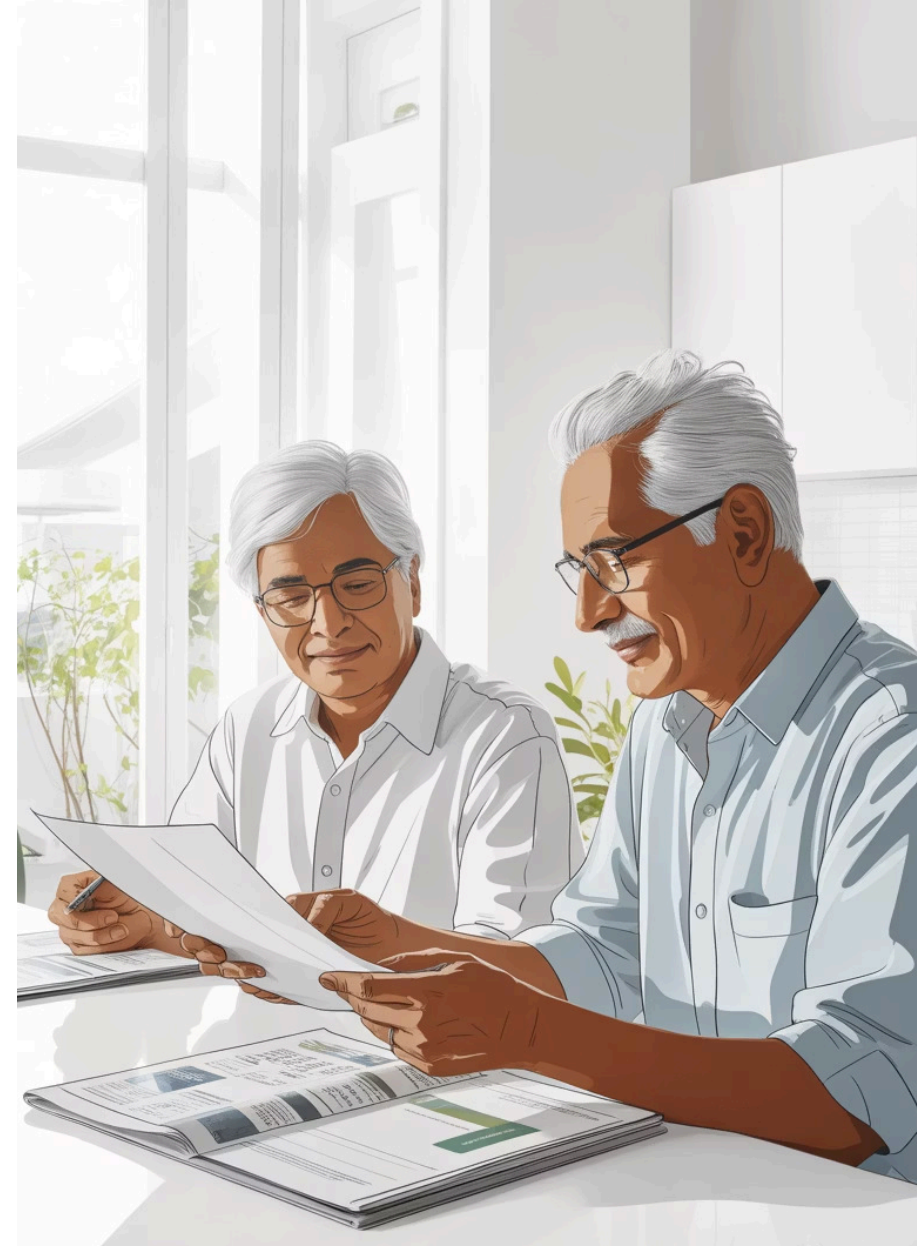
