

**GOVERNMENT OF INDIA  
CHEMICALS AND FERTILIZERS  
LOK SABHA**

UNSTARRED QUESTION NO:1339  
ANSWERED ON:26.11.2009  
ISSUE OF FERTILIZER BONDS  
Majhi Shri Pradeep Kumar

**Will the Minister of CHEMICALS AND FERTILIZERS be pleased to state:**

- (a) whether the Government has issued fertilizer bonds during 2008-09 and in the current year;
- (b) if so, the details thereof; and
- (c) the details of the terms and conditions of such bonds and the funds collected?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF CHEMICALS AND FERTILIZERS (SHRI SRIKANT KUMAR JENA)

(a) & (b) During the year 2008-09, the fertilizer industry have been allotted following fertilizer bonds :-

Year	Tranche	Date of Notification	Coupon rate	Amount
2008-09	I	10-12-2008	7%	10000
2008-09	II	24-12-2008	6.20%	4000
2008-09	II	29-1-2009	6.65%	6000
Total				20000

Government has not issued Fertilizer Bonds during the current year 2009-10.

(c) The terms and conditions of the bonds can be seen at Annexure-VII/III.

**Annexure-I**

The terms and conditions of Issue of '7.00 per cent Fertilizer Companies' Government of India Special Bonds 2022', (hereinafter briefly described as 'Special Bonds') for an aggregate amount of Rs.10,000 crore (nominal) on December 10, 2008.

**1. Eligibility for making subscription to the Special Bonds and limits of subscription.**

The companies as referred to in the Annex I hereto shall be eligible to subscribe to the Special Bonds and their subscription to the Special Bonds shall be limited to the extent of the amount. No other person including any bank, company, corporation or any other body, except the companies as referred to in the aforesaid Annexure, shall be eligible to subscribe to the Special Bonds.

**2. Price**

The Special Bonds shall be issued on application at par for the amounts as per the application made by the eligible companies. The Special Bonds will be issued for a minimum amount of Rs.10,000 (Nomial) and in multiples of Rs.10,000 thereafter.

**3. Application**

The Special Bonds shall be issued on application as per proforma in Annexure-II, from the eligible companies.

**4. Form of Security**

The Special Bonds will be issued in the form of stock i.e. 'Stock Certificates' or by credit to Constituent Subsidiary General Ledger account maintained by a Subsidiary General Ledger account holder.

**5. Commencement of tenure and date of repayment**

The tenure of Special Bonds will commence from December 10, 2008. Interest on the Special Bonds will accrue from the date of commencement of tenure. The Special Bonds will be repaid at par on December 10, 2022 at Public Debt Office, Reserve of India, Mumbai.

**6. Interest**

The Special Bonds will bear interest at the rate of 7.00 per cent per annum. Interest will be reckoned from the date of commencement

of tenure of the Special Bonds and will be payable half yearly on June 10 and December 10 till maturity of the Special Bonds.

Interest on the Special Bonds will be payable at Public Debt Office, Reserve Bank of India, Fort, Mumbai. Interest will be paid after rounding off the amount of interest to the nearest rupee.

#### 7. Transferability

(i) Subject to the provisions of paragraph 4 of the notification, the Special Bonds can be renewed, sub-divided, consolidated, converted and transferred by the holder in accordance with the provisions of the Government Securities Act, 2006 and Government Securities Regulations, 2007 framed thereunder.

(ii) Notwithstanding what is stated in paragraph 1 hereinabove, there will be no restriction on the transfer of the Special Bonds by the subscribers in favour of any other person including banks, corporation or any other body and the transferee of such security would also be entitled to hold and transfer the same in such manner.

#### 8. Statutory Provisions

With respect to any such matter which has not been provided under this Notification, the Special Bonds shall be governed by the Government Securities Act, 2006 and Government Securities Regulations, 2007 framed thereunder.

#### 9. Applicability of Tax Law

The value of the investment in the Special Bonds and the interest payable thereon will be governed by the provisions of tax laws at applicable from time to time.

#### 10. Eligibility of Bonds

The investment in Special Bonds by the banks and insurance companies will not be reckoned as an eligible investment in Government securities for their statutory requirements. However, such investment by the insurance companies will be eligible to be reckoned as investment under 'other Approved Securities' category as defined under Insurance Regulatory and Development Authority (Investment) Regulations, 2000. Further, the investment by the Provident Funds, Gratuity Funds, Superannuation Funds, etc. in the Special Bonds will be treated as an eligible investment under the administrative order of the Ministry of Finance.

#### 11. Eligibility for Repo

The Special Bonds will be transferable and eligible for market ready forward

#### Annexure-II

The terms and conditions of Issue of '6.20 per cent Fertilizer Companies' Government of India Special Bonds 2022', (hereinafter briefly described as 'Special Bonds') for an aggregate amount of Rs.4,000 crore (nominal) on December 24, 2008.

##### 1. Eligibility for making subscription to the Special Bonds and limits of subscription.

The companies as referred to in the Annex I hereto shall be eligible to subscribe to the Special Bonds and their subscription to the Special Bonds shall be limited to the extent of the amount. No other person including any bank, company, corporation or any other body, except the companies as referred to in the aforesaid Annex, shall be eligible to subscribe to the Special Bonds.

##### 2. Price

The Special Bonds shall be issued on application at par for the amounts as per the application made by the eligible companies. The Special Bonds will be issued for a minimum amount of Rs. 4,000 (Nomial) and in multiples of Rs. 4,000 thereafter.

##### 3. Application

The Special Bonds shall be issued on application as per proforma, from the eligible companies.

##### 4. Form of Security

The Special Bonds will be issued in the form of stock i.e. 'Stock Certificates' or by credit to Constituent Subsidiary General Ledger account maintained by a Subsidiary General Ledger account holder.

