

## **Modi to launch gold schemes on tomorrow**

***Gold deposited by households to gold savings accounts will be used for auctioning, replenishment of RBI's gold reserves***

Prime Minister Narendra Modi will launch three new schemes — the Gold Monetisation Scheme (GMS), Sovereign Gold Bond Scheme, and the Gold Coin and Bullion Scheme — in New Delhi on Thursday, according to an official Finance Ministry statement.

The GMS consists of a revamped Gold Deposit Scheme and Gold Metal Loan Scheme. Under GMS, gold deposited by households to gold savings accounts will be put to use for auctioning, replenishment of the Reserve Bank India's (RBI's) gold reserves, coins and lending to jewellers. The tenures of deposits can be for a short term of one to three years, a medium term of five to seven years or a longer term of 11 to 15 years.

The RBI will start issuing sovereign gold bonds on November 26, with a tenure of eight years and an interest rate of 2.75 per cent. The bonds will be open for public subscription from November 5 to 20. The tenure of the bond will be for a period of eight years with exit option from the fifth year. The bonds will be restricted for sale to resident Indian entities only — including individuals, trusts, universities, and charitable institutions. The interest earned on gold bonds would be taxable, and capital gains tax shall be levied as in case of physical gold.

As for the gold coin scheme, initially, the coins will be available in denominations of five and 10 gms. A 20- gm bar or bullion will also be available. About 15,000 coins of five gm, 20,000 coins of 10 gm and 3,750 gold bullions will be made available through MMTC outlets. The Indian gold coin is unique in many aspects and will carry advanced anticounterfeit features and tamperproof packaging that will aid easy recycling.

Additionally, the government will also issue a list of designated post offices for the Sovereign Gold Bond Scheme.

Reserve Bank fixes issue price of gold bond at Rs.2,684 per gm

The Reserve Bank of India (RBI) has fixed the issue price of sovereign gold bond — which will be open for subscription from Friday — at Rs.2684 per gm of gold.

The rate has been fixed on the basis of a simple average of closing price for gold of 999 purity of the previous week (October 26 to 30) published by the India Bullion and Jewellers Association Ltd (IBJA), the central bank said in a statement. These bonds will be issued on November 26 and applications for the bond will be accepted from November 5 to 20. Only domestic investors are allowed to subscribe to these bonds, which will offer an annual interest rate of 2.75 per cent. The minimum amount that an investor has to buy is two gms, while the upper limit is 500 gms per financial year.

*(Business Standard)*