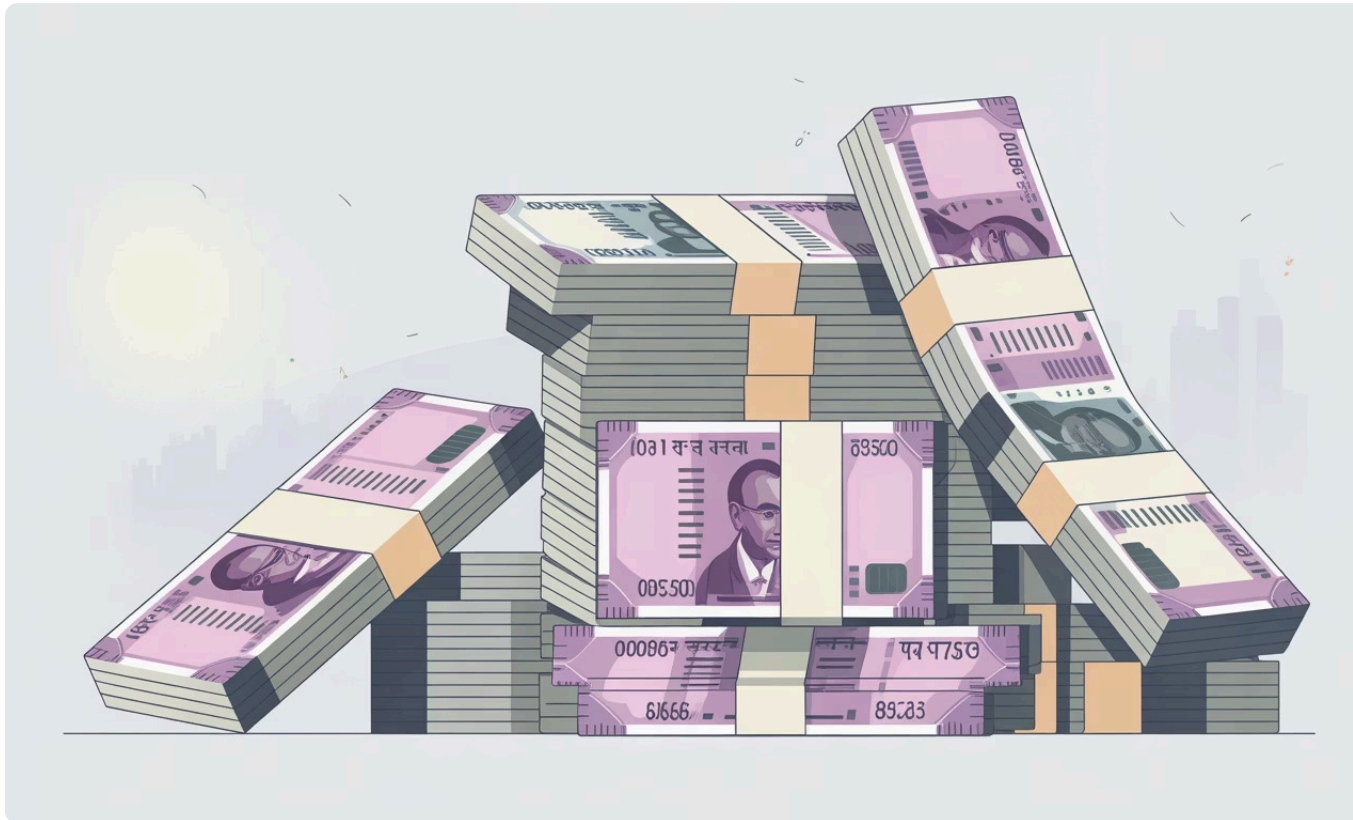




