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**Government of India
Ministry of Finance
Department of Economic Affairs**

**New Delhi, dated the October 06, 2017
Notification**

G.S.R.---- (E) — In exercise of the powers conferred by clause (iii) of section 3 of the Government Securities Act, 2006 (38 of 2006), the Central Government hereby makes the following Scheme, namely:

1. Short title and commencement.-

- (i) This scheme may be called the Sovereign Gold Bond Scheme.
- (ii) There will be a distinct Series for every week which will be indicated on the Bond issued to the investor.
- (iii) It shall come into force on the date of its publication in the Official Gazette.

2. Definition.-

In this Scheme, unless the context otherwise requires:

- a) "Form" means a form appended to this Scheme;
- b) "Receiving office" means the offices or branches of Nationalised Banks, Scheduled Private Banks, Scheduled Foreign Banks (as specified in Annexure I to this Notification), designated Post Offices (as specified in Annexure II to this Notification), Stock Holding Corporation of India Ltd. (SHCIL) and the authorised stock exchanges as specified in Annexure III to this Notification.
- c) "Stock Certificate" means the Gold Bond issued in the form of Government of India Stock in accordance with section 3 of the Government Securities Act, 2006.

3. Eligibility for Investment.-

The Gold Bonds under this Scheme may be held by a Trust, HUFs, Charitable Institution, University or by a person resident in India, being an individual, in his capacity as such individual, or on behalf of minor child, or jointly with any other individual.

Explanation— For the purposes of this paragraph:

- (i) "person" shall have the same meaning as defined in clause (u) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).
- (ii) the expression "person resident in India" shall have the same meaning as defined in clause (v) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 1999).
- (iii) "Trusts" to mean a trust constituted/formed as per the Indian Trusts Act, 1882, or a public or private trust constituted or recognized under the provisions of any Central or State law for the time being in force and also an express or constructive trust constituted for either a public religious or charitable purpose or both which includes a temple, a math, a wakf, a church, a synagogue, an agriary or any other place of public religious worship, or a dharmada or any other religious or charitable endowment and also a society, formed either for a religious or charitable purpose or for both, registered under the Societies Registration Act, 1860 or under any other law for the time being in force in India.
- (iv) "Charitable Institution" to mean a Company registered under Section 25 of the Indian Companies Act, 1956 or under Section 8 of the Companies Act, 2013; or an institution, which has obtained a Certificate of Registration as a charitable institution in accordance with a law in force; or Any institution which has obtained a certificate from an Income Tax Authority for the purposes of Section 80G of the Income Tax Act, 1961.

(v) "University" means a university established or incorporated by a Central, State or Provincial Act, and includes an institution declared under section 3 of the University Grants Commission Act, 1956 (3 of 1956), to be a university for the purposes of the Act.

4. Denomination, Subscription limit and Pricing.—

(i) The bonds will be issued in denominations of one gram of gold or multiples thereof;

Provided that the minimum limit of subscription for the Bonds issued shall be of one gram and maximum limit of subscription per fiscal year shall be of 4 kg for individuals, 4 kg for Hindu Undivided Family (HUF) and 20 kg for trusts and similar entities notified by the Government from time to time;

Provided that in case of joint holding, the above limits shall be applicable to the first applicant only;

Provided that the annual ceiling will include bonds subscribed under different tranches during initial issuance by Government and those purchased from the secondary market; and

Provided further that the ceiling on investment will not include the holdings as collateral by banks and other Financial Institutions.

(ii) The nominal value of Gold Bonds shall be in Indian Rupees fixed on the basis of simple average of closing price of gold of 999 purity, published by the India Bullion and Jewelers Association Limited, for the last 3 business days of the week preceding the subscription period.

(iii) The issue price of the Gold Bonds will be ₹ 50 per gram less than the nominal value to those investors applying online and the payment against the application is made through digital mode.

5. Procedure for making application for subscription to Gold Bonds—

- (i) Any person who is desirous of subscribing to the Gold Bonds shall apply to any receiving office in **Form 'A'** or in any other form as near as thereto, stating clearly the grams of gold, full name and address of the applicant/s.
- (ii) Every application shall contain such documents and particulars as specified in the instructions contained in the Application Form.
- (iii) On receipt of an application under sub paragraph (i), the receiving office shall issue an acknowledgment receipt in **Form 'B'**, if all requirements of the application are fulfilled.
- (iv) An incomplete application is liable to be rejected.

6. Date and form of issue of Gold Bonds.—

- (i) The Gold Bonds shall be issued, in the form of a Stock Certificate, as specified in Form 'C', on the first business day of next week for the applications received during a given week.
- (ii) The Gold Bonds shall be eligible to be converted into Demat form.

