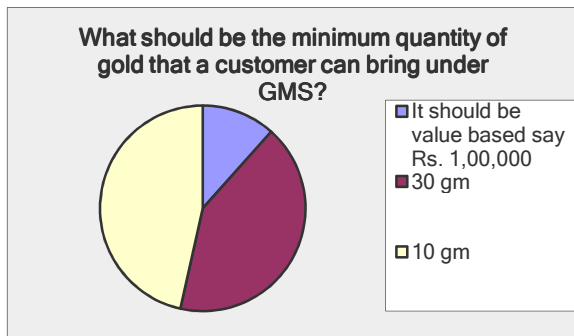


Feedback and Suggestions on Draft Gold Monetization Scheme

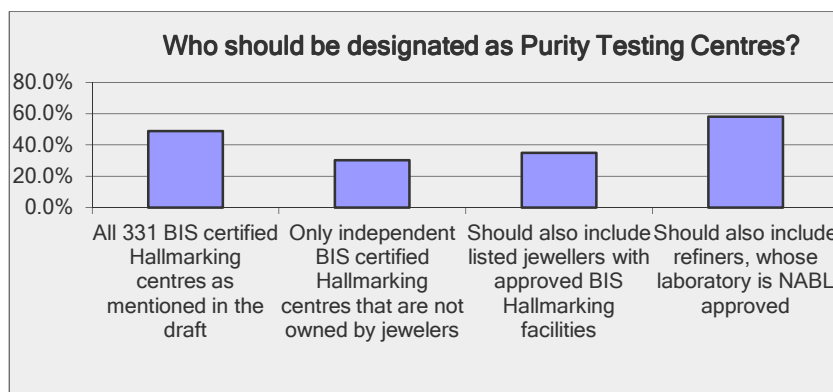
Bullion Bulletin (www.bullionbulletin.in/ RNI NO.- KARBIL/2011/40219) has conducted a nationwide survey on the draft guideline of Gold Monetization Scheme released by the government. Total 43 industry leaders participated in the survey. The respondents comprised participants from across the value chain that includes jewellers, nominated agency, bullion dealer, refiner, assayer and hallmarking agency, global gold research and consultancy houses, trade intermediaries, commodity exchange.

Response is summarised below.

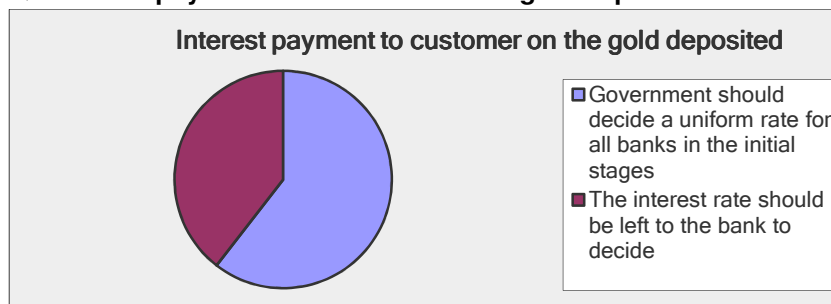
Q1. What should be the minimum quantity of gold that a customer can bring under GMS?



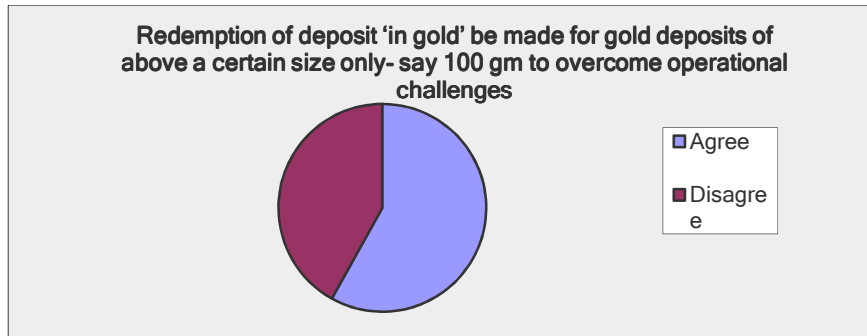
Q2. Who should be designated as Purity Testing Centres?



