

How and where can I buy bonds in India?

Want to invest in bonds but don't know where to start? Read on to get a clear idea.

If you read up on bonds, you will find that they are fixed-income instruments that offer regular interest. In addition, the principal amount is also repaid when the tenure ends. The popularity of bonds lies in the guarantee they offer in terms of return on investment. Many Indian investors tend to prefer the safety of bonds with fixed returns rather than the volatility of the stock market with potentially higher profits.

Depending on the type of bonds, they can be issued by public sector units (PSUs), governments as well as corporate organizations in order to raise capital. Before investing in these bonds however, it is important that you have a clear idea of how and where to invest in order to achieve maximum returns.

Corporate bonds

The process of investing in corporate bonds is as simple as investing in any other instrument. When a company issues bonds, you will have to fill out an application form and submit it to any branch of the issuing company with the application fee and required documents. These documents may include a copy of your PAN card, address proof, identity proof, etc. If you have a demat account, you can fill out the details in the form, and the bonds will get credited to it. In case you do not have a demat account, you can choose to receive the bonds in a physical format.

Government bonds

Government bonds, unlike shares, are not traded on the stock market. They are sold through official distributors and designated branches of banks and post offices. To invest in bonds, you will need to visit any branch designated with applications and submit a filled-up application form. After your request is processed, you will receive a bond certificate in your name.

Consulting a financial professional

While the process of investing in bonds is quite simple, selecting the best type of bond might be difficult, especially if you are new to making investments in the debt market. If you are unsure of the facts or need guidance in the process, taking professional advice can clear the picture for you.