) and 21]

**TRANSFER OF STOCK HELD IN THE RESERVE BANK OF INDIA (RBI) IN THE SUBSIDIARY GENERAL LEDGER ACCOUNT (SGL) INCLUDING A CONSTITUENTS' SUBSIDIARY GENERAL LEDGER ACCOUNT (CSGL) RELATING TO GOVERNMENT SECURITIES**

Seller's Reference Number Buyer's Reference Number

**(A) Securities Transfer**

1. Name(s) of the transferor (seller) \_\_\_\_\_ SGL or CSGL A/c. (to debit)
2. Name(s) of the transferee (buyer) \_\_\_\_\_ SGL or CSGL A/c. (to credit)
3. If sale is on behalf of the constituent, name of the constituent \_\_\_\_\_
4. If purchase is on behalf of the constituent, name of the constituent \_\_\_\_\_
5. **Particulars of Government securities:**

Sl. No.	Nomenclature of the Security	ISIN	Face Value (in Rs.)	Sale Price of the security (in percent)	Total Cost of Security (Rs.) (Sale Price/100 x Face Value)	Accrued interest (Rs.)

**(B) Transaction Details - Applicable for both outright and first leg of Repo transactions**

1. Type of transaction- Outright / Repo
2. Is it RBI or inter-bank Repo
3. Date of Contract
4. Date of Settlement
5. Income tax, if any, (Rs.)
6. Other payments, if any, (Rs.):
7. Consideration amount (in words) Rupees: \_\_\_\_\_

Broker Amount: Brokerage Code:

8. For Buyer: Rs:

Broker Amount: Brokerage Code:

9. For Seller: Rs:



**(C) Details in respect of Repo transactions:**

1. Date of Repurchase: \_\_\_\_\_ 2. Repurchase agreement rate

(2nd Leg) ..... (in percent)

3. Consideration amount for Repurchase leg (in words) Rupees. \_\_\_\_\_ Rs

We hereby authorise RBI to debit / credit our above referred SGL or CSGL Accounts and credit / debit our current accounts / settlement accounts designated for the purpose with the amount of consideration as stated under item B(7) and or C (3), as the case may be, per contra as specified.

Signed on the \_\_\_\_\_ day of the month of \_\_\_\_\_ of the year \_\_\_\_\_

Signature(s) of transferor: .....Signature(s) of transferee: .....

PAN No.: \_\_\_\_\_ PAN No.: \_\_\_\_\_

(In case of electronic submission, digital signatures of the authorized officials for SGL Account and Current Account of transferor and transferee will replace physical signatures)

**Notes:**

1. The form should be submitted to RBI within one working day after the date of signing the transfer form and on or before the settlement date, failing which, it is liable to be rejected.
2. All the instructions in the form should be complied with, failing which the form is liable to be rejected.
3. The Current Account designated or linked to the SGL or CSGL Account as per the mandate will be operated.
4. In case of Repo transactions, this form will be considered for effecting the repurchase leg of the transaction as per the details given under item (C) above.
5. The transactions conducted on behalf of the constituents should be given effect to in the constituents' account maintained with the principal (SGL account holder) immediately.

**FORM - V**

[See regulations 4 (1) (e) and 21]

**TRANSFER OF SECURITIES HELD IN THE RESERVE BANK OF INDIA (RBI) IN THE BOND LEDGER ACCOUNT RELATING TO GOVERNMENT SECURITIES**

I/We\* ..... (transferor/s) do hereby assign and transfer my/our\* interest or share in the Bond Ledger Account of the ..... Bonds amounting to Rs... being the amount / portion of the bonds for Rs... held in the Bond Ledger Account No. .... together with the accrued interest thereon due for repayment on ..... To ..... (transferee/s), his/her/their\* executors, administrators or assigns, and I/We\* ..... (transferee/s) do freely accept the Bonds in the above Bond Ledger

Account No. .... amounting to Rs...

I/We\* ..... (transferee/s) request that I/We\* may be registered as the holder/s of the Bond hereby transferred to me/us\* and a Bond Ledger Account may be opened in my/our name\* credited to my/our Bond Ledger Account No\*

.....

@I/We\* ..... (transferor/s) hereby request that on the above transferee(s) being registered as the holder(s) of the Bond hereby transferred to him/them\* the aforesaid Bond, to the extent it has not been transferred to him/them\*, may continue in my/our\* Bond Ledger Account No

.....