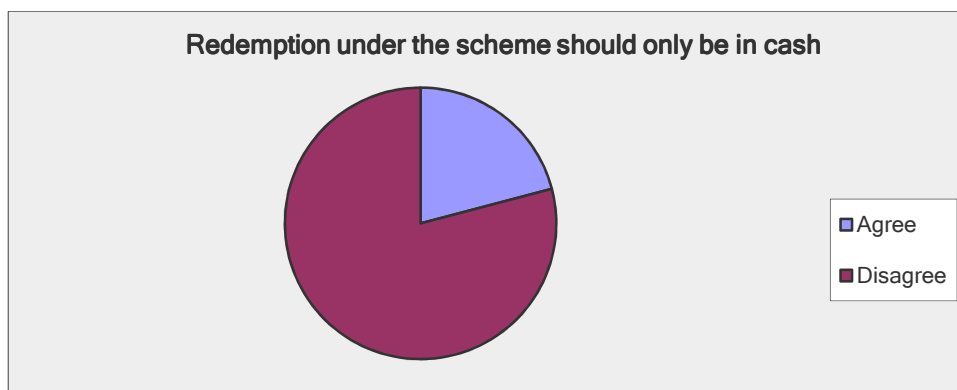
Q3 Interest payment to customer on the gold deposited



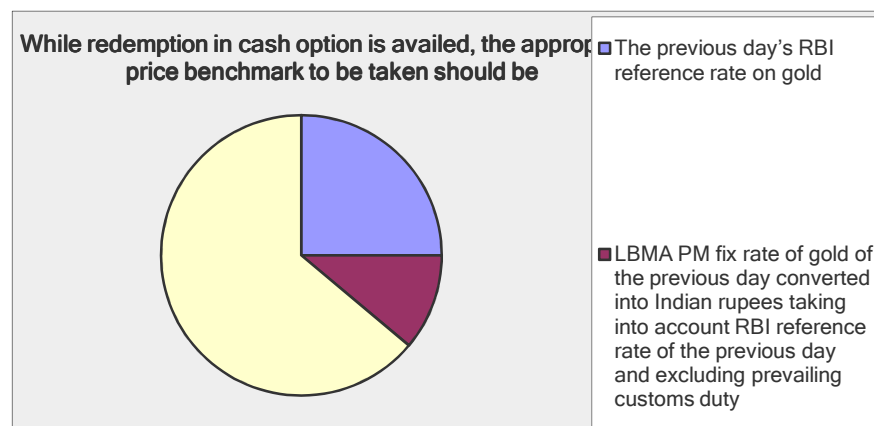
Q4. Redemption of deposit 'in gold' be made for gold deposits of above a certain size only- say 100 gm to overcome operational challenges



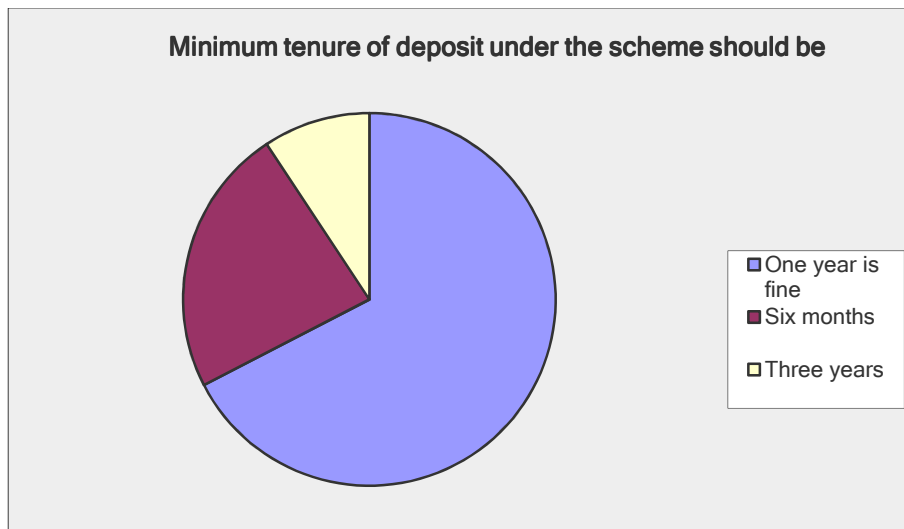
Q5. Redemption under the scheme should only be in cash



