

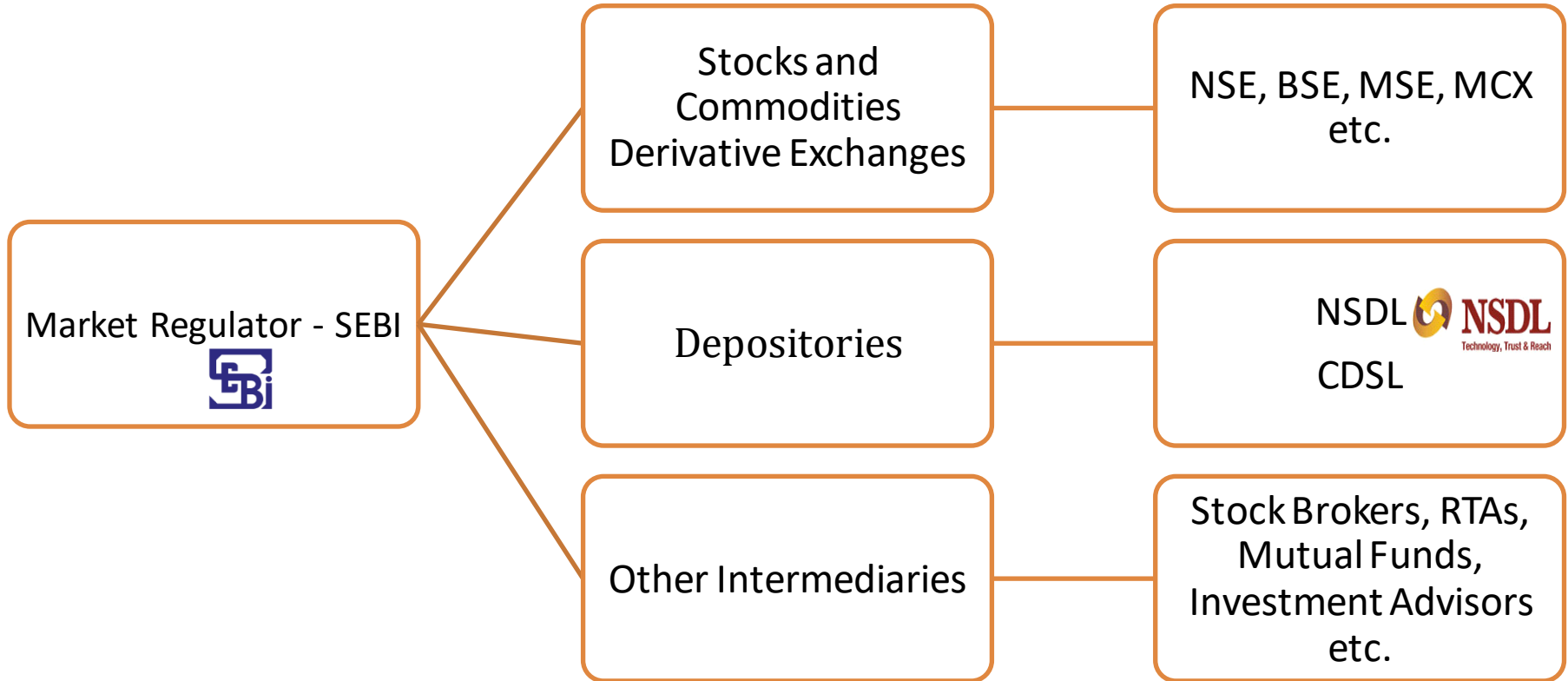


Be A Prudent Investor



Investing in Gold – Why and How For Retail Investors

Indian Securities Market



Starting Investment in Securities Market

Accounts Required



Bank Account



Trading or Broking Account



Demat Account

- ✓ Many DPs offer a 3-in-1 account facility which gives you the convenience of opening a trading, demat and bank account – all together.
- ✓ Now some DPs are now offering online demat account opening.
- ✓ Trading or Broking account is required only if you want to buy / sell shares etc. through stock exchange.

