

# Sovereign Gold Bond scheme

June 9, 2020

**Ministry:** Ministry of Finance in association with RBI

**Objective:** To reduce the demand for physical gold by shifting a part of the demand for physical gold into investment in Gold Bonds

## Details

- Bonds will be issued by RBI on behalf of govt.
- To be sold through bank, post offices and Stock Holding Corporation of India Limited
- The risk of gold price changes will be borne by the Gold Reserve Fund that is being created Sovereign Gold Bonds will be issued on payment of rupees and denominated in grams of gold
- Customers can buy gold bonds which will be relatable to the weight of gold.
- The bonds will be issued in various denominations for 5-7 years with a rate of interest calculated on the value of the metal at the time of investment.
- Max 500 gms gold equivalent bond can be purchased in a year by one person. (This has been amended recently)
- Only offered to Indian citizen and institutions.
- Stricter KYC norms.
- Interest taxable as per IT Act,
- Capital gains tax treatment will be the same as for physical gold for an 'individual' investor.
- Rate of interest will be decided by government
- The bonds will be issued in denominations of 5,10,50,100 grams of gold or other denominations
- Bonds can be used as collateral for loans
- On maturity, the redemption will be in rupee amount only.
- The rate of interest on the bonds will be calculated on

the value of the gold at the time of investment.