



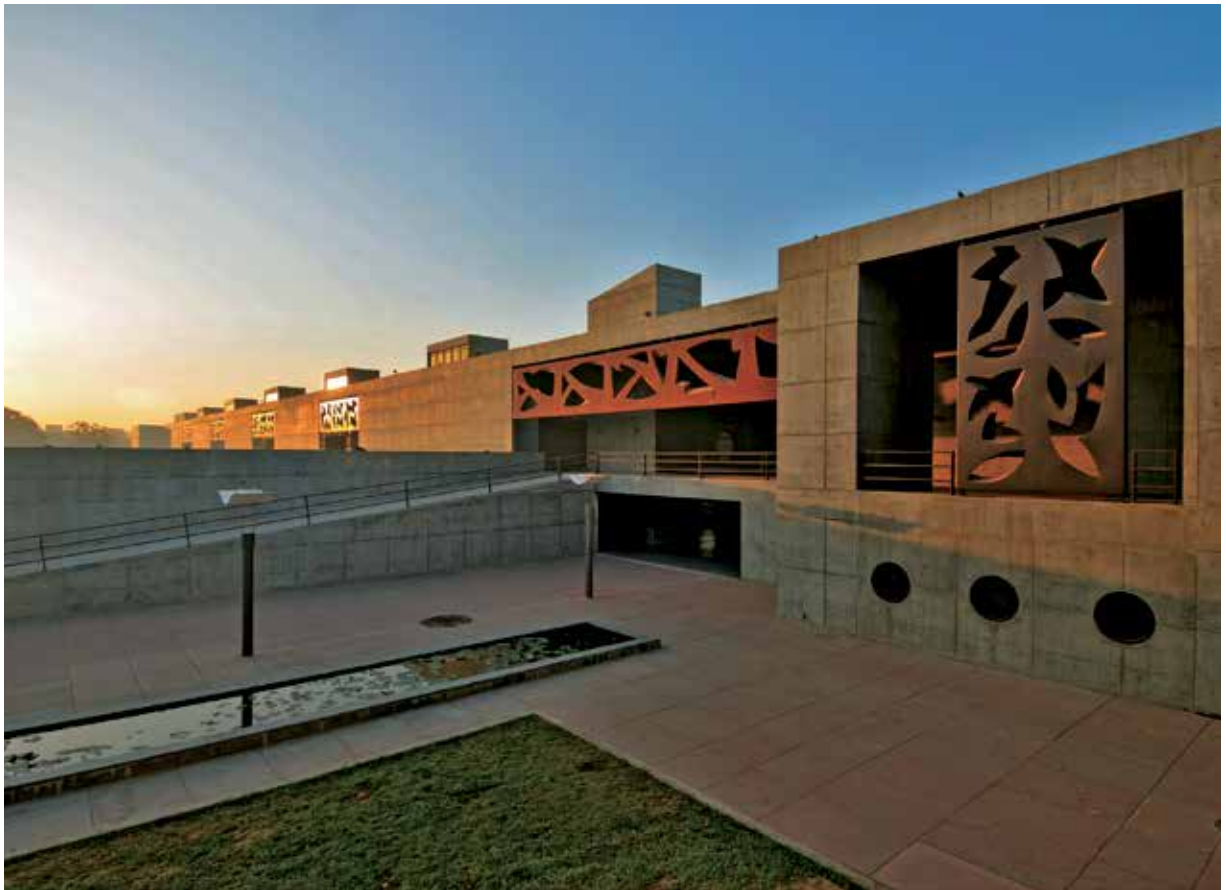
INDIA
GOLD POLICY
CENTRE



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ANNUAL REPORT

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Chairperson's Message



It has been an eventful and perhaps, one of the more fruitful, years for the India Gold Policy Centre at IIMA from multiple perspectives – policy advocacy and support, research, and engagement with industry.

Over the years, the Centre had provided multiple inputs to policy makers on GMS, on hallmarking, on the domestic spot exchange, India International Bullion Exchange, on the duty structure on gold, on consumption patterns in gold and so on. During 2021-22, the Centre can claim with some pride that many of these inputs have led in some measure to policy measures taking shape in the country in a meaningful fashion.

The India International Bullion Exchange (IIBX) was notified and started operations at the GIFT City in Gandhinagar. By April 2022 it had started transactions with a backend office in place. IGPC as able to provide support on the regulatory scaffolding of IIBX and in helping create the right environment with the leadership. The regulator IFSCA now has an MoU with IIMA on research collaboration!!

Hallmarking of jewellery got off the ground with the process being rolled out in a calibrated fashion across the country. While there was some initial resistance, by the end of FY22, HUID was well under way.

Progress on GMS and the duty structure of gold still leaves something to be desired. With FX reserves under pressure again (down \$40 billion in the 6 months to April 2022), there may be some push here, perhaps.

IGPC's initiative to have research and data-based insights into consumption of gold in India finally bore fruit with the completion of the nationwide survey of 40,427 households on

gold consumption. Conducted through the pandemic, one must comment PRICE for their herculean effort in obtaining the data through physical interviews during the pandemic times when data collection was not easy to say the least. Our intention is to repeat the exercise on the panel over the next two 18-month cycles. The preliminary results are already proving to be quite interesting. For example, the income group of Rs. 2 lakhs to 10 lakhs, is the one that consumes the largest percentage of gold (56%) – a finding that flies in the face of the perception that it is only the rich that buy gold. While the pandemic led to a temporary decline in the consumption, by early 2022, pent up consumption was back. More than 70% of the households have purchased gold in one form or another in the last few years and interestingly across income classes, cash was the main mode of payment for gold purchase. IGPC now has a rich database that will get strengthened further and we invite researchers to mine the data for more insights.

FY 2022 also proved to be a year when IGPC engaged with industry not just through the annual conference that it conducts but also through the first set of conversations with industry where we are engaged in discussions on providing interventions that help leading firms in the industry manage issues relating to succession planning, navigating the technology landscape as it applies to gold and strategizing for the future.

At the annual conference on Gold and Gold Markets, we made a case to industry to define and take the first steps to form self-regulatory organizations that help the industry to be able to move towards global standards on responsible sourcing and sustainability. Changing business models require the industry to change. This includes changes in HR practices, technology, supply chain and business models overall. The firms in the industry that will survive and grow in the future are the ones that will change with the evolving times. We hope that the industry can take the crucial first steps in the direction that make the Indian industry a leader in the world.

I must thank the IGPC team that worked so hard to make a lot of the work possible. Here is to an even more productive and fruitful 2022-23.

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Policy thoughts for 2022-23

The NITI Aayog report on Transforming India's Gold Market was released in February 2018 with recommendations that proposed certain fundamental measures to reboot the gold policy. As we retrospect on the progress achieved in the last five years since the release of this report, it is encouraging to observe the phased implementation of mandatory hallmarking and creation of Market Infrastructure Institutions. It is a statement of fact that these two developments have become a catalyst for the growth of the Indian gold market promoting standardisation.

The success of these initiatives will hinge on increased participation of Indian banks by consciously expanding their global footprints. In various other markets, banks have been the late movers in spotting this opportunity, the ramifications of such delays in the Indian scenario will not only displace many of the banks from the business but the idea of monetising household gold through the Gold Monetisation Scheme will not be achieved. The thought process related to not empowering the banks with a wider portfolio of precious metals is still archaic in India despite the country's banking system have the best risk management functions. An example to cite is the reservations related to allow make an advance dollar remittance in lieu of imports, which is technically for a spot transaction. Unless the banks take the initiative to cross the bridge and show their confidence in managing the business to their regulator, much of the reforms are going to remain on the books.

Secondly, enabling Indian refiners to supply refined bars of globally acceptable standards is an agenda that deserves prioritising. This is critical in the need of improving the capacity utilisation of refiners accredited for global acceptance. This needs to facilitate through job-work instead of export, helping the refiners for maximum utilisation of their capacity and creating a legal framework that incentivises honest practices. This could be achieved by structuring the compliance related to responsible sourcing & technical standards and streamlining import of gold manufactured by these refiners to be sold through IIBX on concessional duty. The customs law and related policy pertaining to refiners needs a review for facilitating them to become internationally competitive.

