# Sovereign Gold Bond

Since ancient times, Gold has remained one of the preferred choices for savings and investment in India. We Indians are also emotionally attached when it comes to Gold. Over time, Gold has also delivered decent returns while being a social indicator of wealth. It also acts as a hedge during economic uncertainty. Gold also has the characteristic of being considered as a stable asset.

## How can one invest in Gold?



- Physical Gold
- Exchange Traded Funds
- Mutual Fund Schemes
- Sovereign Gold Bond (SGB)

We believe, Sovereign Gold Bond can be one of the best options for taking exposure in Gold.

## What is a Sovereign Gold Bond?

Sovereign Gold bond is RBI mandated certificate denominated in grams of Gold. They are substitutes for holding physical gold. RBI issues SGB gold bonds in different tranches throughout the year.

## Features of Sovereign Gold Bond?

- Sovereign Gold Bond is issued by RBI on behalf of Gov. of India.
- Resident Indians, Trusts, Universities, Charitable Institutions are allowed to invest in Sovereign Gold Bonds.
- Minimum investment is equivalent to 1 gram of Gold and in multiples thereof.
- Maximum 4kg is allowed for investment in case of Individual & HUF and 20kg allowed for trusts and similar entities.
- Guaranteed 2.5% interest per annum payable semi annually. ***This is one of the important reasons of investing in SGBs.***
- SGB has a tenure of 8 years for maturity.
- In case of holding is in Demat, one can sell his holding in secondary market any time after listing. For those holding in physical mode, exit option is available at the end of 5th year.
- Entire capital gain is tax free if it is held till maturity. Pre maturity exit will attract capital gains tax.
- Redemption price of SGB is equal to the simple average of the closing price of 999 purity gold of the previous 3 business days to the date of redemption. Price published by the Indian Bullion and Jewellers Association is used for this.

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## Comparison of Sovereign Gold Bond vs Physical Gold vs Gold ETF

| | Sovereign Gold Bond | Physical Gold | Gold ETF |
|---|---|---|---|
| Holding Form | Issued in physical or Demat Certificate. | Only can be hold in physical form. | Can be hold in demat & physical certificate. |
| Purity of Gold | 999 as mentioned in Gold Bullion Standard. | No Guarantee. | 0.995 or as high as stated. |
| Holding Period | Can be held till maturity of 8 years. | NIL | NIL |
| Regular Income | 2.5% per annum on face value of the Bond. | | |
| Taxation | • No TDS on interest payment.<br>• Interest is taxed as per applicable tax rate.<br>• Capital gain is exempted if held till maturity.<br>• Pre exit is taxed as per debt taxation rules. | As per Debt Taxation. | As per Debt Taxation. |
| Redemption Value | Average of closing price of Gold of 999 purity of previous 3 business days to the date of repayment. | Prevailing Gold Price. Making charges is not recovered in case of redemption. | Gold ETF are represented by 99.5% pure physical gold bars. |
| Holding Cost | NIL | Storage Cost. | Fund Management cost of 0.5 - 1% |
| Collateral against Loan | • Tradeable on exchange if held in demat form.<br>• Exit after 5 years if held in physical form. | Fairly liquid. | Tradeable on exchange if held in demat form. |

## SOVEREIGN GOLD BOND SCHEME 2023-24 (SERIES IV)

| | |
|---|---|
| Subscription period | February 12 - 16, 2024 |
| Settlement Date | February 21, 2024 |
| Issue Price | ₹ 6,263 |
| Online Discount | ₹ 50 |
| Issue Price after Online Discount | ₹ 6,213 |

**Please call us for Investment / more details**

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