

LOK SABHA
STARRED QUESTION NO.*295
TO BE ANSWERED ON MONDAY 9th AUGUST, 2021

‘SOVEREIGN GOLD BOND SCHEME’

QUESTION

***295. SHRI JASBIR SINGH GILL:**

Will the Minister of FINANCE (वित्त मंत्री) be pleased to state:-

- (a) Whether the Ministry and the Reserve Bank of India (RBI) have taken any steps to disincentivise holding of physical gold;
- (b) If so, the details thereof along with the reasons therefore;
- (c) Whether RBI’s Sovereign Gold Bond (SGB) Scheme is one of these steps and if so, the response of the public on SGB Scheme;
- (d) Whether RBI is planning to increase interest payments on SGB Scheme to incentivise purchase; and
- (e) If so, whether alternatively there is a proposal to reduce tax on interest payments and if so, the details thereof?

ANSWER

MINISTER IN THE MINISTRY OF FINANCE (SMT NIRMALA SITHARAMAN)

- (a) to (e): A Statement is placed on the Table of the House.

PRIORITY NO.15

Statement referred to in reply to Lok Sabha Starred Question No.*295 for answer on August 09, 2021 raised by SHRI JASBIR SINGH GILL regarding 'SOVEREIGN GOLD BOND SCHEME'

- (a) Yes. With the main objective to develop an alternate financial asset and as an alternative to purchasing/holding of physical gold, the Sovereign Gold Bond (SGB) Scheme was notified by the Government of India on Nov. 5, 2015.
- (b) The main features of the Sovereign Gold Bond Scheme are as under:
- i. These bonds are issued on payment of Indian Rupees and is denominated in grams of gold. Bonds are issued on behalf of the Government of India by the RBI and has a sovereign guarantee.
 - ii. The bonds are restricted for sale to resident Indian entities. The investment limits are presently 4 kgs per fiscal year, for individuals and Hindu Undivided Family (HUF) and 20 kgs per fiscal year for Trusts and similar entities. The ceiling will be counted on Financial year basis and will include the SGBs purchased during the trading in the secondary market. The ceiling on investment will not include the holdings as collateral by Banks and Financial institutions.
 - iii. Interest payable on these bonds are half-yearly and are @ 2.50% per cent per annum. Interest on the Bonds are taxable as per the provisions of the Income-tax Act.
 - iv. The bonds are available both in demat and paper form and are tradeable in the Secondary Market.
 - v. 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.
- (c) Yes. The response of public on the SGB scheme has resulted in the collection of ₹ 31,290 crore since 2015-16.
- (d) No.
- (e) No. Does not arise.
