



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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RBI/2016-17/98

IDMD.CDD.No.893/14.04.050/2016-17

October 20, 2016

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

Dear Sir/Madam,

Sovereign Gold Bonds 2016-17 – Series III

Government of India has vide its [Notification F.No. 4\(16\)-W&M/2016 dated October 20, 2016](#) announced that the Sovereign Gold Bonds 2016 – Series III (“the Bonds”) will be open for subscription from October 24, 2016 to November 2, 2016. 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, 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.

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 : cgmidmd@rbi.org.in

Internal Debt Management Department, Central Office, Central Office Building, 23rd Floor, ShahidBhagat Singh Marg,, Mumbai-400 001, India
Telephone:02222661602-04,Fax :(022) 2264 4158, 2270 5125,Email : cgmidmd@rbi.org.in

हिन्दी आसान हैप्रयोग बढ़ाइए। इसका ,

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

3. **Date of Issue**

Date of issuance shall be November 17, 2016.

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 five hundred grams per person per fiscal year (April-March).

5. **Issue Price**

Nominal value of the Bonds shall be fixed in Indian Rupees 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 week (Monday to Friday) preceding the subscription period. The issue price shall be Rs. 50 per gram less than the nominal value.

6. **Interest**

The Bonds shall bear interest 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.

7. **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 are authorized to receive applications for the Bonds either directly or through agents.

8. **Payment Options**

Payment shall be accepted in Indian Rupees through Cash (up to a maximum of Rs.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.

9. **Redemption**

- i) The Bonds shall be repayable on the expiration of eight years from November 17, 2016, the date of issue of Gold 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 on the basis of the previous week's (Monday-Friday) simple average closing price for gold of 999 purity, published by IBJA.
- iii) The receiving office shall inform the investor of the date of maturity of the Gold Bond one month before its maturity.

10. **Repayment**

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

11. **Eligibility for Statutory Liquidity Ratio (SLR)**

Investment in the Bonds shall be eligible for SLR.

12. **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.

13. **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

14. **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. The receiving office shall issue an acknowledgment receipt in [Form 'B'](#) to the applicant.

15. **Nomination**

Nomination 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.

16. **Transferability**

The Bonds shall be transferable by execution of an Instrument of transfer as in [Form 'E'](#), 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.

17. **Tradability of bonds**

The Bonds shall be eligible for trading on a date notified by the Reserve Bank of India.

18. **Commission for distribution**

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 8th October 2008 shall apply to the Bonds.

20. Operational guidelines relating to Sovereign Gold Bonds 2016-17 – Series III are issued vide [circular IDMD.CDD.NO.894/14.04.050/2016-17](#).

Yours faithfully,

(Rajendra Kumar)

General Manager

Encls.: As above.