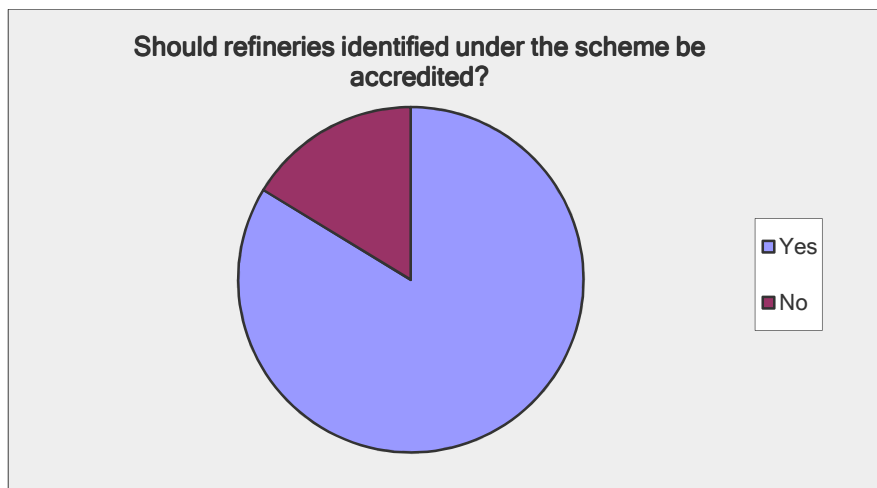
Q6. While redemption in cash option is availed, the appropriate price benchmark to be taken should be



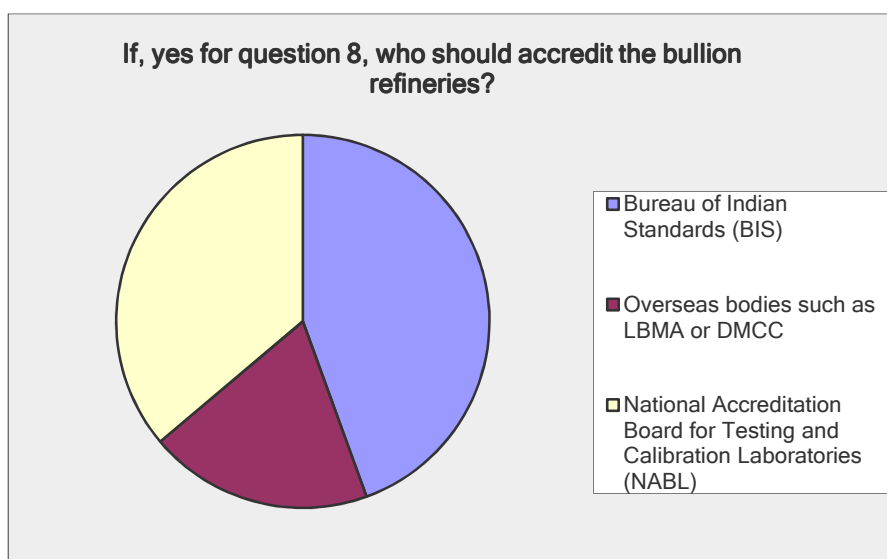
Q7. Minimum tenure of deposit under the scheme should be



