

These Slides Accompany the YouTube Video Tutorial:
<https://www.youtube.com/watch?v=303mb9N1YbY>

Gold Monetization Scheme & Sovereign Gold Bonds

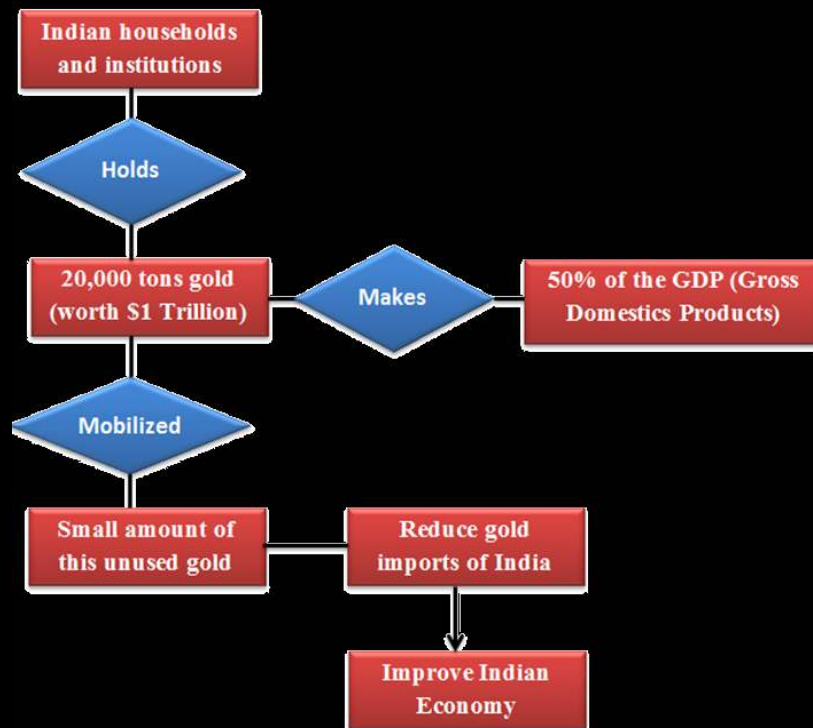
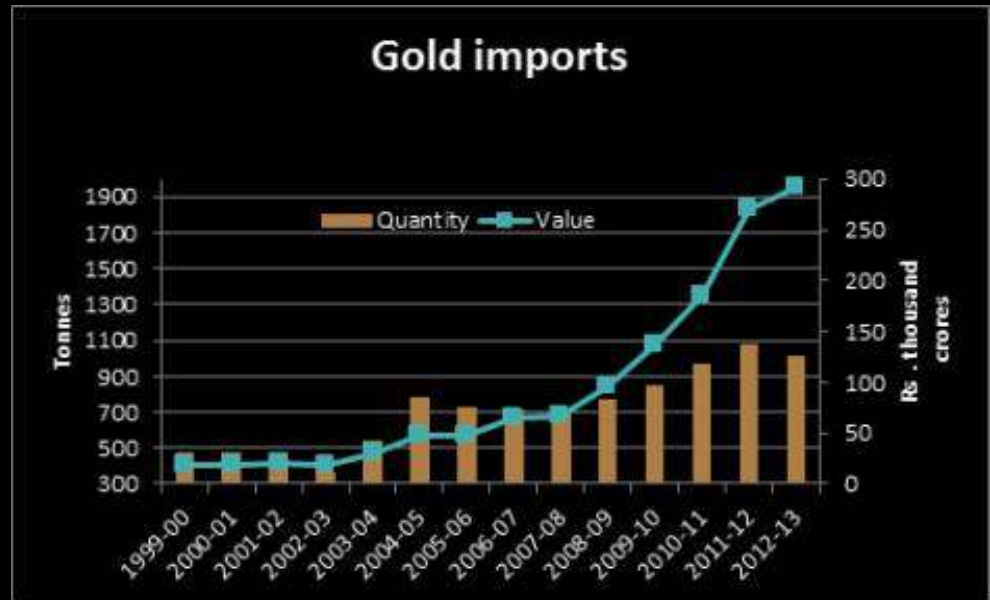
*“All that glitters is not GOLD” if
kept IDLE*

