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**Gold spot exchange
viable: IIM-A study**

A gold spot exchange is viable and would lead to efficient price discovery, assurance in the quality of gold, active retail participation, greater integration with financial markets, and greater gold recycling, according to a study by the India Gold Policy Centre at the Indian Institute of Management, Ahmedabad, on viability of a gold spot exchange in India. The study involved a survey of all important stakeholders including, jewellers, refiners, bankers, commodity exchanges and other participants in the gold value chain.

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Centre finalising gold policy reforms, Budget rollout likely

Calls meeting of stakeholders on Monday to finalise national bullion board and exchange

RAJESH BHAYANI
Mumbai, 21 February

The Centre has called a meeting on Monday to finalise a proposal to set up a National Bullion Board, an umbrella body to implement gold policies and reforms, as well as a gold spot exchange.

Industry stakeholders, representatives from the Indian Institute of Management Ahmedabad (IIM-A)'s India Gold Policy Centre and officials from the commerce and finance ministry will attend the meeting, which comes a week ahead of the Union Budget for 2016-17. According to sources, finance minister Arun Jaitley will announce several measures in the meeting intended to reform gold trade.

Apart from these two major



The finance ministry will also consider duty on doré imports in view of some cases of misuse of concessions in import duty by some refineries in excise-free zones. The move is aimed at ending one per cent arbitrage by way of lower duty to refineries in excise-free zones

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According to sources, the finance ministry is also con-

sidering a proposal to relax gold monetisation scheme (GMS) to ensure better response. Central Board of Direct Taxes had clarified that during raids by the income tax department, gold up to 500 gram cannot be seized. The finance ministry might allow such gold to be monetised under GMS without producing evidence of purchase.

Sudheesh Nambiath, lead analyst-precious metals, GFMS, Thomson Reuters, however, says certain factors might be missing in deliberation on gold policies. "In these deliberations, I haven't noticed willingness by policy makers to allow banks to buy gold bars from the market, allow banks to export refined gold bars and make banks operate as a bullion bank instead of just being a channelising agent. Unless these basics are worked out, the concept of a spot gold exchange or the need to have a bullion board is not worth it."

India Bullion Jewellers Association has tied up with the BSE to set up a gold exchange. According to sources, the finance ministry is considering

a study done by the IIM-A professors Jayant Varma and Joshy Jacob. According to the study, the proposed gold exchange should be under the Securities and Exchange Board of India's regulations.

The study also recommends that it should be set up in the finance special economic zone coming up at GIFT City near Ahmedabad and all foreign participants shall be allowed on it, while Indian players can participate according to the provisions of Foreign

Exchange Management Act. The study has not favoured setting up of exchange by industry participants such as jewellers, refiners and traders. All stakeholders' meeting will discuss this report from IIM-A.

**RUN-UP
TO THE
BUDGET
2016-17**

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बैठक की कसौटी पर होगा सोना

राष्ट्रीय सराफा बोर्ड और एक्सचेंज पर फैसला लेने के लिए सरकार ने भागीदारों की बुलाई बैठक

राजेश भयानी
मुंबई, 21 फरवरी

केंद्र सरकार ने एक राष्ट्रीय सराफा बोर्ड स्थापित करने के प्रस्तावों पर अंतिम फैसला लेने के लिए सोमवार को बैठक बुलाई है। राष्ट्रीय सराफा बोर्ड स्वर्ण नीतियों एवं सुधारों को लागू करने और गोल्ड स्पॉट एक्सचेंज को मंजूरी देने की शीर्ष संस्था होगी।

उद्योग के भागीदार यानी भारतीय प्रबंध संस्थान-अहमदाबाद के भारतीय स्वर्ण केंद्र के प्रतिनिधि और वाणिज्य एवं वित्त मंत्रालय के अधिकारी इस बैठक में हिस्सा लेंगे। यह बैठक बहुत महत्वपूर्ण होगी क्योंकि यह 2016-17 के केंद्रीय बजट के पेश किए जाने से महज एक सप्ताह पहले हो रही है।

सूत्रों ने बताया कि वित्त मंत्रालय कई उपायों की घोषणा करेगा, जिनका मकसद राष्ट्रीय बोर्ड और एक्सचेंज की स्थापना सहित स्वर्ण कारोबार में सुधार लाना है। इन दो अहम मुद्दों के अलावा वित्त मंत्रालय द्वारा आयात पर शुल्क के बारे में भी विचार कर रहा है। इसकी वजह यह है कि उत्पाद शुल्क मुक्त जोनों में कुछ रिफाइनरियों के आयात शुल्क में



रियायत के दुरुपयोग के मामले सामने आए हैं।

सूत्रों के मुताबिक वित्त मंत्रालय बेहतर प्रतिक्रिया के लिए स्वर्ण मुद्राकरण योजना में डील के प्रस्ताव पर भी विचार कर रहा है। सीबीडीटी ने साफ किया था कि आयरन विभाग की छापेमारी और सवै में 500 ग्राम तक सोने को ज्वेल नहीं किया जा सकता। इस स्पष्टीकरण का मकसद 'स्वी धन' को ज्वेल किए जाने से रोकना था। वित्त मंत्रालय ऐसे सोने का खरीद सञ्चय दिखाए बिना इसके योजना

के तहत मुद्राकरण को मंजूरी दे सकता है।

हालांकि यह सोमवार को होने वाली बैठक के निष्कर्ष पर ही निर्भर करेगा, लेकिन वित्त मंत्रालय गोल्ड एक्सचेंज और राष्ट्रीय सराफा बोर्ड के लिए आधारभूत शर्तों एवं ढांचे का खाका खींच सकता है।

जीएफएमएस डॉमसन रिवटर्स में प्रमुख विश्लेषक (कीमती धातुएं) सुधीश नाडियथ ने कहा कि ऐसा लगता है कि स्वर्ण नीतियों पर चर्चा में कुछ अहम

■ स्वर्ण नीति सुधारों की बजट में हो सकती है घोषणा

■ राष्ट्रीय सराफा बोर्ड स्वर्ण नीतियों एवं सुधारों को लागू करने और गोल्ड स्पॉट एक्सचेंज को मंजूरी देने वाली होगी शीर्ष संस्था

■ भारतीय प्रबंध संस्थान-अहमदाबाद के भारतीय स्वर्ण केंद्र के प्रतिनिधि और वाणिज्य एवं वित्त मंत्रालय के अधिकारी लेंगे इस बैठक में हिस्सा

■ वित्त मंत्रालय करेगा कई उपायों की घोषणा

स्थापना करने से चढ़ा बदलाव नहीं आएगा।'

गोल्ड एक्सचेंज स्थापित करने के लिए इंडियन बुलिपन ज्वेलर्स एसोसिएशन ने बॉम्बे स्टॉक एक्सचेंज के साथ करार किया है। सूत्रों ने कहा कि हालांकि मंत्रालय आईआईएम-ए के प्रोफेसर जयंत वर्मा और प्रो. जोशी जैकब के अध्ययन पर विचार कर रहा है। इस अध्ययन में कहा गया है 'गोल्ड एक्सचेंज सेवा के नियमों के अधीन होना चाहिए और सभी वर्तमान शेयर और जिस एक्सचेंजों को यह स्थापित करने को मंजूरी दी जानी चाहिए।'

