

NABARD
RURAL BONDS

OFFER DOCUMENT



Resource Mobilisation Department
National Bank For Agriculture And Rural Development
Plot no.C-24, G Block, Bandra Kurla Complex, Bandra (E), Mumbai – 400 051

DISCLAIMER

The NABARD RURAL Bond Issue is being offered strictly on a Private placement basis. It should not be deemed to constitute an offer to the public in general.

The offer document is not a prospectus and does not constitute an offer to the public in general. Therefore, it cannot be acted upon by any person other than whom it has been specifically addressed to. The information about NABARD given in this offer document does not propose to contain all information that any investor may require. The investors are therefore, requested to make their independent evaluation and assessment of NABARD before taking any decision. The investors may make their own decisions regarding tax implications of investments in and ownership and income thereon. NABARD reserves the right to change the terms of the offer at its sole and absolute discretion. However, changes made, if any, will not be applicable to the applications already accepted by NABARD.

NABARD RURAL Bonds – Terms and Conditions

I. GENERAL INFORMATION

- i. NABARD Rural Bonds are being issued by way of private placement as long term investment instrument under Clause (xxii) of Sub-Section (2) of Section 80C of Income Tax Act, 1961 read with Central Board Direct Taxes Notification No. 293/2007/F.No.142/31/2007-TPL dated 31 December 2007.
- ii. The Interest received by an investor on Rural Bonds will be treated as income and will be taxed accordingly.
- iii. The bonds will be made available as unsecured bonds & will be treated so during the tenure of the bond unless NABARD decides otherwise.
- iv. The present issue is made under Section 19(a) of NABARD Act, 1981. Further, the bonds are issued in accordance with the Resolution passed by the Board of Directors of NABARD.
- v. Firm allotment will be made to all applicants whose applications are found to be complete in all respects.
- vi. The proceeds of the issue will be utilized by NABARD for providing financial assistance in terms of NABARD Act, 1981.
- vii. The bonds are governed by NABARD (Issue and Management of Bonds) Regulations, 1987 (as amended upto date) for the time being in force.

II. TERMS OF THE BOND

- i. **Face Value**
Each bond has a face value of Rs.1,000/-.
- ii. **Tenure of Bond**
The bonds will be issued for a tenure of 5 years from the deemed date of allotment. The lock in period for the bonds will be 5 years.
- iii. **Minimum and Maximum Investment**
The minimum investment under NABARD Rural Bonds shall be five bonds i.e. Rs.5,000/- and thereafter in multiples of one bond i.e. Rs.1,000/-. There is no limit on maximum investment. However as per Section 80 (C) of the Income Tax Act 1961, the maximum amount eligible for tax deduction is Rs.1,00,000/- during the previous year.
- iv. **Interest Rate**
The rate of interest of the Rural Bonds will be announced in the leading newspapers from time to time and also notified on the NABARD website:www.nabard.org.

The rate of interest payable on the bond will be as applicable on the date of receipt of the application by NABARD. This rate will be paid till maturity of the Bond. Senior Citizens will be paid an additional interest of 0.50% p.a.

Interest payment will be made annually or cumulatively by way of warrants or through ECS as the case may be. In the case of cumulative option, interest will be calculated on cumulative basis and will be paid alongwith the maturity proceeds. The first interest payment will be made on 31 July for the broken

period i.e. from deemed date of allotment to 30 July and annual interest payments will be made on 31 July each year.

v. **Tax Treatment.**

CBDT vide aforesaid notification published in the Gazette of India dated 31 December 2007 has specified NABARD Rural Bonds as eligible instrument for tax benefit under Section 80C of the Income Tax Act 1961. The interest received by the investor will be treated as income and will be taxed at source at the then prevailing rates as per the provisions of the Income Tax Act 1961 and Rules.

vi. **Deemed Date of Allotment**

Last day of the month of investment shall be the deemed date of allotment of the bonds. All the benefits under the bonds will accrue to the investors from this date.

vii. **Right to update/revise/close the bond issue**

The instructions and other details contained in the application form will be updated from time to time. Any investment made will be governed by the terms and conditions applicable on the date of realisation of application money. NABARD reserves the right to close / revise the terms and conditions at its sole discretion without assigning any reason.

