

UNION BANK OF INDIA

Short Term Bank Deposit Scheme (STBD) (under Gold Monetisation Scheme 2015)

In pursuance of the Central Government notification issued vide Office Memorandum F.No.20/6/2015-FT dated September 15, 2015 regarding “Gold Monetization Scheme (GMS)”, the RBI has come out with the directions for the Gold Monetization scheme vide master direction No.DBR.IBD.No.45/23.67.003/2015-16 dated 22.10.2015.

This scheme is intended to mobilize gold held by households and institutions of the country and facilitate its use for productive purposes, and in the long run, to reduce country’s reliance on the import of gold.

Details of Scheme are as under:

- A. **Eligibility:** Resident Indians (Individuals, HUFs, Trusts including Mutual Funds/Exchange Traded Funds registered under SEBI (Mutual Fund) Regulations and Companies) can make deposits under the scheme. Joint deposits of two or more eligible depositors are also allowed under the scheme and the deposit in such case shall be credited to the joint deposit account opened in the name of such depositors. The existing rules regarding joint operation of bank deposit accounts including nominations will be applicable to these gold deposits.
- B. **KYC Documentation:** Depositors who do not already have any other account with the Bank, shall open an account with us at any time prior to tendering gold at the CPTC after complying with KYC norms as prescribed by RBI.
- C. **Nomination:** Nomination facility available.

D. Basic features - Short Term Bank Deposit Scheme:-

- The scheme will be implemented in a phased manner through designated Branches. These Branches will handle the Gold Deposit scheme. Presently the following Branches are authorized to accept the deposits under the scheme:
 1. C G Road Branch,Ahmedabad,(2). Sayajigunj Branch,Vadodara, (3). Kalba Devi Branch, Mumbai (4). Zaveri Bazar Branch, Mumbai (5) Andheri East Branch,Mumbai (6).
Lajpat Nagar Branch, Delhi
- The principal and interest of the deposit under the scheme shall be denominated in gold.
- Physical deposit of gold will be tendered at designated **Collection and Purity Testing Centers (CPTCs)**. However, in case of large depositors (over 1 KG Gold), Branch may depute an official to accompany the customer to CPTC.
- The minimum deposit at any one time shall be raw gold (bars, coins, jewellery excluding stones and other metals) equivalent to 30 grams of gold of 995 fineness. There is no maximum limit for deposit under the scheme. All transactions under the scheme shall be in gold of 995 fineness.

E. Period of Deposit: The deposit will be made for a short term period of 1-3 years (with a roll over in multiples of one year).

F. Rate of Interest:

- a) The rate of interest payable for deposits made for the short-term period would be decided by the bank from time to time. Presently it is 0.75% per annum.
- b) The interest shall be credited in the deposit accounts on quarterly basis and will be withdrawable periodically or at maturity as per the terms of the deposit. In case the customer opts for quarterly interest payment, such payment will be made in INR.
- c) Interest on deposits under the scheme will start accruing from the date of conversion of gold deposited into tradable gold bars after refinement or 30 days after the receipt of gold at the CPTC, as the case may be, whichever is earlier.

G. Redemption:

- a) Redemption of principal and interest at maturity will be at the option of the depositor either in Indian Rupee equivalent of the deposited gold and accrued interest based on the price of gold prevailing at the time of redemption, or in gold. The option in this regard shall be made in writing by the depositor at the time of making the deposit and shall be irrevocable. Payment of fractional quantity on maturity (for which a standard gold bar/coin is not available) would be paid in INR.
- b) On premature redemption, the proceeds will only be in the Indian Rupees.

H. Premature withdrawal:

There will be lock in period of 1 year for the deposits. During this period if the customer withdraws the deposit there will be no interest accrued in the account. Also a premature penalty of 0.25% is proposed in case the depositors want to withdraw their deposits prematurely after 1 year.

I. Procedure for opening of gold deposit accounts

- i) The gold will be tested at CPTC and on confirmation from the customer, the same will be melted and assayed at CPTCs.
- ii) The CPTC will issue a certificate signed by authorized signatories of the center showing the equivalence of 995 fineness of standard gold.
- iii) On receipt of the certificate, the Bank will issue a receipt to the customer.
- iv) The CPTC will send the melted gold to the authorized Refineries for refinement and conversion into tradable Gold bars.
- v) Designated branch will issue Gold Deposit Receipt on receiving confirmation from Refinery or 30 days after the receipt of gold at the CPTC, whichever is earlier. The receipt will be issued up to 3 decimal points in Grams. From the date of deposit receipt, the interest will start accruing.

J. Collection and Purity Testing Centres (CPTC)

- i. The schedule of fees charged by the CPTCs shall be displayed at a prominent place at the centre.
- ii. Before tendering the raw gold to a CPTC, the depositor shall indicate the name of the designated branch with whom he would like to place the deposit.
- iii. After assaying the gold, the CPTC will issue a receipt signed by authorized signatories of the centre showing the standard gold of 995 fineness on behalf of the designated branch indicated by the depositor. Simultaneously, the CPTC will also send an advice to the designated branch regarding the acceptance of deposit.
- iv. The depositor shall produce the receipt showing the 995 fineness equivalent amount of gold issued by the CPTC to the designated bank branch, either in person or through post.
- v. On submission of the deposit receipt by the depositor, the designated bank shall issue the final deposit certificate on the same day or 30 days after the date of the tendering of gold at the CPTC, whichever is later.

K. Assaying process at the CPTCs

- The fees to be charged by a CPTC shall be informed to the customer before doing the XRF test.
- There will be a BIS certified protocol of operations and processes at all stages of purity verification and deposit of gold which are as under:
 - i. XRF machine-test and weighing of all articles shall be done in the presence of the customer and will be recorded by CCTV Camera.
 - ii. After XRF test, the customer will be given the option to disagree with the preliminary test or withdraw the tendered gold or he will give his consent for melting and fire assay test.
 - iii. On receipt of the customer consent, the gold ornaments will be cleaned of its dirt, studs, meena etc. and thereafter, the purity of the tendered gold will be ascertained through a fire assay test in the presence of the customer.
 - iv. In case the customer agrees with the result of the fire assay test, he will exercise his option to deposit the gold with the bank and in that case the fee charged by the centre will be paid by the bank. However, in case of any disagreement with the fire assay result, the customer will be given the option to take back the melted gold after paying a nominal fee to the centre.
 - v. In case the customer exercises the option to deposit the gold, he will be provided a certificate by the CPTC certifying the weight of the gold tendered in equivalence of 995 fineness of gold.
 - vi. On receipt of this certificate from the customer, the bank will credit the equivalent quantity of Standard gold of 995 fineness in to the depositor's account.
 - vii. While assaying the gold it would be ensured that industry standards are observed and assessment is done in good faith.
 - viii. Simultaneously, the CPTC has also to inform the bank about the details of the deposit made by the customer.