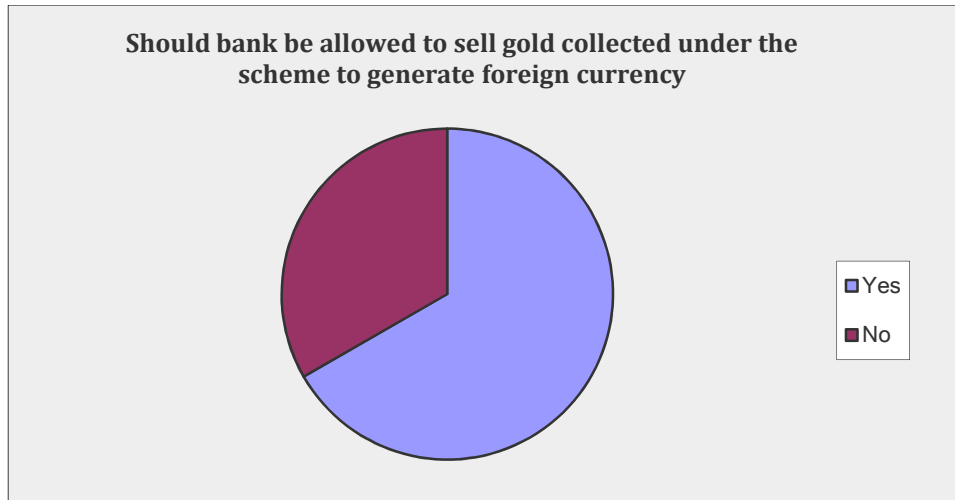
Q8. Should refineries identified under the scheme be accredited?



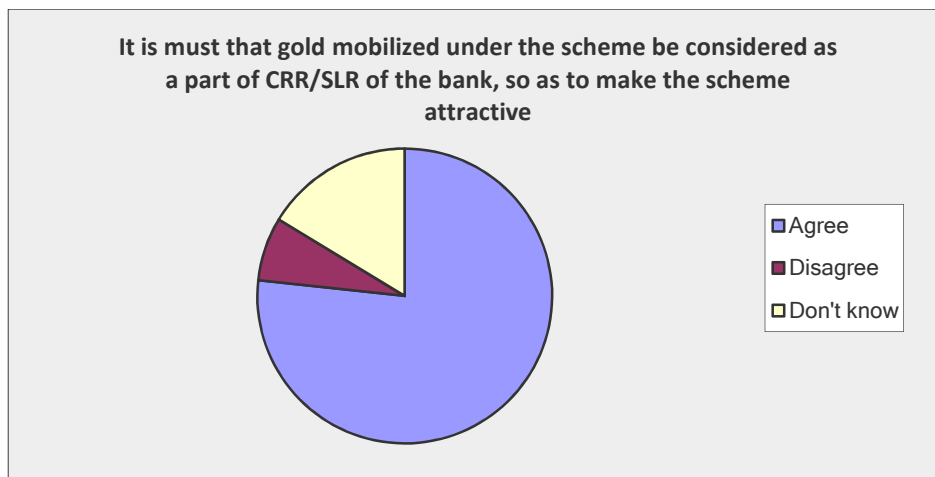
Q9. If, yes for question 8, who should accredit the bullion refineries?



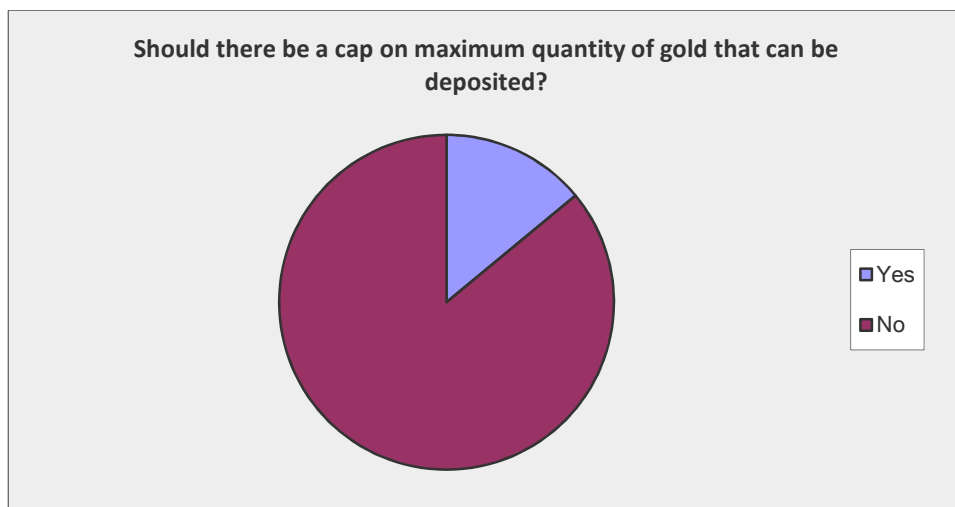
Q10. Should bank be allowed to sell gold collected under the scheme to generate foreign currency