III. GENERAL TERMS

i. **Terms of Payment**

The full amount of face value of the Rural Bonds applied should be paid along with the application.

ii. **Interest on application money**

Applicants will be paid interest on their application money at 5% from the date of realisation of application money upto one day prior to the deemed date of allotment and will be sent to the investor by way of a warrant along with the first interest payment.

iii. **Investment holding**

Investment in bonds may be held either in “Physical Form” or in “DEMAT Form”. One consolidated certificate will be issued against each application, wherever the bond is issued in physical form.

iv. **Depository Arrangement**

Investors will have the option to hold the security in dematerialised form and deal with the same as per the provisions of Depositories Act, 1996 (as amended from time to time).

v. **Instructions for opting the Bonds in Demat form**

- a. Investors should have/ open a Beneficiary Account with a Depository participant of NSDL or CDSL.

- b. Responsibility for correctness of investors' age and other details given in the Application Form vis-à-vis those with the investors' Depository Participant would rest with the investors. Investors should ensure that the names of the sole/all the applicants and the order in which they appear in the application form should be same as Registered with the investor's Depository Participant.
 - c. For opting for bonds in dematerialized form, the Beneficiary Account number and Depository Participant's ID shall be specified in the relevant columns of the Application Form.
 - d. If incomplete/incorrect Beneficiary Account details are given in the application form or where the investor does not opt for the option to receive the bonds in dematerialized form, the bonds will be issued in the form of physical certificates.
 - e. The bonds allotted to investors opting for dematerialized form, would be directly credited to the Beneficiary Account as given in the application form after verification. Allotment advice/refund order (if any) would be sent directly to the applicant by the Registrars to the Issue but the confirmation of the credit of the bonds to the investors' Depository Account will be provided to the investor by the investors' Depository Participant.
- vi. **Despatch of Bond Certificates and Refund Orders**
NABARD shall ensure despatch of refund orders and bond certificates by Registered Post/ Speed Post only. Despatch of bond certificates shall be completed within 60 days from the deemed date of allotment.
- ix. **Rejection of applications**
NABARD reserves the rights to accept or reject any application in whole or in part and in either case without assigning any reason therefor. In the event the bonds applied for are not allotted in full / part, the excess application money, without interest, in respect of any application will be refunded. Any application for bonds, which is not complete in all respects, may be rejected.
- x. **Mode of Refunds**
In case of rejection of applications or non-allotment of the bonds, refunds will be made by cheque or by pay order drawn on any bank payable at centres as per the details furnished in the application form.

IV. TRANSFER AND REDEMPTION

The bond is non-transferable and non-negotiable and cannot be offered as a security for any loan or advance.

V. TRADING ON STOCK EXCHANGE

NABARD Rural Bonds are not tradeable on stock exchange both in physical and electronic mode.

VI. INVESTMENT RELATED INFORMATION

i. Who Can Apply

Applications can be made by:

- a. Individuals in their own names or in the name of their minor children as natural/ legal guardians.
- b. Hindu Undivided Families through the Karta of the Hindu Undivided Family. (Applications by HUF would be given the same treatment as that to applications by individuals)

ii. How To Apply

1) Availability of Offer Document and Application Forms

Copies of Offer Document and Application Forms may be obtained from the Head Office, Regional Offices of NABARD, Lead Managers, Arrangers and Bankers to the Issue.