Thirdly, to achieve minimum government and maximum governance in the domain of gold policy a fundamental shift is required in the gold industry and the concerns about the many shades of grey that have come to define its perception. A tight regulatory framework defined by government is not an effective long-term solution. The readiness of the industry to create an ecosystem that encourages its stakeholders to hold up for values that promote the institutional integrity and work to achieve common goals must be nurtured systematically. The need to establish industry driven codes of practice and self-regulation need to be stressed

in this context. To put this in perspective, any rules of largescale implementation like mandatory hallmarking are bound to have ways to circumvent the law using fake hallmarking. That is because the rules are premised on the idea of trust. It becomes the duty of the businesses to hold up this trust instead of waiting for government to tighten the processes. In that context, is it time to acknowledge and explore the need for all the industry associations to come together and structurally conceptualise a code of practice that is consumer centric balancing the notion of profiteering and integrity.

Fourth, in a world that possibly has more uncertainty on business sustenance due to continuous disruptions, the only possible window to escape from the trap is innovation. It is one thing to be a manufacturing hub and it is different to become an innovation hub. Does the trade have an innovation policy? Is the trade investing enough to be ahead in the global race? Innovation is not just about the technology or design, it extends to processes, merchandising, in-store sales. It requires continuous investment of resource to understand the changing consumer wants, more specifically with the generational divide getting shorter due to the technological interventions. It is in this context that the e-commerce policy viz., precious metals needs fine tuning. Pre-1991 legislative structures cannot work in the ecosystems that thrive in 2022. Changing business models and a supportive regulatory & compliance regime may enable India to become global hub for jewellery repair and related works.

Fifthly, gold is a national obsession and shall remain one irrespective of policy or other distortions. How do we create an incremental value for each dollar that goes out to import gold? The only answer is making India run a surplus trade balance of products in chapter 71. The recent bilateral agreements with friendly countries are a way forward but we need to look beyond these to make it a net neutral. Some of the answers to these are in the points earlier.

Sixth, with the first nationwide survey on gold consumption now beginning to provide insights on actual consumption behavior, there is now scope to develop better policy initiatives that are based more strongly on robust data and insights.

These are the key themes the Centre will be working on the year ahead, some of these topics we kick started at our annual conference that happened in the first week of April this year. Some of these might materialise in the coming year while some may still need longer deliberations and efforts to get the key stakeholders get in synch with the goals. It is necessary that each step forward in shaping the future policy shall have to factor in technological interventions at every step and this shall foster a new era in the precious metal chapter in India.



*(Panel discussion on Indian gold market in 2030 moderated by Mr. Sudheesh Nambiath, IGPC@IIMA
Left to right: Mr. Somasundaram P.R, World Gold Council; Mr. Ajay Mehra, Mehrasons Jewellers; Mr. Ashok Gautam, IIBX; Mr. Duggal KK, GJEPC; Mr. Chirag Sheth, Metals Focus, Mr. James Jose, CGR Metlloy)*

Review of current policies

1. GMS, a missed opportunity but don't write it off as yet

The need to mobilize Gold held with households was felt as early as 1999, just two years after the gold imports were liberalized in 1997. The likely impact of gold imports on the current account was the primary reason that was in the policymaker's mind at that time. Indian household gold, which was estimated to be around 10,000 tons in 1999, is now approximately 30,000 tons. Unfortunately, but for the name change, nothing has progressed in 22 years. The mystery of an unsuccessful scheme is intriguing, possibly also the mystery behind the central bank curtains that prevent us from understanding the rationale for the absence of a coherent policy in this space.

The fear of the State is etched deep inside generations of people, despite the transition from colonial rule to democratically elected governments. The attitude towards wealth holdings of public hasn't changed yet, which is being quite visible from the tax recovery notices that are being sent to public for not paying tax on interest. Such track, trace and cornering the citizens only pushes them to not disclose and remain more protective about their gold holdings.

In retrospect, the infamous Gold Control Act and the rules seeking declarations of holdings beyond threshold have been counterproductive. The Gold Deposit Schemes launched in 1999, the Gold Monetization Scheme (GMS) in 2015, and the Revamped GMS in 2021 were sadly crafted with so much focus on the supply-side aspects that the scheme lost the plot.

Should anyone in the value chain look at the scheme and ask, what is the value proposition, it is not only ambiguous, and arguably, for some stakeholders like banks and individuals, it is not value-adding at all. The lack of action from the RBI despite many wide consultative approaches since the 2018 budget speech of

revamping the GMS makes one believe that it is possibly neither in the interest of RBI or the banks to make it a success.

A recent nationwide household survey by India Gold Policy Centre at IIMA and PRICE showed that only 6% of the households were aware of the scheme. Not surprisingly, the total number of depositors in GMS as of last financial year was 3,448. There were hardly any efforts to publicize the scheme amongst the masses by the Govt. and the banks marketing them. And why would the banks market the scheme at all if they have nothing to gain from this poorly designed product.

Looking at some of the significant issues in mobilizing Gold will also feed us on how to resolve them. RBI has issued three notifications to revamp GMS on 5 April, 23 June, and 28 October. Yet, despite the consultative approach, it has missed two crucial blocks in the puzzle, that is, opening up banks to the bullion business and of giving individuals an overwhelming “reason to buy” the scheme, i.e., deposit their Gold in the GMS. Banks and depositors are the most critical participants in the process of gold deposit, and therefore both need to be on-side and motivated to make this scheme work. All other stakeholders like purity testing centres, jewellers, and refiners are merely service providers.

As is evident, no one has represented on behalf of the potential gold depositors in any of the representations. So, there is a lack of awareness, and the depositors compare the interest rate on gold deposits with rupee deposits. The truth is that the same cannot be equated as there is a potential upside in the gold price, which belongs to the depositor. While banks raise rupee deposits at 5% to 7% PA, the Gold can be borrowed at less than a percent in the international markets. Banks find it challenging to handle physical Gold. They also cannot match the market expectations on the rates, and in no way can they match the rate offered by the Govt. on medium and long-term deposits. On top of it, there is a cumbersome process that RBI has prescribed. It looks like the regulators are micromanaging the whole process and subsidizing the cost by offering a rate of interest much higher than the rate at which they can borrow in international markets. Another key is the dematerialization of medium and long-term gold deposits taken into Government account. That will provide fungibility and create interest amongst investors looking to add or increase gold holding in their portfolios.

When we know that the existing approach hasn't worked, there must be some out-of-the-box thinking to make the scheme work. Some specific solutions that can be tried are discussed below:

1. Govt. should move out of taking deposits in their books, paying interest, and mobilization expenses. The design should be such that Banks are motivated to operationalize and make it a meaningful business for the banks.
2. Depositors should be educated and motivated to put Gold in GMS. There has to be an incentive that banks and the government are comfortable in providing and that the depositor is happy to take to deposit their Gold. It is probably the hardest part of the puzzle.

3. Auctioning is not an efficient system; the design should be such as to bring liquidity in the physical market.
4. RBI should only issue a regulatory framework on the gold deposit. However, the process of deposit-taking and servicing should be left to the banks.
5. What banks do with the gold deposits taken by them should also be left to their discretion. Banks might be interested in minting coins and earning greater revenues, allowing them to offer higher interest rates and meet the mobilization expenses. There is no reason to discourage them from doing so, as long as the credit, liquidity, and solvency issues relating to Gold are taken care of.
6. The future purchase should be at the core of the mobilization strategy. For instance, Gold sold through digital mode can be quickly taken in deposits with a minimum mobilization cost. If the majority of the Gold for investment purposes is sold through the digital method, the gold mobilization targets of the country can be easily met. The regulatory framework on digital Gold should be announced soon.
7. A greater focus required on promoting GMS.
8. The idea of the dematerialization of gold deposits should be implemented as soon as possible.

In the current design the depositor cannot be persuaded to part with their Gold in large enough volume to make it meaningful. The RBI may as well scrap the scheme if they are not comfortable about the bank's ability to manage this business.