# RBI Floating Rate Bonds (2026): Safe, Government- Backed Returns That Adjust with Market Rates



# What Is an RBI Floating Rate Bond?



Think of a bond like this: you lend money to the government, and in return, the government promises to pay you interest every six months and return your full principal after seven years.

The interest rate adjusts every six months based on the National Savings Certificate (NSC) rate, ensuring your earnings stay in tune with changing market conditions. The RBI adds 0.35% over the NSC rate—so if NSC pays 7.70%, you receive 8.05%.

# Why "Floating Rate" Matters to Your Returns

## Fixed Deposits

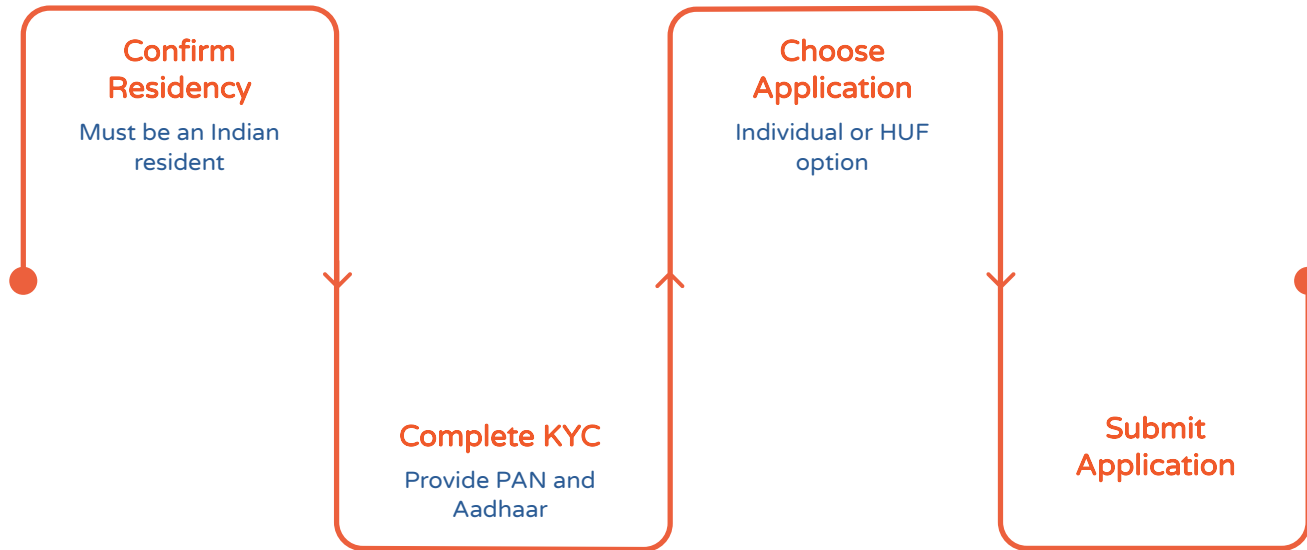
Lock in one rate for years, even if market rates rise significantly

## Floating Rate Bonds

Your interest adjusts every six months, protecting you from missing out when rates increase

**Example:** Invest ₹10,000 at 8.05% and earn ₹805 annually. If NSC rates rise after six months, your next interest payment increases automatically—giving you protection against inflation and rising market rates.

# Who Can Invest in RBI Bonds?



These simple rules make the bonds accessible to most Indian investors looking for a safe income source.

## Eligibility at a Glance

- Indian residents and Hindu Undivided Families (HUFs)
- Parents or guardians investing on behalf of minors
- Joint applications welcome
- NRIs are *not* eligible, even if they once lived in India

