



भारतीय रिज़र्व बैंक
RESERVE BANK OF INDIA



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RBI/2022-23/100

DoR.AUT.REC.58/23.67.001/2022-23

August 04, 2022

All Scheduled Commercial Banks
(excluding Regional Rural Banks)

Dear Sir/Madam

Gold Monetization Scheme (GMS), 2015

In exercise of the powers conferred on the Reserve Bank of India under Section 35A of the Banking Regulation Act, 1949, the RBI makes the following amendments in the Reserve Bank of India (Gold Monetization Scheme, 2015) [Master Direction No.DBR.IBD.No.45/23.67.003/2015-16 dated October 22, 2015](#), with immediate effect.

2. The existing sub-para 2.2.2.(v) stands deleted (and hence the existing sub-paras 2.2.2.(vi) to 2.2.2.(viii) have accordingly been renumbered). The corresponding provisions have been suitably incorporated in sub-para 2.4.i.(a) and 2.4.i.(b).

3. The sub-para 2.2.2.(vii) has been amended to read as follows:

“Central Government has decided that with effect from November 5, 2016, designated banks will be paid handling charges (including gold purity testing, refining, transportation, storage and any other relevant costs) for a new MLTGD at a flat rate of 1.5% and commission at the rate of 1% of the rupee equivalent of the amount of gold mobilized under the scheme until further notice. In case of renewal of deposits, as banks will not incur any expenses on purity testing, refining, transportation, storage and insurance etc., the banks will only be given a fixed commission of 1% of the rupee equivalent of the amount of gold on the date of renewal towards their administrative and account maintenance cost.”

4. A new sub-para 2.4 has been inserted (and hence the existing sub-paras 2.4 to 2.10 have accordingly been renumbered) which reads as follows -

विनियमन विभाग, केन्द्रीय कार्यालय, केन्द्रीय कार्यालय भवन, 12वीं/13वीं मंजिल, शहीद भगत सिंह मार्ग, फोर्ट, मुंबई-400001, भारत.

टेलीफोन/Tel No: 022-22661602, 22601000 फैक्स/Fax No: 022-2270 5691

Department of Regulation, Central Office, Central Office Building, 12th/13th Floor, Shahid Bhagat Singh Marg, Fort, Mumbai – 400001, India.
Tel No: 022-22661602, 22601000 Fax No: 022-2270 5691

हिंदी आसान है, इसका प्रयोग बढ़ाइए ।

Guidelines for Renewal/Redemption of MLTGD

i. General

- a. The redemption of principal at maturity shall, at the option of the depositor, be either in Indian Rupee equivalent of the value of deposited gold at the time of redemption, or in gold. However, any premature redemption of MLTGD shall be only in INR. The designated bank shall seek the option of collecting maturing proceeds in gold or in Indian Rupee equivalent from the depositor at the time of initial deposit. Additionally, nominee details along with their share in the maturity proceeds may also be ascertained by the bank at the time of opening the account. In case of existing accounts, designated banks shall ensure the availability of the aforementioned information and submit a compliance report to RBI within six months from the date of issue of these directions.
- b. The interest accrued on MLTGD shall be calculated with reference to Indian Rupee equivalent of value of gold at the time of deposit and will be paid only in INR.
- c. Designated banks shall inform the depositors about redemption through letter and other means (such as SMS, email, phone call etc. wherever details are available), at least 120 days prior to redemption date and ask them to submit their response within 30 days on their preference for redemption or renewal. The bank, in its communication, should include a list of its state-wise branches where the facility of redemption in gold is available while also clearly specifying the additional administrative charges to be borne by the depositor for redemption in gold. In its communication to the depositor, the bank shall ask for options on the following:
 - (i) Renewal or Redemption
 - (ii) Redemption in gold or in INR (only for depositors who sought redemption in gold at the time of deposit), along with the name of the branch from where the depositor will collect the gold, as applicable
- d. The depositor shall be required to present the original deposit certificate issued by the corresponding designated bank for redemption/renewal/premature closure of the MLTGD.
- e. In case of redemption in INR, if the original saving/current account provided to the bank at the time of deposit is not operational, the depositor shall provide details of the alternate saving/current account to the concerned bank.
- f. Deposits maturing on non-business day shall be redeemed on the next working day without any interest for the intervening period.

