

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5133
ANSWERED ON:10.12.2010
PRICE OF GOLD
Ray Shri Rudramadhab

Will the Minister of FINANCE be pleased to state:

- (a) whether the assets under management of gold Exchange Traded Funds (ETFs) have swelled over the last few years;
- (b) if so, the details thereof and reasons therefor;
- (c) whether gold ETFs are part of portfolio to diversify currency risks; and
- (d) if so, the details thereof and if not, the reaction of the Government in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

- (a): Yes, Sir.
- (b): Assets under management of gold ETFs have increased from Rs. 483 crore as on March 31, 2008 to Rs. 1590.17 crore as on March 31, 2010, The increase in assets under management of gold ETF can be attributed to the perception of gold as a safe investment.
- (c): Internationally gold ETFs are inter alia used as a hedging vehicle to safeguard against currency risks etc.
- (d): The objective of investing in gold ETFs is to generate returns that are in line with movement of price of gold.