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Government of India  
Ministry of Finance  
Department of Economic Affairs

New Delhi, dated the March 04, 2016

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 — (1) This scheme may be called the Sovereign Gold Bond Scheme 2016 – Series II.

(2) 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, and Stock Holding Corporation of India Ltd. (SHCIL).

(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, 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) the expression “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).

4. Denomination, Subscription limit and Pricing — (1) Subscription shall be in the form of denominated units of one gram of Gold or multiples thereof:

Provided that the minimum limit of subscription in the Bond shall be of two grams and maximum limit of subscription shall be of five hundred grams per person per fiscal year.

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

(2) The issue price of Gold Bonds shall be in Indian Rupees on the basis of simple average of closing price of gold of 999 purity of previous week (Monday to Friday) published by the India Bullion and Jewellers Association Limited.

5. Procedure for making application for subscription to Gold Bonds – (1) Every Subscriber 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 and full name and address of the applicant.

(2) Every application shall contain such documents and particulars as specified in the instructions contained in the Application Form.

(3) On receipt of an application under sub paragraph 1, the receiving office shall issue an acknowledgment receipt in Form 'B', if all requirements of the application are fulfilled.

(4) An incomplete application is liable to be rejected.

6. Date and form of issue of Gold Bonds.— (1) The Gold Bonds shall be issued on the 29<sup>th</sup> day of March 2016 in the form of a Stock Certificate as specified in Form 'C'.

(2) The Gold Bonds shall be eligible to be converted into Demat form.

7. Period of subscription.— The Subscription of the Gold Bond under this Scheme shall open on and from the 8th day of March 2016 and shall close on the 14th day of March 2016;

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

8. Interest — (1) The interest on the Gold Bonds shall commence from the date of its issue and shall have a fixed rate of interest at 2.75 per cent per annum on the amount of initial investment.

(2) The interest shall be payable in half-yearly rests and the last interest shall be payable along with the principal on maturity.

9. Receiving Offices — The receiving offices shall be authorised to receive applications for the Bonds either directly or through agents.

10. Payment Options — (1) All payments for Gold Bond shall be accepted in Indian Rupees through cash upto a maximum of Rs 20,000/- or demand draft, or cheque, or electronic banking.

(2) Where payment is made through cheque or demand draft, the same shall be drawn in favour of the receiving office.

11. Redemption — (1) The Gold Bond shall be repayable on the expiration of eight years from the 29th March 2016, the date of the issue of Gold Bonds:

Provided that premature redemption of Gold Bond may be permitted after fifth year from the date of issue of such Gold Bond on the date on which interest is payable.

(2) 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 week (Monday to Friday) published by the India Bullion and Jewellers Association Limited.

(3) The receiving office shall inform the investor of the date of maturity of the Gold Bond one month before its maturity.

12. Eligibility for Statutory Liquidity Ratio — The investment in the Gold Bonds under this Scheme shall be eligible for Statutory Liquidity Ratio.

13. Loan against Bonds — (1) The Gold Bonds under this Scheme may be used as collateral security for any loan.

(2) The Loan to Value ratio as applicable to any ordinary gold loan mandated by the Reserve Bank of India shall also apply to the Gold Bond under this Scheme.

(3) The lien on the bond shall be marked in the depository by the authorised banks.

14. Tax Treatment — The interest on the Gold Bond shall be taxable as per the provisions of the Income-tax Act, 1961 (43 of 1961) and the capital gains tax shall also remain the same as in the case of physical gold.

15. 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 1<sup>st</sup> December 2007.

16. 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 1<sup>st</sup> December 2007.

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

18. Commission for distribution — The 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.

19. 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 8<sup>th</sup> 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