As witness, our hand the .....day of ..... two thousand and .....

Signed by the above-named transferor in the presence of** ..... .....	Signature of transferor..... Address: ..... .....
Signed by the above-named transferee in the presence** ..... .....	Signature of transferee..... ..... .....

\*: Delete whichever is not applicable.

@: This paragraph is to be used only when a portion of the Bond is transferred.

\*\* : Signature, occupation and address of witness. Witness should be different for transferor and transferee.

**FORM - XIV**

[See regulations 21 (1), (2), (3) and 22(2)]

**NOTICE OF PLEDGE/HYPOTHECATION/LIEN OF GOVERNMENT SECURITIES**

To, The Regional Director Reserve Bank of India Public Debt Office .....	To, The Manager, Name of CSGL A/c Holder Address: ..... .....	To, The Manager Name of the agent Address: ..... .....
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Dear Sir,

Please take notice that I/we ..... [name(s) of the holder(s)] have pledged/hypothecated/created lien1 on the Government securities specified in Schedule 'A' hereto annexed {and have deposited the original scrip(s)

with.....name(s) of the

Pledgee(s)/Creditor(s)}1. A duly executed transfer form is deposited with the pledgee2. Please record pledge/hypothecation/lien1 in your books of account in respect of the securities listed in Schedule 'A' and oblige.

Yours faithfully,

Signature(s) and name(s) of the Holder(s) / Borrower(s).....

Mailing address: .....

Signature(s) and name(s) of the Pledgee(s) / Creditor(s).....

Mailing address: .....

Dated this .....day of .....

**Schedule 'A'**

Nomenclature of the security and ISIN	Distinctive number of the physical security	SGL/CSGL/ Bond Ledger Account No	Date of maturity	Face value of security

Note: (i) This form has to be submitted in triplicate. Counter receipt will be issued if submitted at the counter. The Public Debt Office will retain the original. Confirmation of having recorded the pledge/hypothecation/lien in the books of Public Debt Office will be issued on the duplicate and triplicate. Holder(s)/borrower(s) or pledge(s)/creditor(s) shall arrange to collect the same by surrendering the counter receipt duly discharged.

(ii) If this Form is submitted otherwise than at the counter, the duplicate and triplicate of the Form shall be dispatched by Post/Courier at the mailing addresses.

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1 Strike out in the case of hypothecation, lien on securities held in SGL, CSGL A/c or BLA.  
 2 Strike out in the case of hypothecation or lien.

For Office use only:

**Return Memo**

Notice of pledge/hypothecation/lien could not be recoded in the books of account of Public Debt Office for the following reason(s).

- Discrepancies in the particulars of securities/Account No(s).
- Discrepancies in the names of holders.
- Form is incomplete.
- Enclosures not compiled properly.
- Signature not matching.
- Security not eligible for pledge/hypothecation/lien
- Security already under pledge/hypothecation/lien in favour of another creditor.
- Claims in respect of the security are pending.
- Under Stoppage.
- Any other reason.....

Authorised Officer

**Confirmation**

Confirmed that the notice of pledge/hypothecation/lien is recoded in the books of account of Public Debt Office / CSGL Account Holder / Agent.

Authorised Officer

**FORM - XV**

[See regulations 21 (3),(4) and 22 (2)]

**APPLICATION FOR TRANSFER OF GOVERNMENT SECURITIES UNDER  
PLEDGE/HYPOTHECATION/LIEN**

To, The Regional Director Reserve Bank of India Public Debt Office .....	To, The Manager, Name of CSGL A/c Holder Address: ..... .....	To, The Manager Name of the agent Address: ..... .....
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Dear Sir,

Pledge/hypothecation/lien\* was created on the securities listed in Schedule 'A' below. I/we now submit herewith the following documents, namely:

- (1) Original scrips<sup>1</sup>
- (2) Form - XV containing the confirmation of pledge/hypothecation/ lien, and
- (3) Transfer deed executed in our favour [at the time of creating pledge]<sup>2</sup>

I/We request that the Government securities specified in Schedule 'A' be transferred in your books of account in my/our favour.

Yours faithfully,

Signature(s) and name(s) of the Creditor(s) .....