रोचक बात यह है कि अध्ययन में यह भी सुझाव दिया गया है, 'इसे अहमदाबाद के पास गिफ्ट सिटी में आ रहे फाइनेंस सेज में स्थापित किया जाना चाहिए और इसमें सभी विदेशी भागीदारों को मंजूरी दी जाए, जबकि भारतीय उद्योगों के प्रावधानों के मुताबिक हिस्सा ले सकते हैं।' यह अध्ययन उद्योग के भागीदारों जैसे ज्वेलर्स, रिफाइनर्स और कारोबारियों द्वारा एक्सचेंज स्थापित करने के पक्ष में नहीं है। बैठक में हिस्सा लेने वाले प्रतिनिधि आईआईएम-ए को इस रिपोर्ट के बारे में विचार-विमर्श करेंगे।

चीजें गायब हैं। उन्होंने कहा, 'इन सब चर्चाओं में मुझे बैंकों को बाजारों से गोल्ड बार खरीदने की स्वीकृति देने, बैंकों को रिफाईंड गोल्ड बार (एलबीएमए से प्रमाणित) और महज एक चैनल/जिनिंग एजेंट के बजाय बैंकों को एक सराफा बैंक के रूप में कार्य करने की मंजूरी देने में नीति-निर्माताओं में इच्छाशक्ति का अभाव दिखा है। जब तक इन बुनियादी कारकों पर काम नहीं किया जाता तब तक स्पॉट गोल्ड एक्सचेंज या सराफा बोर्ड की

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VIEW FROM IIMA
JOSHY JACOB & JAYANTH R. VARMA
Respond to this column at Feedback@livemint.com



PROS OF A SPOT GOLD EXCHANGE IN INDIA

Although India is the world's second largest gold consumer with an annual demand of nearly 1,000 tonnes, it lacks many key elements of an efficient gold ecosystem. The gold market here is plagued by fragmentation, with prices varying significantly across channels and locations. The quality of gold also varies widely. Jewellery rather than gold bars, gold coins, or gold-linked financial products, still dominates retail demand. Large jewellers and traders mostly import refined gold from international markets, such as Dubai, causing loss of economic value and jobs in India.

As the global gold market continues to shift from the West to the East, many Asian countries, such as Turkey, China, Singapore, and the UAE, have set up global-scale physical infrastructure for refining, storage, transport, trading and financing of gold to cater to the spurt in demand in the region. Gold exchanges and related infrastructure set up by these countries appear to have greatly enhanced the efficiency of their gold markets by way of efficient price discovery; quality assurance; active retail participation; use of gold bars and gold coins; and gold-linked financial products instead of jewellery for investment purposes; greater integration with financial markets through gold leasing and lending; and acting as a channel for gold recycling. Given the global scale market demand in India, we examined the viability of establishing a spot gold exchange for trading in gold for buying and selling standardized quality gold in India.

Our survey and interaction with a wide-range of participants in the gold value chain, conducted under the auspices of the India Gold Policy Center at IIM Ahmedabad, brings up a number of interesting findings. First, large players procure gold directly from miners and traders in overseas gold hubs, often at a discount to the benchmark London Bullion Market prices. Second, medium and small jewellers mostly depend on large players for supply of gold and face significant cost disadvantage. Third, resellers are a significant source of gold for jewellers and refiners; however, there is no transparency in the activities associated with reselling of gold into the market. Against this backdrop, participants largely felt that a national-level spot exchange would benefit stakeholders through transparency in pricing and standardization. Most of the small jewellers are keen to source gold through a gold exchange and, perhaps surprisingly, so are some large players.

Participants in the Indian gold market feel the need for a domestic and an international exchange (the Exchange) which would allow two-way trading in physical gold and also provide derivative products for hedging. The Exchange could also include gold vaulting facilities set up by experienced promoters, logistic arrangements to achieve next day (T+1) delivery across the 21 major locations in India, and mechanisms for quality assurance and standardization of gold. We believe the Exchange would be economically feasible if it drew a minimum trade quantity of about 100 tonnes a year, which appears quite feasible, given the annual demand of about 1,000 tonnes in India and that there are many segments of the gold market that are underserved by the existing market structure. Once the Exchange is set up, we expect activity levels to snowball as participation balloons and vibrant contracts in the Exchange become the dominant forum for price discovery and investment in physical gold.

The Exchange should offer a wide range of contracts to meet the needs of the gold industry, such as: (a) domestic spot gold contracts, (b) global spot gold contracts denominated in US dollars based on delivery outside the domestic tariff area; (c) dore swap contract; and (d) gold lending and borrowing mechanism (GLBM). Within the constraints of capital control regulations, both the domestic and global contracts on the Exchange must be open to the widest range of participants. All domestic entities and foreign portfolio investors could be allowed to trade in domestic contracts. Participation in global contracts would be open to all foreign participants and to domestic players that are allowed to trade or hedge in global markets in accordance with foreign exchange management act (FEMA) and resident individuals within the \$250,000 limit under the Liberalized Remittance Scheme for investment outside India.

As in other Asian nations such as China, investment grade gold traded on the exchange should be exempt from indirect taxes such as VAT and GST, but should be subject to a Commodity Transaction Tax (CTT). This proposal to levy CTT in lieu of VAT/GST is likely to be broadly revenue neutral for the government. An Exchange located in an international financial services centre would have the ability to offer domestic and global gold contracts, provide gold vaults inside and outside the domestic tariff area and attract international participants. Based on our survey, exactly where the Exchange should be located in India is not critical to its efficacy.

High standard of governance is key if the Exchange is to aspire for leadership in Asian gold markets. These governance measures would include an India-responsible gold policy; world class gold quality assurance; risk management; high quality clearing and settlement; and regulation and supervision by a credible regulator such as Securities and Exchange Board of India. Ideally, the Exchange must be promoted by neutral players (e.g. existing commodity, stock and derivative exchanges; banks; and other financial entities) instead of participants in the gold industry (e.g. jewellers, refiners and traders) because of conflict of interest. Partnership with gold markets in Singapore, London and Shanghai; minority equity participation by multilateral financial institutions such as the Asian Development Bank and the BRICS bank; and technical collaboration with professional bodies such as the London Bullion Market Association would be valuable.

An Exchange in India would help much to create a vibrant gold ecosystem matching India's large share of global gold consumption, leading to efficient price discovery, assurance in the quality of gold, active retail participation, greater integration with financial markets, and greater gold recycling. It would also boost the gold monetization efforts of the centre through transparency and standardization of the gold market.

Joshy Jacob's research interests are in the fields of empirical asset pricing, corporate finance and behavioural finance at IIM-A; Jayanth R. Varma's teaching and research interests are in the fields of finance and accounting at IIM-A.

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‘Gold spot-exchange viable in India’

TIMES NEWS NETWORK

Ahmedabad: Despite being the second largest importer of gold in the world, with a demand of nearly 1,000 tonnes, India lacks many key elements of the gold ecosystem. A study released by India Gold Policy Centre (IGPC) at Indian Institute of Management Ahmedabad (IIMA) suggests that there a gold spot-exchange has viability for the country. The centre has also submitted its recommendation to the government of India.

The study carried out by IIM-A's Prof Joshy Jacob and

Prof Jayanth R Varma highlights that setting up of a gold spot-exchange would lead to efficient price discovery, assurance in the quality of gold,

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active retail participation, greater integration with financial markets and gold recycling.