2. The pilferage of export gold to domestic market- the invisible cost of higher import duty

Every year India has been losing approximately \$700 million basic customs duty and \$300 million of GST due to diversion of export gold to domestic market. How good is a tax policy when the evaders make just as good as the exchequer?

In the last decade smuggling was just as much prevalent in Japan as in Vietnam, not to mention the gold that was being smuggled out of China, being a proxy to dollar. In India the smuggling apparently is a level above many other countries, an inference one can draw from officially published data.

We looked up the publicly available data on gold imports, gold medallions and jewellery exported, and the customs duty collected, and derived the gold imported after paying customs duty as explained in table 1. This helped derive the total gold that were imported for export of fabricated products but not exported (Row F).

Table on Gold imports to India in value.

	Units Rs. In crores	2017-18	2018-19	2019-20	2020-21
A	Total value of gold imported includes duty and duty free#	2,93,001	3,11,934	1,99,250	2,54,289
B	Customs duty (actual- 2017-19 & Estimates- 2019-21)*	13,625	10,570	~8,200	~14,000
C	Derived value of duty paid imports	1,36,255	1,05,705	65,600	1,12,000
D	Gold and jewellery exports reported (value addition not discounted)	75,096	90,131	91,078	37,318
E	Total gold consumed (C+D)	2,11,351	1,95,836	1,56,678	1,49,318
F	Excess not exported (A-E)= deferred / smuggled	81,650	1,16,098	42,572	1,04,971

#Source: DGCIS; *DRI Annual Report and estimate from other sources

Should we go by the data and we believe that it is not a case of over invoicing the imports, then, we are talking about an average of 170 tonnes of duty free gold imported every year that has found its way into the Indian consumption. This translates to approximately \$7 billion of imports and customs duty foregone of \$700 million and GST foregone of \$300 million every year. The haul seized from exporters in Hyderabad, Gandhinagar, Mumbai and Kolkata helps set the context to a phenomenon that goes largely undetected. The number of cases caught in these instances are surprisingly lower than the conventional smuggling route using hand-carry, or cross border or by sea route.

The *modus-operandi* is simple. Gold is imported duty free for the purpose of exports as jewellery, articles, medallions and coins, upon value addition. These imports are through nominated banks /agencies under export linked schemes. The gold is bought from the bank duty free for export, the manufacturer would make a plain jewellery, which typically takes eight days and sells it in the domestic market against exchange of a bar. The bar would go back to the manufacturer, thereby showing work in progress for exports. And before the end of 90th day, gold coated jewellery with underlying copper is exported and that batch is sold in the domestic market as plain jewellery. In principle, one could turn the stock at least eight times before exporting and also at the end earn the duty differential. The entire machinery is well orchestrated with sample packets for verification also pre-decided, thereby earning the approval of Indian customs making the export legally proper. It is intriguing that in spite of the minimum value addition norm in place, the value of the export shipment value is kept lower and invariably remains undetected in an online system monitored by risk protocols.

In the recent past many nominated banks / agencies have been slapped with penalties as they were the importers on record and consequently supplied gold to the exporters. The source of the problem rests with the buyer of duty free gold and not the nominated banks or agencies that supply gold to them.

Strangely, the investigations conducted by the Directorate of Revenue Intelligence (DRI) across India, pins the differential duty liability on the nominated banks / agencies, who are the importers on record and not the exporters, who allegedly

indulge in the fraud. In almost all the cases, the fraud is unearthed 3-4 years after the original commission, when the bond and bank guarantee submitted by the nominated bank / agency, on behalf of the exporter with the customs, has been cancelled upon the completion of the exports. The customs law however mandates that for making a tax demand beyond the period of 2 years of import, there needs to be a collusion or suppression of facts on the part of the importer. Unfortunately, with the demand being slapped on the nominated bank / agency, the cases do not stand legal scrutiny in the absence of any evidence whatsoever on their role pertaining to collusion with the exporters in the frauds. The exporter on the other hand, having got away with a small penalty and no duty demand, stands incentivised in the process and is perpetually tempted to repeat it. As far as the nominated agency / bank is concerned, the process is the punishment, particularly when they have not indulged in any omission or commission. In this zero-sum game, the gold smuggling continues unabated under the watch of the regulators, making this a challenge that is not being legally resolved.

The only possible solution to this is to remove the tax arbitrage and mandate that only the GST registered jewellers (or those that have unique ID for being a manufacturer for exports) can take up manufacturing of jewellery for export purpose.

There has to be a mechanism in place whereby the nominated agencies / banks are able to track the remittances received by the exporter. Data analytics and technology can play a significant role here for spotting trends, definitely not a big task when we have systems that track tax deducted on interest rate of fixed deposits of all the bank deposit holders.

3. Jewellers, HUID is your golden goose, don't replay the fable!

In social psychology, moral disengagement is defined as the process of justifying to oneself the legitimacy of a decision or action, with prior knowledge of said decision or action being questionable or unethical. This allows the individual to take the moral high ground by shifting the onus of responsibility to another and deny the negative consequences of their decisions or actions by de-humanizing the activity as *nothing personal, just business*. However, the undeniable fact of the matter dictates the nature of business to be highly social, where decisions have an impact on people with actual names, faces and families.

The story of strong resistance by most jewellery associations and some of the hallmarking agencies to stop the record keeping of Hallmarking Unique Identity (HUID) is one you can strongly relate to this moral disengagement.

Bureau of Indian Standards (BIS) Hallmarking was launched in 2001 as a voluntary scheme, with the objective of protecting the consumers against adulteration and justifying an obligatory responsibility of the manufacturers to maintain legal standards of fineness of precious metals in India. Under this scheme, BIS certified jewellers can get their jewellery hallmarked from any of the BIS recognized Assaying and Hallmarking Centres (AHMCs). This was the golden goose opportunity for jewellers to expand their footprint across regions. Those unwilling to adapt to

new regulations, restricted themselves to staying hyperlocal, eventually started witnessing a drop in footprint, and finally resorted to selling imitation jewellery or ended up becoming local moneylenders.

If there was one that was oversold than the jewellery itself was 'Trust'. Proof as they say is in the pudding, ask a Non-Banking Financial Companies (NBFCs) and banks giving loans against jewellery. Most they say end up as 85 percent gold while the lending was on 91.6 percent.

The transition from four mark to three-mark Hallmarking

Voluntary hallmarking was a fairly straight forward procedure, which required minimal documentation. However, the introduction of HUID made it possible to validate the hallmarking process. By generating a unique identification number for each article of jewellery, and obligatory submission of reported sampling and testing for purity, complete transparency was achieved in the system. This facilitated the creation of a record of the transfer of ownership of jewellery articles, as well as verification by the end-use customer regarding the authenticity of each unit using the HUID portal even before the purchase.

While large jewellers celebrated the announcement of generating HUIDs on all hallmarked jewellery with literal ribbon-cutting ceremonies on successful process completion, there was internal conflict brewing within the community, specifically jewellers who were opposed to the idea of a record of the HUID being created at stock transfer. The formal justification provided, was the slow BIS servers which had increased the overall delay in the process. Furthermore, some AHMCs colluded with the jewellers to deliver evidence of delay in the process of data upload on the servers. Such lobbying resulted in the judgement being passed in favor of the jewellers, and the implementation of HUIDs was further relaxed to 30th November 2021 and with no mandate to record the stock transfer.

Exploiting loopholes

Our market intelligence suggests that hardly one-third of the stock that flows into AHMCs gets hallmarked using HUID. The remaining stock is returned to the jeweller with four-mark and the HUIDs are shared as and when they are generated by the system. A large volume of HUIDs are therefore spawned in a single day, bypassing the BIS portal and without any issue of vouchers or GST invoices.

The AHMCs working hand-in-glove with jewellers' and compromise on the process. Sometimes no quality checks are performed by these AHMCs for generating unaccounted identification numbers for a small fee of INR 25 to 30. This results in duplication of HUIDs across jewellery articles. The system is further exploited by producing HUIDs for a small sample of jewellery articles, and simultaneously hallmarking *all* the articles using the old four logo hallmarking procedure, resulting in substantial reduction in delivery time. In some cases, fabricated data on HUID is created by the hallmarking agency without even receiving the jewellery articles and uploading doctored X-Ray Fluorescence (XRF) reports. The jeweller then gets in touch with the hallmarking agency, and the articles are marked, either by using the old system or HUID, but without any examination or test of purity.

