

Bringing the shine back to gold market

NITI convenes meet of ministers on Aug 10 to prepare action plan

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WITH A NITI Aayog panel recommending cuts in taxes on gold and other measures to transform the domestic gold market to create jobs and double its contribution of GDP by 2022, the think-tank has convened an inter-ministerial meeting on August 10 to prepare an action plan.

The panel also recommended introduction of a new Gold Savings Account (GSA), as well as revamping of the ongoing Gold Monetization Scheme and Sovereign Gold Bonds Scheme (SGBS). The panel, headed by NITI Aayog's principal economic adviser Ratan P Watal, had submitted its report to the government in February this year.

To increase the market size without negative impact on current account deficit (CAD), widening of which led to increase in customs duty from 1% to 10% between 2011 and 2013, the panel has suggested

WATAL PANEL PROPOSALS



- Cut import duty and GST on gold and gold ore

- Remove commodity transaction tax levied @0.01% on gold derivatives

- Single window clearance, easier risk

- capital and conducive taxation regime to gold mining viable

- Simplify duty drawback on gold for the purpose of jewellery export

- Incentivise digital transactions in gold transactions

cuts in import duty and goods and services tax (levied at the rate of 3%) to boost exports. It also suggested measures to increase domestic supply of

gold through mining, refining and recycling of gold in households and religious institutions, which are estimated to possess around 23,000-

24,000 tonne of gold.

The inter-ministerial meeting, which will be attended by economic affairs secretary Subhash Chandra Garg, commerce secretary Anup Wadhawan and a representative from the Reserve Bank of India, among others, are expected to deliberate on measures to boost domestic supply of gold to reduce dependence on gold imports by streamlining policies on gold mining, refining and monetisation.

The NITI report envisions that by 2022, employment opportunities in gold industry will rise from 6.1 million in FY17 to 10 million, its contribution to GDP to double from 1.3% to 2.5-3% and more than double gold exports from \$8 billion to \$20 billion.

To incentivise use of gold as against hoarding, it has suggested introduction of GSA targeted at the rural population as an alternative financial savings instrument backed by gold.

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THE GSA will accept cash and credit grams of gold and redemption can be in rupee or gold with exemption from capital gains tax. The panel also suggested creation of a gold bullion exchange that will focus on price discovery and provide an entire ecosystem around both the financial products on gold and the physical deliveries. Similarly, it mooted for regulatory infrastructure by setting up a Gold Board of India and a Gold Domestic Council to frame policies and promote gold industry, respectively.