“Most of the demand for physical gold in India is routed through hubs outside India, particularly Dubai. The quality of gold available, and its price in various parts of the

country, varies significantly. Large players procure gold directly from miners and traders in overseas gold hubs, while the medium and small jewellers are often forced to depend on large players and face significant price disadvantage,” said Prof Jacob. According to him, the small players, and perhaps some large players, are keen to source gold through a dedicated gold exchange in the country.

The study involved a survey of all important stakeholders including jewellers, refiners, bankers, commodity exchanges and other partici-

pants in the gold value chain. It also studied the gold spot-exchanges in Turkey, China, Singapore and Dubai.

As the global gold market continues to shift from West to East, several Asian countries have set up global-scale physical infrastructure required for refining, storage, transport, and trading of gold.

“Across the different international markets, gold exchanges and related infrastructure appear to have significantly contributed to the development of an efficient market for gold,” states the study.

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ગુણવત્તાયુક્ત સોના અને તેના કાર્યક્ષમ ભાવ નિર્ધારણ માટે

ગોલ્ડ સ્પોટ એક્સચેન્જની સ્થાપના કરવાની હાકલ કરતો આઇઆઇએમ-એનો અભ્યાસ

પીટીઆઇ

અમદાવાદ, તા. ૧૮

આઇઆઇએમ-એ ખાતેના ઇન્ડિયા ગોલ્ડ પોલિસી સેન્ટર (આઇજીપીસી)એ કાર્યક્ષમ ભાવ નિર્ધારણ અને ગુણવત્તાના હિતમાં સોનામાં ગોલ્ડ સ્પોટ એક્સચેન્જની રચના કરવામાં આવે તેના પર ભાર મુક્યો છે.

ઇન્ડિયન ઇન્સ્ટિટ્યુટ ઓફ મેનેજમેન્ટ, અમદાવાદ (આઇઆઇએમ-એ)ના વિસ્તૃત અભ્યાસના આધારે તૈયાર કરવામાં આવેલી આ અંગેની ભલામણો કેન્દ્રને સુપરત કરવામાં આવી છે.

આઇજીપીસીનો દાવો છે કે, આ પ્રકારનું એક્સચેન્જ કાર્યાન્વિત

કરવાનું તો પોષણક્ષમ પુરવાર થશે જ પણ તેનાથી મૂલ્ય વૃદ્ધિની પ્રવૃત્તિને પણ વેગ મળશે.

પ્રોફેસર જયંત વર્મા સાથે જેમણે આ અભ્યાસ કર્યો છે જે પ્રોફેસર જોસેફ જેકોબનું કહેવું છે કે, “વિશ્વમાં ભારત સોનાની આયાતો કરવામાં બીજા ક્રમનો સૌથી મોટો દેશ છે જ્યાં સોનાની માંગ વાર્ષિક ૧૦૦૦ ટન જેટલી છે, તેમ છતાં ગોલ્ડ ઇકોસીસ્ટમના સંદર્ભમાં હજી ભારતે ઘણું કરવાનું રહે છે.”

ગોલ્ડ એક્સચેન્જ કાર્યાન્વિત થતા કાર્યક્ષમ ભાવ નિર્ધારણ શક્ય બનશે તેની નોંધ લેતા તેમણે જણાવ્યું કે, આ ઉપરાંત તેનાથી ગુણવત્તાયુક્ત સોનું મળશે તેમજ



રિટેઇલની સક્રિય ભાગીદારી નાણાંકીય બજારો સાથે સોનાના વધશે. આ ઉપરાંત અન્ય બજારનું સંકલન અને મોટાપાયે

ગોલ્ડ રિસાયકલિંગ પણ શક્ય બનશે. તેમણે ઉમેર્યું કે, હાલમાં મોટાભાગની સોનાની જે માંગ છે તે દેશ બહાર આવેલા કેન્દ્રોના માધ્યમથી સંતોષવામાં આવે છે તેમાં પણ ખાસ કરીને દુબાઇથી. દેશમાં ઉપલબ્ધ સોનાની ગુણવત્તા અને ભાવમાં પણ મોટાપાયે તફાવત જોવા મળે છે. જે મોટા ખેલાડીઓ છે તે સીધા ખાણીયાઓ પાસેથી સોનું મેળવે છે અને વેપારીઓ વિદેશમાં આવેલા ગોલ્ડ હબમાંથી સોનું મેળવે છે. પરિણામે દેશમાં જે મધ્યમ અને નાના કદના જ્વેલર્સ છે તેમને મોટા ખેલાડીઓ પર મદાર રાખવાનો રહે છે અને તેના લીધે તેમને સહન કરવાનું આવે છે.

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બે પ્રોફેસરે વિસ્તૃત અભ્યાસ હાથ ધર્યો હતો દેશમાં ગોલ્ડ સ્પોટ એક્સચેન્જ સ્થાપવા IIM-Aની ભલામણ

એજ્યુકેશન રિપોર્ટર . અમદાવાદ

ભારતમાં ગોલ્ડ સ્પોટ એક્સચેન્જ ચોક્કસપણે ટકાઉ છે અને તેનાથી જુદા જુદા ભાવો શોધી શકાશે, સોનાની ગુણવત્તાની ખાતરી મળશે, છૂટક વેચાણમાં સક્રિય ભાગીદારી વધશે, સ્થાનિક બજારો સાથે બહુતર સંકલન થશે અને સોનાનું બહુતર રિસાઈક્લિંગ થશે એવું ઈન્ડિયા ગોલ્ડ પોલિસી સેન્ટરના અભ્યાસમાં બહાર આવ્યું છે.

આઈઆઈએમ-અમદાવાદ દ્વારા ઈન્ડિયા ગોલ્ડ પોલિસી સેન્ટરની સ્થાપના કરવામાં આવી છે. ઈન્ડિયા ગોલ્ડ પોલિસી સેન્ટર વતી આઈઆઈએમ-એના બે અધ્યાપકો પ્રો. જોશી જેકબ અને પ્રો. જયન્થ આર. વર્માએ ભારતમાં ગોલ્ડ સ્પોટ એક્સચેન્જની સ્થાપના કરવાની શક્યતા વિશે એક અભ્યાસ હાથ ધર્યો છે. તેમણે જ્વેલર્સ, રિફાઈન્સ, બેન્ડર્સ, કોમોડિટી એક્સચેન્જો અને ગોલ્ડ વેલ્યુ ચેઈનના અન્ય ભાગીદારો પાસેથી ઈનપુટ મેળવ્યા હતા. આ ઉપરાંત

ટર્કી, ચીન, સિંગાપોર અને દુબઈમાં આવેલા ગોલ્ડ સ્પોટ એક્સચેન્જનો અભ્યાસ કરવામાં આવ્યો હતો.

પ્રો. જોશી જેકબે જણાવ્યું હતું કે ભારતમાં સર્જાતી સોનાની મોટાભાગની માગનો પુરવઠો દુબઈ સહિતના દેશોમાંથી આવે છે. દેશના જુદા જુદા વિસ્તારોમાં ઉપલબ્ધ સોનાની ગુણવત્તા અને ભાવમાં ઘણો તફાવત જોવા મળે છે. મોટા વેપારીઓ સોનાનો જથ્થો સીધો માર્કેટ અને વિદેશના ટ્રેડર્સ પાસેથી મેળવી લે છે પરંતુ મધ્યમ અને નાના ઝવેરીઓને મોટા વેપારીઓ પાસેથી સોનું ખરીદવાની ફરજ પડે છે અને તેથી તેમને સોનું મોંઘુ પડે છે.

