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<b>Title:</b>	BUDGET 2015 PUTS THE SHINE BACK ON GOLD		



Gold is said to be made in Supernovas. With such a bright origin, it's no surprise that our affinity to gold has held strong through the ages, right up there with war, good food and good times.

Gold, since days of yore, has been considered one of the most important metals, owing to its alluring shine and amazing physical properties like extreme malleability. The many useful features of gold made it a valuable medium of exchange far before paper currency came about. Even with technological advances, gold still forms a significant part of the world economy. The richest countries have gold reserves that go into billions of dollars.

### India's obsession

India – particularly its women and temples – have hoarded gold throughout the ages. Gold is an integral part of Indian rituals like marriages. Bejewelled Indian brides, who could potentially double as independent light sources at the biggest and fattest of Indian weddings, usually have the choicest selections of gold jewellery from around the world.

It is believed that there are more than 20,000 tons of gold in India right now, but most of it lies, quite unproductively, in bank lockers or homes of average citizens. Hardly any of this gold sees the light of day in terms of monetization and trading. India is also the largest consumer/importer of gold in the world, which has further negatively skewed the country's trade balance.

Against the backdrop of all these issues, the Government of India has announced a slew of measures aimed at easy monetization of gold stocked in private hands, valued at over \$1 trillion.



## **Sovereign Gold Bond**

Even gold can go green! An alternative to buying gold in its physical form, this is a financial asset that will retain a holder's freedom to trade and monetize the bond at prevailing market prices of gold. If that sounds great, we could well see such a bond coming up in the next few months.

This bond will offer fixed interest rates to clients, while also allowing redemption of the monetary value of the bond. The redeemable price will be decided by the active face value of gold in the markets.

## **Indian Gold Coin**

Finance Minister Arun Jaitley has announced that a new gold coin will be minted in India, with the 'Ashok Chakra' engraved as the coin's symbol. Though not a part of the 'Make in India' campaign, this initiative will still go some way in improving the economy with its 'Made in India' tag.

According to the FM, the idea behind this gold coin is to substitute the internal demand for minted gold, which, currently, is entirely imported. Also, recycling of gold will see a rejuvenation with this move.

## **Gold Monetization Scheme**

According to the FM, this new gold monetization scheme will help in providing monetary value to gold, without selling the metal. Mr. Jaitley proposed the new scheme that is set to replace both gold loans and gold deposit schemes currently popular in the market.

This upcoming scheme will provide the dual benefits of providing fixed rate interest to depositors on their 'metalaccounts', while also providing loans against the gold value to jewellers. Banks as well as other financial dealers may also monetize the gold. Win-Win situation, anyone?

This year's Budget does afford a positive sentiment to those who hold gold. Presuming effective implementation of these schemes by the government and the realisation of the various benefits outlined therein, all that glitters could very well be gold.