These malpractices are generally indulged in after the end of official working hours, the chances of an inspection being conducted by the BIS officers are infinitesimally small. Even in the scenario where a fake HUID is detected at the jeweller's shop, there is no way of tracing whether the falsification was done by the manufacturer or the hallmarking agency, due to the absence of record transfer details.

If you are to ask why continue four-mark, this is a mark of having old stock, making it all the convenient to route smuggled gold into the system.

Exploitation of such loopholes in the system illustrate the tension between public welfare and personal gain. The end-use customer has failed to develop a sense of trust as a consequence of moral disengagement by the jewellers lobbying against HUID marking and third-party hallmarking. These are going to be in direct conflict with the voice of the end-use customers, who would in due course, would turn to trusted retailers, completely neglecting the majority of the market. Therefore, it is in the best interest of sellers in an aggressively competitive gold jewellery market to adhere to the spirit of HUID implementation, instead of observing its mere obedience.

The way forward

Jewellers over generations have managed to run a profitable enterprise across India. However, when it comes to building trust, perhaps the younger lot amongst them will have to lead the way in technology adoption to create a similar impact and sustain the legacy.

A deliberate effort needs to be made to control counterfeit HUID hallmarking by only considering trusted AHMCs and asking for documentation on such transactions. Contradictory to the current market sentiment, vigilant HUID enactment will facilitate easier tracking of unverified HUIDs by BIS, consumers, and jewellers alike. The key for growth in the gold jewellery business is customer retention, which is only possible if manufacturers and sellers of such articles can embrace and abide by such reforms.

If India is to pursue membership of the International Hallmarking Convention, the interests of the end-use customer of gold jewellery needs to be placed at the forefront of such policy implementation.

4. The India International Bullion Exchange and Domestic Bullion Exchange

It was in the federal budget of 2018 that the then finance minister announced the need to set up spot exchange for gold, revamping of the gold monetization scheme and steps to consider gold as a financial asset. With the appointment of Securities and Exchange Board of India (SEBI) and International Financial Services Centres Authority (IFSCA) as the market regulator for domestic spot exchange and international exchange for bullion, the compliance circuit of our gold ecosystem has come one full circle, a truly positive measure in the right direction.

Setting up of an International Bullion Exchange, perhaps one of the biggest reforms in the bullion market in India after liberalization of gold imports, was followed by Government of India notifying the bullion spot delivery contract and bullion depository receipt with underlying bullion as financial Products and the related services as financial services under the International Financial Services Centres Authority (IFSCA) Act, 2019. In April 2020, the appointment of the IFSCA to regulate the IBE at GIFT City, undoubtedly marked the new beginning in this episode.

(Pic: Officials from Exchanges and Logistics and Vaulting companies in discussion with Mr Surendra Mehta and Mr Harish Chopra on the IIBX and domestic spot exchange)



(Left to right: Mr. Surendra Mehta, IBJA; Mr. Ranjith Singh, BSE, Mr. Nagendra Kumar NSE, Mr. Shivanshu Mehta, MCX; Mr Chamandeep Luthra, Brinks Global; Mr. Sharad Jobanputra, Sequel Logistics P Ltd, Mr. Harish Chopra, IGPC IIMA)

IBE will facilitate creating a world class market infrastructure that would connect India to the rest of the world, while making sure the governance and technological prowess, the key pillars on which it is built, will help integrate India's gold trading with the international gold community making it a trading and vaulting hub. It will also facilitate standardization of gold inflows into India and create a robust regulatory scaffolding for bullion trade.

IIBX, it is believed, shall strike an equilibrium to reduce the market inefficiencies that exist in the Indian bullion trade by creating a transparent platform for bullion trading by bringing the much-required disintermediation. Including new eligibility for imports phrased as 'Qualified Jewellers' now gives the trade direct access to price quotes from suppliers. It would further go on to facilitate the jewellers manage their inventory.

It is envisaged to achieve efficient price discovery, quality, and services, at par with international standards. The Indian companies shall be greatly benefitted with the setting up of their foreign subsidiaries in the deemed foreign territory

which shall facilitate import and export between the Indian entity and their foreign subsidiary. The IIBX will be closely watched by all global stakeholders as it shall ensure to be a giant step forward for our gold story.

The Domestic Spot Exchanges (DSE) for gold is expected to take over the transactions once the gold traded at International Bullion Exchange (IIBX) is imported into the domestic market. In a way, it will complement the trading operations at the IIBX. In addition, DSE will also facilitate with a channel to sell recycled gold on successful implementation of the standards. There is also a requirement to make the trading on the DSE more attractive by exempting the same from GST, a measure that will require the backing of the GST Council. This, if done, shall provide a direct impetus to the functioning of the exchange. Again, the success of the domestic stock exchanges is critically connected to the compliance mechanisms of the domestic refining industry.

5. Development of Indian gold refining industry

With a view to promote refining of gold within India, the Bureau of India Standards (BIS) notified the India Good Delivery norms for bullion. It is believed that the market players shall develop a mechanism for facilitation of greater acceptance of Indian refined gold. The initiatives by India's domestic Exchanges viz., National Stock Exchange (NSE), Bombay Stock Exchange (BSE) and Multi Commodity Exchange (MCX) in the context of on-boarding local refiners are to be underscored.

With more refiners getting themselves prepared to comply with the OECD guidelines on responsible sourcing, the domestic refinery landscape looks promising. It is to be mentioned here that there is no requirement under the Customs Law in the context of compliance with responsible sourcing initiative as propounded by the OECD. For responsible sourcing to be mainstreamed, there is a great requirement for the Customs to notify the said requirement and then the entities complying with the responsible sourcing initiatives need to be incentivized by the Government to ensure that more people adopt the guidelines in this regard. While there are enough measures in the realm of enforcement, there is very few in the domain of incentivizing compliance, particularly when it is not legally mandated in our country.

While it is necessary to acknowledge the challenges being faced by the Indian refiners to source credible dore for their refineries owing to the OECD Guidelines, also important to stress on the inefficiencies in the system. In-house research through discussion with refiners, we understand that half of the 0.6% duty differential between dore and refined gold is the loss to government. This loss emanates from the inefficiencies in the system. These inefficiencies are related to time taken to clear the dore shipments, non-scientific method for sampling, delay in return of sample, bank guarantees on the shipment.

The import regulations related to dore is also framed with allowing import from artisanal miners with proper due diligence. In this regard the Indian Customs Regulations (entailing import of dore bars weighing above 5 Kg) and requirement for documentation issued by the mining company – packing list as well as assay

certificate, as mandated in the extant customs circulars come into play. It being extremely difficult to get such bars / documents from the exporter who has aggregated production of multiple artisanal miners (which can be from as low as 10 grams), particularly in the light of the extant Customs Regulations. It is in this regard, that there is a need for amendment to factor in the concerns of all the stakeholders and ensure compliance with the OECD guidelines. The said concerns lead the importers to source dore from mid-tier and big mining companies which necessitate getting into long term contracts, which is not feasible where the gold flow is a one-way trade.

This free movement of gold has helped refiners get into long term contracts and be part of the club of LBMA accredited refiners. India Good Delivery (RMI or RJC Accredited) still positions itself as unknown, the reason being we still don't have one refiner that is certified for responsible sourcing. It is, in this context, taking into consideration all the stakeholders, efforts are required to be made to simplify customs policy guidelines / regulations in a way that can facilitate imports in substantial volumes and scale the local refinery business in line with the overall economic policy of the Government of India. This would promote the Indian industry to a very great extent.