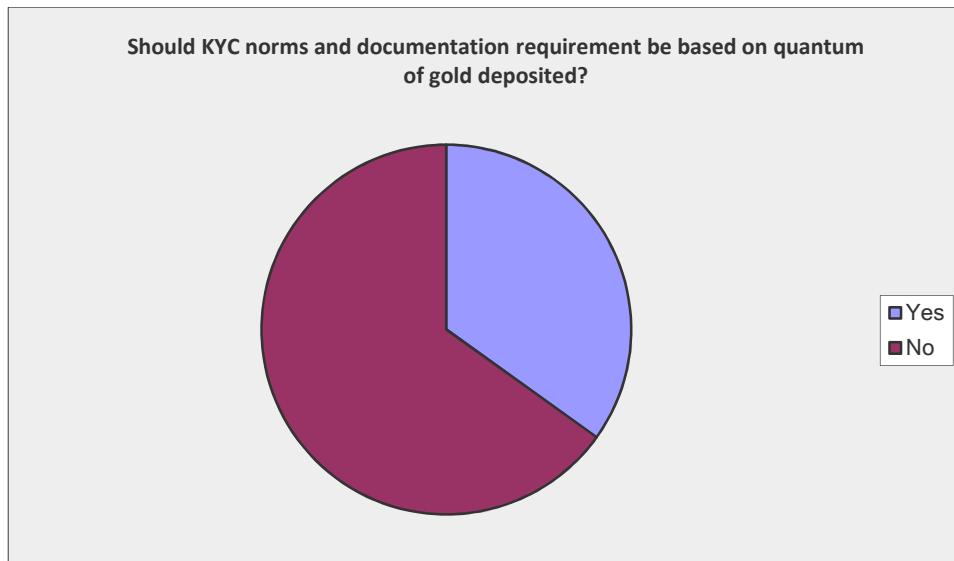
Q11. It is must that gold mobilized under the scheme be considered as a part of CRR/SLR of the bank, so as to make the scheme attractive



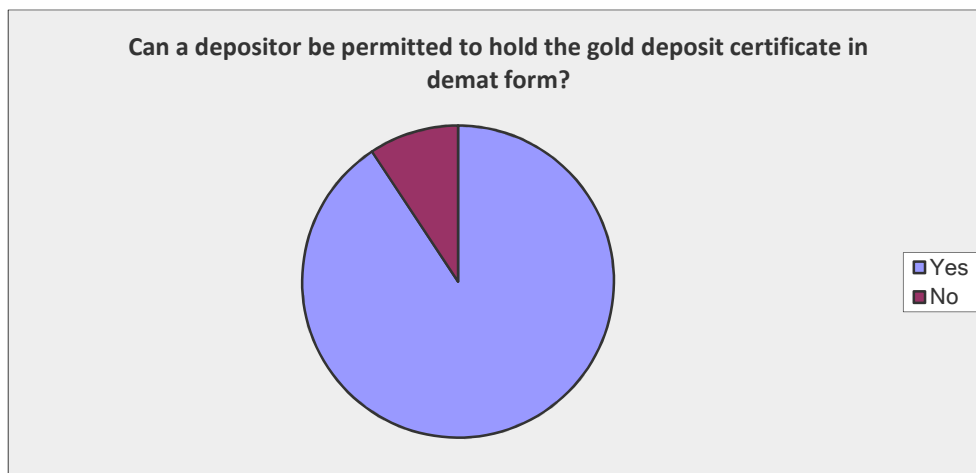
Q12 Should there be a cap on maximum quantity of gold that can be deposited?



