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Market-Value Exposure, Gold Repricing, and Fiscal Transparency

An Executive Briefing for Policymakers, Legislators, and Institutional Decision-Makers

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PulseLifeX Sovereign Finance Research Series

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Intended Use

This Executive Briefing Edition condenses the full PLX-SF-001 research publication for rapid review by policymakers, legislators, journalists, and institutional decision-makers. It is prepared for public discussion and does not constitute investment, legal, or tax advice.

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Executive Summary

Between 2015 and 2024, the Government of India issued 67 tranches of Sovereign Gold Bonds (SGBs), raising ₹72,274 crore from millions of Indian investors. Under the scheme, the government pays 2.5% annual interest and, at maturity after eight years, repays the prevailing market value of the equivalent quantity of gold — not the amount originally borrowed.

Since the scheme's launch, gold prices have moved from approximately ₹2,684 per gram to approximately ₹14,400 per gram as of July 2026 — a structural repricing driven by pandemic-era monetary expansion, geopolitical realignment, and record central-bank gold accumulation. As a direct consequence, the estimated market-value redemption exposure on outstanding SGBs has risen to approximately ₹1.87 lakh crore, roughly 2.6 times the original funds raised.

The Gold Reserve Fund (GRF) — the dedicated buffer created to fund SGB redemptions — has been drawn down from a peak of ₹28,813 crore (FY25 RE) to ₹697 crore (FY27 BE), a coverage ratio of less than 0.4% against current estimated exposure. The government's budget accounts continue to show SGB liabilities at issue price rather than current market value; a government accounting standard (IGAS 10) that would require mark-to-market disclosure was approved by GASAB but has not been notified.

This report also documents a structural interaction between rising gold prices, RBI gold-reserve revaluation gains, RBI dividend transfers to the government, and reported fiscal deficit figures; an overlap between the government's role as SGB issuer and as the setter of gold import duties; the global shift toward central-bank gold accumulation led by China; and the RBI's own accelerating repatriation of gold reserves to domestic vaults, reaching 77% domestic custody by March 2026.

> ***The government borrowed at ₹4,006 per gram. It now owes ₹14,400 per gram — a 2.6x increase.***

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Key Findings

Seven Key Findings — Sovereign Gold Bonds: Fiscal Innovation, Gold Repricing, and India's Place in a Changing Monetary Order.

₹72,274 Cr RAISED (67 TRANCHES)	₹1.87 Lakh Cr ESTIMATED EXPOSURE	≈ ₹1.15 Lakh Cr DIFFERENCE
₹697 Cr GRF (FY27 BE)	< 0.4% COVERAGE RATIO	2032 REDEMPTION HORIZON

Figure 8. *Key Findings Infographic* · Source: Parliamentary replies, RBI publications, Union Budget documents, and author calculations

A scheme that raised ₹72,274 crore now carries an estimated market-value exposure of approximately ₹1.87 lakh crore.

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Key Numbers Dashboard

An at-a-glance summary of the core figures referenced throughout this briefing.

₹72,274 Cr FUNDS RAISED	**₹1.87 Lakh Cr** ESTIMATED EXPOSURE	**₹1.15 Lakh Cr** GAP
₹697 Cr GRF BALANCE (FY27 BE)	**< 0.4%** GRF COVERAGE RATIO	**~130 Tonnes** SGB OUTSTANDING
2032 FINAL MAJOR MATURITY YEAR		

Redemption Horizon

Major SGB redemption obligations, arising from tranches issued between 2015 and 2024, continue through 2032, with the wave of maturities accelerating from 2025 onward.

Period	Milestone
2023–2024	First SGB tranches mature
2025 onward	Redemption wave accelerates
2032	Final major maturity year — most of the ~130 tonnes will have matured

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Research Classification Framework

This briefing distinguishes throughout between verified facts, analytical inferences, and scenario-based projections.

Tier	Definition	Examples
1 — Verified Facts	Figures and events drawn directly from official primary sources.	67 SGB tranches; ₹72,274 Cr raised; RBI gold holdings; Budget figures
2 — Analytical Inference	Interpretations derived from Tier 1 data.	Fiscal implications; provisioning adequacy; balance-sheet interactions
3 — Scenario Analysis	Forward-looking estimates dependent on stated assumptions.	Gold at higher prices; future redemption costs; sensitivity analysis

Figure 9. *Research Classification Framework* · Source: Author methodology framework

Facts are reported. Interpretations are identified. Scenarios are labelled. The distinction is maintained throughout this briefing.