Gold Demand and Supply Trends

Global Demand Trends

The annual global demand for gold increased by 25%, triggered by a strong third and fourth quarter demand of 1,150 tonnes and 1,234 tonnes respectively, highest quarter demand since the 2019 third quarter. Demand for gold in jewellery fabrication sectors recovered from last year as a result of the rebound from pandemic induced recession and improved consumer sentiments. Moreover, the central bank's demand for gold also increased from 231 tonnes to 422 tonnes. However, the investment demand for gold saw mixed reactions - the demand for bars and coins recovered in the third and fourth quarter of 2021 while the demand decreased for ETF and other similar products. Global holdings of gold ETFs witnessed a net inflow of 265 tonnes in contrast to a net inflow of 400 tonnes in the previous year. Second and third quarter of 2021 witnessed a significant net outflow of 44 tonnes.

India and China were the driving forces behind the resurgence. While higher demand in China remained stable throughout the FY 2021-22, a jump in demand in India, particularly in the fourth quarter 2021, helped global demand to recover. The jewellery demand in India witnessed a significant y-on-y increase of 57%. The global demand for gold recovered much of the COVID related losses suffered during 2020.

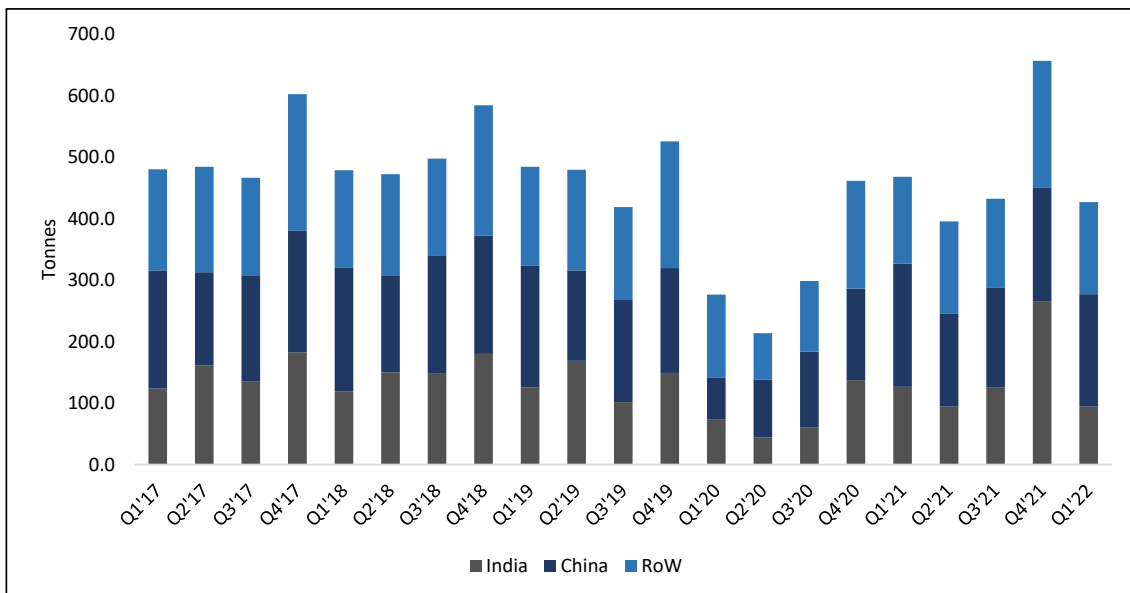
Other Asian markets, like Thailand, Malaysia, Indonesia, and Vietnam, have also rebounded from their lows in 2020, as relaxation of lockdowns and economic recovery enticed customers to buy the yellow metal. Other markets like the Middle East, Europe and America also saw an increased demand. The demand for gold in both the US and Germany recovered as investors stressed on rising inflationary pressures and low/ negative real rates. Worth noting is the fact that, in United States, Russia and Europe the Q1 2022* demand for gold was relatively low in comparison to the Q4 2021 demand due to Russia's invasion of Ukraine in Feb 2022. The global demand, however, was not able to achieve its full potential due to intermittent lockdowns and other associated constraints to stop the virus from spreading as well as the global turmoil caused by the war between Russia and Ukraine.

(Q1 means March ending and Q4 is December ending quarter in the report)

Table 2.1: Global Demand Highlights

(In Tons)	2019-20	2020-21	2021-22		YoY % change
Gold Demand	4,378.15	3,479.31	4,336.60	▲	25%
Jewellery Consumption	1,901.47	1,595.16	2,098.80	▲	32%
Technology	318.90	310.95	330.80	▲	6%
Investment	1,529.16	1,401.24	1,375.20	▼	-2%
Total bar and coin	861.97	1,000.99	1,110.00	▲	11%
ETFs and similar products	667.19	400.25	265.20	▼	-34%
Central Banks & other institutions	599.94	231.68	422.10	▲	82%

Source: WGC

Figure 2.1: Strong jewellery demand in China and India underpinned global strength


Source: WGC

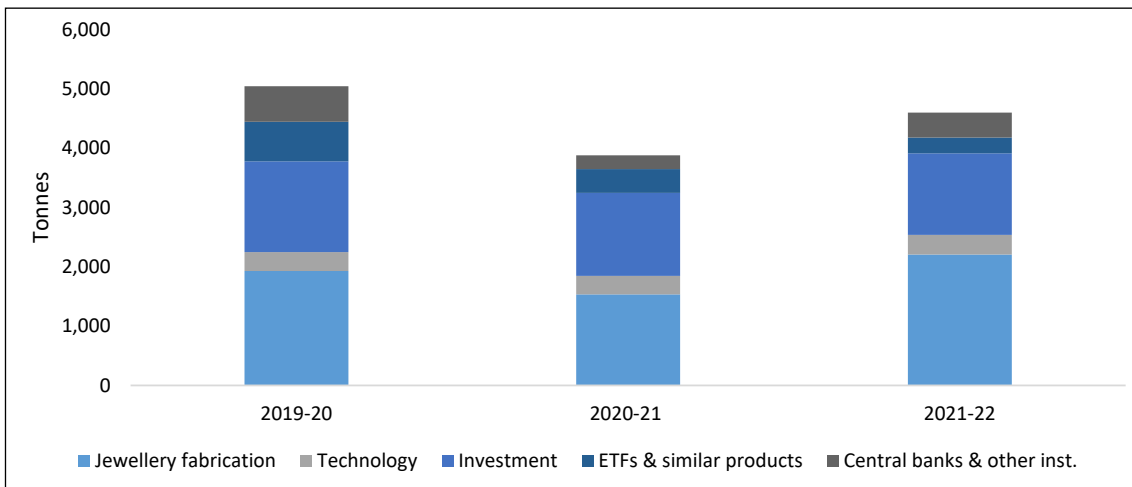
In 2021-22, the total gold supply recovered marginally by 2% to 4,751 tonnes, recovering slowly as compared to the previous year. Mine production increased slightly by 4% whereas the supply of recycled gold reduced substantially by 6%. Following stringent restrictions on operations, mine production in South Africa, Mexico, and Russia has rebounded strongly. As the Chinese government continues to pursue environmental crackdowns, which disproportionately target artisans and small-scale gold producers, the country's gold output declined in FY21-22. However, China was seen to resume near to full production following the closures related to safety.