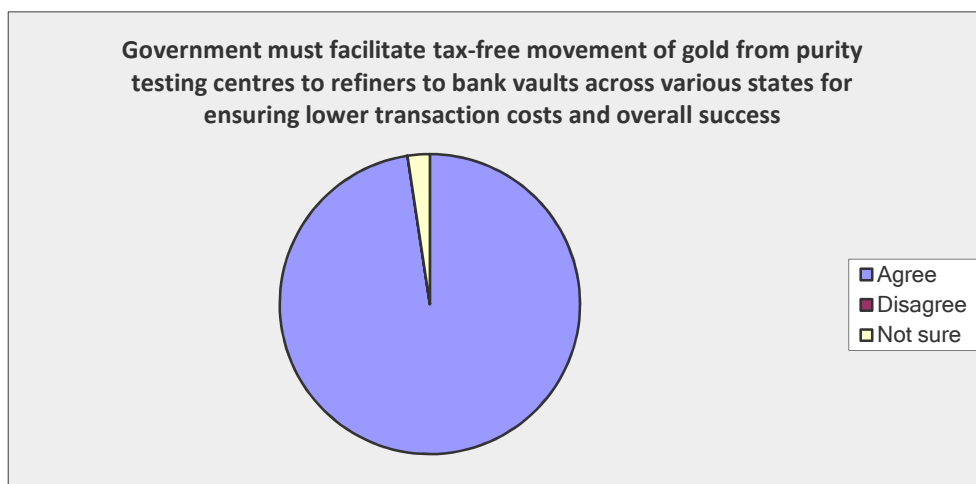
Q13 Should KYC norms and documentation requirement be based on quantum of gold deposited?



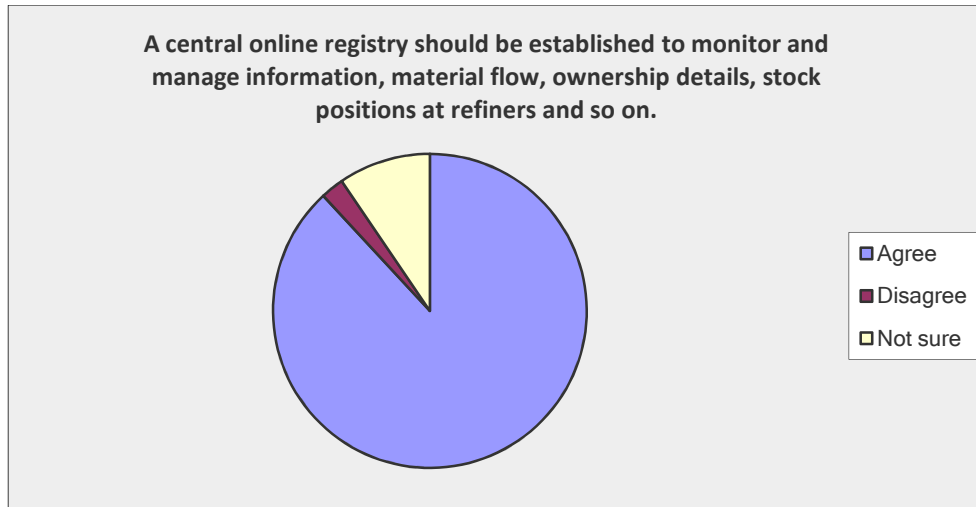
Q14. Can a depositor be permitted to hold the gold deposit certificate in demat form?



