Ministry of Finance

Sovereign Gold Bond Scheme 2017 -18– Series-III

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Government of India, in consultation with the Reserve Bank of India, has decided to issue Sovereign Gold Bonds 2017-18 – Series-III. Applications for the bond will be accepted from October 09, 2017 to December 27, 2017. The Bonds will be issued on the succeeding Monday after each subscription period. 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-III
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 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.
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 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 business days of the week preceding the subscription period. **The issue price of the Gold Bonds will be ` 50 per gram less for those who subscribe online and pay through digital mode.**
10	Payment option	

		Payment for the Bonds will be through cash payment (upto a maximum of ` 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 simple average of closing price of gold of 999 purity of previous 3 business days 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.

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