

Third tranche of gold bond scheme to open on Tuesday

The government today said it will launch on Tuesday the third tranche of the gold bond scheme, through which it has raised about Rs 1,050 crore in the earlier rounds.

"Applications for the bond will be accepted from March 8, 2016 to March 14, 2016. The Bonds will be issued on March 29, 2016," said a Finance Ministry statement.

The Bonds will be sold through banks, Stock Holding Corporation of India Limited (SHCIL) and designated post offices, it added.

The government had launched the first tranche of sovereign gold bond scheme in November for which it got subscription for 915.95 kg of gold worth Rs 246 crore. In January, it came out with the second tranche and received subscription for 3,071 kg gold amounting to Rs 798 crore.

The funds raised through the Bonds will form part of the government's market borrowing programme.

Further, Budget 2016-17 has proposed that redemption of sovereign gold bonds by an individual be exempt from capital gains tax.

It also provided that long-term capital gains arising to any person on transfer of sovereign gold bonds shall be eligible for indexation benefits.

Under the scheme, gold bonds are issued in denominations of 5 grams, 10 grams, 50 grams and 100 grams for a term of 5-7 years with a rate of interest to be calculated on the value of the metal at the time of investment. The scheme has an annual cap of 500 grams per person.

Prime Minister Narendra Modi on November 5 had launched the scheme to wean investors away from physical gold.

India imports about 1,000 tonnes of gold every year and the precious metal is the second-biggest constituent of the import bill after crude oil.

The scheme is aimed at reducing demand for gold in physical form by encouraging people to buy the commodity in demat or the paper form.

During April-January, gold imports increased to USD 29.36 billion as against USD 27.42 billion in the first 10 months of 2014-15.

(Economic Times)