7. Period of subscription.-

The Subscription of the Gold Bonds under this Scheme shall open from Monday to Wednesday of every week (both days inclusive) during October to December, 2017;

Provided that the Central Government may, with prior notice, close the Scheme at any time before the period specified above.

8. Calendar of issuance.-

The Sovereign Gold Bonds will be issued every week from October 2017 to December 2017 as per the calendar specified below:

S.No.	Date of Subscription	Date of Issuance
1.	October 09-11, 2017	October 16, 2017
2.	October 16-18, 2017	October 23, 2017
3.	October 23-25, 2017	October 30, 2017
4.	October 30-November 01, 2017	November 06, 2017
5.	November 06-08, 2017	November 13, 2017
6.	November 13-15, 2017	November 20, 2017
7.	November 20-22, 2017	November 27, 2017
8.	November 27-29, 2017	December 04, 2017
9.	December 04-06, 2017	December 11, 2017
10.	December 11-13, 2017	December 18, 2017
11.	December 18-20, 2017	December 26, 2017
12.	December 26-27, 2017	January 01, 2018

9. Interest.-

- (i) The interest on the Gold Bonds shall commence from the date of issue and shall be paid at a fixed rate of 2.50 percent per annum on the nominal value of the bond.
- (ii) The interest shall be payable in half-yearly rests and the last interest shall be payable along with the principal on maturity.

10. Receiving Offices.-

The receiving offices shall be authorised to receive applications for the bonds either directly or through agents.

11. Payment Options.-

- (i) All payments for Gold Bonds shall be accepted in Indian Rupees through cash (upto a maximum of ₹ 20,000/-) or demand draft, or cheque, or electronic banking.
- (ii) Where payment is made through cheque or demand draft, the same shall be drawn in favour of the receiving office.

12. Redemption.-

- (i) The Gold Bonds shall be repayable on the expiration of eight years from the date of the issue of the Bonds:

Provided that premature redemption of Gold Bonds may be permitted after fifth year from the date of issue of Bonds and such repayments will be made on next interest payment date.

- (ii) On maturity, the Gold Bonds shall be redeemed in Indian Rupees and the redemption price shall be based on simple average of closing price of gold of 999 purity of previous 3 business days from the date of repayment, published by the India Bullion and Jewelers Association Limited.
- (iii) The RBI / depository shall inform the investor one month in advance, about the date of maturity of the Bond.

13. Eligibility for Statutory Liquidity Ratio.-

The holding of these Bonds by banks as collateral shall be counted towards Statutory Liquidity Ratio holding.

14. Loan against Bonds.-

- (i) The Gold Bonds issued under this Scheme may be used as collateral security for availing any loan.
- (ii) The Loan to Value ratio as applicable to any ordinary gold loan mandated by the Reserve Bank of India shall also apply to the Bonds issued under this Scheme.
- (iii) The lien on the bond shall be marked in the depository by the authorised banks.

15. Tax Treatment.-

The interest on the Gold Bond shall be taxable as per the provisions of the Income-tax Act, 1961 (43 of 1961). The capital gains tax arising on redemption of these bonds to an individual is exempted. The indexation benefits will be provided to long-term capital gains arising to any person on transfer of bond.

16. Nomination.-

Nomination of and its cancellation shall be made in **Form 'D'** and **Form 'E'**, respectively, in accordance with the provisions of the Government Securities Act, 2006 (38 of 2006) and the Government Securities Regulations, 2007, published in part III, Section 4 of the Gazette of India dated the 1st December 2007.

17. Transfer of Gold Bonds.-

The Gold Bonds issued in the form of Stock Certificate are transferable by execution of an Instrument of transfer as in **Form 'F'**, in accordance with the provisions of the Government Securities Act, 2006 (38 of 2006) and the Government Securities Regulations, 2007, published in part III, Section 4 of the Gazette of India dated the 1st December 2007.

18. Trading of Gold Bonds.-

The Gold Bonds shall be eligible for trading from such date as may be notified by the Reserve Bank of India.

19. Commission for mobilizing subscription.-

The commission for mobilising subscription towards these bonds shall be paid at the rate of Rupee one per hundred Rupees 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.

20. All other terms and conditions specified in the notification of Government of India in the Ministry of Finance (Department of Economic Affairs) vide number F. No.4 (13) W&M/2008, dated the 8th October, 2008 shall apply to the Gold Bond issued under this scheme.

By Order of the President of India

(Prashant Goyal)
Joint Secretary to the Government of India

[F. No.4(25)-W&M/2017]

New Delhi

Dated: October 06,2017