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The Core Issue

How a Sovereign Gold Bond Works

The Sovereign Gold Bond scheme allows investors to obtain gold-price exposure without purchasing physical gold. Investors receive a fixed annual interest payment and, upon maturity, receive the prevailing market value of the equivalent quantity of gold. Consequently, changes in gold prices directly affect the government's redemption obligation.

Figure 7. *Sovereign Gold Bond Lifecycle Framework* · Source: Government of India Sovereign Gold Bond Scheme documentation

Stage	Description
Issuance	Government issues SGB linked to gold price
Purchase	Investor purchases bond instead of physical gold
Interest	Government pays 2.5% annual interest
Holding Period	Gold price changes over up to 8 years
Maturity	Bond matures after 8 years
Redemption	Government pays current market value of gold

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The Exposure Gap

Between 2015 and 2024, the government issued 67 tranches of SGBs, mobilizing 146.96 tonnes of gold equivalent and raising ₹72,274 crore. Outstanding gold as of March 2025 was approximately 130 tonnes. At the current gold price (₹14,400/gm, July 2026), the outstanding SGB portfolio represents an estimated market-value redemption exposure of approximately ₹1.87 lakh crore — a gap of roughly ₹1.15 lakh crore above funds originally raised.

Figure 1. *Exposure Gap Between Original Funds Raised and Estimated Redemption Exposure* · Source: Parliamentary replies, RBI reports, and author calculations

Metric	Value (₹ Crore)
Funds Raised	72,274
Estimated Exposure	187,200
Difference	114,926

Why It Matters

Scale — the exposure is large and could grow further.
Visibility — the government's budget shows SGBs at issue price, not redemption value.
Risk — the Gold Reserve Fund, the safety net for redemptions, has been largely depleted.

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The Accounting Question

The government shows SGBs in its budget at the issue price — what it received when it sold the bonds — rather than the current market value of what it will actually have to pay at maturity.

What the Budget Shows	What the Budget Should Show
SGB outstanding: ₹67,322 Cr (at issue prices — what was collected)	SGB outstanding: ₹1,87,200 Cr (at current gold prices — what will actually be paid)

Hidden From Parliament

₹1,19,878 Crore — the difference between what was raised and what is owed.

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IGAS 10 and GASAB

The Government Accounting Standards Advisory Board (GASAB), set up by the Comptroller and Auditor General (CAG) of India, approved a standard — IGAS 10 — dealing with Public Debt Disclosure, including contingent liabilities. If notified, IGAS 10 would require the government to disclose the SGB exposure at current market value. IGAS 10 was approved by GASAB but has never been notified by the Ministry of Finance.

This is not characterized as an allegation of deliberate obstruction; it may reflect bureaucratic inertia or inter-agency coordination challenges. The effect, however, is that the exposure remains invisible in the accounts, and Parliament votes on a budget that does not reflect the full estimated cost of the SGB scheme.

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The Gold Reserve Fund Question

The Gold Reserve Fund (GRF) was created as a dedicated pool to fund SGB redemptions as they come due.

Figure 2. *Gold Reserve Fund Compared with Estimated SGB Redemption Exposure* · Source: Union Budget documents, RBI publications, and author calculations

Period	GRF (₹ Cr)	Estimated Exposure (₹ Cr)
FY17	68	0
FY25 RE	28,813	150,000
FY26	20,000	175,000
FY27 BE	697	187,200

Coverage Ratio

GRF: ₹697 Crore vs. Estimated Exposure: ₹1.87 Lakh Crore

Coverage Ratio: < 0.4%

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The RBI Dividend Interaction

Rising gold prices simultaneously affect multiple sovereign financial variables: they increase SGB redemption exposure while also increasing the valuation of RBI gold reserves, generating revaluation gains that flow into the RBI's annual dividend to the government.

Figure 6. *Interaction Between Gold Prices, SGB Exposure and RBI Balance Sheet Dynamics* · Source: RBI Annual Reports, Union Budget documents, and author analysis

Illustrative Analytical Framework

This framework is intended to explain possible interactions between variables. It does not imply causation, misconduct, or policy intent.

