



Damania & Varaiya
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ALERT

Gold Monetization Scheme

The Government of India have announced draft rules of “Gold Monetization Scheme”. The main objectives of the scheme are to bring into system, for economic use, gold (a passive asset) lying in the country estimated @20,000 tones and to reduce reliance on import. Upto 2nd June 2015, citizens can forward their thoughts/ suggestions on the scheme to the Government. Thereafter final scheme will be announced.

Highlights of the scheme, as per draft rules:

1. A person can deposit his / their gold in Gold Saving Account with Government authorised bank.
2. Govt. has given recognition to 350 Hall Marking Centres (Purity Testing Centres) in the country. The depositor has to go to such centre with his gold (in any form like ornaments, item, coins etc.) & get his gold checked for purity. If he so desires, he can get his gold melted & converted into gold bars. The Whole process will be done in his presence. If he then decides to join the scheme, he will not have to pay fees of gold purity verification; otherwise he will have to pay prescribed fees. Threshold limit to join the scheme is 30 grams.
3. To join the scheme, he will have to fill in a form. Thereupon the centre will issue one certificate wherein his details & details of gold deposited will be mentioned.
4. The depositor, with the aforesaid certificate, can open Gold Saving Account with an authorised bank. The said bank will bear charges referred in para 2 above.

5. Minimum holding period one year.
6. Interest: Bank will credit interest in form of gold. Banks have discretion to decide rate of interest.
7. Maturity: On redemption, depositor can get gold or money @ market value. Mode of repayment will have to be decided while opening account.
8. Taxation: Interest & capital gains are likely to be tax free.
9. Banks can utilise gold deposited with them, either to lend to jewellers or sell or deposit with Reserve Bank of India as CRR/SLR. But it is their responsibility to repay to depositor on maturity as per latter's choice (i.e. either cash or equivalent gold)

The whole intention of Government is to bring into system, hidden passive asset for the benefit of depositors (to earn tax free interest) & benefit of borrowers & banks.

The success of the scheme depends on rate of interest offered by the bank.

An official of Finance Ministry is said to have clarified that this is Gold Monetization Scheme and not an Amnesty Scheme. He is said to have said that the depositors would be asked to explain the sources of income out of which gold deposited was acquired.

Let us wait for the final scheme.

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