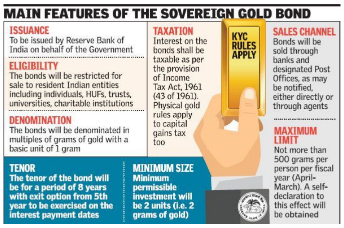
Sovereign Gold Bond Scheme–Series-III

10th October, 2017



The government has launched the Sovereign Gold Bond Scheme 2017-18 – Series-III, which will be issued by the Reserve Bank India on behalf of the Government of India.

About the Sovereign Gold Bond Scheme:

The sovereign gold bond was introduced by the Government in 2015. While the Government introduced these bonds to help reduce India's over dependence on gold imports, the move was also aimed at changing the habits of Indians from saving in physical form of gold to a paper form with Sovereign backing.

Key facts:

Eligibility: The bonds will be restricted for sale to resident Indian entities, including individuals, HUFs, trusts, universities and charitable institutions.

Denomination and tenor: The bonds will be denominated in multiples of gram(s) of gold with a basic unit of 1 gram. The tenor will be for a period of 8 years with exit option from the 5th year to be exercised on the interest payment dates.

Minimum and Maximum limit: The minimum permissible investment limit will be 1 gram of gold, while the maximum limit will be 4 kg for individual, 4 kg for HUF and 20 kg for trusts and similar entities per fiscal (April-March) notified by the government from time to time.

Joint Holder: In case of joint holding, the investment limit of 4 kg will be applied to the first applicant only.

Collateral: Bonds can be used as collateral for loans. The loan-to-value (LTV) ratio is to be set equal to ordinary gold loan mandated by the Reserve Bank from time to time.

To be looked in UPSC Paper 2 Topic Government policies and interventions for development in various sectors and issues arising out of their design and implementation.