પ્રો. જયન્થ આર. વર્માએ જણાવ્યું હતું કે જો ભારતમાં ગોલ્ડ એક્સચેન્જ સ્થાપવામાં આવે તો ગોલ્ડ એક્સચેન્જનું યોગ્ય રીતે સંચાલન કરવું પડશે, યોગ્ય ગોલ્ડ પોલિસી ઘડવી પડશે, સોનાની ગુણવત્તા વિશ્વકક્ષાની હોવી જોઈએ.

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આઈજીપીસી દ્વારા કેન્દ્ર સરકારને દરખાસ્ત કરાઈ 'સ્પોટ એક્સચેન્જ'થી સોનાના ભાવ તથા વિશ્વસનીયતામાં સુધારો થશે

અમદાવાદ, તા. ૨૧

આઈઆઈએમ-અમદાવાદનું ઈન્ડિયા ગોલ્ડ પોલીસી સેન્ટર (આઈજીપીસી) એ સોના માટે 'સ્પોટ એક્સચેન્જ' કેન્દ્ર સરકારને સ્થાપવાની દરખાસ્ત મુકી છે. આઈજીપીસીનો દાવો છે કે 'સ્પોટ એક્સચેન્જ'થી સોનાનો ભાવ તથા વિશ્વસનીયતામાં ખાસ્સો સુધારો જોવા મળશે તથા બજારના સિદ્ધાંતોને નવો વળાંક મળશે.

વાર્ષિક લગભગ ૧૦૦૦ ટન સોનું આયાત કરતું ભારત વૈશ્વિક સ્તરે સતત બીજા ક્રમે છેલ્લા કેટલાય સમયથી રહેતું આવ્યું છે. તેમ છતાંય અમુક ઘટકો જેવા કે ભાવ, વિશ્વસનીયતા, નાણાકીય બજાર સાથે એકીકરણ તથા સોનાનું રિસાર્કલિંગમાં પાછળ પડે છે. એવું આઈઆઈએમ-એના પ્રાધ્યાપક જોશી જેકબએ જણાવ્યું હતું. દેશમાં સોનું હાલમાં દુબઈ મારફતે

બજારમાં આવે છે. સોનાના મોટા ખેલાડીઓ વિદેશમાંથી સોનું આયાત કરતા હોય છે. આ આયાત ઉપર બીજા વેપારીઓ નભતા હોય છે. આના લીધે ભાવમાં માર પડે છે. તુર્કી, ચીન, સિંગાપોર અને દુબઈ એ જ્યારથી આવા એક્સચેન્જ ઊભા કર્યા છે ત્યારથી ત્યાંનું વેપાર નિયમબદ્ધ તથા કાયદેસર થઈ ગયું છે. આ અભ્યાસ સોનાના ધંધા સાથે સંકળાયેલા વર્ગના મંતવ્યો તથા તુર્કી, ચીન, સિંગાપોર અને દુબઈના સ્પોટ એક્સચેન્જોને સમજાવે કરવામાં આવેલું છે. અભ્યાસમાં એવું પણ જણાવ્યું છે કે આ સ્પોટ એક્સચેન્જનું વહીવટ શેરબજાર, બેંકો અથવા બીજા કોઈ નાણાકીય એકમ દ્વારા કરાવવું જોઈએ. આમ કરવાથી વેપારીઓ પોતપોતાના હિત જાળવવાના કારણે ઉદ્ભવ થતું અંદરોઅંદરના ઘર્ષણને દૂર રાખી શકાશે.

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અમેરિકી ડોલર અને સ્ટોકમાર્કેટ સુધરતાં સોનામાં પીછેહઠ જોવા મળી

બ્રિટનની યુરો ઝોન એક્રિઝિટને સમર્થન મળવા લાગતાં પાઉન્ડ તૂટ્યો: યુરો ઝોન પ્રાઇવેટ સેક્ટરનો ગ્રોથ ૧૩ મહિનાની નીચી સપાટીએ ગબડ્યો

બુલિયન બુલેટિન



મયૂર મહેતા

અમેરિકાનો જાન્યુઆરી મહિનાનો ઇન્ફ્લેશન સાપ્તાહ વર્ષની ઊંચાઈએ પહોંચતાં અને એની સાથે યુરો ઝોન પ્રાઇવેટ સેક્ટરનો ગ્રોથ ૧૩ મહિનાની નીચી સપાટીએ ગબડતાં તેમ જ બ્રિટનની યુરો ઝોન એક્રિઝિટને સમર્થન મળવા લાગતાં પાઉન્ડ તૂટતાં અમેરિકી ડોલર સ્ટ્રોન્ગ બન્યો હતો. અમેરિકાના ઇકોનોમિક ડેટા સ્ટ્રોન્ગ આવતાં સ્ટોકમાર્કેટમાં પણ સુધારો નોંધાયો હતો. આ તમામ બાબતની અસરે સોનામાં ઝડપી પીછેહઠ જોવા મળી હતી.

પ્રાઇસ મૂવમેન્ટ

આંતરરાષ્ટ્રીય માર્કેટમાં શુક્રવારે સોનું ૦.૩૦ ટકા વટવા બાદ સોમવારે સતત બીજા સેશનમાં સોનું ઘટ્યું હતું. અમેરિકી ઇન્ફ્લેશન ડેટા અને બ્રિટનની એક્રિઝિટ બાબતે સમર્થન વધતાં પાઉન્ડના ઘટાડાને કારણે અમેરિકી ડોલર મજબૂત બન્યો હતો. સોમવારે સવારે સોનું ઘટીને ૧૨૨૩.૭૦ ડોલર ખૂલ્યું હતું, પણ ડોલરની મજબૂતીથી તમામ સ્ટોક ઇન્ડેક્સ એકસાથે વધતાં સાંજ સુધીમાં સોનામાં વધુ ૨૦ ડોલર તૂટ્યા હતા. ચાંદીના ભાવ સોમવારે સવારે ૧૫.૩૧ ડોલર ખૂલ્યા હતા જે સાંજ સુધીમાં ૧૫ ડોલરની સપાટીને તોડીને અંદર ચાલ્યા ગયા હતા.

મની ઇનફ્લો વધ્યો

સોનાના ભાવ ૨૦૧૬ના પ્રથમ ૫૧ દિવસમાં ૧૫ ટકા વધતાં હાલની મંદીમય સ્થિતિમાં સોનામાં બંધાને સારી એવી કમાણી દેખાવા લાગી છે. અમેરિકાના મની મેનેજરો, હેજ ફન્ડો અને સટોડિયાઓએ વીતેલા સપ્તાહ દરમ્યાન ગોલ્ડ ફ્યુચર ટ્રેડિંગમાં બુલિયન

બજેટમાં સ્પોટ ગોલ્ડ એક્સચેન્જ ચાલુ કરવાની જાહેરાતની સંભાવના

દેશના ગોલ્ડના ટ્રેડને ડેવલપ કરવા અને સરકારી સ્કીમ ગોલ્ડ મોનેટાઇઝેશન-સોવરીન બોન્ડ વગેરેમાં લોકોનું આકર્ષણ વધે એ માટે સ્પોટ ગોલ્ડ એક્સચેન્જના પ્રસ્તાવ બાદ હવે બજેટમાં સ્પોટ ગોલ્ડ એક્સચેન્જ ચાલુ કરવાની જાહેરાત થાય એવી સંભાવના પ્રબળ બની છે. તાજેતરમાં IIM (ઇન્ડિયન ઇન્સ્ટિટ્યૂટ ઓફ મેનેજમેન્ટ)ના બે પ્રોફેસરોએ પણ સ્પોટ ગોલ્ડ એક્સચેન્જ પર વિસ્તૃત સ્ટડી કરીને સરકારને સ્પોટ ગોલ્ડ એક્સચેન્જનાં ડિઝાઇન અને ફાયદા વિશે વિવિધ ભલામણો કરી છે. ઇન્ડિયન બુલિયન જ્વેલર્સ અસોસિએશન અને BSE (બોમ્બે સ્ટોક એક્સચેન્જ) બંને સાથે મળીને સ્પોટ ગોલ્ડ એક્સચેન્જ ચાલુ કરવા માગે છે.