**Important:** Interest is taxable as per your income slab. Complete basic KYC using PAN, Aadhaar, and address proof.

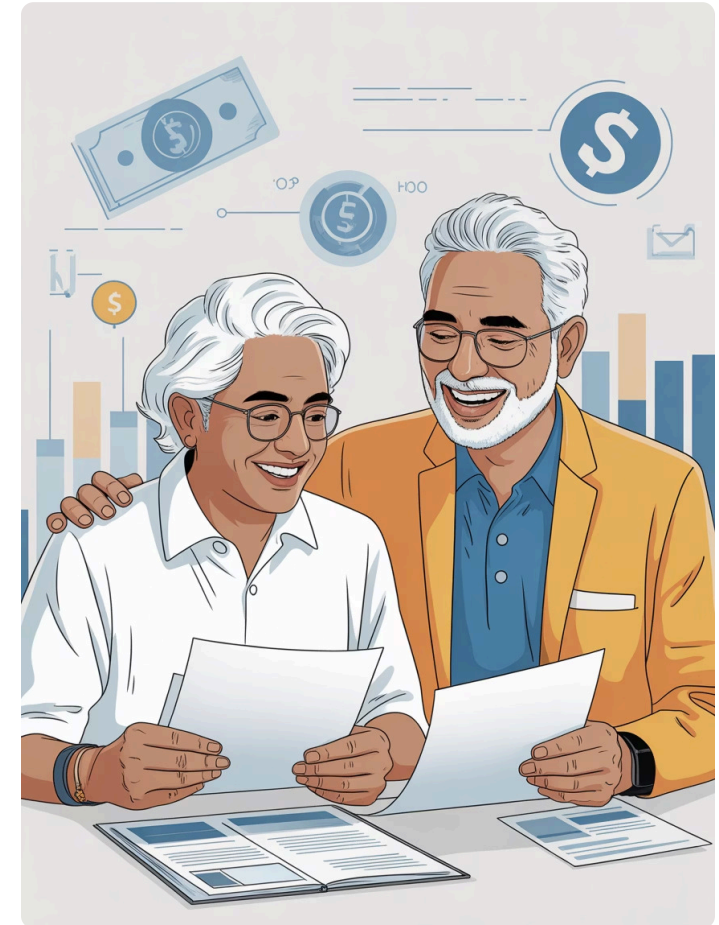
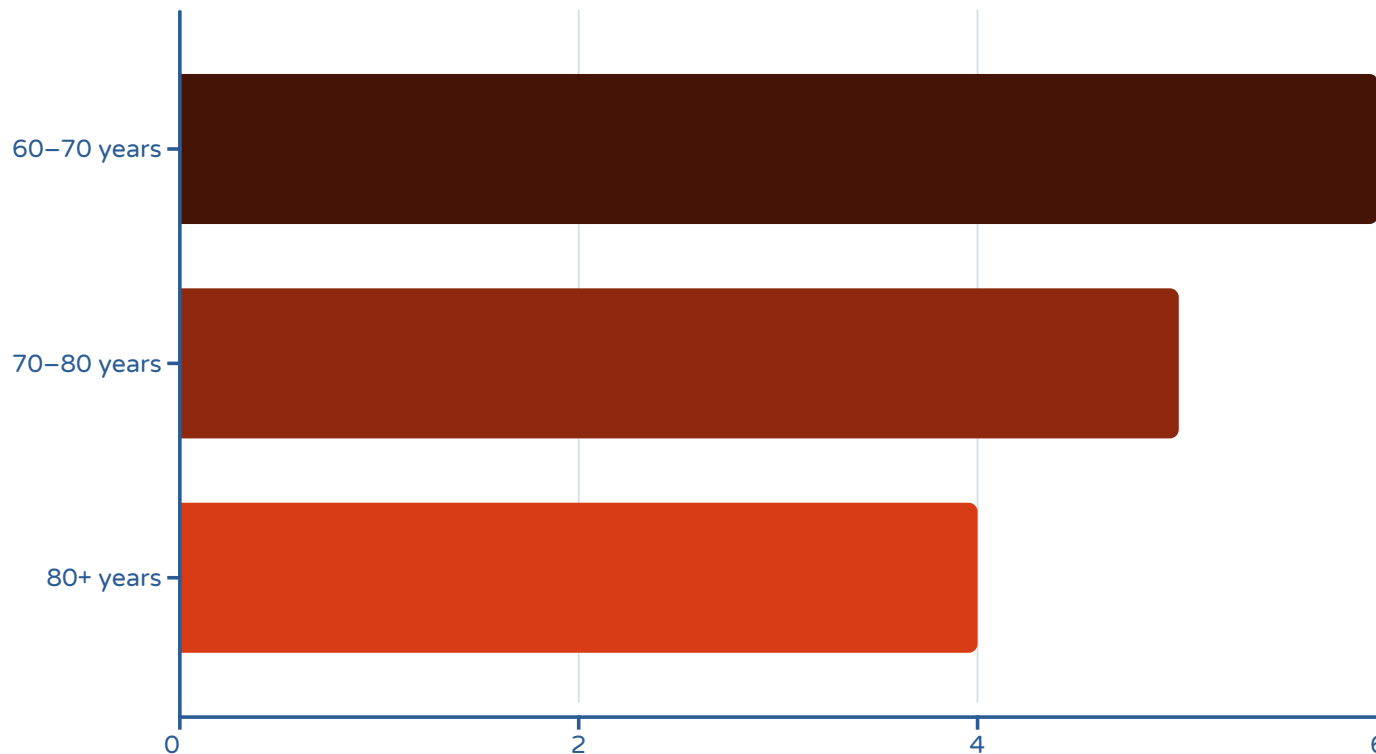
# Key Features of RBI Floating Rate Bonds

