



# SOVEREIGN GOLD BOND

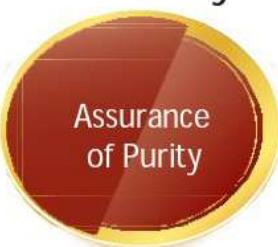
— SONE PE SUHAGA —

**Buy Gold + Earn 2.50% Interest**

Issue date : 27<sup>th</sup> February - 3<sup>rd</sup> March, 2017



A Govt. of  
India  
Security



Assurance  
of Purity



Assurance of  
Safety

Know more about **Sovereign Gold Bond Scheme**

- SGBs are Government securities denominated in grams of gold (1 unit = 1 gram)
- Issued by the Reserve Bank of India on behalf of the Government of India
- Issue price of the bond has been fixed at ` 2893/-
- Investors will earn returns linked to gold price
- Interest at the rate of 2.50% (fixed rate) p.a. on the nominal value
- Bonds will carry sovereign guarantee both on redemption amount and on the interest
- Minimum investment: 1 gram • Maximum investment: 500 grams
- Available in DEMAT & Paper form
- Tradable on National Stock Exchange of India Limited (NSE)
- Tenure: 8 years with an exit option from 5th year onwards
- Issuance through trading members of NSE

### ADVANTAGES OF INVESTING IN SOVEREIGN GOLD BOND (SGB)

- | **Safest:** Zero risk of handling physical gold
- | **Earn Interest:** 2.50% assured interest per annum on the issue price
- | **Tax Benefits:** No TDS applicable on interest  
Indexation benefit if bond is transferred before maturity  
Capital gain tax exempt on redemption
- | **Assurance of Purity:** RBI will announce the price before the issue date which will be fixed on the previous week's simple average of closing price of gold of 999 purity (24 Carat) published by IBJA ` 50 per gram
- | **Sovereign Guarantee:** Both on redemption amount and on the interest
- | **Easy Exit Option:** The tenure of the bond is for 8 years with an option to redeem from 5th year onwards on the date on which interest is payable.
- | **Ease of Borrowing Loan:** Can be used as collateral against loans
- | **Traded on Exchange:** All earlier issuance of SGB are available for trading on NSE

### COMPARISON OF PHYSICAL GOLD, GOLD ETF AND SOVEREIGN GOLD BOND :

Points	Physical Gold	Gold ETF	Sovereign Gold Bonds
Returns	Lower than actual return on gold	Lower than actual return on gold	Higher than actual return on gold
Safety	Risk on handling physical gold	High	High
Purity of Gold	Purity of gold always remains a question	High as it is in Electronic Form	High as it is in Electronic Form
Wealth Tax	Wealth tax applicable at 1% on the total valuation of the assets every year	Not applicable	Not applicable
Capital Gain	Long term capital gain tax applicable after 3years	Long term capital gain tax applicable after 3years	Long term capital gain tax applicable after 3years (No Capital gain tax if held till maturity)
Collateral against Loan	Yes	No	Yes
Tradability / Exit Route	Conditional	Tradable on Exchange	Tradable on Exchange Redemption - 5 <sup>th</sup> year onwards with Gol
Storage Cost	High	Very low	Very low