

SOVEREIGN GOLD BOND

A Golden Opportunity
That Gives You Triple Benefits To Rejoice

1. Gold That earns interest
2. Gold guaranteed by GOI
3. Gold That cannot be stolen

BUY GOLD & EARN 2.50% INTEREST



What is Sovereign Gold Bond (SGB)?

SGBs are government securities denominated in grams of gold. These are issued by RBI on behalf of the Government of India. Like any other bond or commodity, investors pay the issue price which is linked to its market price. Upon maturity, the bonds can be redeemed for cash.

Why to invest in SGB?

Diversification of portfolio is one of the fundamental things in personal finance. Gold has been a popular asset form for investment. Traditionally, people use to buy jewellery or gold coins or bars when they wanted to invest in gold. However, investing in SGBs is a better option to invest in gold, compared with purchasing gold in physical or traditional form.

Relatively liquid alternative for parking funds:

SGBs are easily transferable and can be traded on stock exchanges within a fortnight from the date of issuance. In addition to that, it can also be used as collateral to avail loan from banks and other financial institutions. These factors combined with the stable price of gold, make SGBs a comparatively safe and relatively liquid avenue for parking of funds.

Tax treatment: The capital gains tax arising on the redemption of SGBs 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.

Convenient and hassle-free: SGBs are held in the books of the RBI in dematerialized form, so it is similar to owning gold without the risk of loss or storage cost. Also, holding gold in the form of jewellery incurs making charges and loss in purity while changing form to conduct a transaction. This makes SGBs a convenient and hassle-free instrument for investing in gold.

Who can invest in SGBs?

The sale of SGBs is restricted to Indian entities or investors

who are resident in India including individuals, HUFs, trusts, universities and charitable institutions. Individual investors with subsequent change in residential status from resident to non-resident may exercise early redemption or continue to hold SGBs till maturity.

Subscription limits and interest: SGBs are available in denominations of one gram of gold and multiples thereof. The minimum permissible investment is 1 gram of gold, with a cap of 4 KGs for individuals and HUFs and 20 KGs for trusts. All investors will be eligible for receiving interest at a fixed rate of 2.50 per cent per annum based on the nominal value, payable twice a year.

Maturity and redemption price: The tenor of the bond will be 8 years with an exit option from 5 th year onwards to be exercised on the interest payment dates. The redemption price shall be based on the simple average of the closing price of gold of 999 purity of previous 3 business days from the date of repayment.

How to invest in SGBs?

Investors can subscribe to SGBs through the following channels:

- Scheduled Commercial banks (except Small Finance Banks and Payments Banks),
- Stock Holding Corporation of India Limited (SHCIL),
- Designated post offices and
- NSE and BSE.

The KYC norms for SGBs are the same as that for the purchase of physical gold. PAN issued by the Income Tax Department is mandatory for all applications.

Online applications: Applications received online and paid digitally will be eligible for a discount of ₹50 per gram. One can opt to hold SGB in demat account or in form of holding certificates, which can later be converted to a demat form, if so desired by the investor.