

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Modifications in the Gold Monetisation Scheme

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Government had launched the Gold Monetisation Scheme (GMS) on 5th November, 2015. Thereafter a number of suggestions have been received to make the scheme easier for the customers to participate. Accordingly, in consultation with Government, RBI has issued a Master Direction on GMS on 21st January, 2016, which amends the Master Direction dated 22nd October, 2015 earlier issued by RBI on GMS. The changes made in the scheme are given below:-

1) Premature redemption under Medium and Long Term Government Deposits (MLTGD)

Any Medium Term Deposit will be allowed to be withdrawn after 3 years and any Long Term Deposit after 5 years. These will be subject to a reduction in the interest payable.

2). *Fees to be paid to Banks* for their services i.e. gold purity testing charges, refining, storage and transportation charges etc. on Medium and Long Term Gold Deposits. Effectively the banks would be getting a 2.5 % commission for the scheme which will include the charges payable to the Collection and Purity Testing Centres/Refiners.

3). Gold depositors can also give their gold directly to the refiner rather than only through the Collection and Purity Testing Centres (CPTCs). This will encourage the bulk depositors including Institutions to participate in the scheme.

4) Bureau of Indian Standards (BIS) has modified the licensing condition for refiners already having National Accreditation Board for Testing and Calibration Laboratories (NABL) accreditation from the existing three years refining experience to one year refining experience. This is likely to increase the number of licensed refiners.

5) BIS has published an Expression of Interest (EOI) on its website inviting applications from the more than 13,000 licensed jewellers to act as a CPTC in the scheme, provided they have tie-up with BIS's licensed refiners.

6). The quantity of gold collected under the scheme will be expressed up to three decimals of a gram. This will give the consumer better value for the gold deposited.

7). Gold to be deposited with the CPTCs/Refineries can be of any purity. The CPTC/Refiner will test the gold and determine its purity which will be basis on which the deposit certificate will be issued.

8). Banks are free to hedge their positions in the case of short-term deposits.

9). Issues like the method of interest calculation and mechanism for taking loans against GMS deposits have also been clarified.

Indian Banks Association (IBA) will communicate the list of the BIS licensed CPTCs and refiners to the banks. To increase awareness among depositors, Government had continued the Media campaign in AIR and FM radio. Print media and Mobile SMS campaign is also being undertaken. Government has also launched the dedicated website www.finmin.nic.in/swarnabharat and toll free number 18001800000, which provide all the information of the schemes.

It is again clarified that Tax exemptions under the GMS include exemption of interest earned on the gold deposited and exemption from capital gains made through trading or at redemption. It is also reiterated that as per CBDT instructions No. 1916 dated 11th May, 1994, in course of IT Search u/s 132, gold jewellery to the extent of 500 gms per married lady, 250 gms per unmarried lady and 100 gms per male member of the family, need not be seized by tax authorities.

As on 20.01.2016, total of 900.087 kilo grams of gold have been mobilized through the scheme.

It is expected that the above modifications will make the scheme more attractive for potential depositors.
