

Background of ARS bonds:

The schemes listed below fell under the fold of the Administrator of the Specified Undertaking of the Unit Trust of India.

CGGF-86 / CGGF-86 (SPH) / CGGF-99 / RUP-94 / RUP-99/ MIP-98-V / MIP-99-1/BGVMIP 92

The Administrator of the Specified Undertaking of the Unit Trust of India decided to foreclose the scheme as on 31st March 2004 and issue cheques to the Investors with cheque date as 2nd April 2004.

The Investors were given an option to exit out of the scheme by exercising a Repurchase Option or get the units converted to the Assured Return Scheme (ARS) Bonds.

Features of ARS bonds:

1. The Bonds will be called and known as '6.60% Tax Free ARS Bonds'.
2. The Bonds offer Tax Free interest @ 6.60 % p.a. payable half yearly.
3. Interest is payable half yearly on every 1st October and 1st April .
4. The interest income is fully exempt from income tax.
5. Tenure of the bond is 5 years. The date of allotment will be 01-04-2004 and the date of maturity will be 01-04-2009.
6. Face value of a bond is Rs.100/-. The ARS bonds will be issued in multiples of one bond.
7. The Bond is transferable and tradable in the market providing liquidity.
8. Bonds can be held by all categories of investors.
9. The principal and the interest are irrevocably / unconditionally guaranteed by Government of India. Hence, these bonds are 'approved securities' under Section 5(a) (i) of the Banking Regulation (B.R.) Act 1949 and also Section 20(a) of the Indian Trust Act 1882. These bonds are also eligible to be held by companies as liquid assets as required under Rule 3A of Companies (Acceptance of Deposits) Rules 1975.