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The RBI Dividend Trend

Fiscal Year	RBI Dividend (₹ Cr)
FY 2018–19	28,000
FY 2019–20	57,128
FY 2020–21	99,122
FY 2021–22	30,307
FY 2022–23	87,416
FY 2023–24	2,10,874
FY 2024–25	2,68,590

Fiscal Deficit With and Without RBI Dividend

Year	Reported Fiscal Deficit	Without RBI Dividend	Difference
FY 2023–24	5.6% of GDP	6.3% of GDP	0.7%
FY 2024–25	4.8% of GDP	5.6% of GDP	0.8%

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Global Gold Context

Gold's repricing since 2015 reflects a structural shift across three monetary and geopolitical eras: a low-inflation period (2015–2019), pandemic-driven monetary expansion (2020–2022), and a post-2022 era of record central-bank gold accumulation.

Figure 3. *Gold Price Repricing Timeline (2015–2026)* · Source: RBI data, World Gold Council publications, market references, and author calculations

Year	Approx. Gold Price (₹/gm)	Era
2015	2,684	SGB Launch
2018	3,100	Low Inflation Era
2020	4,800	Pandemic Shock
2022	5,400	Inflation & Geopolitical Risk
2024	7,500	Central Bank Buying
2026	14,400	Structural Repricing

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Central Bank Gold Accumulation

Official-sector gold purchases accelerated sharply after 2022, with annual net acquisitions exceeding 1,000 tonnes in consecutive years.

Figure 4. *Central-Bank Gold Accumulation* · Source: World Gold Council

Year	Purchases (Tonnes)
2018	656
2019	668
2020	255
2021	463
2022	1,082
2023	1,037
2024	1,045
Q1 2026	244

RBI Gold Repatriation

The RBI has progressively increased the proportion of gold held domestically, from 37% in March 2023 to 77% by March 2026.

Figure 5. *RBI Gold Repatriation Timeline* · Source: RBI Annual Reports and related public disclosures

Date	Total Gold (Tonnes)	Domestic Holding (%)
Mar 2023	~795	37%
Mar 2024	~823	51%
Sept 2025	~865	65.4%
Mar 2026	880.52	77%

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Alternative Interpretations

This briefing presents supporters', critics', and neutral analysts' perspectives to maintain balance.

Supporters' View	Critics' View	Neutral Analysts' View
SGBs successfully formalized savings and reduced physical gold demand; helped stabilize the current account deficit and supported the rupee.	The government did not adequately hedge gold price risk or build a reserve fund large enough to cover mark-to-market exposure.	The scheme had valid macroeconomic goals and delivered benefits to savers.
Offered households a safe, tax-efficient way to invest in gold.	Did not disclose the true size of the exposure in the budget.	The fiscal exposure grew faster than anticipated, and governance did not keep pace.
A legitimate policy response to a real problem.	No institutional safeguard exists for the overlap between import-duty policy and SGB redemption costs.	The lesson is about design, disclosure, and risk management — not corruption.

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Key Questions for Policymakers

This briefing does not recommend policy actions. The following questions are presented for consideration:

- Should SGB exposure be disclosed at market value in budget documents?
- Should IGAS 10 be notified by the Ministry of Finance?
- Should reserve mechanisms such as the Gold Reserve Fund be strengthened or replenished on a defined schedule?
- Should an independent body oversee the interaction between gold import-duty policy and SGB redemption costs?
- Should future commodity-linked sovereign liabilities be disclosed differently than they are today?

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Methodology Snapshot

This briefing applies a three-tier research classification methodology (Verified Facts / Analytical Inference / Scenario Analysis) consistent with the full PLX-SF-001 publication. Estimated market-value redemption exposure is calculated by multiplying the most recently disclosed outstanding SGB gold-equivalent tonnage by the prevailing gold price at the time of writing. This is a mark-to-market estimate, not an official government figure.

Methodology Footnote

Liability estimates are modeled using an approximate outstanding SGB base of 123.92–130 tonnes depending on reporting date, redemption assumptions, and reconciliation methodology. Figures are presented as estimates rather than audited government liabilities.

BACK MATTER

References

- Parliament reply, April 1, 2025 (SGB outstanding 130 tonnes)
- RBI Annual Reports 2019–2025
- RBI Press Release, May 22, 2025 (RBI dividend)
- Union Budget Documents FY2017–FY2027 (GRF, ESF, fiscal deficit)
- World Gold Council, central bank gold purchases
- RBI Half-Yearly Report on Management of Foreign Exchange Reserves, October 2025–March 2026 (gold repatriation)
- GASAB website (gasab.gov.in)
- CAG website (cag.gov.in)
- Business Standard, Economic Times, The Hindu Business Line (import duty changes)

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