

Govt has not shelved the gold policy plan, says Finance Ministry official

India Gold Policy Centre rolls out national survey of consumption trends

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The Centre has not dropped plans for bringing in a gold policy and this could become a reality in next three to four months, said a top Finance Ministry official.

The draft of this policy – which would focus on financialisation of gold (circulation of yellow metal rather than confining them in lockers) – is ready and under advanced stages of discussion, K Rajaraman, Additional Secretary, Department of Economic Affairs, told *BusinessLine*.

“It (proposed gold policy) is very much on our radar. We have not shelved our plans to have a gold policy. The Budget announcement on international gold exchange also points that we are moving. There are elements in the proposed gold policy that needs a touch up,” he said.

The Centre will also this

year bring “tweaks” to the Gold Monetisation Scheme (GMS) 2015, he said, adding that results of this scheme were still not satisfactory given that it has only yielded some 20.74 tonnes so far.

“GMS was aimed at bringing gold out of the cupboards and lockers and for enabling the economy to benefit on this wealth. It has done better than Gold Deposit scheme 1999. But still the outcomes are not to our satisfaction,” he said.

The GMS has to be redirected in a manner that supports recycling of gold within the system and minimise imports, he said.

Meanwhile, in his address at the Gold and Gold Markets conference, organised by the India Gold Policy Centre, Rajaraman wanted the gold industry to wash itself off from the “black mark” that goes along and “change colour” to be compliant with global best practices.

“Gold and gems and jewellery are not on the welcome list of banks in providing credit. It is not only one Nirav Modi, there are also several others who have contributed to this mess. A lot needs to be done to clean up this industry. We need policy inputs from industry to see what the government can do to facilitate this clean up,” he said.

Gold consumption survey

Meanwhile, the India Gold Policy Centre (IGPC) – which is a joint initiative of World Gold Council and IIM Ahmedabad – has embarked on a first-of-its-kind national survey to gauge the gold consumption trends of Indian households. The survey will measure saving, investment and consumption behaviour of gold and gold related products.

“Such a survey has never been done before in the country. There is no granular data at the households level as regards gold consumption trends. The purpose of the survey will be to provide

data based insights for the benefit for jewellers, academics, gold miners and policymakers,” said Arvind Sahay, Chairperson, IGPC.

The survey – which will run for three years – will cover 40,000 Indian households every year and these will be picked from a pool of one lakh households. The households will be chosen based on the consumption pattern of gold. For instance, 40 per cent of the households will be picked from South which accounts for 40 per cent of the gold consumption.

Asked about the government’s call for transparency in the functioning of gold industry, Sahay, an IIM Professor, said that government should also ensure “consistency and coherence” in the policies.