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“Now, for the gold deposited under Medium and Long Term Government Deposits (MLTGD), 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,” the Finance Ministry said in a release today.

For redemption of the deposit in gold, an administrative charge of “0.2 per cent” of the notional redemption amount would be levied from the depositor in Indian rupees.

“It is expected that the above modification will make the scheme more attractive for potential depositors,” the release said.

The interest accrued on the scheme would be calculated with reference to the value of gold in terms of Indian rupee at the time of deposit and would be paid only in cash.

Earlier also, a number of modifications have been made to the scheme to facilitate monetisation of gold by people.

The scheme was launched in November last year to curb imports of gold, which has a bearing on Current Account Deficit.

Medium Term Government Deposit (MTGD) can be made for 5-7 years and Long Term Government Deposit (LTGD) for 12-15 years.

For Short Term Bank Deposit (STBD) the redemption in gold was already permitted.

Under the scheme, banks are authorised to collect gold for up to 15 years to auction them off or lend to jewellers from time to time. Depositors will earn up to 2.50 per cent interest per annum, a rate lower than bank deposits.

India imports about 1,000 tonnes of gold every year and the precious metal is the second—highest component of the imports bill after crude oil. An estimated 20,000 tonnes of gold are lying with households and temples.