##### 5. Commencement of tenure and date of repayment

The tenure of Special Bonds will commence from December 24, 2008. Interest on the Special Bonds will accrue from the date of commencement of tenure. The Special Bonds will be repaid at par on December 24, 2022 at Public Debt Office, Reserve of India, Mumbai.

##### 6. Interest

The Special Bonds will bear interest at the rate of 6.20 per cent per annum. Interest will be reckoned from the date of commencement of tenure of the Special Bonds and will be payable half yearly on June 24 and December 24 till maturity of the Special Bonds. Interest on the Special Bonds will be payable at Public Debt Office, Reserve Bank of India, Fort, Mumbai. Interest will be paid after rounding off the amount of interest to the nearest rupee.

#### 7. Transferability

(i) Subject to the provisions of paragraph 4 of the notification, the Special Bonds can be renewed, sub-divided, consolidated, converted and transferred by the holder in accordance with the provisions of the Government Securities Act, 2006 and Government Securities Regulations, 2007 framed thereunder.

(ii) Notwithstanding what is stated in paragraph 1 hereinabove, there will be no restriction on the transfer of the Special Bonds by the subscribers in favour of any other person including banks, corporation or any other body and the transferee of such security would also be entitled to hold and transfer the same in such manner.

#### 8. Statutory Provisions

With respect to any such matter which has not been provided under this Notification, the Special Bonds shall be governed by the Government Securities Act, 2006 and Government Securities Regulations, 2007 framed thereunder.

#### 9. Applicability of Tax Law

The value of the investment in the Special Bonds and the interest payable thereon will be governed by the provisions of tax laws at applicable from time to time.

#### 10. Eligibility of Bonds

The investment in Special Bonds by the banks and insurance companies will not be reckoned as an eligible investment in Government securities for their statutory requirements. However, such investment by the insurance companies will be eligible to be reckoned as investment under 'other Approved Securities' category as defined under Insurance Regulatory and Development Authority (Investment) Regulations, 2000. Further, the investment by the Provident Funds, Gratuity Funds, Superannuation Funds, etc. in the Special Bonds will be treated as an eligible investment under the administrative order of the Ministry of Finance.

#### 11. Eligibility for Repo

The Special Bonds will be transferable and eligible for market ready forward transactions (Repo).

#### Annexure-III

The terms and conditions of Issue of '6.65 per cent Fertilizer Companies' Government of India Special Bonds(hereinafter briefly described as 'Special Bonds') for an aggregate amount of Rs.6,000 crore (nominal) on January 29, 2009.

#### 1. Eligibility for making subscription to the Special Bonds and limits of subscription.

The companies shall be eligible to subscribe to the Special Bonds and their subscription to the Special Bonds shall be limited to the extent of the amount, allocated to fertilizer company. No other person including any bank, company, corporation or any other body, except the fertilizer company to whom the special bonds are issued shall be eligible to subscribe to the Special Bonds.

#### 2. Price

The Special Bonds shall be issued on application at par for the amounts as per the application made by the eligible companies. The Special Bonds will be issued for a minimum amount of Rs. 10,000 (Nomial) and in multiples of Rs. 10,000 thereafter.

#### 3. Application

The Special Bonds shall be issued on application as per proforma in Annexure-II, from the eligible companies.

#### 4. Form of Security

The Special Bonds will be issued in the form of stock i.e. 'Stock Certificates' or by credit to Constituent Subsidiary General Ledger account maintained by a Subsidiary General Ledger account holder.

#### 5. Commencement of tenure and date of repayment

The tenure of Special Bonds will commence from January 29, 2009. Interest on the Special Bonds will accrue from the date of commencement of tenure. The Special Bonds will be repaid at par on January 29, 2023 at Public Debt Office, Reserve of India, Mumbai.

#### 6. Interest

The Special Bonds will bear interest at the rate of 6.65 per cent per annum. Interest will be reckoned from the date of commencement of tenure of the Special Bonds and will be payable half yearly on July 29 and January 29 till maturity of the Special Bonds. Interest on the Special Bonds will be payable at Public Debt Office, Reserve Bank of India, Fort, Mumbai. Interest will be paid after rounding off the amount of interest to the nearest rupee.

#### 7. Transferability

(i) Subject to the provisions of paragraph 4 of the notification, the Special Bonds can be renewed, sub-divided, consolidated, converted and transferred by the holder in accordance with the provisions of the Government Securities Act, 2006 and Government Securities Regulations, 2007 framed thereunder.

(ii) Notwithstanding what is stated in paragraph 1 hereinabove, there will be no restriction on the transfer of the Special Bonds by the subscribers in favour of any other person including banks, corporation or any other body and the transferee of such security would also be entitled to hold and transfer the same in such manner.

#### 8. Statutory Provisions

With respect to any such matter which has not been provided under this Notification, the Special Bonds shall be governed by the Government Securities Act, 2006 and Government Securities Regulations, 2007 framed thereunder.

#### 9. Applicability of Tax Law

The value of the investment in the Special Bonds and the interest payable thereon will be governed by the provisions of tax laws at applicable from time to time.

#### 10. Eligibility of Bonds

The investment in Special Bonds by the banks and insurance companies will not be reckoned as an eligible investment in Government securities for their statutory requirements. However, such investment by the insurance companies will be eligible to be reckoned as investment under 'other Approved Securities' category as defined under Insurance Regulatory and Development Authority (Investment) Regulations, 2000. Further, the investment by the Provident Funds, Gratuity funds, Superannuation Funds, etc. in the Special Bonds will be treated as an eligible investment under the administrative order of the Ministry of Finance.

#### 11. Eligibility for Repo

The Special Bonds will be transferable and eligible for market ready forward transactions (Repo).