Sovereign Gold Bond (SGB)

Gold in paper form with 2.5% extra interest, but no new issues are being sold.

2.5% p.a. + gold price (existing bonds) | Tax-free capital gain at maturity

What is SGB?

Sovereign Gold Bonds were RBI-issued securities denominated in grams of gold, you got the gold price movement PLUS 2.5% annual interest, without storage or making charges. Important: the government has DISCONTINUED fresh SGB issues (no new tranche since February 2024), so you can no longer subscribe to new bonds. Existing bonds still trade on the exchanges and continue to pay interest. For fresh gold exposure today, gold ETFs and gold mutual funds are the practical routes.

In brief

Suits	Existing holders; no new bonds have been issued since February 2024.
You get	The gold price at redemption plus 2.5% a year interest on the issue price.
Your money	8-year bonds; RBI announces early-redemption windows from year 5.
Tax	Capital gain is tax-free if held to maturity; interest is taxable.
Watch for	Bonds bought on the stock exchange count the same at maturity; check redemption dates in RBI notices.

Key facts

Status	Discontinued for new issues (no tranche since Feb 2024)
Interest	2.5% p.a. on issue price, paid half-yearly (existing bonds)
Return	Tracks the gold price + the 2.5% coupon
Tenure	8 years (existing bonds; exit option from year 5)
Tax	Capital gain tax-free if held to maturity (original subscribers)

What's new

Oct 2026 RBI fixed ₹14,725 a unit for early redemption of SGB 2019-20 Series V on 15 October 2026.

Feb 2026 From 1 April 2026 the tax-free gain at maturity applies only to people who bought at the original issue and hold to maturity, not to bonds bought on the exchange.

Questions and answers

STATUS

Can I buy a new Sovereign Gold Bond now?

No. The government has discontinued fresh SGB issuance, the last tranche was Series IV of 2023-24, in February 2024, and the Finance Minister confirmed in 2025 that no new bonds are being floated. So there is no primary SGB to subscribe to today.

Why were SGBs discontinued?

SGBs proved expensive for the government: it had to pay 2.5% interest AND bear the full gold-price appreciation at redemption, tax-free to investors. As gold prices surged, the cost of servicing and redeeming the bonds rose sharply, so fresh issuance was stopped.

I already hold SGBs, what happens to them?

Nothing changes for you. Your existing bonds continue to earn 2.5% interest (paid half-yearly), track the gold price, and can be held to their 8-year maturity, where the redemption gain remains tax-free for original subscribers. You can also sell them earlier on the NSE/BSE.

HOW THEY WORKED

How did SGB returns work?

Each bond was worth a certain number of grams of gold. At maturity you received the then-current value of that gold (so you got the price appreciation), plus you earned 2.5% a year on the original issue price throughout, a return no physical gold or ETF offers.

What was the tax advantage?

For an original subscriber holding to the 8-year maturity, the capital gain on redemption was completely tax-free, a standout benefit. (The 2.5% interest was, and is, taxable at slab.) Note: from 1 April 2026, that maturity capital-gains exemption applies only to original RBI subscribers who hold to maturity, not to those who bought in the secondary market.

WHAT TO DO NOW

How can I invest in gold today instead?

With no new SGBs, the practical options for paper gold are Gold ETFs and Gold mutual funds (fund-of-funds), they track the gold price closely, are highly liquid, and need no storage. They don't pay the 2.5% SGB coupon, and their gains are taxed, but they're the most convenient way to add gold to a portfolio now.

Should gold be a big part of my portfolio?

Gold is best used as a diversifier and hedge, typically a modest slice (often ~5–10%) of a long-term portfolio, rather than the core growth engine. Our "Growth Ledger" tool lets you compare how the same money would fare in gold, silver, an FD and equity over the long run.

Sources: RBI press release; Value Research on the SGB tax change.

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