Feature	Details
Tenure	7 years (your money stays invested for 7 years)
Current Interest Rate	8.05% per annum (as of 2025), revised every 6 months
Interest Payment	Every 6 months (1st January and 1st July)
Minimum Investment	₹1,000
Maximum Investment	No limit
Who Can Invest	Indian residents and HUFs
Premature Exit	Allowed only for senior citizens, based on age
Tax on Interest	Yes, as per your income tax slab
Transferable	No, but nomination is allowed
Tradable	No, cannot be sold in stock market

# Special Flexibility for Senior Citizens

## Early Withdrawal Lock-in Periods

Senior citizens receive special early withdrawal options, adding flexibility in emergencies. However, there is a penalty of 50% of the last interest paid if you exit before maturity.



# Why Choose RBI Floating Rate Bonds?



## 100% Government Security

Issued by RBI and backed by the Government of India—your capital remains fully protected



## Regular Income

Interest paid twice yearly helps with daily expenses, especially helpful after retirement



## Better Than FDs

With 8.05% return in 2025, it outperforms most fixed deposits whilst adjusting with market rates



## Inflation Protection

Interest rates adjust every six months—if market rates rise, your returns increase too

# Understanding the Interest Calculation

## How Your Returns Work

Let's say you invest ₹1,00,000 at the current rate of 8.05% per annum. You'll earn ₹8,050 annually, paid as ₹4,025 every six months directly to your bank account.

If the NSC rate increases at the next reset, you receive more in subsequent payments. If it drops, you receive slightly less—but your capital always remains protected.

## What Impacts Future Interest Rates?

- **NSC rate changes:** The primary driver, with RBI adding 0.35% over it
- **Repo rate trends:** Influences overall interest rate environment
- **Inflation levels:** Higher inflation often leads to higher rates
- **Economic growth:** Affects government borrowing and rate decisions





## Is This Right for You? A Real-Life Example

Imagine you're a retired professional seeking safe, regular income without stock market volatility. You want better returns than a fixed deposit whilst maintaining complete capital security.

You invest ₹2,00,000 in RBI Floating Rate Bonds. Every six months, you receive ₹8,050 in your bank account. Since you're over 70 years old, you also retain the flexibility to withdraw after five years if needed.

### Safe

Government-backed with zero market risk

### Reliable

Predictable income every January and July

### Growing

Returns adjust upward when rates rise

It's simple, reliable, and gives you complete peace of mind—knowing your money is both safe and growing with the market.