

# ICICI BANK CUSTOMER EDUCATION SERIES

TIMES BUSINESS ASSOCIATE COMMUNICATION

## Did You Know?

Section 80L which once used to provide deductions on interest income, is no longer available. Interest income from most sources (except PPF) is now taxable.



## Bonds

Not many know that RBI actually allocates to retail investors a percentage of every issue of government securities. The debt market is so dominated by institutions and wholesale deals, that retail investors do not participate much. For those who like to hold bonds issued by the government, even if it means holding them to maturity and going through the paper work, there are choices.

RBI savings bonds (once known as relief bonds) do not feature tax-free interest any more, but can be bought easily from banks. They pay a fixed interest for a tenure decided by RBI. These bonds can also be pledged with banks, if there is a need for funds.

Government securities are issued periodically by the RBI, and can be bought by opening a Constituent Subsidiary General Ledger (CSGL) account with a bank. They pay semi-annual interest, carry no credit risk, but need a bit a paperwork before the allotment is made. Interest rates are determined in an auction.

Then there are the infrastructure bonds issued by

institutions, eligible for tax deduction under Section 80C of the IT Act. The interest paid on these bonds is taxable. To the conservative investor looking to hold bonds until maturity, these investment choices are worth considering.

Centre for Investment Education and Learning

We welcome your questions, suggestions and feedback on this column. Please use the 'Email Us' link at [www.icicibank.com](http://www.icicibank.com) or send us an SMS to 53030. Please include your full name, address and phone number. Your comments may be edited for clarity and space.

Look out for our next article on 'Mutual Funds' on December 3.



### SMS CONTEST

**Question:** To buy government bonds from a bank, an investor has to open \_\_\_\_\_.

**Answer:** A. a savings account  
B. a trading account  
C. a CSGL account

To answer, SMS DISHA A, B or C to 53030 and win a 2N 3D holiday.\*  
Contest open for the day of publication.

\*Terms and conditions apply. Visit [www.dishac.org](http://www.dishac.org) for details and winners.



The sooner you start saving and investing, the more time your money gets to grow.

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