About NSDL



Established in 1996, First
Depository in India



One of The World's Largest
Depository



Wide Network of
Depository Participants
Across The Country

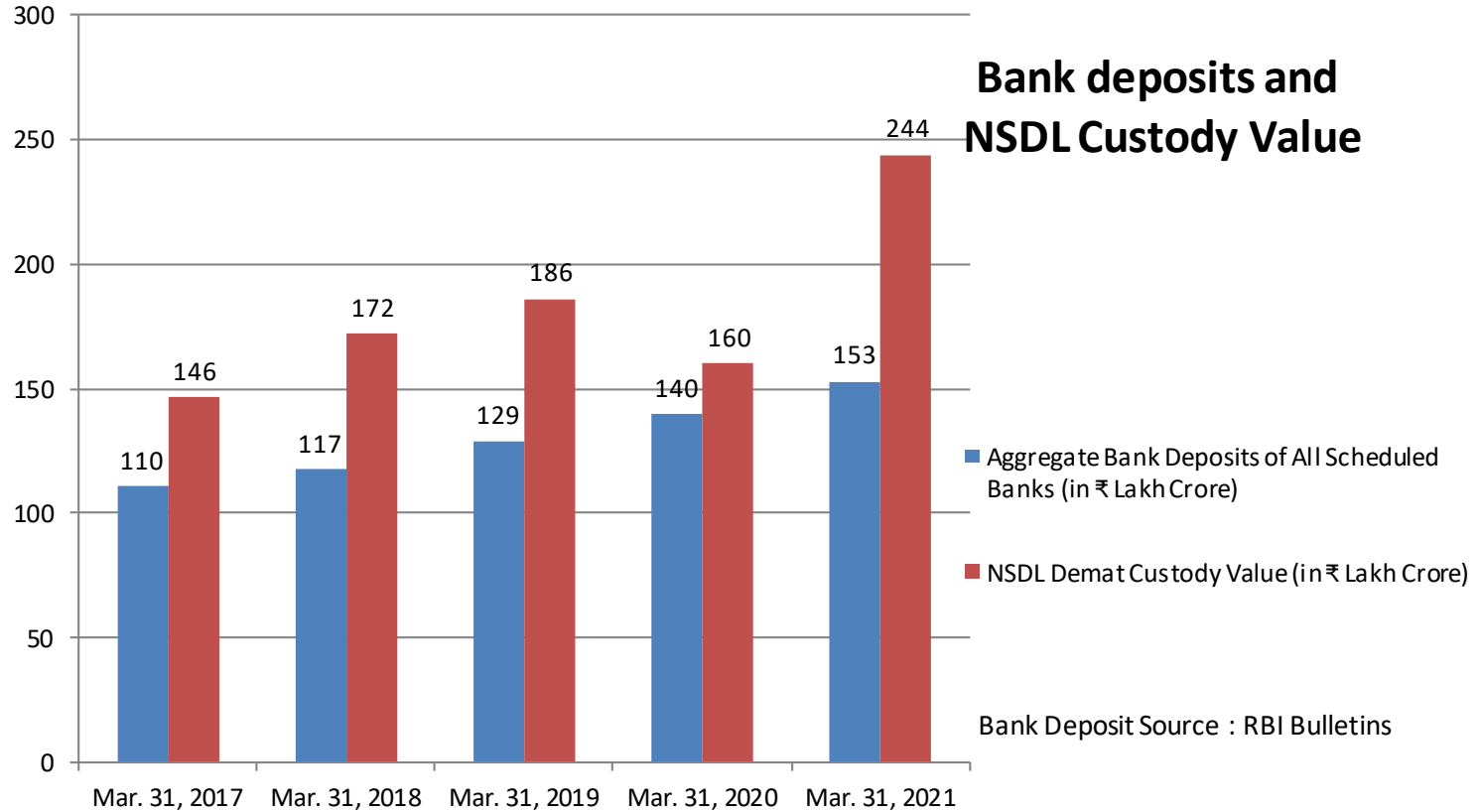
NSDL's Progress



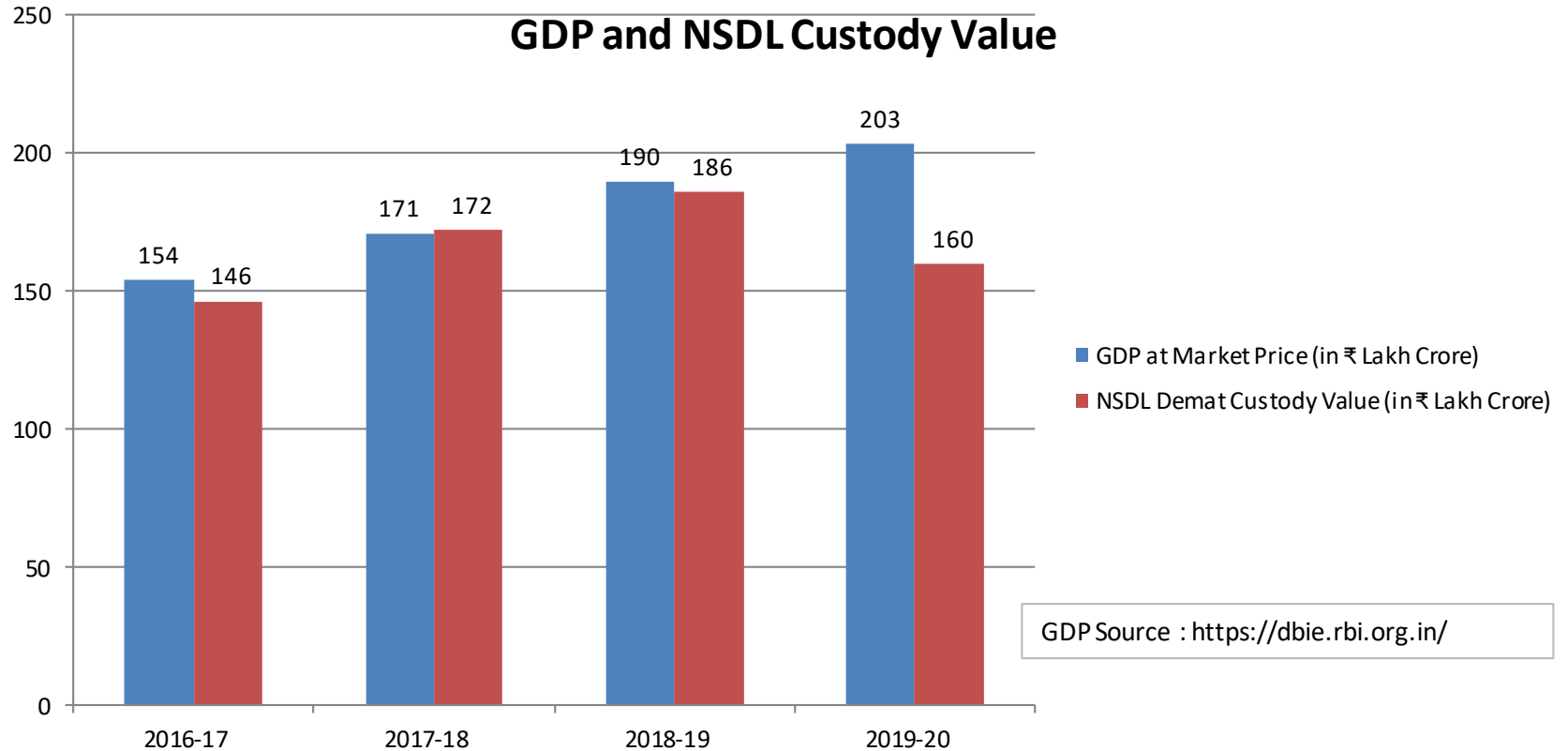
Custody Value in ₹ Lakh Crore

Total value of all assets held in all NSDL demat accounts

NSDL's Progress

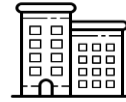


NSDL's Progress



NSDL Depository System

Issuer Company / RTA



NSE Clearing Limited
Indian Clearing Corporation Limited
(Clearing Corporations)