Global Scenario - Bullish **GOLD**

- Current stock market recovery in the U.S. may be nearing its peak
- Change in US presidency - threat to global financial stability - time to buy gold
- When demand for dollars falls, investors park their money in gold & increase value
- Fears of a collapse in the Eurozone, even after Greece brokered debt deal in May
- Possible Impact of Brexit on the wider European economy
- Market uncertainty and expansionary monetary policies
- Concerns over negative interest rate policies by central banks in Europe and Japan
- Demand for gold typically climbs when interest rates are low
- Risk of collapse of large global banks and geo political risks
- Gold mine supply peaked in 2016 but might enter decline in 2017 and 2018

These Slides Accompany the YouTube Video Tutorial:
<https://www.youtube.com/watch?v=303mb9N1YbY>

Need for GMS



These Slides Accompany the YouTube Video Tutorial:
<https://www.youtube.com/watch?v=303mb9N1YbY>

Idea behind GMS

Gold Deposit Scheme (GDS) + Gold Metal Loan Scheme (GML) 1999



Gold Monetization Scheme (5th Nov 2015)

Short Term – 1-3 Years (By individual banks)

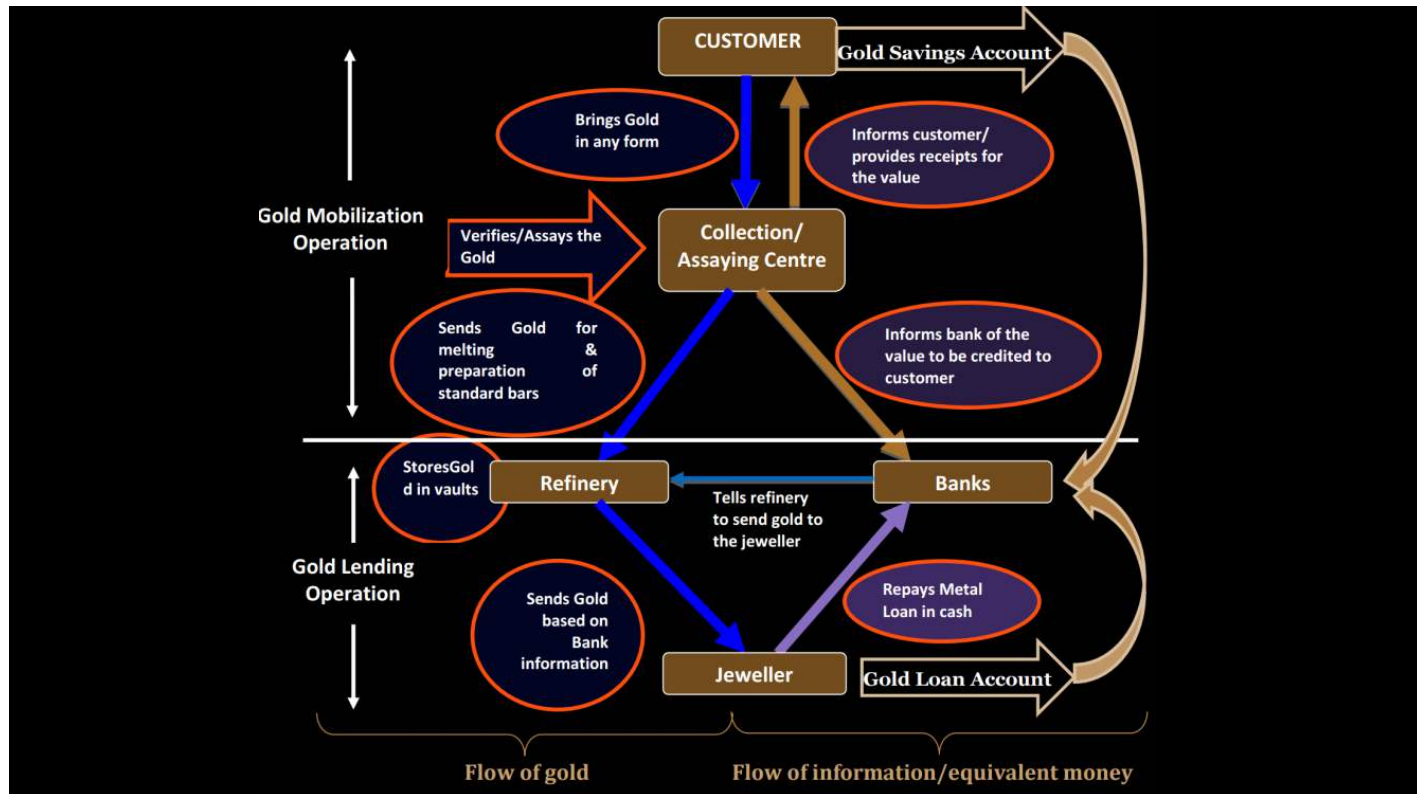
Middle Term – 5-7 Years (By Banks on Behalf of Gol – notified by RBI)

