Sovereign Gold Bonds: The Redemption Story in 2026

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For nearly a decade, Sovereign Gold Bonds (SGBs) offered Indian investors exposure to gold without the need to store physical metal. Combining gold-linked redemption values with interest income, the scheme created an alternative to holding bars, coins or jewellery. With fresh issuance paused, attention has shifted to the outstanding bonds and the redemption opportunities available to existing investors.

Avyukt Commodities' September 2026 special report examines this transition, outlining the outstanding gold-linked liability, premature redemptions during April–September 2026 and the tranche-wise schedule for October 2026–March 2027.

A substantial outstanding book

According to the report, the outstanding SGB book represents approximately 122 tonnes of gold, with an estimated gold-linked liability of ₹1.8 lakh crore. This liability changes with gold prices and will decline as bonds are redeemed.

Since the scheme's launch in November 2015, subscriptions had raised ₹72,274 crore, representing 146.96 tonnes across 67 tranches, by the end of FY2023–24. The scale of participation demonstrates how SGBs developed into a significant channel for financial investment in gold.

FY2023–24 was particularly strong, accounting for ₹27,031 crore, equivalent to 44.34 tonnes. This compared with ₹6,551 crore, or 12.26 tonnes, in the preceding financial year. The surge became the scheme's last major subscription wave before fresh issuance was paused.

From subscriptions to redemptions

The report notes that fresh SGB issuance has remained paused since February 2024. Consequently, the focus has moved from the addition of new subscriptions to the gradual redemption of the existing book.

SGBs have an eight-year maturity, with premature redemption available after five years on eligible interest-payment dates. The outstanding book therefore does not become payable at once. Different series reach their redemption windows at different times, spreading potential payouts over several years.

It is also important to distinguish between bonds becoming eligible for premature redemption and bonds actually being redeemed. Eligibility creates an option for investors; it does not mean that the entire outstanding quantity of a tranche will be surrendered.

What happened during April–September 2026?

The report's table records 758.674 kg of premature redemptions across 33 listed tranches during April–September 2026. This represents only a limited portion of the approximately 122-tonne outstanding book cited in the report.

Redemption prices in the table ranged from ₹14,086 to ₹16,012 per gram, compared with original issue prices ranging from ₹3,119 to ₹5,334 per gram. The figures illustrate the substantial increase in gold-linked values over the holding period, although the outcome differs by tranche.

These comparisons relate to issue and redemption prices. They should not be interpreted as annualised returns or as a complete calculation of an investor's return, which would also depend on acquisition cost, interest received and applicable taxation.

SGBs AT A GLANCE

Measure	Figure reported
Estimated outstanding gold equivalent	Approximately 122 tonnes
Estimated outstanding gold-linked liability	Approximately ₹1.8 lakh crore
Total subscriptions raised up to FY2023–24	₹72,274 crore
Gold equivalent subscribed up to FY2023–24	146.96 tonnes
Premature redemptions, April–September 2026	758.674 kg

Source: Avyukt Commodities, September 2026 special report.
Outstanding liability is an estimate and varies with gold prices.

The next redemption cycle

The report also provides a detailed premature-redemption schedule covering October 2026–March 2027, with information on issue dates, original issue prices and outstanding quantities.

For investors, identifying the correct series and its eligible redemption date is essential. Liquidity needs, the remaining period to maturity and applicable tax treatment also form part of the decision. Bonds purchased through original subscription and those acquired subsequently may require different considerations.

The schedule is therefore a reference for understanding available windows rather than a forecast of the quantities that will necessarily be redeemed.

A gradual transition

The outstanding SGB book remains substantial despite the pause in issuance. Its future trajectory will depend on successive maturity dates and the extent to which investors exercise premature-redemption options.

For the bullion market, the report provides a useful picture of this continuing gold-linked financial exposure. The complete tranche-wise tables offer the detail needed to follow how that exposure changes through the next redemption cycle.



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