



भारतीय रिज़र्व बैंक  
RESERVE BANK OF INDIA

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RBI/2017-18/71

IDMD.CDD.No.929/14.04.050/2017-18

October 06, 2017

The Chairman & Managing Director  
All Scheduled Commercial Banks,  
(Excluding RRBs)  
Designated Post Offices  
Stock Holding Corporation of India Ltd.(SHCIL)  
National Stock Exchange of India Ltd. & Bombay Stock Exchange Ltd.

Dear Sir/Madam,

**Sovereign Gold Bond Scheme**

[Government of India has vide its Notification F.No. 4\(25\)-B/\(W&M\)/2017 dated October 06, 2017](#) announced that the Sovereign Gold Bond Scheme. Under the scheme SGBs (The Bonds) will be issued in a series of weekly issuances which will be open for subscription from Monday to Wednesday of every week starting from October 09, 2017. The Government of India may, with prior notice, close the Scheme before the specified period. The terms and conditions of the issuance of the Bonds shall be as follows:

1. **Eligibility for Investment:**

The Bonds under this Scheme may be held 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. The bond may also be held by a Trust, Charitable Institution and University. "Person resident in India" is defined under section 2(v) read with section 2(u) of the Foreign Exchange Management Act, 1999

2. **Form of Security**

The Bonds shall be issued in the form of Government of India Stock in accordance with section 3 of the Government Securities Act, 2006. The investors will be issued a Holding Certificate ([Form C](#)). The Bonds shall be eligible for conversion into de-mat form.

आंतरिक ऋण प्रबंध विभाग, केंद्रीय कार्यालय, केंद्रीय कार्यालय भवन, शहीद भगतसिंहमार्ग 23 वी मंजिल, मुंबई - 400 001, भारत  
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हिन्दी आसान हेडसका प्रयोग बढ़ाइए।

चेतावनी : रिज़र्व बैंक द्वारा ईमेल, डाक, एसएमएस या फोन काल के जरिये किसी को भी व्याक्तिगत जानकारी जैसे बैंक खाते का ब्यौरा, पासवर्ड आदि नहीं मांगी जाती है। यह धन रखने या देने का प्रस्ताव भी नहीं करता है। ऐसे प्रस्तावों का किसी भी तरीके से जवाब मत दीजिये।

**Caution:** RBI never sends emails, SMSs or makes calls asking for personal information like bank account details, passwords, etc. It never keeps or

3. **Date of Issue**

The bond shall be issued on the first business day of next week for the applications received during a given week.

4. **Calendar of Issuance:**

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

| <b>S.No</b> | <b>Period of Subscription</b> | <b>Date of issuance</b> |
|-------------|-------------------------------|-------------------------|
| 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        |

5. **Denomination**

The Bonds shall be denominated in units of one gram of gold and multiples thereof. Minimum investment in the Bonds shall be one gram with a maximum limit of subscription 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 per fiscal year (April – March), provided that

- a) annual ceiling will include bonds subscribed under different tranches during initial issuance by Government and those purchased from the secondary market; and
- b) the ceiling on investment will not include the holdings as collateral by banks and other Financial Institutions.

6. **Issue Price**

Price of the Bonds shall 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 Jewelers Association Limited for the last three business days of the week preceding the subscription period. 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.

## 7. **Interest**

The Bonds shall bear interest at the rate of 2.50 percent (fixed rate) per annum on the amount of initial investment. Interest shall be paid in half-yearly rests and the last interest shall be payable on maturity along with the principal.

## 8. **Receiving Offices**

[Scheduled Commercial Banks \(excluding RRBs\)](#), [designated Post Offices \(as may be notified\)](#), Stock Holding Corporation of India Ltd (SHCIL) and recognized stock exchanges viz., [National Stock Exchange of India Limited and Bombay Stock Exchange Ltd.](#) are authorized to receive applications for the Bonds either directly or through agents.

## 9. **Payment Options**

Payment shall be accepted in Indian Rupees through cash up to a maximum of ₹ 20,000/- or Demand Drafts or Cheque or Electronic banking. Where payment is made through cheque or demand draft, the same shall be drawn in favour of receiving office.

## 10. **Redemption**

i) The Bonds shall be repayable on the expiration of eight years from the date of issue of Gold bonds. Pre-mature redemption of the Bond is permitted from fifth year of the date of issue on the interest payment dates.

ii) The redemption price shall be fixed 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.

## 11. **Repayment**

RBI/depository shall inform the investor of the date of maturity of the Bond one month before its maturity.

## 12. **Eligibility for Statutory Liquidity Ratio (SLR)**

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

### 13. **Loan against Bonds**

The Bonds may be used as collateral for loans. The Loan to Value ratio will be as applicable to ordinary gold loan mandated by the RBI from time to time. The lien on the Bonds shall be marked in the depository by the authorized banks.

### 14. **Tax Treatment**

Interest on the Bonds shall be taxable as per the provisions of the Income-tax Act, 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

### 15. **Applications**

Subscription for the Bonds may be made in the prescribed application form ([Form 'A'](#)) or in any other form as near as thereto stating clearly the grams of gold and the full name and address of the applicant. The receiving office shall issue an acknowledgment receipt in [Form 'B'](#) to the applicant.

### 16. **Nomination**

Nomination 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 December 1, 2007.

### 17. **Transferability**

The Bonds shall be transferable by execution of an Instrument of transfer as in [Form 'E'](#), 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 December 1, 2007.

### 18. **Tradability of bonds**

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

19. **Commission for distribution**

Commission for distribution shall be paid at the rate of rupee one per hundred of the total subscription received by the receiving offices on the applications received 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 8<sup>th</sup> October 2008 shall apply to the Bonds.

21. Operational guidelines relating to Sovereign Gold Bonds are issued vide [circular IDMD.CDD.No.927/14.04.050/2017-18 dated October 06, 2017](#).

Yours faithfully,

Sd/

(Shyni Sunil)  
Deputy General Manager

Encls.: As above.