ભાવ-તાલ

સોનું (૯૯.૬ ટકા, ૬૪૫ ગ્રામ) : ૨૮,૬૫૦
 સોનું (૯૯.૫ ટકા, ૬૪૫ ગ્રામ) : ૨૮,૫૦૦
 ચાંદી (૯૯.૯ ટકા, ૬૫ ગ્રામ) : ૩૭,૦૩૫
 (સોર્સ : ધ બોમ્બે બુલિયન અસોસિએશન લિમિટેડ)

પોઝિશન વધારીને ચાર મહિનાની ઊંચી સપાટીએ પહોંચાડી હતી, જ્યારે વિશ્વના સૌથી મોટા ગોલ્ડ ETF (એક્સચેન્જ ટ્રેડેડ ફન્ડ) SPDR (સ્ટાન્ડર્ડ એન્ડ પુઅર ડિપોઝિટરી સિસ્ટીમ) ટ્રસ્ટના ગોલ્ડ હોલ્ડિંગમાં ગયા શુક્રવારે એક જ દિવસમાં ૨.૭૧ ટકાનો ઉછાળો નોંધાયો હતો જે ઓગસ્ટ ૨૦૧૧ પછીનો સૌથી મોટો ઉછાળો હતો. બેન્ક ઓફ અમેરિકા, મેરિલ લિન્ચના રિપોર્ટ અનુસાર છેલ્લાં બે સપ્તાહમાં ગોલ્ડમાર્કેટમાં ઇન્વેસ્ટરોએ ૩.૨૦ અબજ ડોલરનું ઇન્વેસ્ટમેન્ટ કર્યું

હતું જે મે ૨૦૧૦ પછીનું સૌથી મોટું ઇન્વેસ્ટમેન્ટ હતું.

શોર્ટ ટર્મ - લોન્ગ ટર્મ

બ્રિટને યુરોપિયન યુનિયન સાથે રહેવું કે નહીં એ વિશેનું રેફરન્ડમ ૨૩ જૂને નક્કી થયું છે. બ્રિટિશ રૂલિંગ કન્સેલ્ટેટિવ પાર્ટીના સમર્થક હંડન મેયરે બ્રિટનની યુરો ઝોન એક્રિઝિટને સમર્થન આપવાની જાહેરાત કરતાં પાઉન્ડ દોઢ ટકા તૂટીને ત્રણ સપ્તાહના તળિયે પહોંચ્યો હતો. પાઉન્ડ તૂટતાં ડોલરને મજબૂતી મળી હતી. આ ઉપરાંત જાન્યુઆરીમાં અમેરિકી ઇન્ફ્લેશન સાપ્તાહ વર્ષની ઊંચાઈએ પહોંચતાં ઇન્ટરેસ્ટ-રેટ ૨૦૧૬માં વધવાની આશા કરી જાગી હતી. આ બંને ડેવલપમેન્ટને કારણે ડોલર સુધાર્યો હતો અને સોનું ઘટ્યું હતું. ફેડરેલ રિઝર્વ અગાઉ ૨૦૧૬માં ત્રણથી ચાર વખત ઇન્ટરેસ્ટ-રેટમાં વધારો કરવાની જાહેરાત કરી હતી. ફેડરલ રિઝર્વ દ્વારા વર્લ્ડ ઇકોનોમીની ખરાબ સ્થિતિ વિશે વારંવાર કમન્ટ કરવામાં આવે છે, પણ ઇન્ટરેસ્ટ-રેટ વધવાનો ઇનકાર આજ સુધી થયો નથી, આથી જ્યારે-જ્યારે અમેરિકાના ઇકોનોમિક ડેટા થોડા પણ સ્ટ્રોન્ગ આવશે ત્યારે સોનું ઘટતું રહેશે. આવું ૨૦૧૬માં વારંવાર બનતું રહેશે. એથી ઘટાડે લેનારને શોર્ટ ટર્મ ફાયદા હંમેશાં મળતાં રહેશે.

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EDITION : **Rajkot**
DATE : **23-02-2016**
PAGE NO. : **01**

બજેટમાં સ્પોટ ગોલ્ડ એક્સચેન્જ ચાલુ કરવાની જાહેરાતની સંભાવના

કોમોડિટી સંવાદદાતા

અમદાવાદ તા.૨૨

દેશના ગોલ્ડના ટ્રેડને ડેવલપ કરવા અને સરકારી સ્કીમ ગોલ્ડ મોનેટાઇઝેશન-સોવરિન બોન્ડ વિગેરેમાં લોકોનું આકર્ષણ વધે તે માટે સ્પોટ ગોલ્ડ એક્સચેન્જના પ્રસ્તાવ બાદ

હવે બજેટમાં સ્પોટ ગોલ્ડ એક્સચેન્જ ચાલુ કરવાની જાહેરાત થાય તેવી સંભાવના પ્રબળ બની છે. તાજેતરમાં આઈએમએમ (ઇન્ડિયન ઇન્સ્ટીટ્યુટ ઓફ મેનેજમેન્ટ)ના બે પ્રોફેસરોએ પણ સ્પોટ ગોલ્ડ એક્સચેન્જ પર વિસ્તૃત સ્ટડી કરીને સરકારને સ્પોટ

ગોલ્ડ એક્સચેન્જની ડિઝાઇન અને ફાયદા વિશે વિવિધ ભલામણો કરાઈ છે. ઇન્ડિયન બુલિયન જવેલર્સ એસોસિએશન અને બીએસઈ (બોમ્બે સ્ટોક એક્સચેન્જ) બંને સાથે મળીને સ્પોટ ગોલ્ડ એક્સચેન્જ ચાલુ કરવા માગે છે.

PUBLICATION NAME : Western Times
EDITION : Gandhinagar
DATE : 23-02-2016
PAGE NO. : 02

દેશમાં ગોલ્ડ સ્પોટ એક્સચેન્જ સ્થાપવાIM-A ની ભલામણ

અમદાવાદ,
ભારતમાં ગોલ્ડ સ્પોટ એક્સચેન્જ ચોક્કસપણે ટકાઉ છે અને તેનાથી જુદા જુદા ભાવો શોધી શકાશે, સોનાની ગુણવત્તાની ખાતરી મળશે, છૂટક વેચાણમાં સક્રિય ભાગીદારી વધશે, સ્થાનિક બજારો સાથે બહેતર સંકલન થશે અને સોનાનું બહેતર રિસાઈકલિંગ થશે એવું ઈન્ડિયા ગોલ્ડ પોલિસી સેન્ટરના અભ્યાસમાં બહાર આવ્યું છે.