Mailing address: .....

Dated this .....day of .....

**Schedule 'A'**

Nomenclature of the security and ISIN	Distinctive number of the physical security	SGL/CSGL/ Bond Ledger Account No	Date of maturity	Face value of security

Note: (i) This form has to be submitted in duplicate. Counter receipt will be issued if submitted at the counter. The Public Debt Office will retain the original. Confirmation of having transferred the securities in favour of

the Creditor(s) in the books of Public Debt Office will be issued on the duplicate. Creditor(s) shall arrange to collect the same by surrendering the counter receipt duly discharged.

(ii) If this Form is submitted otherwise than at the counter, the duplicate of the Form shall be dispatched by Post / Courier at the mailing addresses.

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1 To be struck off in case the securities are held in SGL, CSGl or BLA Account.

2 To be struck off in the case of hypothecation and lien

\* Strike off whichever is not applicable

For Office use only:

**Return Memo**

Securities could not be transferred in the books of account of PDO in favour of the creditor(s) for the following reason(s).

- Discrepancies in the particulars of securities/account no(s).
- Discrepancy in the name(s) of holders.
- Form is incomplete.
- Enclosures not compiled properly.
- Signature not matching.
- Claims in respect of the security are pending.
- Under Stoppage.
- Any other reason.....

Authorised Officer

**Confirmation**

Confirmed that the pledge/hypothecation/lien recorded in respect of the securities has been cancelled and the securities have been transferred in the books of account of Public Debt Office in favour of the creditor(s)

Authorised Officer

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**FORM - XVI**

[See regulations 21 (5) (6) and 22 (2) (4)]

**CANCELLATION OF PLEDGE/HYPOTHECATION/LIEN**

To, The Regional Director Reserve Bank of India Public Debt Office .....	To, The Manager, Name of CSGL A/c Holder Address: ..... .....	To, The Manager Name of the agent Address: ..... .....
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Dear Sir,

The holder(s) of the Government securities listed in Schedule 'A' had created pledge/hypothecation/lien\*, on the said Government securities in my/our favour. I/we enclose in original, the duplicate of Form - XV containing the confirmation regarding the recording of the said pledge/hypothecation/lien\* in your books of account and request that the said pledge/hypothecation/lien be cancelled and that my/our name(s) be deleted from your books of account as the pledgee(s)/ creditor(s) in respect of the said Government securities.

Yours faithfully,

Signature(s) and name(s) of the Pledgee(s)/Creditor(s).....

Mailing address: .....

Dated this .....day of .....

\*: Strike out whichever is not applicable

**Schedule 'A'**

Nomenclature of the security and ISIN	Distinctive number of the physical security	SGL/CSGL/ Bond Ledger Account No	Date of maturity	Face value of security

Note: (i) This form has to be submitted in triplicate. Counter receipt will be issued if submitted at the counter. The Public Debt Office will retain the original. Confirmation of having cancelled the pledge/hypothecation/lien in the books of Public Debt Office will be issued on the duplicate and triplicate. Holder(s)/borrower(s) or



pledgee(s)/creditor(s) shall arrange to collect the same within by surrendering the counter receipt duly discharged.

(ii) If this Form is submitted otherwise than at the counter, the duplicate and triplicate of the Form shall be dispatched by Post/Courier at the mailing addresses.

For Office use only:

**Return Memo**

Cancellation of pledge/hypothecation/lien could not be recorded in the books of account of PDO for the following reason(s).

- Discrepancies in the particulars of securities/account no(s).
- Discrepancies in the names of holders.
- Form is incomplete.
- Enclosures not compiled properly.
- Signature not matching.
- Any other reason.....

Authorised Officer

**Confirmation**

Confirmed that the pledge/hypothecation/lien has been cancelled in the books of account of Public Debt Office.

Authorised Officer

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## **PRESS COMMUNIQUE**

Government of India have amended the notifications relating to 7% Savings Bonds, 2002, 6.5% Savings (Non-Taxable) Bonds, 2003, and 8% Savings (Taxable) Bonds, 2003 Schemes, to allow for pledge/lien/hypothecation of the said Bonds as collateral for obtaining loans from Scheduled Banks. Accordingly, the holders of the said Bonds will be entitled to create pledge or hypothecation or lien in favour of scheduled banks in accordance with section 28 of the Government Securities Act, 2006 and regulations 21 and 22 of the Government Securities Regulations, 2007.