CDSL

DP 1



DP 2



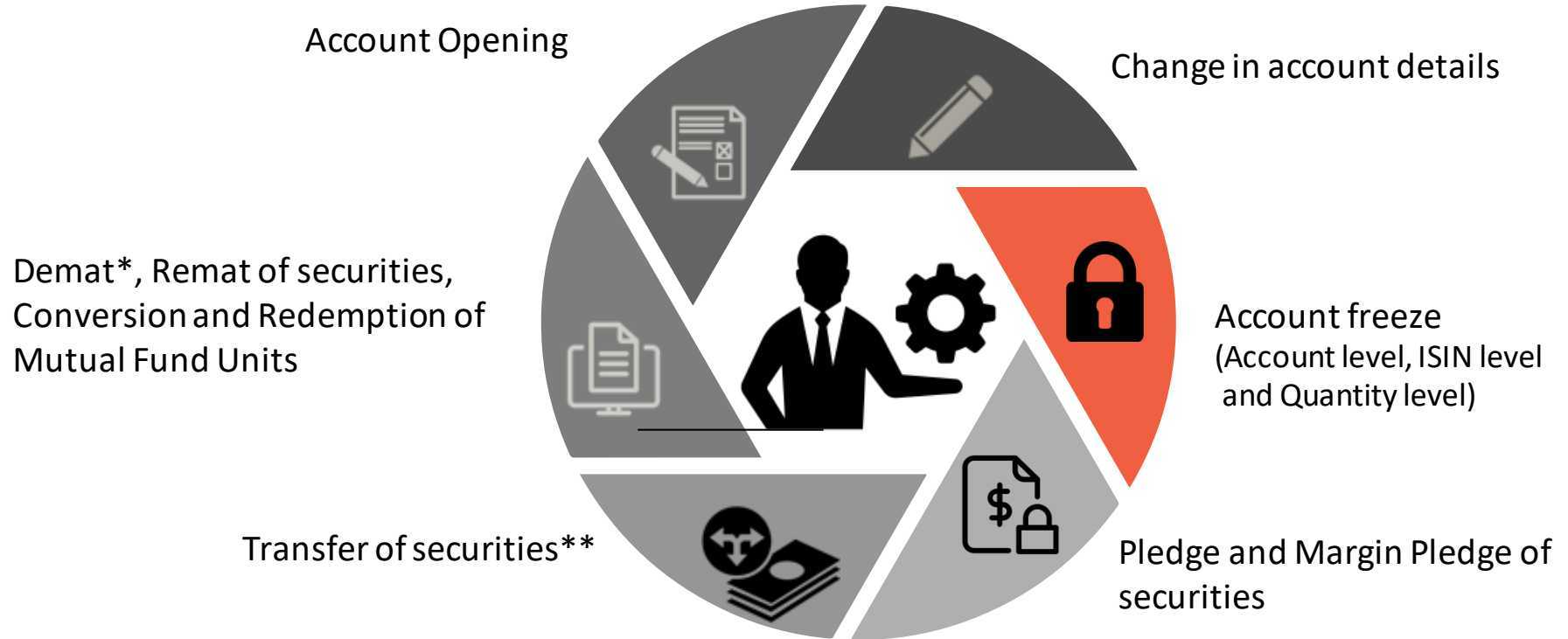
Stock Broker /
Trading Member 1

Investor 1

Investor 2

Stock Broker /
Clearing Member 2

Services offered by Depository Participant



*Even unlisted shares can be dematerialized. **Transfer of securities held in physical form not allowed w. e. f. April 1, 2019. Re-lodgement of transfer deeds which were submitted prior to this, but were rejected or returned, was allowed till March 31, 2021. Shares pending for transfer with listed company / its RTA shall be issued only in demat.

NSDLs Investor Centric e-Services

- NSDL's internet facility to enable users to submit various instructions online, including Margin Pledge
- You may register at www.nsdl.co.in

Facility for shareholders to vote electronically on resolution of companies, Anytime, Anywhere



- View transactions, holdings along with valuation
- Subscribe to CAS
- Update email ID for CAS
- View and download 12 past CAS
- Participate in e-Voting

- View holdings along with valuations
- Participate in e-Voting
- Confirmation of e-DIS
- Register for IDeAS

*Free for all demat account holders

Be a Prudent Investor



Keep record of documents signed, account statements, contract notes received and payments made. Save important emails and take periodic back up of data.

Change password of your online accounts frequently. Never share OTP and PIN with any one.

Read SMS, emails, letters, statements, bills sent by your broker, bank, DP and NSDL. These are sent to you to keep you updated.

Accept the DIS only if serial number is pre printed and Client ID is pre stamped or pre printed. Keep DIS in safe custody.

Be a Prudent Investor



Inform your DP about any change in your Personal Information such as address, bank account immediately.

Always mention your Mobile Number and email ID in account opening form and keep them updated.

Do not act on Unsolicited SMS and emails providing Tips, stock recommendations, assured returns etc.

NSDL publications and presentations are available in Hindi, English and other languages at www.nsdل.co.in → Education

Schedule of Awareness Programs, Registration and Feedback facilities are available at www.nsdل.co.in.

