

Bharat Bond ETF

June 28, 2020

- Bharat Bond ETF will be a ***basket of bonds*** issued by central public sector enterprises/undertakings or any other government organization bonds.
- It will invest in a portfolio of ***bonds*** of state-run companies and other government entities.
- The government has so far allowed only equity ETFs, and the government raised nearly ₹14,400 crore through ETFs in the 2019/20 fiscal year beginning April.
- Bharat ETF will track an underlying index on risk replication basis, matching credit quality and average maturity of the index.
- The index will be constructed by an independent index provider, ***National Stock Exchange***.
- It will have a fixed maturity of three and ten years and will trade on the stock exchanges.
- It would enable deepening the corporate bond market with enhanced retail participation.
- It will provide safety (underlying bonds are issued by CPSEs and other government owned entities), liquidity (tradability on exchange) and predictable tax efficient returns, the government said in a statement.