

## **FAQs on Sovereign Gold Bond**

### **1. When & how will the customers be issued Holding Certificate?**

The customers will be issued Certificate of Holding on the date of issuance of the SGB. Certificate of Holding can be collected from the issuing Banks i.e HO Marketing & Insurance Department. RBI also auto-mails the Certificate of Holding to the email addresses registered at the time of subscription.

HO Marketing & Insurance Department after completion of each tranche sends all the SGB Certificate of Holding to the respective Zones by downloading the same from the access provided by RBI. The Zones shall take print out of the same in colour on A4 size 100 GSM paper as per circular no. 1/2020 dated 17.04.2020 and distribute them among all the Branches.

The Branches must collect the SGB certificates of subscribers from respective Zones. Zone should contact HO Marketing & Insurance Department when the certificates are not received by Branches under their jurisdiction and it should be only routed through Zone.

### **2. Can I get the bonds in demat form?**

Yes. The bonds can be held in demat account. A specific request for the same must be made in the application form itself and while feeding the data in SGBM Menu the DP Id & Client ID to be feeded.

Till the process of dematerialization is completed, the bonds will be held in RBI's books. The facility for conversion to demat will also be available subsequent to allotment of the bond.

### **3. Can I trade these bonds? What is the procedure for Dematerialisation?**

The bonds are tradable from a date to be notified by RBI. (It may be noted that only bonds held in de-mat form with depositories can be traded in stock exchanges) The bonds can also be sold and transferred as per provisions of Government Securities Act, 2006. Partial transfer of bonds is also possible.

The Branch should forward the request of the Investor to HO marketing & Insurance Department with the following documents for Conversion of SGB to Demat:

- Request Letter of SGB Holder
- Client Master
- Copy of PAN of SGB Holder
- Original SGB Certificate
- Recommendation Letter of Branch Manager

All the documents to be dully signed and verified by Branch Manager. The department processes the request after receiving the Hard Copies and after the processing of the request the same will reflect in his/her Demat Account.

#### **4. What is the procedure to be followed in the eventuality of death of an investor? What is the procedure for Third Party Transfer?**

The nominee/nominees to the bond may approach the respective Receiving Office with their claim. The claim of the nominee/nominees will be recognized in terms of the provision of the Government Securities Act, 2006 read with Chapter III of Government Securities Regulation, 2007. In the absence of nomination, claim of the executors or administrators of the deceased holder or claim of the holder of the succession certificate (issued under Part X of Indian Succession Act) may be submitted to the Receiving Offices/Depository. It may be noted that the above provisions are applicable in the case of a deceased minor investor also. The title of the bond in such cases too will pass to the person fulfilling the criteria laid down in Government Securities Act, 2006 and not necessarily to the Natural Guardian.

The following documents shall be forwarded to HO Marketing & Insurance Department in case of death of original SGB Holder:

- Recommendation letter of BM (Addressed to Asstt. General Manager)
- Original SGB
- New application form of Nominee/Executors/Administrators/Holder of Succession Certificate as mentioned above.
- Copy of PAN of the new applicant.
- Death certificate of Original SGB Holder
- New filled in Nominee Form “D” ( with DOB)
- Client Master (if conversion of physical SGB to DMAT is required)

In case of Third Party Transfer of SGB the following documents shall be forwarded to HO Marketing & Insurance Department:

- Recommendation letter of BM (Addressed to Asstt. General Manager)
- Original SGB Certificate
- New application form of the person in whose name it is to be transferred.
- Copy of PAN of the new applicant.
- Transfer of Stock Certificate Form “F.”
- New filled in Nominee Form “D” (with DOB).
- All the documents to be dully verified by Branch Manager
- Client Master (if conversion of physical SGB to DMAT is required)

#### **5. What will I get on redemption?**

On maturity, the Gold Bonds shall be redeemed in Indian Rupees and the redemption price shall be based on simple average of closing price of gold of 999 purity of previous 3 business days from the date of repayment, published by the India Bullion and Jewelers Association Limited.

## **6. How will I get the redemption amount?**

Both interest and redemption proceeds will be credited to the bank account furnished by the customer at the time of buying the bond.

## **7. What are the procedures involved during premature or early redemption (5 Yrs)/ Regular Redemption (8 Yrs)?**

- Early Redemption is available on the 5<sup>th</sup> Year i.e before 10-15 days before ensuing maturity of the bond i.e before the interest credit date which is the issue date mentioned in the SGB Certificate while on the 8<sup>th</sup> Year the redemption shall be automatically credited in the accounts where interest on SGB is credited every Half Year.
- In case of pre-mature redemption the request shall be submitted in the Branch in the Format which is available with the Branches. (Premature Redemption Form is attached in the last page of the FAQ)
- The request shall be scrutinized by the Branches to verify the correctness of the particulars before feeding the details in the Menu. (Interest Credit & Pre Mature Proceeds Credit Account Number to be same)
- HO Marketing & Insurance Department will be finally lodging the requests uploaded by the respective Branches in the RBI E Kuber Portal if all the particulars are found correct.
- On the date of maturity i.e the issue date, the maturity proceeds will be credited to the bank account as per the details on record.
- In case there are any changes, such as Account number, Nominee transfer etc then the investor must intimate the Branch promptly and get the same rectified.

