

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**Government Unveils Fourth Tranche of Sovereign Gold Bonds.
It will be open for investment by resident individuals and institutional
investors from 18th to 22nd July 2016**

New Delhi, July 17, 2016

The Ministry of Finance has launched the 4th Tranche of Sovereign Gold Bonds (SGB) and it will be open for investment by resident individuals and institutional investors from 18th to 22nd July 2016. The 4th tranche of the SGB scheme is the first series in 2016-17. Based on average of last week prices of physical gold, the issue price of the 4th tranche has been fixed at 3119 per gram of gold.

SGB was announced in the Budget 2015-16 with a view to reduce the demand for physical gold, divert savings into financial instruments and in the process, to further narrow the current account deficit. **SGB is physical gold plus** since it also gives an interest of 2.75% per annum, payable every 6 months on initial investment and does this without the attendant risk of theft/ loss or impurities associated with physical gold. The investment in SGB is also eligible investment for Statutory Liquidity Ratio of Banks. SGB is eligible to be converted into Demat form and can be used as collaterals for availing loans. SGB shall be repayable on the expiration of eight years from the date of the issue and premature redemption is permitted after 5th, 6th and 7th years from the date of issue of SGB.

To attract small investors, the minimum subscription has been reduced to 1 gm, although the maximum remains at 500 gm per person/institution. Further, SGB is also exempt from capital gains tax on redemption. Indexation benefit is also be available to long term capital gains on transfer of bond. Further, SGB can now be purchased from NSE and BSE, besides all Bank branches, select Post Offices and the Stock Holding Corporation of India Limited(SHCIL). RBI has already made the first tranche of SGB tradeable and the other tranches, including the present one, are expected to become tradeable in 3 months' time.

The first 3 tranches had attracted an investment of 1318 Crores, equivalent to 4.9 metric tons of gold at the then prevailing prices. With the added features, it is expected that the 4th tranche of SGB would garner much higher investment.

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