

Sovereign Gold Bond Scheme

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Over time that's a constant only trait of our ancestors "Saving and Investing". However, people are more averse to risk mode issues resulting in FD and Gold being still a lucrative option for them. But being ritual of India to save in terms of gold, In 2015 our Central Bank "Reserve Bank of India" on behalf of the Government of India came out with the "Sovereign Gold Bond Scheme".



"What if one has a chance to invest in Gold without attracting tax implications".

Key benefits:

No issue to check purity of gold as it will be Bonds in form of paper or demat form

No Capital gain at time of Redemption

Zero cost in terms of storage

2.5% Interest on SGBs rather having Physical Gold with no additional Benefit

For making our legacy of saving constant, from November 2015, RBI started issuing SGBs in tranches having 2.5% interest. Where an investor can invest his money in a bond at the present rate of gold and can redeem at a pre-tending rate on the time of redemption.

For clarifying with greater understanding. Let's take an example:

A person buys SGBs 2grams of Gold bond, issued at Rs. 80,000 (Rs. 40,000/1gram). If he holds for more than 5years and gets it redeem after the 5th year, the rate is Rs. 65,000/1gram then a person will get redemption of Rs. 130,000 (65000*2gram).



The Government of India, in consultation with the RBI, has decided to issue Sovereign Gold Bonds, which issued in four tranches:

S.No.	Tranche	Date of Subscription	Date of Issuance
1.	2021-22 Series VII	October 25 - 29, 2021	November 02, 2021
2.	2021-22 Series VIII	November 29- December 03, 2021	December 07, 2021
3.	2021-22 Series IX	January 10-14, 2022	January 18, 2022
4.	2021-22 Series X	February 28- March 04, 2022	March 08, 2022

The bonds will be sold by Scheduled commercial banks (except Small Finance Banks and payment banks), stock holding corporation of India Limited(SHCIL), Clearing Corporation of India Limited (CCIL), designated post offices, and recognized stock exchanges i.e. NSE & BSE.



Key features:

Basic features

- **Eligibility** : Resident individuals, HUFs, Trusts, Universities and Charitable Institutions
- **Denomination** : Multiples of gram(s)
- **Tenor**: For 8 years with exit option after 5years
- **Minimum Size** : 1Gram of gold
- **Maximum Limit** : 4KG for individual & HUF, 20KG for trust and similar Entities.

Issue to redemption

- **Issue price** : simple average of closing price of gold of 999 purity, published by the IBCA* Limited for the last 3 working days of the week preceding the subscription period.
- **Payment option** : Cash payment(upto Rs.20,000), DD or cheque or Electronic banking
- **Issuance form** : issued as GOI Stock., Holding Certificate, Bonds can be converted into Demat Form.
- **Tradability** : Stock Exchanges
- **Redemption Price** : Same as issue (simple average)



Interest and tax benefits

- **Interest rate** : Fixed@ 2.50% p.a payable semi annually on nominal value.
- **Collateral** : can be used as collateral for loans.
- **Tax on Interest** : Taxable
- **Tax on redemption** : Exempted

* India Bullion and Jewellers Association

AMRG Take:

Investors can invest in Sovereign Gold Bond Scheme if they want a good return in the future or to save in terms of the purchase of Gold. It's a lucrative option to invest, having a feature of interest and Tax Holiday on redemption. Savings equal to value earned and being bond under GS Act, 2006 as Government of India Stock has the safest mode of investment.





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