



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI/2019-20/73

IDMD.CDD.No.890/14.04.050/2019-20

September 30, 2019

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 (SGB) 2019-20 Series V/VI/VII/VIII/IX/X

Government of India has vide its [Notification F.No.4\(7\)-B W&M/2019 dated September 30, 2019](#) announced the Sovereign Gold Bond Scheme 2019-20 Series V/VI/VII/VIII/IX/X. Under the scheme there will be a distinct series (starting from Series V) for every tranche which will be indicated on the Bond issued to the investor. The Government of India (GoI) may, with prior notice, close the Scheme before the specified period. The terms and conditions of the issuance of the Bonds shall be as indicated in the GoI notification. However, we wish to draw your attention in particular to the following:

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 clause (v) of section 2 of the Foreign Exchange Management Act, 1999 (42 of 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

आंतरिक ऋण प्रबंध विभाग, केंद्रीय कार्यालय, केंद्रीय कार्यालय भवन, शहीद भगतसिंहमार्ग 23 वी मंजिल, मुंबई - 400 001, भारत
फोन : (022) 2266 1602-04, फैक्स : (022) 22644158, 2270 5125, ई-मेल : cgmids@rbi.org.in

Internal Debt Management Department, Central Office, Central Office Building, 23rd Floor, Shahid Bhagat Singh Marg,, Mumbai-400 001, India
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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

Holding Certificate ([Form C](#)). The Bonds shall be eligible for conversion into de-mat form.

3. **Date of Issue**

The date of issuance shall be as per the details given in Para 7.

4. **Denomination**

The Bonds shall be denominated in units of one gram of gold or multiples thereof. Minimum investment in the Bonds shall be one gram with a maximum limit of subscription per fiscal year 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 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 Jewellers Association Limited for the last 3 working days of the week preceding the subscription period. The issue price of the Gold Bonds will be Rs 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.-

S. No.	Tranche	Date of Subscription	Date of Issuance
1	2019-20 Series V	October 07-11, 2019	October 15, 2019
2	2019-20 Series VI	October 21-25, 2019	October 30, 2019
3	2019-20 Series VII	December 02–06, 2019	December 10, 2019
4	2019-20 Series VIII	January 13-17, 2020	January 21, 2020
5	2019-20 Series IX	February 03-07, 2020	February 11, 2020
6	2019-20 Series X	March 02-06, 2020	March 11, 2020

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 along with principal on maturity.

9. Receiving Offices

[Scheduled Commercial Banks \(excluding RRBs, Small Finance Banks and Payment Banks\)](#), [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 the 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 after fifth year of the date of issue of the Bonds and such repayments shall be made on the next interest payment date.

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 about 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 appropriately in E-kuber portal by the Receiving Offices /Depository. 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 (43 of 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 details' 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**

The Bonds issued in the form of Stock Certificate shall be 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 December 1, 2007.

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 and they 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.

22. Operational guidelines relating to Sovereign Gold Bonds are issued vide [circular IDMD.CDD.No.891/14.04.050/2019-20 dated September 30, 2019](#).

Yours faithfully,

Sd/

(Raksha Mishra)
General Manager
Encls.: As above.