

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

Overwhelming response received from the retail investors for Sovereign Gold Bond Scheme (SGB) ; 63,000 applications received for a total of Rs 246.20 crore by the Banks and Post Offices for 917 kgs of gold; Number of decisions taken to improve the reach of Gold Monetisation Scheme (GMS)

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The Prime Minister Shri Narendra Modi had launched three Gold related Schemes i.e. Sovereign Gold Bond Scheme (SGB), Gold Monetisation Scheme (GMS) and Indian Gold Coins and Bullions on 5th November, 2015. There has been a mixed response to these schemes from the public. The status of two of the schemes implemented by Department of Economic Affairs (DEA), Ministry of Finance is as follows:-

Sovereign Gold Bond Scheme (SGB):

The main objectives of the scheme is to reduce the demand for physical gold and shift a part of the gold imported every year for investment purposes into financial savings through Gold Bonds.

The first tranche of SGB was issued on behalf of the Government of India by RBI at the branches of scheduled commercial banks and designated post offices through its e-kuber system from 5th November, 2015 to 20th November, 2015. More tranches will be issued during the financial year 2015-16.

This scheme saw an overwhelming response from the investors throughout the country and initial figures show that about 63,000 applications were received for a total of Rs 246.20 crore by the Banks and Post Offices for 917 kgs of gold.

It may be noted that this overwhelming response has been received from the retail investors who are the focus of this scheme. The positive response to this new and innovative saving instrument has elicited response from across the country and it is expected that subsequent tranches will continue to receive such enthusiastic response.

Gold Monetisation Scheme (GMS):

The Gold Monetization Scheme (GMS) provides different options to the people to monetize the gold. The idea is to mobilize the gold held by households and institutions in the country and putting this gold into productive use. The scheme aims to reduce the country's reliance on the import of gold to meet the domestic demand.

Presently there are 33 Collection and Purity Testing Centres (CPTCs) and 5 refiners that have been notified in the scheme. This had resulted into signing of limited number of tripartite agreements among banks, CPTCs and refiners. After the slow response to this scheme, a meeting of all the stakeholders of the scheme was held in the Department of

Economic Affairs. In the meeting, a number of decisions were taken to improve the reach of the scheme. These decisions include:-

- Gold depositors can give their gold directly to the refiner without involving the Collection and Purity Testing Centres (CPTCs) where ever it is acceptable to the Banks. This will encourage the bulk depositors like HUFs and Institutions to participate in the scheme.
- Fees to the banks on account of testing , transport , refining and storage services at Collection and Purity Testing Centres (CPTCs) and refiners for Medium and Long Term Government Deposits will be reimbursed based on the actuals, removing such doubts in the minds of the Banks.
- A circular clarifying the tax treatment clauses on the scheme is being published to clarify that, tax exemptions on Income Tax and Capital Gains Tax would be available to the customers.
- BIS is expected to complete the registration of 55 numbers of Collection and Purity Testing Centres (CPTCs) by the end of December 2015.
- BIS has published an 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.
- BIS has modified the licensing condition to refiners already having NABL accreditation from existing three years refining experience to one year refining experience. This is likely to increase number of licensed refiners to nearly 20.
- To increase the awareness among depositors, Government will continue the awareness campaign in the print media, social media, Radio and Television.

The above steps and the clarifications are expected to fetch a better response from the depositors. Above two schemes are innovative schemes and these are early days of implementation. Based on the feedback received from the stakeholders of the schemes, Government will continuously monitor and review the progress of the schemes at the regular intervals and make necessary improvements, in order to increase the reach of the schemes.