NSDL Newsletter for Investors



The Financial Kaleidoscope – Free monthly newsletter in हिंदी Hindi and English



The Financial
Kaleid  scope
Defining the different shapes of investment

February
2021

Understanding
Tax Saving
Instruments

www.nsd.co.in



Education



Newsletter – The
Financial
Kaleidoscope

Grievances Redressal

1. Lodge your complaint with SEBI at www.scores.gov.in/ or SEBI Mobile App
2. SEBI Toll free helpline - 18002667575 / 1800227575
3. NSDL Toll Free helpline - 18001020990 / 1800224430
4. Online submission of Grievances at www.nsdل.com.in → Query Now
5. NSDL email for grievance - relations@nsdl.com.in
6. NSDL email for other information - info@nsdl.com.in



Why Invest In Gold?

1. Its is distinct Asset Class. A Prudent allocation to each asset class is fundamental concept of Portfolio Management.
2. It has world wide acceptability. Even central banks maintains gold reserve.
3. Historically, it has provided consistent returns.
4. Easy entry and exit options for investors.
5. Hedge against inflation.

How to Invest In Gold?

1. Traditional or physical Gold
 - ✓ Coins, Bars
 - ✓ Jewellery
2. Gold Mutual fund
3. Gold Exchange Traded Fund
4. Digital Gold
5. Sovereign Gold Bond

Though popular, but purchasing jewellery is not same as investment in gold. It is primarily for consumption or usage.

Gold Investment in Traditional or Physical form

Advantages

1. Easy and convenient purchase
2. Cash purchase is possible
3. High liquidity

Problems

1. Threat of theft / loss
2. Making charges
3. High storage cost
4. Difficult to detect impurity
5. Lack of standard pricing

Investment in Gold Funds

1. It is like any other mutual fund.
2. AMC invests in gold, securities of gold mining companies and Gold ETFs.

Advantages

1. Any time entry and exit option for investors.
2. Small amount of investment - ₹ 500 or more. SIP option available.

Problems

1. Returns depend on fund performance.

Gold Exchange Traded Fund

Similar to mutual funds which invest in gold and which are traded in stock exchange.

Advantages

1. Any time entry and exit option for investors.
2. Small amount of investment is possible. SIP option available.
3. Investor holding equivalent of 1 KG gold (or its multiple) in ETF may opt for redemption in physical gold.

Problems

1. Returns depend on fund performance.



Digital Gold

1. Similar to buying physical gold. By paying money, you get a notional credit in your gold account.
2. The intermediary selling digital gold maintains inventory in physical gold.

Advantages

1. Anytime entry and exit options.
2. Option to get delivery in physical form.
3. You can invest even ₹ 1. SIP option available.

Problems

1. Not a regulated product.
2. Intermediary cost and taxes makes it expensive comparatively.



Sovereign Gold Bond

1. SGBs are relatively a new form to invest in Gold. Bonds are in the market since 2015.
2. It's a Government Security, issued and managed by RBI.
3. SGBs are held in Bond Ledger Account maintained by RBI.
4. Investors are allotted units against the price paid by them.
5. Purchase and Redemption price are based on prevailing market price.



Features of SGB

1. Who can buy SGB?
 - ✓ Any Indian resident – individuals, Trusts, HUFs, charitable institutions and universities.
 - ✓ Investment may be on behalf of a minor.

2. Investment limits – Per Investor on the basis of PAN
 - ✓ Minimum - 1 unit (or gram)
 - ✓ Maximum - 4000 units or 4 Kilograms per investor (individual and HUF)

3. Allotment
 - ✓ Investors get 'Certificate of Holding' generated from e-Kuber portal of RBI.
 - ✓ Alternatively, units are allotted in demat account mentioned by investor in the subscription form.

4. Interest
 - ✓ At present 2.50% pa, paid half yearly.
 - ✓ Interest is credited in the linked bank account.
 - ✓ Interest at saving bank rate is paid on the investment amount from date of investment to date of allotment.

Features of SGB

5. Tenure - 8 year

- ✓ Premature redemption possible from 5th year (on interest payout dates).
- ✓ Maturity payments are credited automatically to linked bank account.

6. Price

- ✓ Subscription and Redemption price are simple average of closing price of gold of 999 purity of previous 3 working days as published by India Bullion and Jewellers Association Limited.

