

## Sovereign Gold Bond

Sovereign Gold Bonds are the safest way to buy digital Gold, as they are issued by Govt. of India, You not only benefit from possible Asset appreciation opportunity, but are also assured 2.50% per annum interest.

## Details / Features of Sovereign Gold Bond Schemes

Item	Details
Product name	Sovereign Gold Bonds
Issuance	To be issued by Reserve Bank India on behalf of the Government of India.
Denomination	The Bonds will be denominated in multiples of gram(s) of gold with a basic unit of 1 gram.
Tenor	The tenor of the Bond will be for a period of 8 years with exit option in 5th year, to be exercised on the interest payment dates.
Minimum size	Minimum permissible investment will be 1 gram of gold.
Maximum limit	The maximum limit of subscribed shall be 4 KG for individual, 4 Kg for HUF and 20 Kg for trusts and similar entities per fiscal (April-March) notified by the Government from time to time. A self-declaration to this effect will be obtained. The annual ceiling will include bonds subscribed under different tranches during initial issuance by Government and those purchase from the Secondary Market.
Joint holder	In case of joint holding, the investment limit of 4 KG will be applied to the first applicant only.
Issue price	Price of Bond will be fixed in Indian Rupees on the basis of simple average of closing price of gold of 999 purity published by the India Bullion and Jewellers Association Limited for the last 3 working days of the week preceding the subscription period. The issue price of the Gold Bonds will be Rs. 50 per gram less for those who subscribe online and pay through digital mode.
Payment option	Payment for the Bonds will be through cash payment (upto a maximum of Rs. 20,000) or demand draft or cheque or electronic banking.
Issuance form	The Gold Bonds will be issued as Government of India Stocks under GS Act, 2006. The investors will be issued a Holding Certificate for the same. The Bonds are eligible for conversion into demat form.
Redemption price	The redemption price will be in Indian Rupees based on simple average of closing price of gold of 999 purity of previous 3 working days published by IBJA.
Sales channel	Bonds will be sold through banks, Stock Holding Corporation of India Limited (SHCIL), designated post offices as may be notified and recognised stock exchanges viz., National Stock Exchange of India Ltd and Bombay Stock Exchange Ltd, either directly or through agents.
Interest rate	The investors will be compensated at a fixed rate of 2.5% per annum payable semi-annually on the nominal value.
Collateral	Bonds can be used as collateral for loans. The loan-to-value (LTV) ratio is to be set equal to ordinary gold loan mandated by the Reserve Bank from time to time. The lien on the bond shall be marked in the depository by the authorised banks. Note: The loan against SGBs would be subject to decision of the bank/financing agency, and cannot be inferred as a matter of right.
KYC Documentation	Know-your-customer (KYC) norms will be the same as that for purchase of physical gold. KYC documents such as Voter ID, Aadhaar card/PAN or TAN /Passport will be required.
Tax treatment	The interest on Gold Bonds shall be taxable as per the provision of Income Tax Act, 1961 (43 of 1961). The capital gains tax arising on redemption of SGB to an individual has been exempted. The indexation benefits will be provided to long term capital gains arising to any person on transfer of bond
Tradability	Bonds will be tradable on stock exchanges within a fortnight of the issuance on a date as notified by the RBI.
SLR eligibility	Bonds acquired by the banks through the process of invoking lien/hypothecation/pledge alone, shall be counted towards Statutory Liquidity Ratio.
Commission	Commission for distribution of the bond shall be paid at the rate of 1% of the total subscription received by the receiving offices and receiving offices shall share at least 50% of the commission so received with the agents or sub agents for the business procured through them.

## Benefits of Of Sovereign Gold Bond Schemes

- Attractive Interest with asset appreciation opportunity
- Redemption is linked to Gold Price
- Elimination of risk and cost of storage
- Exempt from Capital gains tax, if held till maturity

Hassle free: Ownership of gold without any physical possession (No risks and no cost of storage)