Table 2.2: Global Supply Highlights

(In Tons)	2019-20	2020-21	2021-22		YoY % Change
Gold Supply	4,937.73	4,659.63	4,751.50	▲	2%
Mine production	3,591.01	3,474.16	3,602.70	▲	4%
Net producer hedging	53.88	-77.10	-35.90	▼	-53%
Recycled gold	1,292.84	1,262.57	1,184.60	▼	-6%

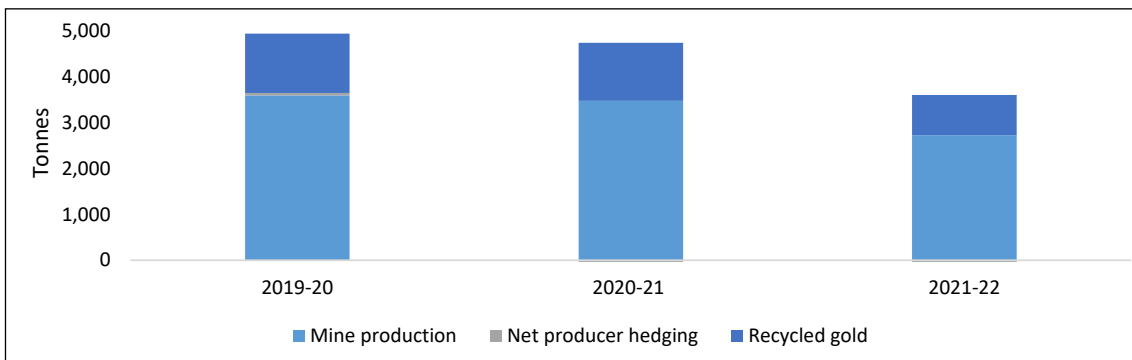
Source: WGC

Figure 2.2: Global Demand



Source: WGC

Figure 2.3: Global Supply



Source: WGC

1) Investment Demand

Exchange-Traded Funds

The lone exception to the substantial gold demand recovery in FY 2021-22 was ETF outflows. Gold witnessed decreased demand among all its major exchanges, nevertheless the demand for ETFs recovered slightly in the first quarter of 2022. Physically backed gold ETFs observed a global net inflow of 252 tonnes in FY 2021-22. Collective gold holdings increased to 3,835 tonnes in the Q1 2022 as compared to 3,583 tonnes in Q1 2021. First quarter of 2022 witnessed a strong ETF inflow,

highest quarter growth as compared to previous year. Inflows into ETFs resumed in quarter four due to safe-haven demand and inflation fears. Despite higher nominal rates, the gold price strength, equities market weakness, fast rising inflation expectations and unforeseen geopolitical developments during Q1 2022 were the main drivers of demand. ETF funds in North America which saw an uptick of 115 tonnes, a 6% y-o-y rise. European ETFs, on the other hand, recovered after Q1 2021 to 1,675 tonnes in Q1 2022. Asia was the only region to witness an outflow in ETF funds, decreasing to 125 tonnes in Q1 2022, a y-on-y decline of 6%.

Table 2.3: Physically backed gold ETF AUM by region

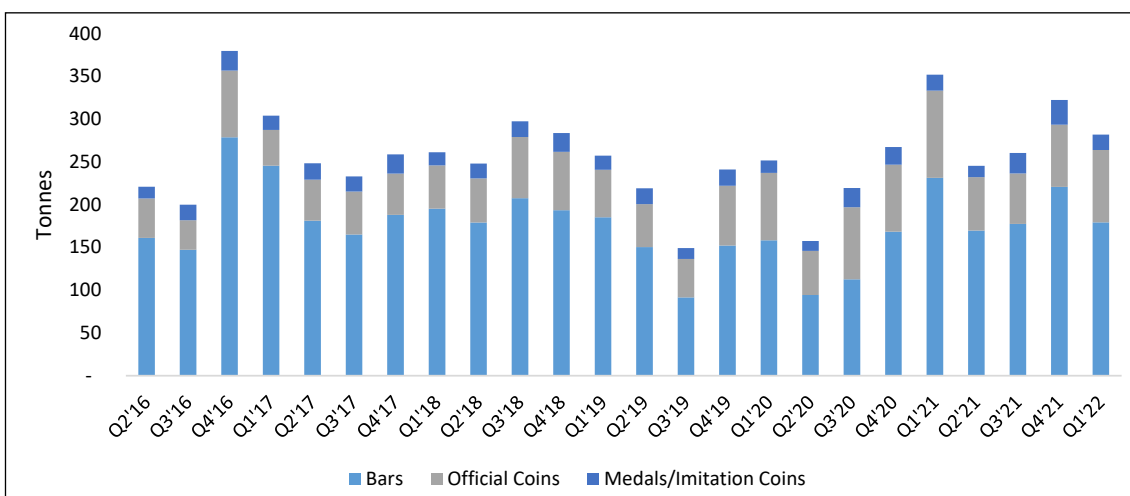
	Q1'21	Q2'21	Q3'21	Q4'21	Q1'22	Year-on-year tonnage change		Year-on-year % change
North America	1,857.66	1873.68	1827.47	1801.93	1972.8	115.14	▲	6%
Europe	1,530.56	1558.42	1568.91	1567.99	1675.6	145.04	▲	9%
Asia	132.91	131.14	135.28	140.02	125.1	-7.81	▼	-6%
Other	62.59	60.71	60.60	60.31	62.4	-0.19	▼	0%
Global Total	3,583.72	3,623.95	3,592.27	3,570.24	3,835.90	252.18	▲	7%

Source: WGC

Bars and Coins

The total global demand for bars and coins increased to 318.5 tonnes in the fourth quarter reviving from a demand of 247 in the beginning of the financial year, thereby increasing the y-o-y demand by 11%. The largest global demand for bars and coins came from Europe, China and India, witnessing an yearly demand of 269 tonnes, 257 tonnes and 188 tonnes respectively.