*Please note in case if the SGB could not be pre-redeemed during the redemption period then the same could be redeemed again after every 6 months till maturity (8 Yrs.)*

## **8. Can I encash the bond anytime I want? Is premature redemption allowed?**

The Bond shall be repayable on the expiration of eight years from the date of issue of the bond.

Premature redemption of the bonds may be permitted after fifth year from the date of issue of such bond, on the date on which interest is payable.

On maturity and in case of premature redemption, the Bonds shall be redeemed in Indian Rupees and the redemption price shall be based on simple average of closing price of gold of 999 purity of previous week (Monday to Friday) published by the India Bullion and Jewellers Association Limited. The redemption proceeds shall be credited to the bank account of the customer.

## **9. Why should I buy SGB rather than physical gold? What are the benefits?**

The quantity of gold for which the investor pays is protected, since he receives the ongoing market price at the time of redemption/ premature redemption. The SGB offers a superior alternative to holding gold in physical form. The risks and costs of storage are eliminated. Investors are assured of the market value of gold at the time of maturity and periodical interest.

SGB is free from issues like making charges and purity in the case of gold in jewellery form. The bonds are held in the books of the RBI or in demat form eliminating risk of loss of scrip etc.

**10. Are there any risks in investing in SGBs?**

There may be a risk of capital loss if the market price of gold declines. However, the investor does not lose in terms of the units of gold which he has paid for.

**11. Who is eligible to invest in the SGBs?**

Persons resident in India as defined under Foreign Exchange Management Act, 1999 are eligible to invest in SGB. Eligible investors include individuals, HUFs, trusts, universities and charitable institutions. Individual investors with subsequent change in residential status from resident to non-resident may continue to hold SGB till early redemption/maturity.

**12. Whether joint holding will be allowed?**

Yes, joint holding is allowed.

**13. Can a Minor invest in SGB?**

Yes. The application on behalf of the minor has to be made by his/her guardian.

**14. Where can investors get the application form?**

The application form will be provided by the issuing banks/SHCIL offices/designated Post Offices/agents. It can also be downloaded from the RBI's website. Banks may also provide online application facility. **Currently the online facility is not available in our Bank.**

**15. What are the Know-Your-Customer (KYC) norms?**

Every application must be accompanied by the 'PAN Number' issued by the Income Tax Department to the investor(s).

**16. Can an investor hold more than one investor ID for subscribing to the Sovereign Gold Bond?**

No. An investor can have only one unique investor Id linked to any of the prescribed identification documents. The unique investor ID is to be used for all the subsequent investments in the scheme. For holding securities in dematerialized form, quoting of PAN in the application form is mandatory.

**17. What is the minimum and maximum limit for investment?**

The Bonds are issued in denominations of one gram of gold and in multiples thereof. Minimum investment in the Bond shall be one gram with a maximum limit of subscription of 4 kg for individuals, 4 kg for Hindu Undivided Family (HUF) and 20 kg for trusts and similar entities notified by the government from time to time per fiscal year (April – March). In case of joint holding, the limit applies to the first applicant. The annual ceiling will include bonds subscribed under different tranches during initial issuance by Government and those purchased from the secondary market. The ceiling on investment will not include the holdings as collateral by banks and other Financial Institutions

**18. Can each member of my family buy 4Kg in their own name?**

Yes, each family member can buy the bonds in his/her own name if they satisfy the eligibility criteria as defined at Q No.11.

**19. Can an investor/trust buy 4 Kg/20 Kg worth of SGB every year?**

Yes. An individual investor/trust can buy 4 Kg/20 Kg worth of gold respectively every year as the ceiling has been fixed on a fiscal year (April-March) basis.

**20. Is the maximum limit of 4 Kg applicable in case of joint holding?**

The maximum limit will be applicable to the first applicant in case of a joint holding for that specific application.

**21. What is the rate of interest and how will the interest be paid?**

The Bonds bear interest at the rate of 2.50 per cent (fixed rate) per annum on the amount of initial investment. Interest will be credited semi-annually to the bank account of the investor and the last interest will be payable on maturity along with the principal.

**22. Who are the authorized agencies selling the SGBs?**

Bonds are sold through offices or branches of Nationalised Banks, Scheduled Private Banks, Scheduled Foreign Banks, designated Post Offices, Stock Holding Corporation of India Ltd. (SHCIL) and the authorised stock exchanges either directly or through their agents.

This facility is available in all the Branches of the Bank.

**23. If I apply, am I assured of allotment?**

If the customer meets the eligibility criteria, produces a valid identification document and remits the application money on time, he/she will receive the allotment.

