

UPSC Civil Services Examination

UPSC Notes [GS-III]

Topic: Gold Monetisation Scheme [UPSC Notes GS-III]

The Gold Monetisation Scheme was first addressed during the Union Budget 2015-16 by the Union Cabinet in accordance with PM Narendra Modi. Gold Monetisation Scheme (GMS) was launched by the Government of India on 5th November 2015 as an initiative for mobilizing the golds lying in the Indian households and using it for productive purpose. Along with the launch of Gold Monetisation Scheme, the government also announced the launch of the Sovereign Gold Bond Scheme and development of Indian Gold Coin.

To know more, refer to the table below:

Gold Monetisation Scheme	
Date of launching	5th November 2015
Launched by	PM Narendra Modi
Government Ministry	Ministry of Finance

Benefits of Gold Monetisation Scheme

Gold Monetisation Scheme was introduced to replace the existing Gold Deposit Scheme (GDS), 1999. The scheme facilitates the gold depositors to earn interest of 2.25% annually for a short-term deposit of one year to three years. An interest rate of 2.5% is provided to the depositors for medium and long-term deposits. Launched in 2015, the scheme ensures the mobilization of gold possessed by various families and institutions in India.

Some of the key features of Gold Monetisation Scheme are:

- The scheme provides short term bank deposits (1-3 yrs), medium deposits (5-7 yrs) and long term government deposit (12-15 yrs) with no maximum limit of investment.

- A minimum deposit of 30gm raw gold can be made under this scheme in the form of gold bar, coin or jewellery.
- The scheme allows premature withdrawal after a minimum lock-in period. However, it charges a penalty for such withdrawals.
- An interest rate of 2.50% per year is provided by the Gold Monetisation Scheme which is higher than the rates offered by previous gold investments.
- The scheme also offers redemption of the short term deposits in the form of either gold or rupees at current rates applicable.

Objectives of Gold Monetisation Scheme

The Gold Monetisation Scheme (GMS) is an initiative taken by the Government of India for utilisation of unused gold in productive use and also in the economy for its development.

Some of the major objectives of the Gold Monetisation Scheme are:

- Mobilization of the gold that is possessed by the various households in the country.
- To reduce the import of gold to meet domestic demand.
- To support and improve the gold and jewellery sectors by providing gold loans from banks.
- To provide certificates to the depositors mentioning the amount and purity of the gold deposited.