આઈઆઈએમ-અમદાવાદ દ્વારા ઈન્ડિયા ગોલ્ડ પોલિસી સેન્ટરની સ્થાપના કરવામાં આવી

છે. ઈન્ડિયા ગોલ્ડ પોલિસી સેન્ટર વતી આઈઆઈએમ-એના બે અધ્યાપકો પ્રો. જોશી જેકબ અને પ્રો. જયન્થ આર. વર્માએ ભારતમાં ગોલ્ડ સ્પોટ એક્સચેન્જની સ્થાપના કરવાની શક્યતા વિશે એક અભ્યાસ હાથ ધર્યો છે. તેમણે જવેલર્સ, રિફાઈન્સ, બેન્કર્સ, કોમોડિટી એક્સચેન્જો અને ગોલ્ડ વેલ્યુ ચેઈનના અન્ય ભાગીદારો પાસેથી ઈનપુટ મેળવ્યા હતા. આ ઉપરાંત ટર્કી, ચીન, સિંગાપોર અને દુબઈમાં આવેલા ગોલ્ડ સ્પોટ એક્સચેન્જનો અભ્યાસ કરવામાં આવ્યો હતો.

પ્રો. જોશી જેકબે જણાવ્યું હતું કે ભારતમાં સર્જાતી સોનાની મોટાભાગની માગનો પુરવઠો દુબઈ સહિતના દેશોમાંથી આવે છે. દેશના જુદા જુદા વિસ્તારોમાં ઉપલબ્ધ સોનાની ગુણવત્તા અને ભાવમાં ઘણો તફાવત જોવા મળે છે. મોટા વેપારીઓ સોનાનો જથ્થો સીધો માર્ઈનર્સ અને વિદેશના ટ્રેડર્સ પાસેથી મેળવી લે છે પરંતુ મધ્યમ અને નાના ઝવેરીઓને મોટા વેપારીઓ પાસેથી સોનું ખરીદવાની ફરજ પડે છે અને તેથી તેમને સોનું મોંઘુ પડે છે.

પ્રો. જયન્થ આર. વર્માએ જણાવ્યું હતું કે જો ભારતમાં ગોલ્ડ એક્સચેન્જ સ્થાપવામાં આવે તો ગોલ્ડ એક્સચેન્જનું યોગ્ય રીતે સંચાલન કરવું પડશે. યોગ્ય ગોલ્ડ પોલિસી ઘડવી પડશે, સોનાની ગુણવત્તા વિશ્વકક્ષાની હોવી જોઈએ. (એન.આર.)

Online Coverage

THE ECONOMIC TIMES

<http://economictimes.indiatimes.com/markets/commodities/iim-ahmedabad-study-calls-for-gold-spot-exchange/articleshow/51029688.cms>

IIM-Ahmedabad study calls for gold spot exchange

By PTI | Feb 17, 2016, 10.22 PM IST

AHMEDABAD: The India Gold Policy Centre (IGPC) at the IIM-A here today called for setting up of a gold spot exchange for efficient price discovery and ensure quality.

The recommendations were submitted to the centre following a detailed study by the Indian Institute of Management, Ahmedabad (IIM-A).

The IGPC claimed that such a spot exchange will not only be viable but also increase value added activity.

"Despite being the second largest gold importer in the world with a demand of nearly 1,000 tonne annually, India lacks many key elements of the gold ecosystem," IIM-A professor Joshy Jacob, who conducted the study along with Prof Jayant Verma, said.

"At present, most of the demand for physical gold in the country is routed through hubs outside the country, particularly Dubai. Quality of gold available and the price in various parts of the country vary significantly. Large players procure gold directly from miners and traders in overseas gold hubs, while the medium and small jewellers are often forced to depend on large players and face significant price disadvantage," he said.

The study was conducted after interacting with many stakeholders and after studying the gold spot exchanges in Turkey, China Singapore and Dubai.

"We have seen that after Turkey, China and Dubai set up gold exchanges, gold trade became more regularised and a gold value chain has been completed in those countries, Jacob said.

"To avoid conflicts of interest the gold exchange must be promoted by neutral players like stock exchanges, banks and other financial entities rather than by gold market participants," Verma said.

BUSINESS STANDARD

http://www.business-standard.com/article/pti-stories/iim-a-study-calls-for-gold-spot-exchange-116021701252_1.html

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BUSINESS STANDARD

http://www.business-standard.com/budget/article/centre-finalising-gold-policy-reforms-budget-rollout-likely-116022100804_1.html

Centre Finalising Gold Policy Reforms, Budget Rollout Likely

Calls meeting of stakeholders today to finalise national bullion board and exchange

Rajesh Bhayani | Mumbai February 21, 2016 Last Updated at 23:40 IST

The Centre has called a meeting on Monday to finalise a proposal to set up a National Bullion Board, an umbrella body to implement gold policies and reforms, as well as a gold spot exchange.

Industry stakeholders, representatives from the Indian Institute of Management Ahmedabad (IIM-A)'s India Gold Policy Centre and officials from the commerce and finance ministry will attend the meeting, which comes a week ahead of the Union Budget for 2016-17. According to sources, finance minister Arun Jaitley will announce several measures in the meeting, intended to reform the gold trade.

Apart from these two major issues, the finance ministry will also consider duty on dore (unrefined gold) imports, in view of some cases of misuse of concessions in import duty by some refineries in excise-free zones. The move is aimed at ending a one per cent arbitrage by way of lower duty to refineries in excise-free zones.

According to sources, the ministry is also considering a proposal to relax the Gold Monetisation Scheme (GMS) to ensure a better response. The Central Board of Direct Taxes had clarified that during raids by the income tax department, gold up to 500g cannot be seized. The finance ministry might allow such gold to be monetised under GMS without producing evidence of purchase.

Sudheesh Nambiath, lead analyst-precious metals, GFMS, Thomson Reuters, however, says certain factors might be missing in deliberation on gold policies. "In these deliberations, I haven't noticed willingness by policymakers to allow banks to buy gold bars from the market, allow banks to export refined gold bars and make banks operate as a bullion bank, instead of just being a channelising agent. Unless these basics are worked out, the concept of a spot gold exchange or the need to have a bullion board is not worth it."

India Bullion Jewellers Association has tied up with the BSE to set up a gold exchange. The finance ministry is considering a study done by IIM-A professors Jayant Varma and Joshy Jacob. According to the study, the proposed exchange should be under the Securities and Exchange Board of India's regulations.

The study also recommends it be set up in the finance special economic zone coming up at GIFT City near Ahmedabad and all foreign participants be allowed on it, while Indian players can participate according to the provisions of Foreign Exchange Management Act. The study has not favoured setting up of exchange by industry participants such as jewellers, refiners and traders. The stakeholders' meeting will discuss this report from IIM-A.

INDIA TODAY

<http://indiatoday.intoday.in/story/iim-a-study-calls-for-gold-spot-exchange/1/598968.html>

IIM-Ahmedabad study calls for gold spot exchange

By PTI | Feb 17, 2016, 10.22 PM IST

AHMEDABAD: The India Gold Policy Centre (IGPC) at the IIM-A

here today called for setting up of a gold spot exchange for efficient price discovery and ensure quality.

The recommendations were submitted to the centre following a detailed study by the Indian Institute of Management, Ahmedabad (IIM-A).

The IGPC claimed that such a spot exchange will not only be viable but also increase value added activity.

"Despite being the second largest gold importer in the world with a demand of nearly 1,000 tonne annually, India lacks many key elements of the gold ecosystem," IIM-A professor Joshy Jacob, who conducted the study along with Prof Jayant Verma, said.