6. Tax

- ✓ No long term capital gain for individuals if held till maturity.
- ✓ Indexation benefit if transferred to other person before maturity.

How to Subscribe / Purchase SGB?

1. Direct subscription when issue is on.
 - ✓ Through banks, select post offices, stock exchanges and Stock Holding Corporation of India Limited (SHCIL).
 - ✓ Application for subscription can be made in paper form or through netbanking.
 - ✓ If application and payment are made online, price discount @ 50 per gram available.
 - ✓ Generally available for a week in each month.
 - ✓ Purchase upto ₹ 20,000 may be in cash.



How to Subscribe / Purchase SGB?

2. Secondary Market Purchase

- ✓ Already issued SGB can be purchased anytime through your stock broker.
- ✓ Price can be different from initial subscription price.
- ✓ Purchase will be in demat form.



Dematerialization of Physical SGB

1. Physical SGBs can be converted in demat anytime before maturity.
2. You need to submit a request to entity through which you purchased SGB.
3. You need to mention your DP ID and Client ID in which you want the credit. You may use your exiting demat account. No need to open a new account.
4. That entity will enter your request in e-Kuber portal of RBI.
5. Bonds will be credited to your demat account after confirmation by RBI.



Rematerialization of SGB

1. SGBs held in demat account can be converted in physical form anytime before maturity.
2. You need to submit a request to your DP.
3. You need to mention name of the entity (bank or post office) through which you want to hold physical SGB and bank account details.
4. That entity will enter your request in e-Kuber portal of RBI.
5. Bonds will be debited from your demat account and a certificate of holding will be issued to you after confirmation by RBI.
6. Before opting for remat, please check with DP about the charges payable.

Transfer of SGB

1. SGBs can be transferred anytime before maturity through sale or by way of gift.
2. Transfer can be for entire or part quantity.
3. Physical SGBs can be transferred by submitting a request in prescribed Transfer Form and copy of Certificate of Holding to the entity through which you purchased it.
4. That entity shall enter the details in e-Kuber portal after verification of details and KYC of transferor and transferee.
5. After confirmation of the request by RBI, revised Certificate of Holding may be generated from the e-Kuber portal and issued to the transferee.
6. SGBs held in demat account can be transferred or gifted by way of an off market transaction through your DP.
7. The transferee will receive interest and maturity payment on the relevant due dates.

How to liquidate investment in SGB before maturity?

1. You may sell the SGBs held in demat account any time through your stock broker at the prevailing market price.
2. SGBs held in demat account or physical form can be surrendered to RBI for pre-mature redemption after 5th year at prevailing market price.
3. Banks extends loan against SGB held in physical or demat form.

Comparison of various forms of Gold investment

Particulars	Physical Gold	Digital Gold	Gold Fund	Gold ETF	Sovereign Gold Bond
Returns	Only on account of price escalation	Only on account of price escalation	Directly related to Fund performance	Directly related to Fund performance	Twin returns – half yearly interest and on account of price escalation
Purity	Doubtful (unless BIS mark or other wise certified)	Purity is guaranteed by selling intermediary	Not applicable	Not applicable	Not applicable
Tax	LTCG after three years with indexation benefit	LTCG after three years with indexation benefit	LTCG after three years with indexation benefit	LTCG after three years with indexation benefit	No LTCG if held till maturity, else taxable with indexation benefit. Interest income is taxable.
Acceptability as collateral	Yes	Not at present	No	No	Yes
Entry option	Any time	Any time	Any time	Any time	Direct purchase when tranche is open. Any time purchase in stock market.
Exit option	Any time	Any time. There may maximum storage period.	Any time	Any time	Restrictive (in paper form). If held in demat, can be sold anytime
Storage cost	High	No	No	No	No
Demat account	Not applicable	Not applicable	Optional	Essential	Optional
Regulation	None	None	SEBI	SEBI	RBI

Still thinking – why Gold?

1. “Gold is money. Everything else is credit.” J. P. Morgan
2. “The Golden Rule: He who has the gold makes the rules.”
3. “If the world does well, gold will be fine. If the world doesn't do well, gold will also do fine...but a lot of other things could collapse.” Thomas Kaplan



THANK YOU

We welcome your feedback and suggestions about this program at www.nsdl.co.in/
info@nsdl.co.in.