2. All other terms and conditions in respect of the said Bonds continue without change.

GOVERNMENT OF INDIA

MINISTRY OF FINANCE

DEPARTMENT OF ECONOMIC AFFAIRS

Dated, the 19th August 2008

Government of India  
Ministry of Finance  
Department of Economic Affairs  
New Delhi, dated August 19, 2008  
NOTIFICATION  
7% Savings Bonds, 2002

No. F 4(13)-W&M/2002: The Government of India hereby notifies that with effect from the date of this Notification, the following modifications shall be effected in Notification No. F. 4 (13)- W& M/2002 dated 5th September 2002 (Notification).

1. For the existing paragraph number 12 of the Notification the following paragraph shall be substituted, namely,

“The Bonds in the form of Bond Ledger Account and Stock Certificate shall not be transferable except as provided herein or by way of gift to a relative as defined in Section 6 of the Indian Companies Act, 1956, by execution of appropriate Transfer Form as given in Annexure 6A or 6B (as may be applicable) and execution of an affidavit by the holder. A list of relatives is given in Annexure 7.”

2. For the existing, paragraph number 14 of the Notification the following paragraph shall be substituted, namely, “The Bonds shall not be tradable in the secondary market. However, the Bonds shall be eligible as collateral for loans from scheduled banks, and the holders of the said Bonds shall be entitled to create pledge or hypothecation or lien in favour of scheduled banks in accordance with Section 28 of the Government Securities Act, 2006 and Regulations 21 and 22 of Government Securities Regulations, 2007.”

By Order of the President of India

(L. M. Vas)

Additional Secretary to the Government of India

Government of India  
Ministry of Finance  
Department of Economic Affairs  
New Delhi, dated August 19, 2008  
NOTIFICATION  
6.5% Savings Bonds, 2003 (Non-taxable)

No. F 4(9)-W&M/2003: The Government of India hereby notifies that with effect from the date of this Notification, the following modifications shall be effected in Notification No. F.4 (9) -W & M/2003 dated 13th March 2003 (Notification).

1. For the existing paragraph number 12 of the Notification the following paragraph shall be substituted, namely,

“The Bonds in the form of Bond Ledger Account and Stock Certificate shall not be transferable except as provided herein or by way of gift to a relative as defined in Section 6 of the Indian Companies Act, 1956, by execution of appropriate Transfer Form as given in Annexure 6A or 6B (as may be applicable) and execution of an affidavit by the holder. A list of relatives is given in Annexure 7.”

2. For the existing, paragraph number 14 of the Notification the following paragraph shall be substituted, namely, “The Bonds shall not be tradable in the secondary market. However, the Bonds shall be eligible as collateral for loans from scheduled banks, and the holders of the said Bonds shall be entitled to create pledge or hypothecation or lien in favour of scheduled banks in accordance with Section 28 of the Government Securities Act, 2006 and Regulations 21 and 22 of Government Securities Regulations, 2007.”

By Order of the President of India

(L. M. Vas)

Additional Secretary to the Government of India

Government of India  
Ministry of Finance  
Department of Economic Affairs  
New Delhi, dated August 19, 2008  
NOTIFICATION  
8% Savings (Taxable) Bonds, 2003

No. F 4(10)-W&M/2003: The Government of India hereby notifies that with effect from the date of this Notification, the following modifications shall be effected in Notification No. F.4 (10)-W & M/2003 dated 21st March 2003 (Notification).

1. For the existing paragraph number 12 of the Notification the following paragraph shall be substituted, namely,

“The Bonds in the form of Bond Ledger Account shall not be transferable except as provided herein.”

2. For the existing paragraph number 15 of Notification the following paragraph shall be substituted, namely,

“The Bonds shall not be tradable in the secondary market. However, the Bonds shall be eligible as collateral for loans from scheduled banks, and the holders of the said Bonds shall be entitled to create pledge or hypothecation or lien in favour of scheduled banks in accordance with Section 28 of the Government Securities Act, 2006 and Regulations 21 and 22 of Government Securities Regulations, 2007.”

By Order of the President of India

(L. M. Vas)

Additional Secretary to the Government of India