

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:712

ANSWERED ON:24.07.2015

Gold Deposit Scheme

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Will the Minister of FINANCE be pleased to state:

- (a) Whether the Government has launched/proposes to launch a GOLD Deposit Scheme in Public Sector Banks (PSBs);
- (b) If so, the details and the salient features of the said scheme;
- (c) Whether the Government proposes to limit deposits under the proposed Gold Deposit Scheme to 100 grams;
- (d) If so, the details thereof and the reasons therefor;
- (e) Whether the Government proposes to recirculate the gold garnered through this scheme and reduce its imports and curb Current Account Deficit (CAD); and
- (f) If so, the details thereof?

Answer

THE MINISTRY OF FINANCE

(a) & (b) The central Government, with a view to bring privately held stock of gold in circulation, to reduce the country's reliance on import of gold and to provide its owners with some income apart from freeing them from the problems of storage, movement and security of gold in their possession, had notified the Gold Deposit Scheme (GDS) on 14th September, 1999. Some of the salient features of the scheme inter alia include the following:

- . All designated banks may operate GDS as per the guidelines issued by the Reserve Bank of India (RBI).
- . Gold (bars, coins, jewellery, etc.) is accepted in scrap form only.
- . Resident of Indians may invest in GDS.
- . The banks issue a passbook for certificate for deposit of gold to the depositor.
- . The Gold Certificate is repayable in gold. Such repayment may also be made in rupee equivalent to the price of gold as on the date of maturity at the option of the subscriber.
- . Premature payment, either in the form of gold or in cash equivalent to the price of gold on the date of encashment is allowed after the initial lock-in period.
- . Individual banks are free to fix the interest rates.
- . The maturity period of gold deposits range from six months to seven years.
- . The interest earned is exempt from Income Tax, Wealth tax and Capital Gains tax.

(c) No, Sir.

(d) Does not arise

(e) & (f) The gold garnered through GDS is mobilized as gold loans to domestic jewellery industry. GDS aims to reduce the country's reliance on import of gold and curb the Current Account Deficit.