

Gold Monetisation Scheme

Gold has long been regarded as a valuable asset, cherished for its beauty and intrinsic worth. It has a significant cultural and economic significance in many societies around the world. In India, gold holds a special place in the hearts of people and is considered a symbol of wealth and prosperity. Recognizing the immense potential of the gold lying idle in households and institutions, the Indian government introduced the Gold Monetisation Scheme (GMS) to unlock the value of this precious metal and put it to productive use.

Understanding the Gold Monetisation Scheme:

The Gold Monetisation Scheme, launched in November 2015, aims to mobilize the idle gold held by individuals, households, and institutions and channel it into the country's financial system. The scheme offers individuals an opportunity to earn interest on their gold holdings while ensuring its safekeeping. It is a win-win situation, allowing individuals to earn returns on their gold and providing a valuable source of gold supply for various domestic needs.

Scheme Details:

- Deposit Quantity:
 - Minimum: At any one time shall be 10 grams of raw gold (bars, coins, jewellery excluding stones and other metals)
 - Maximum: No Limit
- Purity: 995 fineness
- Schemes:
 - Medium Term Government Deposit (MTGD)
 - Period of 5 - 7 years
 - ROI: 2.25% p.a.
 - Lock-in Period - 3 years
 - Long Term Government Deposit (LTGD)
 - Period of 12 - 15 years
 - ROI: 2.50% p.a.
 - Lock-in Period: 5 years
- Interest is denominated in INR & and paid on the value of gold prevailing on the date of creation of the deposit.
- Deposits are accepted by banks on behalf of the Central Government and deposit receipts & and certificates are indicated on behalf of the Central Government.
- Whole or part premature withdrawal allowed subject to such minimum lock-in period and penalties (The redemption of principal at maturity shall, at the option of the depositor, be either in Indian Rupee equivalent of the value of deposited gold at the time of redemption, or in gold. However, any pre-mature redemption of MLTGD shall be only in INR)

Features and Benefits:

Flexibility: The GMS provides flexibility to deposit various forms of gold, including jewellery, bars, and coins. This allows individuals to utilize their gold assets while still retaining ownership.

Safety and Security: The gold deposits made under the scheme are handled with utmost security and stored in designated vaults, ensuring the safety of the deposited gold. This eliminates concerns about theft or loss of personal gold holdings.

Interest Income: Under the scheme, depositors have the option to choose from mid to long-term deposit tenures. They earn interest on their deposited gold.

Loan against Deposited Gold: The GMS also allows depositors to avail themselves of loans against their deposited gold. This enables individuals to meet their financial requirements without having to sell their gold holdings.

Supporting the Economy: The mobilization of idle gold through the GMS contributes to the country's economy by reducing reliance on imported gold and supporting domestic gold refineries. This helps in reducing the current account deficit and promotes self-sufficiency in the gold supply.

Promoting Financial Inclusion:

The Gold Monetisation Scheme plays a crucial role in promoting financial inclusion by bringing the unbanked and underserved population into the formal financial system. By encouraging individuals to deposit their gold, the scheme encourages them to develop a savings habit and fosters a sense of financial security.

Eligibility:

- Resident Indians [Individuals, HUFs, Proprietorship & Partnership firms, Trusts including Mutual Funds/Exchange Traded Funds registered under SEBI (Mutual Fund) Regulations, Companies, charitable institutions, Central Government, State Government or any other entity owned by Central Government or State Government] can make deposits under the scheme.
- Joint deposits of two or more eligible depositors are allowed and deposit in such case shall be credited to the joint deposit account opened in the name of such depositors. The existing rules regarding joint operation of bank deposit including nominations will be applicable to gold deposits.

Process:

- Existing Savings customers of the bank can visit any one of the designated branches to avail Gold Monetization Scheme (GMS)
- The customer needs to open a Savings/Current Account with the bank and opt for the Gold Monetization Scheme.
- Fill GMS application form at the branch & then visit the nearest Collection and Purity Testing Centre (CPTC) with a customer copy within 7 days
- Submit the gold with consent for the melting process. CPTC to give a deposit receipt with the quantity of gold and purity details.



- Customers will receive a deposit certificate through courier as well as on a registered e-mail id with details of gold quantity, purity and scheme details.

Conclusion:

The Gold Monetisation Scheme has been instrumental in unlocking the potential of idle gold in India, benefiting both individuals and the economy at large. By offering a safe and rewarding avenue for individuals to monetize their gold holdings, the scheme helps channel gold into the financial system and reduce dependence on imports. As the scheme gains further awareness and popularity, it is expected to have a positive impact on India's economy while empowering individuals to derive greater value from their gold assets.

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