2) Instructions for filling in Application Forms

- a. Application for the bonds must be in the prescribed Form and completed in BLOCK LETTERS in English as per the instructions contained therein.
- b. Thumb impressions and signatures other than in English, Hindi or any of the other languages specified in the Eighth Schedule of the Constitution of India must be attested by a Magistrate or a Notary Public or a Special Executive Magistrate under his/her official seal.
- c. Application Form Number (including the prefix) should be mentioned on the reverse of the cheque / draft. Where applications without number are used, the number may be obtained at the time of deposit with the Collection Centres.
- d. One and only one cheque / draft must accompany each application form.

iii. Bank Account Details

The applicant must fill in the relevant column in the application form giving particulars of Savings Bank / Current Account number and name of the bank with whom such account is held, to enable the Registrars to the Issue to print the said details in the refund order / Interest warrant / redemption warrant. This is in the interest of the applicant for avoiding misuse of the pay order. Furnishing this information is mandatory and applications not containing such details are liable to be rejected.

Investors desirous of holding the bonds in demat form may please refer to the paragraph on “Depository Arrangement” in this Offer Document.

iv. Application under Power of Attorney

In the case of applications made under Powers of Attorney a certified copy of the Power of Attorney and/or the relevant authority, as the case may be, must be lodged separately at the office of the Registrars to the issue ---- will be notified on the website soon.

- v. **PAN / GIR Number**
Where application is for a total value of Rs.50,000 or more, the applicant, or in the case of an application in joint names, each of the applicants, should mention his/her Permanent Account Number (PAN) allotted under the Income Tax Act, 1961 or where the same has not been allotted, the GIR No. and the Income Tax Circle / Ward / District should be indicated. In case neither the PAN nor the GIR No. has been allotted, or the applicant is not assessed to Income Tax, the appropriate information should be mentioned in the space provided. Application forms without this information will be considered incomplete and are liable to be rejected.
- vi. Joint application in the case of Individuals Applications may be made in single or joint names (not more than three). In the case of joint applications, all payments will be made out in favour of the first applicant. All communications will be addressed to the applicant whose name appears first at the address stated in the application form.
- vii. **Nomination**
Individual investors can opt for nomination, to whom, in the event of death of the holder (s), the amount of bond may be paid. Where the bond is held by two or more persons, the nominee shall become entitled to receive the amount only on the demise of all the holders.
- viii. **Death of First holder**
In case of death of the first applicant, payment of redeemed value of the investment will be made to the second applicant.
- ix. **Instructions for payment of application money**
a. Payment may be made by way of cheques / demand drafts drawn on any bank, which is situated at and is a member or sub-member of the Bankers clearing house located at the bank collection centre where the application form is submitted. Outstation cheques/bank drafts or cheques/bank drafts drawn on a bank not participating in the clearing process will not be accepted. Money orders / postal order will also not be accepted.
b. Charges for the bank draft are to be borne by the investor and should not be deducted from the amount payable on application.
c. All cheques / drafts must be made payable to “NABARD” and crossed “A/c Payee only”.
- x. **Submission of completed application forms**
Application, duly completed and accompanied by cheque / demand draft must be lodged with NABARD offices or the Banker to the Issue or their designated branches as mentioned in the application form.
- xi. **Acknowledgements**
No separate receipt will be issued for the application money. However, the bankers to the issue or their approved collecting branches and the collection centres receiving the duly completed application form will acknowledge

receipt of the application by stamping and returning to the applicant the acknowledgement slip at the bottom of each application form.

xii. **Governing Law**

The bonds are governed by and shall be construed in accordance with the existing laws in India, NABARD Bonds Regulations, SEBI/RBI directives or any other regulation. Any dispute arising thereof will be subject to jurisdiction at Mumbai.

xiii. **Investor relations and Grievance Redressal**

Arrangements have been made to redress investor grievances expeditiously. All grievances related to the issue quoting the application number (including prefix), number of bonds applied for, amount paid on application and Bank and Branch / NABARD collection Centre where the application was submitted, may be addressed to the Chief General Manager at the following address :

The Chief General Manager
Resource Mobilisation Department
National Bank For Agriculture
and Rural Development
C-24, G Block, Bandra-Kurla Complex,
Bandra (East),
MUMBAI 400 051