#### **24. Can I apply online?**

Yes. A customer can apply online through the website of the listed scheduled commercial banks. The issue price of the Gold Bonds will be ₹ 50 per gram less than the nominal value to those investors applying online and the payment against the application is made through digital mode.

Presently in our Bank the aforesaid facility is not available through digital mode as such discount cannot be availed by the customers of our Bank.

#### **25. At what price the bonds are sold?**

The nominal value of Gold Bonds shall be in Indian Rupees fixed on the basis of simple average of closing price of gold of 999 purity, published by the India Bullion and Jewelers Association Limited, for the last 3 business days of the week preceding the subscription period.

#### **26. Will RBI publish the rate of gold applicable every day?**

The price of gold for the relevant tranche will be published on RBI website two days before the issue opens.

#### **27. What do I have to do if I want to exit my investment?**

In case of premature redemption, investors can approach the concerned bank/SHCIL offices/Post Office/agent thirty days before the coupon payment date. Request for premature redemption can only be entertained if the investor approaches the concerned bank/post office at least one day before the coupon payment date. The proceeds will be credited to the customer's bank account provided at the time of applying for the bond.

#### **28. Can I gift the bonds to a relative or friend on some occasion?**

The bond can be gifted/transferable to a relative/friend/anybody who fulfills the eligibility criteria (as mentioned at Q.no. 11). The Bonds shall be transferable in accordance with the provisions of the Government Securities Act 2006 and the Government Securities Regulations 2007 before maturity by execution of an instrument of transfer which is available with the issuing agents.

#### **29. Can I use these securities as collateral for loans?**

Yes, these securities are eligible to be used as collateral for loans from banks, financial Institutions and Non-Banking Financial Companies (NBFC). The Loan to Value ratio will be the same as applicable to ordinary gold loan prescribed by RBI from time to time. Granting loan against SGBs would be subject to decision of the bank/financing agency, and cannot be inferred as a matter of right.

**30. What are the tax implications on i) interest and ii) capital gain?**

Interest on the Bonds will be taxable as per the provisions of the Income-tax Act, 1961 (43 of 1961). The capital gains tax arising on redemption of SGB to an individual has been exempted. The indexation benefits will be provided to long terms capital gains arising to any person on transfer of bond.

**31. Is tax deducted at source (TDS) applicable on the bond?**

TDS is not applicable on the bond. However, it is the responsibility of the bond holder to comply with the tax laws.

**32. Who will provide other customer services to the investors after issuance of the bonds?**

The issuing banks/SHCIL offices/Post Offices/Designated stock exchanges/agents through which these securities have been purchased will provide other customer services such as change of address, early redemption, nomination, grievance redressal, transfer applications etc.

**33. What are the payment options for investing in the Sovereign Gold Bonds?**

In our Bank Payment can be made through account only.

**34. Whether nomination facility is available for these investments?**

Yes, nomination facility is available as per the provisions of the Government Securities Act 2006 and Government Securities Regulations, 2007. A nomination form is available along with Application form. An individual Non - resident Indian may get the security transferred in his name on account of his being a nominee of a deceased investor provided that:

- i. the Non-Resident investor shall need to hold the security till early redemption or till maturity; and
- ii. the interest and maturity proceeds of the investment shall not be repatriable.

**35. Can I get part repayment of these bonds at the time of exercising put option?**

Yes, part holdings can be redeemed in multiples of one gm.

**36. How do I contact RBI to address my queries regarding Sovereign Gold Bond?**

A dedicated e-mail-[sgb@rbi.org.in](mailto:sgb@rbi.org.in) has been created by the Reserve Bank of India to receive queries from members of public on Sovereign Gold Bonds. Investors can mail their queries to this email id.

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ਪੰਜਾਬ ਐਂਡ ਸਿੰਧ ਬੈਂਕ  
(ਭਾਰਤ ਸਰਕਾਰ ਕਾ ਉਪਕ੍ਰਮ)



Punjab & Sind Bank  
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## EARLY REDEMPTION FORM FOR SOVEREIGN GOLD BOND

Name of Receiving Branch:

Branch Code:

Date of Submission of Form:

Name of the Investor:

Investor ID:

Issue Date:

Amount of Subscription mentioned in SGB:

Account in which interest is being credited:

Account Number where maturity proceed is to be credited:

**\* Please note that both the account numbers mentioned above should be same (If any change is required, it has to be intimated to HO. Marketing & Insurance Department, before feeding the details in SGBREDM Menu. Changes in account number shall be allowed only when the interest credit account is not in operation i.e closed)**

IFSC Code :

Contact Number of Investor:

Previous Interest Credited (Yes/NO) :

**\* If previous Interest Credited is NO, then Branches are requested to kindly contact HO. Marketing & Insurance Department. Please note, Once redeemed no interest can be claimed from RBI.**

Signature of Investor