Sovereign Gold Bond Scheme 2018-19

Government of India has vide its Notification F.No. 4(22)-W&M/2018 dated October 08, 2018 announced the Sovereign Gold Bond Scheme 2018-19 (“the Bonds”). Under the scheme there will be a distinct series (starting from Series II) for every tranche which will be indicated on the Bond issued to the investor. 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, HUFs, 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.
3. **Date of Issue**

For the applications received during a given week, the bond shall be issued on the second business day of next week.

4. **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

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

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

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

5. **Issue Price**

The nominal value of the Bonds shall be fixed 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 working 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.

6. **Period of subscription**

The Subscription of the Gold Bonds under this Scheme shall be open as specified in Section 7 below.

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

<table>
<thead>
<tr>
<th>S.No.</th>
<th>Tranche</th>
<th>Date of Subscription</th>
<th>Date of Issuance</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>2018-19 Series II</td>
<td>October 15-19, 2018</td>
<td>October 23, 2018</td>
</tr>
<tr>
<td>2</td>
<td>2018-19 Series III</td>
<td>November 05-09, 2018</td>
<td>November 13, 2018</td>
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<tr>
<td>3</td>
<td>2018-19 Series IV</td>
<td>December 24-28, 2018</td>
<td>January 01, 2019</td>
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<tr>
<td>4</td>
<td>2018-19 Series V</td>
<td>January 14–18, 2019</td>
<td>January 22, 2019</td>
</tr>
<tr>
<td>5</td>
<td>2018-19 Series VI</td>
<td>February 04-08, 2019</td>
<td>February 12, 2019</td>
</tr>
</tbody>
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8. **Interest**

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

9. **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.

10. **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.

11. **Redemption**

i) The Bonds shall be repayable on the expiration of eight years from the date of issue of the 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 the previous 3 working days, published by the India Bullion and Jewelers Association Limited.
12. **Repayment**
RBI/depository shall inform the investor of the date of maturity of the Bond one month before its maturity.

13. **Eligibility for Statutory Liquidity Ratio (SLR)**
Bonds acquired by the banks through the process of invoking lien/hypothecation/pledge alone shall be counted towards Statutory Liquidity Ratio.

14. **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. The loan against SGBs would be subject to decision of the lending bank/institution, and cannot be inferred as a matter of right by the SGB holder.

15. **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

16. **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. Every application must be accompanied by the ‘PAN Number’ issued by the Income Tax Department to the investor(s). The receiving office shall issue an acknowledgment receipt in Form ‘B’ to the applicant.

17. **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 December 1, 2007. An individual Non-resident Indian may get the security transferred in his name on account of his being a nominee of a deceased investor provided that:

i. the Non-Resident investor shall need to hold the security till early redemption or till maturity; and

ii. the interest and maturity proceeds of the investment shall not be repatriable.
18. **Transferability**


19. **Tradability of bonds**

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

20. **Commission for mobilizing subscription**

Commission for mobilizing subscription 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.

21. 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(2) W&M/2018, dated 27th March 2018 shall apply to the Bonds.


Yours faithfully,

Sd/

(Shyni Sunil)

Deputy General Manager

Encls.: As above.