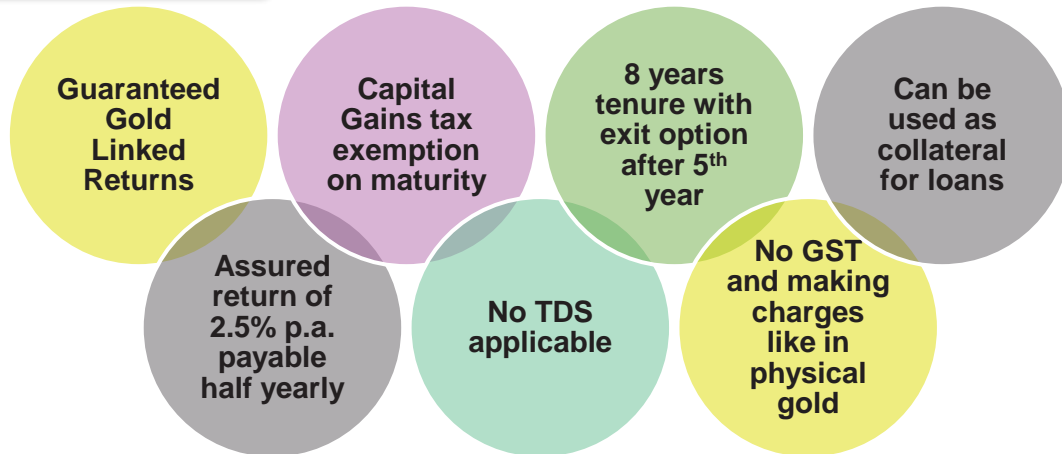


## Sovereign Gold Bonds

Sovereign Gold Bonds are issued by Reserve Bank of India (RBI) on behalf of the Government of India. Bonds are denominated in multiples of gram(s) of gold with a basic unit of 1 gram.

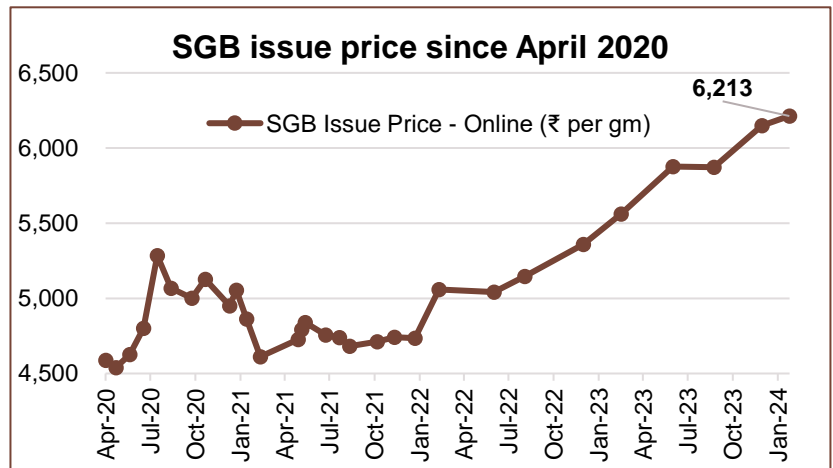
### Salient Features of SGB



### Historical issue price trend of SGB

#### Increasing issue price:

- The issue price of SGBs has experienced a substantial increase of ~136% (in absolute terms) and 11% (in CAGR terms) from its initial offering in Nov 2015 (launched eight years back) to the last issuance in February 2024.
- While the initial online issue price for the first tranche in 2015 was ₹2,634, and it has since climbed to ₹6,213 in the last issuance (February 2024).
- The issue price of SGB displayed volatility in FY21 and FY22. However, from that point onward, it has resumed its steady upward trajectory, as evident from the chart.



Source: RBI

#### A brief comparison:

Aspect	Physical Gold	Gold Funds	Gold ETFs	Sovereign Gold Bonds
Minimum Ticket Size	Can Vary	SIPs for as low as ₹500	1 unit, equivalent to 1 gram of gold	1 Gram
Liquidity	High	Very High	Very High	<b>Low:</b> If held in the demat; as it is traded at a discount in the secondary market <b>Very Low:</b> if held in physical form as it can be redeemed twice a year only on the interest payment date
Lock-in	No	No	No	5 years, however If held in the demat there is no lock-in
Exit Load	NA	Usually have an exit load ~1% if redeemed in 1 year	No exit load	NA
Maturity	NA	NA	NA	8 years
Interest Rate	Nil	Nil	Nil	2.5% p.a. payable half yearly
Mortgaged	Gold Loans available	No	No	Loan Against Securities (LAS) available
Charges (GST / Expense Ratio)	GST on hallmark gold is 3% whereas the making charges attract 5%	Expense Ratio: ~0.5-1.0%	Expense Ratio: ~0.5%	Nil
Storage Charges	High: Storage charges for a locker are applicable	Very Low: No storage charges	Low: Demat Account charges	High: Locker charges applicable for physical certificate Low: Demat Account charges if online
Risk of holding	Very High	Very Low	Very Low	Very Low
Transparency	Low	Very High	Very High	Very High
Taxation	Capital Gains: <ul style="list-style-type: none"> <li>&lt; 3 years as per slab rate</li> <li>&gt;= 3 years 20% with indexation</li> </ul>	Capital Gains: As per individual's slab rate	Capital Gains: As per individual's slab rate	<b>Capital Gains:</b> <ul style="list-style-type: none"> <li>&lt; 3 years as per slab rate;</li> <li>&gt;= 3 years 20% with indexation</li> <li>Tax free on maturity</li> </ul> <b>Interest Income:</b> As per individual's slab rate

**After the taxation changes announced since April 01, 2023 holding gold in the form of Sovereign Gold Bonds (SGBs) has more benefits compared to investing in gold funds or ETFs.**

**Why SGB is a must have in your portfolio?**

- Assured return of 2.5% p.a. payable half yearly
- No GST and making charges like in physical gold
- Capital Gains tax exemption on maturity
- ₹50/gm online discount
- Secure, no storage hassles like physical gold
- Traded on NSE and BSE
- 4 Kg for individual, 4 Kg for HUF and 20 Kg for trusts and similar entities per fiscal (April-March)

**Upcoming Issue details:**

Tranche	Opens on	Closes on	Issuance Date	Issue Price
2023-24 Series IV	Feb 12, 2024	Feb 16, 2024	Feb 21, 2024	Offline: ₹ 6,263 Online: ₹ 6,213

Source: RBI

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- (b) Life Insurance Policies of Tata AIA Life Insurance Company Limited
- (c) General Insurance Policies of TATA AIG General Insurance Company Limited

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