Figure 2.4: Retail bar and coin investment in FY22

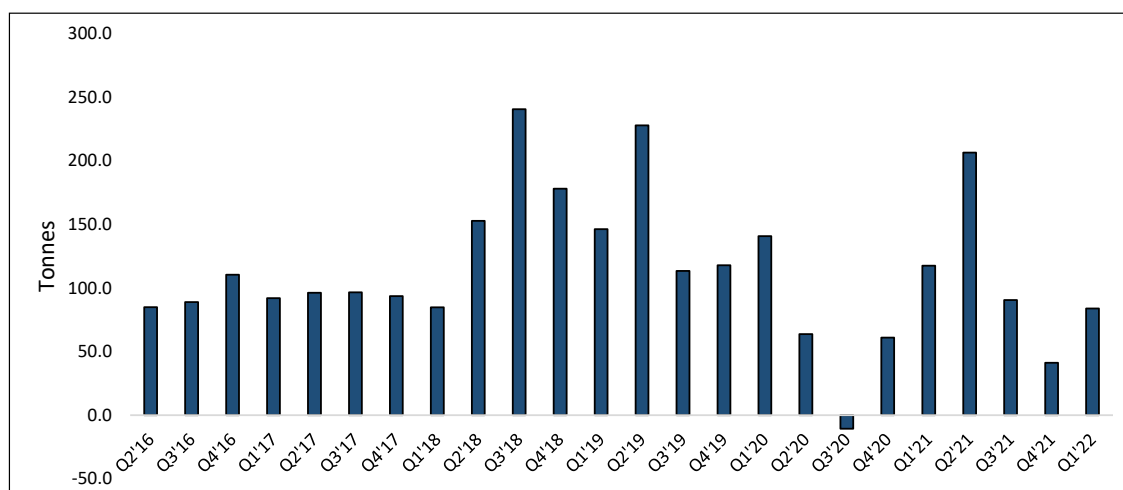


Source: WGC

2) Central Bank Demand

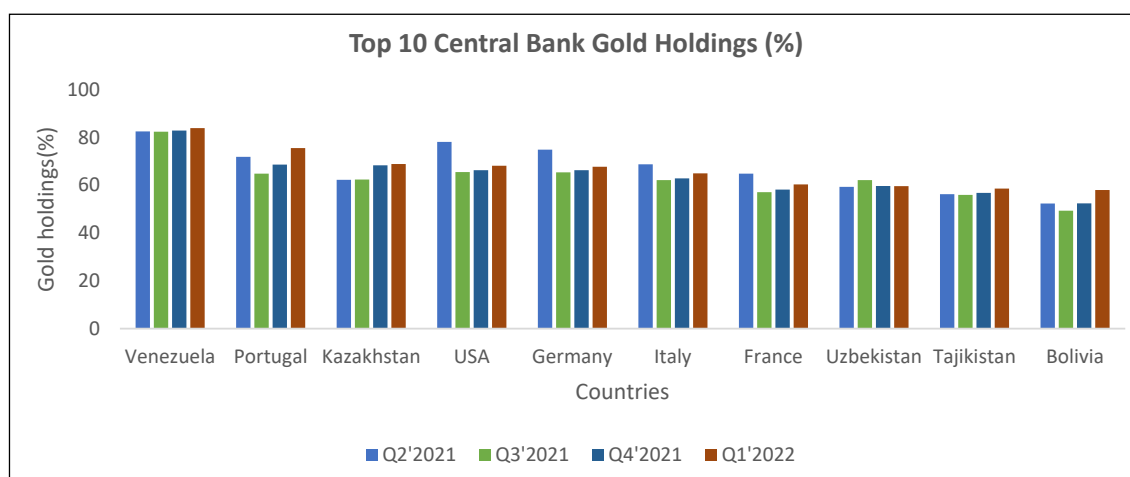
The Central Bank Demand for gold increased significantly in second quarter 2021 to 206.4 tonnes while the gold demand decreased substantially in fourth quarter 2021 to 47.7 tonnes. However, the y-o-y increase is still high at 82%. Central bank purchases were substantially weighted in the early months, 206.4 tonnes were purchased in the first quarter of FY2021 declining to 47.7 tonnes in the third quarter of FY2021. In Q1 2022, Central banks increased their worldwide gold holdings by 84 tonnes. A big number of emerging market central banks acquired gold, continuing a long-standing trend. However, buying was not just confined to emerging economies in FY 2021-22 as there was significant buying from developed country central banks. Venezuela central bank emerged as having the highest gold holdings as percentage of total reserves for the FY2021-22. India Central Bank increased its gold holdings from 6.86% in Q4'2021 to 7.77% in Q1'2022. The change in gold holdings is the consequence of Central banks' continued efforts to keep the Official Foreign Reserves portfolio well-diversified and robust in the face of changing economic and market conditions.

Figure 2.5: Central Bank purchases of Gold



Source: WGC

Figure 2.6: Top 10 Central Bank Gold holdings in FY22



Source: WGC

Gold Supply Trends

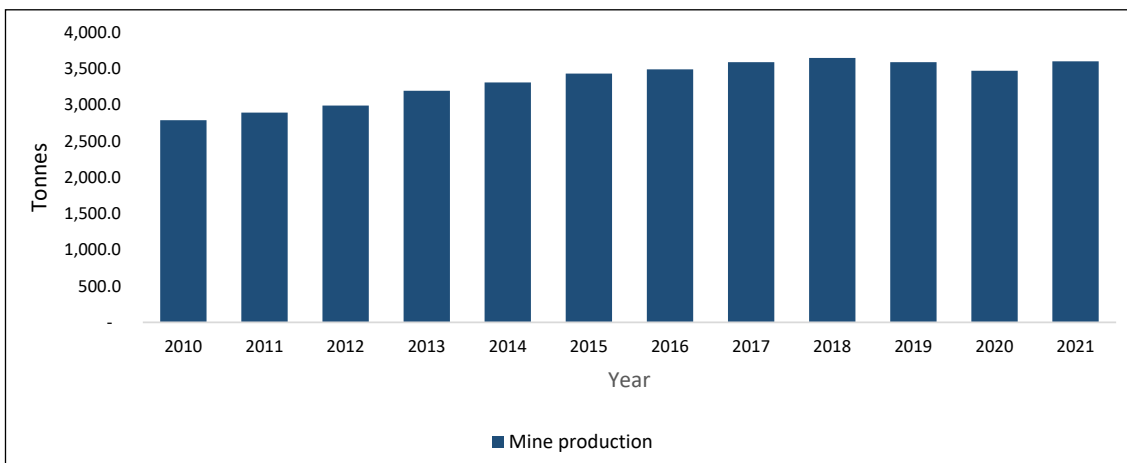
1. Mine production

Mine production increased y-o-y by 3% to 3,602 tonnes, nevertheless it is seen to recover from downfall due to COVID restrictions. Mine production increased to 937.4 in Q2 2021-22, the largest quarter increase since 2020. Interruptions in supply chains and labour due to COVID-19 are no longer a significant factor. In 2021-22, mine production is seen to recover gradually but still remains below its peak level. Unlike in 2020, when pandemic related interruptions were the primary cause of lower mine production, lower mine production in 2021-22 was fuelled by operational factors.

Chinese mining production has decreased as a result of ongoing safety-related stoppages in the Shandong province. Burkina Faso and Australia produced less because of poorer grades and operational concerns. Furthermore, in June 2021, a fire at Tasiast's SAG Mill caused processing to be halted, resulting in a massive fall in Mauritania's output.

However, some nations recorded an increase in output throughout the quarter. Mine production in Egypt increased after Sukari recovered from a pit stability problem in Q4 2020, and mine production in Kyrgyzstan is thought to have increased due to the processing of higher grades at Kumtor – though we are seeing less information on this mine's performance since the state seized it. Grasberg continued to scale up its underground block cave activities in Indonesia, while Russia experienced a rise in mine production in Q4 2021, primarily from smaller and privately held operations.

Figure 2.7: Mine production



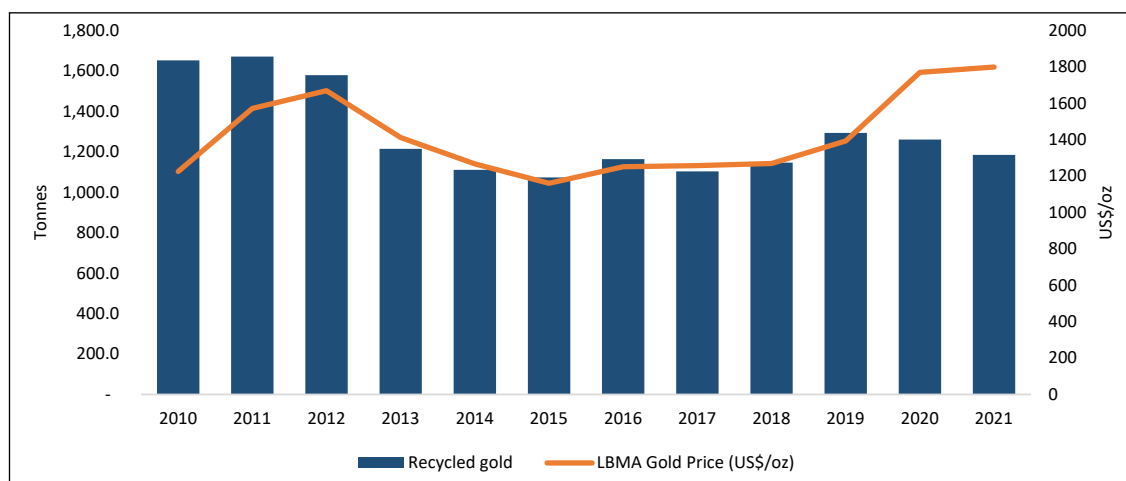
Source: WGC

2. Recycled gold

Recycling fell by 6%, largest decline in last three years bringing down the annual supply of recycled gold to 1,184 tonnes. A quarterly recovery in recycled gold is observed as market operations normalize, recovery was seen in Q4 21 and Q1 22. After the lockdown measures – which had hampered recycling in 2020 – were

largely lifted and stores reopened, owners of old gold jewellery were able to access pawnbrokers and retail gold buyers again, thereby leading to increased volumes of recycled gold in the market.

Figure 2.8: Recycled gold



Source: WGC

India Demand and Supply

1) Demand Trends

Jewellery/ Coins and Bars Demand

India gold consumer demand is seen to recover in FY 2021-22, driven by strong Q4 2021 demand of 265 tonnes and 79 tonnes of jewellery and, bars and coins respectively. This is driven by the recovery in consumer sentiments and lower COVID 19 related disruptions and restrictions. India witnessed a massive 50% jump in consumption of gold jewellery and bars and coins from 510 tonnes in FY 2020-21 to 767 tonnes in FY 2021-22.

