



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA

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IDMD.CDD.No. 2020/14.04.050/2015-16

March 04, 2016

The Chairman & Managing Director
All Scheduled Commercial Banks,
(Excluding RRBs)
Stock Holding Corporation of India Ltd.(SHCIL)

Dear Sir/Madam,

Sovereign Gold Bonds- 2016 Series-II

Government of India has vide its [Notification F.No. 4\(19\)-W&M/2014 dated March 04, 2016](#) announced that the Sovereign Gold Bonds, 2016 (“the Bonds”) will be open for subscription from March 8, 2016 to March 14, 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
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हिन्दी आसान हेडसका प्रयोग बढ़ाइए।

चेतावनी : रिज़र्व बैंक द्वारा ईमेल, डाक, एसएमएस या फोन काल के जरिये किसी की भी व्यक्तिगत 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 March 29, 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 two grams with a maximum limit of subscription of five hundred grams per person per fiscal year (April – March).

5. Issue Price

Price of the Bonds 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 the India Bullion and Jewellers Association Ltd. (IBJA).

6. Interest

The Bonds shall bear interest at the rate of 2.75 percent (fixed rate) per annum on the amount of initial investment. 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) and Stock Holding Corporation of India Ltd (SHCIL) 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 March 29, 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.

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)

The 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. Capital gains tax treatment will be the same as that for physical gold.

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 '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.

17. Tradability of bonds

The Bonds shall be eligible for trading from such date as may be 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.

Yours faithfully,

(Arun Bhagoliwal)

Deputy General Manager

Encls.: As above.