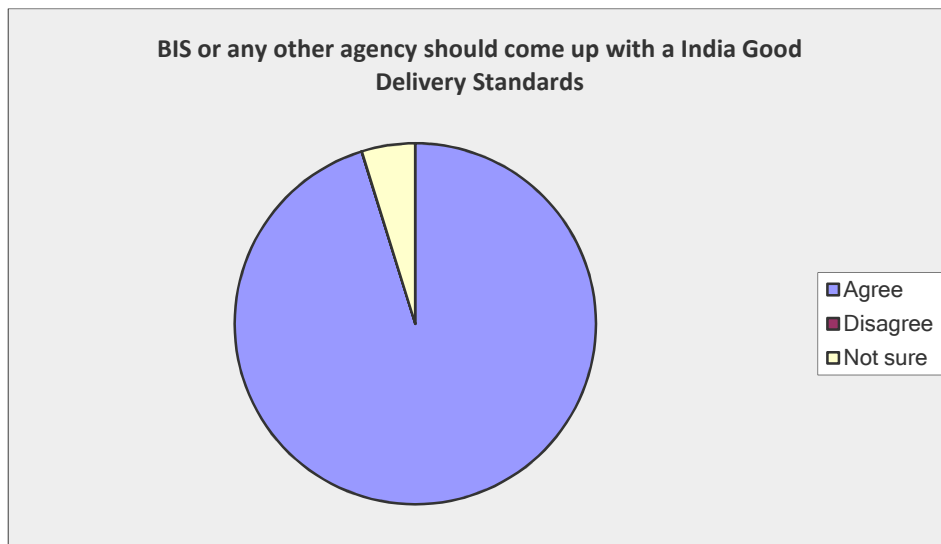
Q15 Government must facilitate tax-free movement of gold from purity testing centres to refiners to bank vaults across various states for ensuring lower transaction costs and overall success



Q16 A central online registry should be established to monitor and manage information, material flow, ownership details, stock positions at refiners and so on



Q17. BIS or any other agency should come up with a India Good Delivery Standards



Q18. In your opinion what is the interest rate (% pa) that a depositor should get?

Most responses in the range of 3-4%

Q 19. What is the interest rates (% pa) that banks should charge while lending the GMS gold to the jewelers?

Most responses in the range of 5.5-6.5%.

Q 20. If you have any other suggestion to make the GMS successful, please mention

- Standardise the gold bar that is produced. Make the complete process digitised thereby bringing full transparency
- Custom duty at the time of GMS should be applicable for replenishment of gold for banks or other agency.
- NBFC's & jewellers should also be allowed to take GMS.
- No return of gold. Only return by cash and income tax department should not ask for source of gold to make it successful
- Permit bearer bonds and freely tradable. The bond should be like currency at any banks counter
- Jewellers should be accredited by BIS and government agencies and they should be the collection centres
- Make VDS for first six months and then mandatory KYC
- It's important to give good interest rate to depositor because jewellery has to be melted and making charges are high. So depositor might think again.
- The demat certificate should be transferable/ pledgeable / divisible
- Facility to get back same form (Jewellery) of gold as given.
- They should come up with accreditation at all levels

About Bullion Bulletin

Bullion Bulletin (BB) is launched with an objective of disseminating market information on Bullion markets. BB intends to focus on issues concerning refining, bullion markets, price behavior & outlook, gold products, policy issues, mining, etc.

Within a short span of time Bullion Bulletin has gained momentum & readership across the globe. Apart from the existing synergy with two bullion conferences (India Intl Gold Convention & Dubai Precious Metals Conference), Bullion Bulletin partners with many global conferences pertaining to bullion, refining, mining, etc. This way, Bullion Bulletin reaches to a wide spectrum of industry through circulation at these very important global conferences & seminars.

Foretell Business Solutions Private Limited, established in 1996, is a Bangalore based commodity research and advisory firm. Foretell assists firms in commodity businesses in price risk management, procurement/sourcing and market intelligence. Foretell organizes path breaking conventions to bring together industry participant to seek, share, network and grow business.

Foretell organizes two very prominent conferences on Bullion, namely [India International Gold Convention](#) & [Dubai Precious Metals Conference](#). For details visit www.goldconvention.in & www.dpmc.ae

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