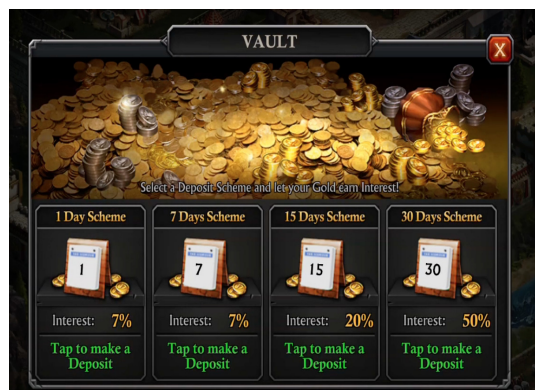


# Gold monetization program

10<sup>th</sup> January, 2019



## What to study?

**For Prelims and Mains: Key features, significance and potential of the programme.**

**Context:** Reserve Bank of India has allowed central and state governments and entities owned by them to deposit gold under its **Gold Monetization Scheme**. Furthermore, charitable institutions have also been made eligible to deposit gold with banks to earn interest under the program.

### **About the Gold Monetization Scheme:**

Gold Monetization Scheme was launched in 2015. The basic **aim of this scheme is to monetise all the gold which is lying idle with individuals or institutions like banks.**

**The key features of Gold Monetization scheme are as follows:**

- The persons can open Gold Saving Account in designated banks and anyone can deposit physical gold via BIS certified collection, purity testing centres (CPTCs). The minimum amount of gold thus deposited is 30 gms, no upper limit.
- The gold is deposited for short term (1-3 years), medium term (5-7 years) and long term (12-15 years).
- The gold thus collected is sent to refineries and banks have tripartite / bipartite agreements with refineries and CPTCs.
- On maturity, one can get back the cash / physical gold for short term deposits and cash only for long term deposits.
- The scheme allows banks' customers to deposit their idle gold holdings for a fixed period in return for interest in the range of 2.25 per cent to 2.50 per cent.
- **Mains Question:** "The recent gold bond scheme and gold monetization scheme can help deepen the financial sector." Discuss.

### **To be looked in UPSC Paper 2 and 3 Topic:**

1. Government policies and interventions for development in various sectors and issues arising out of their design and implementation.
2. Indian Economy and issues relating to planning, mobilization of resources, growth, development and employment.