



SOVEREIGN GOLD BONDS

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- Registration Status: **We are not SEBI Registered Investment Advisors**
- **This PRESENTATION is only meant for education purpose** and nothing should constitute as an investment advice.

INTRODUCTION

- ❑ The Government of India, in consultation with the **Reserve Bank of India** has introduced the Sovereign Gold Bond (SGB) Scheme to offer investors an alternative to physical gold. SGBs have witnessed a significant interest in investors, with it being considered a **substitute for physical gold**.
- ❑ SGBs are government securities and are **considered safe**. Their value is denominated in **multiples of grams of gold**.
 - × Minimum investment: **1 gram**
 - × Maximum investment: **4 Kgs for individual/HUF** and **20 Kgs for Trust** and similar entities
- ❑ Maturity period is **8 years**. However, one **can choose to exit from 5th year** only on interest pay-out dates
- ❑ **Price** of the SGBs shall be fixed at INR (Indian Rupees) on the basis of **simple average of the closing price of gold** of 999 purity (24 carat) published by the India Bullion & JAL (Jewelers Association Limited) for the **last 3 working days of the week preceding the subscription period**.



SGB: NEW AGE GOLD INVESTMENT

SOVEREIGN GUARANTEE

Earn returns linked to gold prices.
Sovereign guarantee on redemption amount and on the interest.

EARN INTEREST

2.50% assured interest
per annum on issue price

COLLATERAL

Some banks accept SGB as collateral/security against loans pledged in Demat form.

ABSOLUTE SAFETY

Zero risk of handling physical gold and can be stored in DEMAT form

TAX BENEFITS

- No TDS applicable on interest
- Capital gain tax exempt on redemption at the end of 8 years
- Indexation benefit if bond is transferred before maturity

TRADABILITY

Tradable on Stock Exchange.

SOVEREIGN GOLD BOND V/S GOLD ETF V/S PHYSICAL GOLD

PARTICULARS	SOVEREIGN GOLD BOND	GOLD ETF	PHYSICAL GOLD
Returns	Higher than actual return on gold	Lower than actual return on gold	Lower than actual return on gold
Safety	High	High	Risk of handling physical gold
Purity of Gold	High as it is in Electronic Form	High as it is in Electronic Form	Purity of Gold always remains a question
Capital Gain	Long term capital gain applicable after 3 years. (No Capital gain tax if held till maturity)	Long term capital gain applicable after 3 years	Long term capital gain applicable after 3 years
Collateral against Loan	Yes	No	Yes
Tradability / Exit Route	Tradable on Exchange. Redemption- 5th year onwards	Tradable on Exchange	Conditional
Storage Cost	Very Low	Very Low	High

TO INVEST IN SGB, CONTACT PRSSB

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