Ministry of Finance

vernment of India to issue Sovereign Gold Bonds 2017-18 – Series I

The issue price of the Gold Bonds will be Rs. 50 per gram less than the nominal value

Posted On: 20 APR 2017 5:54PM by PIB Delhi

The investors will be compensated at a fixed rate of 2.50 per cent per annum payable semi-annually on the nominal value

Government of India, in consultation with the Reserve Bank of India, has decided to issue Sovereign Gold Bonds 2017-18 – Series I. Applications for the bond will be accepted from April 24, 2017 to April 28, 2017. The Bonds will be issued on May 12, 2017.

The Bonds will be sold through banks, Stock Holding Corporation of India Limited (SHCIL), designated post offices and recognised stock exchanges viz., National Stock Exchange of India Limited and Bombay Stock Exchange.

The features of the Bond are given below:

Sl. No.	Item	Details
1	Product name	Sovereign Gold Bond 2017-18 – Series I
2	Issuance	To be issued by Reserve Bank India on behalf of the Government of India.
3	Eligibility	The Bonds will be restricted for sale to resident Indian entities including individuals, HUFs, Trusts, Universities and Charitable Institutions.
4	Denomination	The Bonds will be denominated in multiples of gram(s) of gold with a basic unit of 1 gram.
5	Tenor	The tenor of the Bond will be for a period of 8 years with exit option from 5th year to be exercised on the interest payment dates.
6	Minimum size	Minimum permissible investment will be 1 gram of gold.
7	Maximum limit	The maximum amount subscribed by an entity will not be more than 500 grams per person per fiscal year (April-March). A self-declaration to this effect will be obtained.
8	Joint holder	In case of joint holding, the investment limit of 500 grams will be applied to the first applicant only.
9	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 week (Monday to Friday)

		preceding the subscription period. **The issue price of the Gold Bonds will be Rs. 50 per gram less than the nominal value.**
10	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.
11	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.
12	Redemption price	The redemption price will be in Indian Rupees based on previous week’s (Monday-Friday) simple average of closing price of gold of 999 purity published by IBJA.
13	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 Limited and Bombay Stock Exchange, either directly or through agents.
14	Interest rate	**The investors will be compensated at a fixed rate of 2.50 per cent per annum payable semi-annually on the nominal value.**
15	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.
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.
17	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
18	Tradability	Bonds will be tradable on stock exchanges within a fortnight of the issuance on a date as notified by the RBI.
19	SLR eligibility	The Bonds will be eligible for Statutory Liquidity Ratio purposes.
20	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.

*****

DSM/VKS