"At present, most of the demand for physical gold in the country is routed through hubs outside the country, particularly Dubai. Quality of gold available and the price in various parts of the country vary significantly. Large players procure gold directly from miners and traders in overseas gold hubs, while the medium and small jewellers are often forced to depend on large players and face significant price disadvantage," he said.

The study was conducted after interacting with many stakeholders and after studying the gold spot exchanges in Turkey, China Singapore and Dubai.

"We have seen that after Turkey, China and Dubai set up gold exchanges, gold trade became more regularised and a gold value chain has been completed in those countries, Jacob said.

"To avoid conflicts of interest the gold exchange must be promoted by neutral players like stock exchanges, banks and other financial entities rather than by gold market participants," Verma said.

6. Centre Finalising Gold Policy Reforms, Budget Rollout Likely: BS

The Centre has called a meeting on Monday to finalise a proposal to set up a National Bullion Board, an umbrella body to implement gold policies and reforms, as well as a gold spot exchange.

Industry stakeholders, representatives from the Indian Institute of Management Ahmedabad (IIM-A)'s India Gold Policy Centre and officials from the commerce and finance ministry will attend the meeting.

The finance ministry is also likely to consider duty on dore (unrefined gold) imports, in view of some cases of misuse of concessions in import duty by some refineries in excise-free zones. The move is aimed at ending a one percent arbitrage by way of lower duty to refineries in excise-free zones.

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<http://www.gems2jewellery.com/?p=6123>

February 20, 2016

Gold Spot Exchange in India is Viable: IGPC

Ahmedabad: India Gold Policy Centre (IGPC) at Indian Institute of Management Ahmedabad (IIMA) released a study on the viability of a Gold Spot Exchange in India by Prof. Joshy Jacob and Prof. Jayanth R. Varma of IIMA. One of the key findings is that a Gold Spot Exchange is eminently viable and would lead to efficient price discovery, assurance in the quality of gold, active retail participation, greater integration with financial markets, and greater gold recycling. The study involved a survey of all important stakeholders including jewellers, refiners, bankers, commodity exchanges and other participants in the gold value chain. It also studied the Gold Spot Exchanges in Turkey, China, Singapore and Dubai.

Briefing about the study, Prof. Joshy Jacob explained that, "Most of the demand for physical gold in India is routed through hubs outside India, particularly Dubai. The quality of gold available and the price in various parts of the country vary significantly. Large players procure gold directly from miners and traders in overseas gold hubs, while the medium and small jewellers are often forced to depend on large players and face significant price disadvantage."

The study indicates that the small players and perhaps some large players are keen to source gold through a gold exchange. The assessment based on conversations with a wide variety of potential stakeholders and participants is that if 10% of India's gold imports flow through the exchange it would provide the minimal liquidity to sustain a contract. Prof. Jayanth Varma emphasized, "This minimal liquidity of 100 tons would attract larger participation and snowball into a vibrant contract that becomes the dominant forum for price discovery and for investment in physical gold."

Prof. Varma added that "Governance is one of the key things that an Indian gold exchange would bring to the table. The Gold Exchange must aim at achieving leadership in Asian gold markets by setting high standards of governance including an India responsible gold policy, world class gold quality assurance, risk management, clearing and settlement as well as regulation and supervision by a credible regulator like SEBI. To avoid conflicts of interest, the Gold Exchange must be promoted by neutral players like existing exchanges, banks and other financial entities rather than by participants in the gold industry."

The study recommends that the Exchange should offer a wide range of contracts to meet the needs of the gold industry such as (a) domestic spot gold contract (b) global spot gold contract denominated in US dollars based on delivery outside the domestic tariff area (DTA) (c) dore swap contract and (d) gold lending and borrowing mechanism (GLBM). Within the constraints of capital control regulations, both the domestic and global contracts on the Gold Exchange must be open to the widest range of participants.

The India Gold Policy Centre at the Indian Institute of Management, Ahmedabad (IIMA) sponsored by the World Gold Council is a Centre of excellence, conducting cutting-edge applied research on the Gold Industry in India and providing insights to suggest ways at both policy as well as execution levels. It works closely with the policy makers and advises them on several issues related to policies on gold. India Gold Policy Centre worked closely with the Ministry of Finance (MOF) on creating a better understanding of the Gold Monetization Scheme and Sovereign Gold Bonds Scheme introduced by the government recently.

HEERAZAVERAAT

<http://www.heerazhaveraat.com/heera/index.php/news/details/4766>

February 22, 2016

IGPC released report on gold exchange!



Recently the IGPC (India Gold Policy Centre) at IIMA has released a Research Report on 'Viability of Spot Exchange in India' by Prof Jayanth Varma and Prof Joshy Jacob. The report concludes by saying , A spot Gold Exchange in India is eminently viable and would help create a vibrant gold ecosystem in India commensurate with India's large share of global gold consumption.

The Gold Exchange would lead to efficient price discovery, assurance in the quality of gold, active retail participation, greater integration with financial markets, and greater gold recycling. The Gold Exchange would also help in the gold monetization efforts of the government. The Gold Exchange must set high standards of governance and aim at achieving leadership in Asian gold markets.

To this end, it must be promoted by neutral players who do not suffer from conflicts of interest and must be regulated by SEBI which is the regulator for stock, derivative and commodity exchanges in India. It must also seek global partnerships and collaborations to increase its global reach.

A Gold Exchange located in an International Financial Services Centre would offer the greatest benefits in terms of ability to offer domestic and global gold contracts, gold vaults inside and outside the Domestic Tariff Area, and ability to attract international participants.

Within the constraints of capital control regulations, both the domestic and global contracts on the Gold Exchange must be open to the widest range of participants. The report also says, "Our

assessment based on our survey is that this minimal initial volume is eminently feasible because there are significant segments that are under served by the existing market structure, and they would be keen on the greater transparency afforded by the exchange.”

The gold exchange should offer a wide range of contracts to meet the needs of the gold industry:

- 1: Domestic Spot Gold Contract,
- 2: Global Spot Gold Contract denominated in US dollars based on delivery outside the Domestic Tariff Area (DTA)
- 3: Dore Swap Contract
- 4: Gold Lending and Borrowing Mechanism (GLBM).

THE ART OF JEWELLERY

<http://aojmedia.blogspot.in/2016/02/iim-ahmedabad-study-recommends-spot.html>

AHMEDABAD: The India Gold Policy Centre (IGPC) at the IIM-A here today called for setting up of a gold spot exchange for efficient price discovery and ensure quality.

The recommendations were submitted to the centre following a detailed study by the Indian Institute of Management, Ahmedabad (IIM-A).

The IGPC claimed that such a spot exchange will not only be viable but also increase value added activity.

"Despite being the second largest gold importer in the world with a demand of nearly 1,000 tonne annually, India lacks many key elements of the gold ecosystem," IIM-A professor Joshy Jacob, who conducted the study along with Prof Jayant Verma, said.

"At present, most of the demand for physical gold in the country is routed through hubs outside the country, particularly Dubai. Quality of gold available and the price in various parts of the country vary significantly. Large players procure gold directly from miners and traders in overseas gold hubs, while the medium and small jewellers are often forced to depend on large players and face significant price disadvantage," he said.

The study was conducted after interacting with many stakeholders and after studying the gold spot exchanges in Turkey, China Singapore and Dubai.