- g. In case a deposit is not redeemed on the due date, or the deposit certificate is presented for redemption after due date, no interest will be paid on the outstanding deposit for the period overdue.
- h. The renewal of deposits with retrospective effect shall not be allowed. Designated banks shall seek the option for renewal from existing customers in the letter which is to be issued as at para 2.4.i.(c) above.
- i. The excess interest paid in case of premature closure can either be adjusted from the principal amount at the time of repayment or should be recovered separately from the customer by crediting the full principal amount at the time of redemption.
- j. Designated banks shall pay the amount due at redemption to the depositors on the due date, incur redemption expenses, if applicable and subsequently raise claim to the Government of India through Reserve Bank of India.
- k. Notwithstanding the procedures and timelines laid down through these guidelines, RBI may issue instructions to banks keeping in mind the practical considerations of banks and the concerns of the depositors.

ii. **Redemption in Gold**

- a. The quantity of gold shall be payable in multiples of 10 grams and the remaining fraction of gold shall be payable in INR (principal along with interest). With regards to fractional quantity, for example 37.103 grams gold deposit, fractional quantity is 7.103 grams which is less than 10 grams, needs to be paid in INR at the prevailing gold rate on the maturity date. The applicable prevailing rate will be governed by provisions at para 2.1.1 of this Master Direction.
- b. In case of redemption of deposit in gold, the administrative charge at a rate of 0.5%¹ of the notional redemption amount as on the maturity date in terms of INR will be collected from the depositor and paid to the designated banks to cover logistical and operational costs involved in redemption. These administrative charges may be adjusted against the payment of fractional quantity in INR. If this amount is not found sufficient, then the administrative charges may be adjusted against the interest payable to the depositor or may be recovered in cash from the depositor.
- c. If the depositor does not indicate any choice for mode of redemption (gold or INR) to the bank in response to its 120-day prior communication (issued as at para 2.4.i.(c) above), the option indicated at the time of account opening will prevail. Further, in

¹ The administrative charge has been revised from 0.2% to 0.5% vide Circular DoR.AUT.REC.58/23.67.001/2022-23 dated August 04, 2022. However, all deposits prior to this date will continue to be governed by the 0.2% (of the notional redemption amount as on the maturity date in terms of INR) administrative charge in case of redemption in gold.

case the gold is not redeemed by the customer on the maturity date, such stock will continue to be kept in the custody of the bank for a maximum period of 60 days. The depositor can renew the deposit during this 60-day period but would be liable to pay the applicable administrative charge (refer para 2.4.ii.(b) above). If the depositor does not redeem the deposit on the due date or within 60 days from the maturity date and has also not renewed the deposit, the redemption will automatically be made in INR and the money shall be credited in the linked saving/current account of the depositor in the concerned bank. In case of non-availability of an active bank account, the banks will report the same to RBI, on priority.

- d. The payment of interest in case of cumulative deposit shall be calculated with reference to Indian Rupee equivalent of value of gold at the time of deposit.
- e. Arrangement of gold by the designated bank:
 - (i) Each bank shall maintain the stock of gold, at least equivalent to the gold redemption due in next 3 months, out of the gold mobilised under MLTGD. Each bank before giving MLTGD gold for auction to MMTC, shall seek prior permission from RBI. RBI, on behalf of Government of India, will give such permission after assessing the redemption requirement of MLTGD for the next three months and the total stock of gold available with all the banks.
 - (ii) Surplus MLTGD gold with one bank can be transferred to another bank to meet MLTGD redemption. This inter-bank transfer of gold will not be treated as inter-bank lending by banks. Banks may also be allowed to purchase India Good Delivery Standard (IGDS) gold/LGDS (LBMA's Good Delivery Standard) gold bars from the local refineries empaneled with the banks or MMTC and can get reimbursement from Government of India.
 - (iii) In case sufficient gold is not available with any bank for redemption, RBI will bring it to the notice of Government of India at least 3 months prior to the date of redemption and an appropriate decision on sourcing of gold shall be taken by the Government.

iii. Redemption in INR – Modalities

In case of redemption in INR, the depositor may furnish the original deposit certificate with his account details in any GMS branch of the bank and his account will be credited accordingly.

iv. Renewal of Deposit – Modalities

- a. If a depositor is interested to continue the deposit under GMS either as a MTGD or LTGD, he may be allowed to renew his deposit irrespective of the option exercised

at the time of original gold deposit. However, renewal with retrospective effect shall not be allowed.

- b. The depositor may inform about his willingness for the renewal of the deposit to the designated bank in response to the bank's communication (refer para 2.4.i.(c) above). The bank shall obtain relevant instructions regarding the period of the deposit, redemption option (gold or INR), and interest payment (periodically or on maturity), etc.
- c. Deposit will be accepted at the prevailing rate on the date of receipt of such request and not from the date of maturity. The customer will not be eligible to claim interest for intervening period.

v. Partial Renewal and Partial Redemption in gold/INR – Modalities

- a. Part of the deposit may also be allowed to be renewed as per the process and terms mentioned above in para 2.4.(iv).
- b. The redemption of the remaining gold deposit as per the option exercised by the depositor may be permitted. Such redemption request for the remaining portion may be processed as per the respective terms mentioned above in para 2.4.(ii) and 2.4.(iii) for redemption in gold and INR respectively.

5. The Reserve Bank of India [Master Direction No.DBR.IBD.45/23.67.003/2015-16 dated October 22, 2015](#) on Gold Monetization Scheme, 2015 has been updated incorporating the above changes.

Yours faithfully

(Prakash Baliarsingh)
Chief General Manager