

SOVEREIGN GOLD BOND (SGB) SCHEME

PRODUCT FEATURES AND TERMS AND CONDITIONS

SR. No.	Item	Details
1	Product name	Sovereign Gold Bond Scheme
2	Issuance	To be issued by Reserve Bank of India on behalf of the Government of India.
3	Eligibility	The SGBs will be restricted for sale to resident individuals, HUFs, Trusts, Universities and Charitable Institutions.
4	Denomination	The SGBs will be denominated in multiples of gram(s) of gold with a basic unit of One gram.
5	Tenor	The tenor of the SGB will be for a period of eight years with an option of premature redemption after 5th year to be exercised on the date on which interest is payable.
6	Minimum size	Minimum permissible investment will be One gram of gold.
7	Maximum limit	The maximum limit of subscription shall be 4 Kg for individual, 4 Kg for HUF and 20 Kg for trusts and similar entities per fiscal year (April-March) notified by the Government from time to time. A self-declaration to this effect will be obtained. The annual ceiling will include SGBs subscribed under different tranches, and those purchased from the Secondary Market, during the fiscal year.
8	Joint holder	In case of joint holding, the investment limit of 4 KG will be applied to the first applicant only.
9	Issue price	Price of SGB 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 (IBJA) for the last three working days of the week preceding the subscription period. The issue price of the SGBs will be less by Rs.50 per gram for the investors who subscribe online and pay through digital mode.
10	Payment option	Payment for the SGBs will be through cash payment (upto a maximum of Rs.20,000) or demand draft or cheque or electronic banking.
11	Issuance form	The SGBs will be issued as Government of India Stock under Government Securities Act, 2006. The investors will be issued a Certificate of Holding for the same. The SGBs will be eligible for conversion into demat form.
12	Redemption price	The redemption price will be in Indian Rupees based on simple average of closing price of gold of 999 purity of previous three working days published by IBJA Ltd.
13	Sales channel	The SGBs will be sold through Commercial banks, Stock Holding Corporation of India Limited (SHCIL), Clearing Corporation of India Limited (CCIL), designated post offices (as may be notified) and recognized stock exchanges viz., National Stock Exchange of India Limited and Bombay Stock Exchange Limited, either directly or through agents.

14	Interest rate	The investors will be compensated at a fixed rate of 2.50 percent per annum payable semi-annually on the nominal value.
15	Collateral	The SGBs 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.
16	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. Every application must be accompanied by the 'PAN Number' issued by the Income Tax Department to individuals and other entities.
17	Tax treatment	The interest on SGBs 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 is exempted. The indexation benefits will be provided to long term capital gains arising to any person on transfer of the SGB.
18	Tradability	The SGBs shall be eligible for trading.