"We have seen that after Turkey, China and Dubai set up gold exchanges, gold trade became more regularised and a gold value chain has been completed in those countries, Jacob said.

"To avoid conflicts of interest the gold exchange must be promoted by neutral players like stock exchanges, banks and other financial entities rather than by gold market participants," Verma said.

COMMODITYONLINE.COM

<http://www.commodityonline.com/news/india-to-finalise-on-gold-board-gold-exchange-72861-3-72862.html>

India to finalise on Gold Board, Gold Exchange

As the Union Budget 2016-17 is only a week away, the decisions of the meet are likely to influence Arun Jaitley, Finance Minister's announcements.

22 Feb 2016 Commodity Online

India in a bid to curb the ever growing greed for gold is boosting the reforms on Gold. The government has convened a meeting on Monday to finalize on National Bullion Board and gold spot exchange. As the Union Budget 2016-17 is only a week away, the decisions of the meet are likely to influence Arun Jaitley, Finance Minister's announcements.

The meet will be attended by industry stake holders, representatives of Institute of Management Ahmedabad (IIM-A)'s India Gold Policy Centre and officials from the commerce and finance ministry.

India's demand for Gold is rising. World Gold Council(WGC) says annual consumer demand for gold in India has surged by 1 per cent in 2015. Full year 2015 saw China (985t) and India (849t) continue their dominance in the global gold market, accounting for close to 45% of total global gold demand during 2015WGC said.

The importance of Gold Board in India

'Why India Needs a Gold Policy', a combined report by World Gold Council and FICCI released in 2014 had recommended the opening of a Gold Board in India. The report said the board would:

- 1) Provide refinancing facilities to institutions lending against gold collateral. Helping to create accredited assaying units across the country.
- 2) Participating in the development of internationally recognised refineries.
- 3) Drafting guidelines and regulations for the standardisation of gold.
- 4) Developing policy measures to assist the monetisation of domestic stocks of gold.
- 5) Contributing to the growth of gold-backed investment products.

WHOLESALEJEWELRYINDEX.COM

<http://www.wholesalejewelryindex.com/2016/02/22/iim-ahmedabad-study-recommends-spot-gold-exchange-for-efficient-price-discovery-in-in/>

IIM Ahmedabad study recommends spot gold exchange for efficient price discovery in

The India Gold Policy Centre (IGPC) at the IIM-A here today called for setting up of a gold spot exchange for efficient price discovery and ensure quality.

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“Despite being the second largest gold importer in the world with a demand of nearly 1,000 tonne annually, India lacks many key elements of the gold ecosystem,” IIM-A professor Joshy Jacob, who conducted the study along with Prof Jayant Verma, said.

A gold exchange would lead to efficient price discovery, assurance in the quality of gold, active retail participation, greater integration with financial markets, and greater gold recycling, Jacob said.

Courtesy- ET News

INSIGHTSONINDIA.COM

<http://www.insightsonindia.com/2016/02/22/insights-into-editorial-pros-of-a-spot-gold-exchange-in-india/>

Insights into Editorial: Pros of a spot gold exchange in India

BY INSIGHTS · FEBRUARY 22, 2016

Insights into Editorial: Pros of a spot gold exchange in India

22 February 2016

Article Link

India is the world's second largest gold consumer with an annual demand of nearly 1,000 tonnes. In spite of this, the country lacks many key elements of an efficient gold ecosystem.

Problems with the Indian gold market:

- The gold market here is plagued by fragmentation.
- Prices vary significantly across channels and locations.
- The quality of gold also varies widely.
- Jewellery rather than gold bars, gold coins, or gold-linked financial products, still dominates retail demand.
- Large jewellers and traders mostly import refined gold from international markets, such as Dubai, causing loss of economic value and jobs in India.

What can we learn from other countries?

With the global gold market shifting from the West to the East, many Asian countries, such as Turkey, China, Singapore, and the UAE, have set up global-scale physical infrastructure for refining, storage, transport, trading and financing of gold to cater to the spurt in demand in the region.

Gold exchanges and related infrastructure set up by these countries have greatly enhanced the efficiency of their gold markets by way of:

1. Efficient price discovery.
2. Quality assurance.
3. Active retail participation.
4. Use of gold bars and gold coins.
5. Use of gold-linked financial products instead of jewellery for investment purposes.
6. Greater integration with financial markets through gold leasing and lending.

Key facts on Indian gold market:

- Large players in the country procure gold directly from miners and traders in overseas gold hubs, often at a discount to the benchmark London Bullion Market prices.
- Medium and small jewellers mostly depend on large players for supply of gold and face significant cost disadvantage.
- Resellers are a significant source of gold for jewellers and refiners. However, there is no transparency in the activities associated with reselling of gold into the market.

How can we improve India's situation?

According to a survey conducted by the India Gold Policy Center at IIM Ahmedabad, a national-level spot exchange would address the above mentioned problems and benefit stakeholders through transparency in pricing and standardization.

- The survey also found that most of the small jewellers are keen to source gold through a gold exchange and, surprisingly, some large players too.

How can we improve the situation?

- Establish a domestic and an international exchange which would allow two-way trading in physical gold and also provide derivative products for hedging.
- The Exchange could also include gold vaulting facilities set up by experienced promoters, logistic arrangements to achieve next day delivery across the 21 major locations in India, and mechanisms for quality assurance and standardization of gold.
- The Exchange should also offer domestic spot gold contracts and global spot gold contracts denominated in US dollars based on delivery outside the domestic tariff area.
- Within the constraints of capital control regulations, both the domestic and global contracts on the Exchange must be open to the widest range of participants.
- All domestic entities and foreign portfolio investors should be allowed to trade in domestic contracts.
- Gold lending and borrowing mechanism (GLBM) should also be put in place.

What should the government do?

As in other Asian nations such as China, investment grade gold traded on the exchange should be exempt from indirect taxes such as VAT and GST, but should be subject to a Commodity Transaction Tax (CTT).

High standard of governance is the key if the Exchange is to aspire for leadership in Asian gold markets. These governance measures would include:

- An India-responsible gold policy.
- World class gold quality assurance.
- Risk management.
- High quality clearing and settlement.
- Regulation and supervision by a credible regulator such as Securities and Exchange Board of India.

Things to be considered while setting up these exchanges:

Ideally, the Exchange must be promoted by neutral players (e.g. existing commodity, stock and derivative exchanges; banks; and other financial entities) instead of participants in the gold industry (e.g. jewellers, refiners and traders) because of conflict of interest.

Partnership with gold markets in Singapore, London and Shanghai can also be considered.

Minority equity participation by multilateral financial institutions such as the Asian Development Bank and the BRICS bank, and technical collaboration with professional bodies such as the London Bullion Market Association would be also valuable.

Way ahead:

The Exchange would be economically feasible if it drew a minimum trade quantity of about 100 tonnes a year, which appears quite feasible, given the annual demand of about 1,000 tonnes in India and that there are many segments of the gold market that are underserved by the existing market structure. Once the Exchange is set up, the participation balloons and vibrant contracts in the Exchange become the dominant forum for price discovery and investment in physical gold.

Conclusion:

An Exchange in India would help much to create a vibrant gold ecosystem matching India's large share of global gold consumption, leading to efficient price discovery, assurance in the quality of gold, active retail participation, greater integration with financial markets, and greater gold recycling. It would also boost the gold monetization efforts of the centre through transparency and standardization of the gold market.