

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

UNSTARRED QUESTION NO:1762
ANSWERED ON:29.11.2002
TAX FREE BONDS
DALPAT SINGH PARASTE

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

(a) whether the Government have recently announced bonds carrying interest along with the terms of exemption from Income-tax and Wealth-tax to encourage savings; and

(b) if so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE AND COMPANY AFFAIRS (SHRI ANANDRAO VITHOBA ADSUL):

(a) and (b) Government have introduced `7% Savings Bonds, 2002` scheme for subscription by individuals and Hindu Undivided Families, excluding non-resident Indians, without any investment limit with effect from 1st October, 2002. The Bonds have a maturity of 6 years and carry interest at 7% per annum. The Bonds are exempt from Wealth-tax and interest thereon is exempt from Income-tax. However, these are not transferable, except by way of Gift to relatives, are not tradable in the secondary market and are also not eligible as collateral security for loans.