Long Term – 12-15 Years (By Banks on Behalf of Gol – notified by RBI)

Aims and Objectives of GMS

- Mobilize gold held by household & institutions
- Reduce gold import and meet Current Account Deficit
- Gold to be available as raw material on loan from the banks
- Improve market liquidity
- Convert gold into a performing asset

These Slides Accompany the YouTube Video Tutorial:
<https://www.youtube.com/watch?v=303mb9N1YbY>



Benefits of GMS

- Benefit to Customers
- Benefit to Government
- Tax Benefits

These Slides Accompany the YouTube Video Tutorial:
<https://www.youtube.com/watch?v=303mb9N1YbY>

Disadvantages of GMS

Challenges Faced by GMS

These Slides Accompany the YouTube Video Tutorial:
<https://www.youtube.com/watch?v=303mb9N1YbY>

Sovereign Gold Bonds

Price of bond will be fixed in Indian Rupees based on previous week's (Monday – Friday) simple average price for gold of 999 purity published by the India Bullion and Jewellers Association Ltd. (IBJA). The issue price will be disseminated by RBI.

Price will be published on RBI website 2 days before scheme opens

Interest on the Bonds will be *taxable* as per Income-tax Act, 1961(43 of 1961). Capital gains tax treatment will be the same as that for physical gold.

Tranche	Issue Price	Amount	Gold
First (26 -Nov 2015)	Rs.2684/gm	Rs. 246 crore	916 kg
Second (8 Feb 2016)	Rs.2600/gm	Rs. 798 crore	3071 kg
Third (29 March 2016)	Rs.2916/gm	Rs. 329 crore	1128 kg
Fourth (18 - 22 July 2016)	Rs. 3119/gm	Rs. 919 crore	2.95 tons

These Slides Accompany the YouTube Video Tutorial:
<https://www.youtube.com/watch?v=303mb9N1YbY>

Points	Physical Gold	Gold ETF	Sovereign Gold Bond
Returns	Lower than actual return on gold	Lower than actual return on gold	Higher than actual return on gold
Safety	Risk of handling physical gold	High	High
Purity of Gold	Purity of Gold always remains a question	High as it is in Electronic Form	High as it is in Electronic Form
Capital Gain	Long term capital gain applicable after 3 year	Long term capital gain applicable after 3 year	Long term capital gains after 3 year. (No Capital gain tax if hold till maturity)
Collateral against Loan	Yes	No	Yes
Tradability / Exit Route	Conditional	Tradable on Exchange	Tradable on Exchange. Redemption- 5th year onwards with Gol
Storage Cost	High	Very Low	Very Low

Examrace