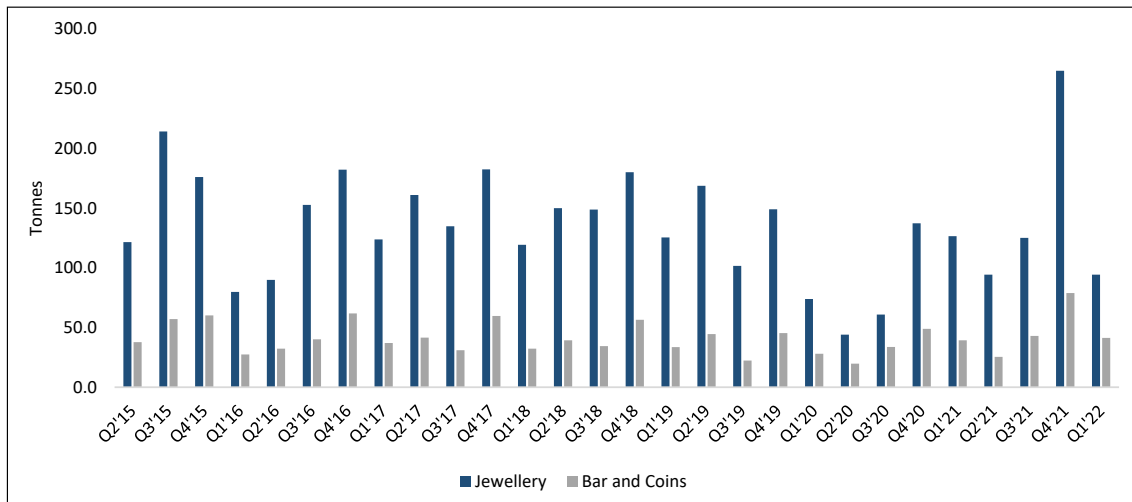
In the first half of 2020, the country was put on prolonged lockdown, which was a disaster. Even in the second half, economic activity remained limited, affecting demand for high-value commodities like jewellery, as well as marriages and accompanying gold purchases were deferred. After India began a nationwide vaccination campaign in 2021, the economy began to open up, consumer confidence returned, and the rebound was remarkable. In the fourth quarter of 2021, deferred purchases from postponed weddings boosted demand.

Aside from weddings, festivals, particularly in the fourth quarter of 2021, drew customers back to the jewellery market. People buy jewellery for good luck during Dusshera and Dhanteras, two auspicious festivals. Buyers came to the jewellery shop this time after missing 2020.

This was a remarkable rebound, with many retailers reporting sales volumes that were higher than pre-pandemic levels. With weddings and festivals in Q4 2021, the jewellery business was buoyed by stronger savings, pent-up demand and lower gold prices in Q4 2021. Weddings boosted demand in urban Centres,

while abundant monsoon rains boosted crop output in rural areas, boosting gold demand. However, the demand for jewellery slowed in the first quarter of FY 2022, bringing the year's boom to an end. This could be attributed to the relative lack of auspicious days.

Figure 2.9: Gold Consumer Demand in India



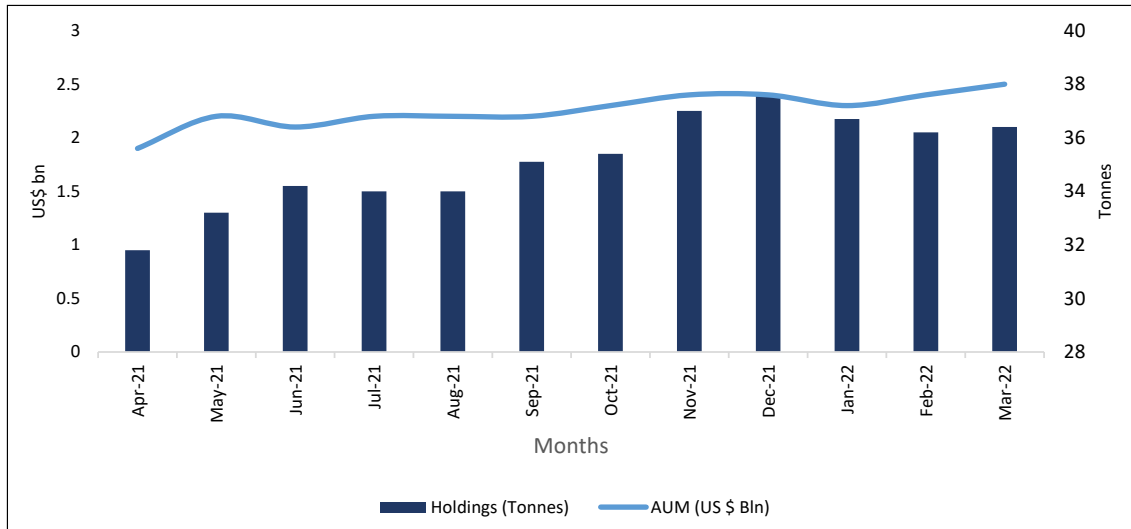
Source: WGC

Investment Demand through ETF

Indian investors invested 457.8 tonnes in gold-backed Exchange Traded Funds in 2021-22. In comparison to the beginning of the financial year, the assets under management (AUM) of digital gold investments made by Indians in FY 2021-22 increased to 2.5 (US \$ bn) in Mar 2022 from \$ 1.9 bn in Apr 2021. Many Indians were tempted to buy gold online, as digital gold, as a result of the lockdown imposed after the second Covid wave. When the equities market slowed down, millennials showed a greater interest in gold ETFs as an alternative investment strategy. Moreover, when compared to obtaining actual gold during the shutdown, several online portals have made it easier to buy gold as an asset class.

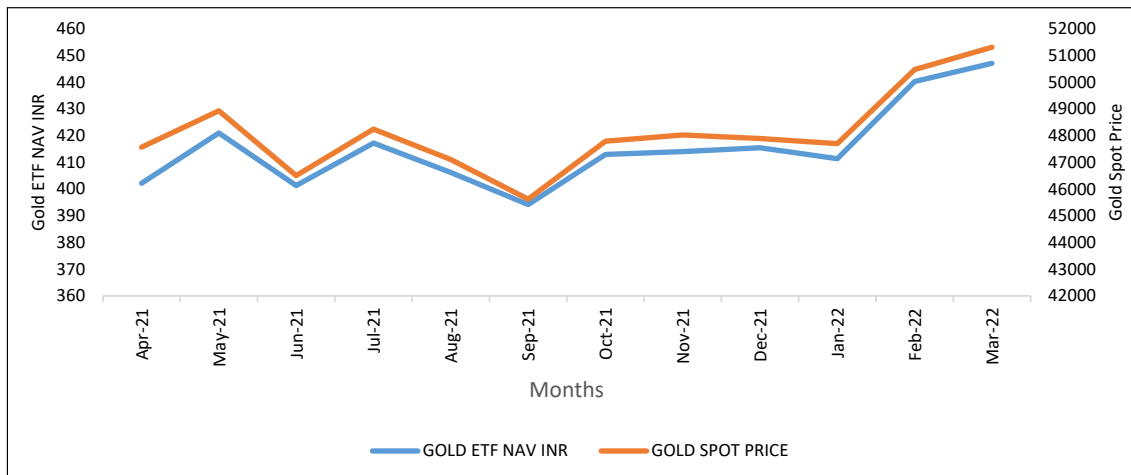
One gold ETF unit is equal to 1gm of the yellow metal. It is backed by high-purity actual gold. Gold exchange-traded funds (ETFs) combine the flexibility of stock investments with the ease of purchasing the yellow metal.

Figure 2.10 : India Gold ETF Holdings



Source: WGC

Figure 2.11 : Gold ETF nav vs Gold spot price



Source: Bloomberg

Investment Demand through SGB

SGBs are non-gold backed government securities which were launched by the government of India in November 2015 to reduce the demand for physical gold.

There were ten series of subscription of Sovereign gold bond that were open for subscription in FY 2021-22, which saw reasonable level of response. The number of units of gold subscribed was around 27 tonnes in FY 2021-22 as compared to 32 tonnes in previous financial year. Worth noting is that the number of units subscribed increased substantially from 2 tonnes in FY 2018-19 to 27 tonnes in FY 2021-22. This overwhelming response could be attributed to increased interest of consumers towards financialization of gold. Further, the average issue price of subscription has gone down slightly to 4,828 in FY 2021-22 from 4,926 in the previous financial year. In aggregate total outstanding as on 31st March 2022 was 90.365 tonnes. The premature redemption of bonds issued between 2015 to 2017 was less than 2%.

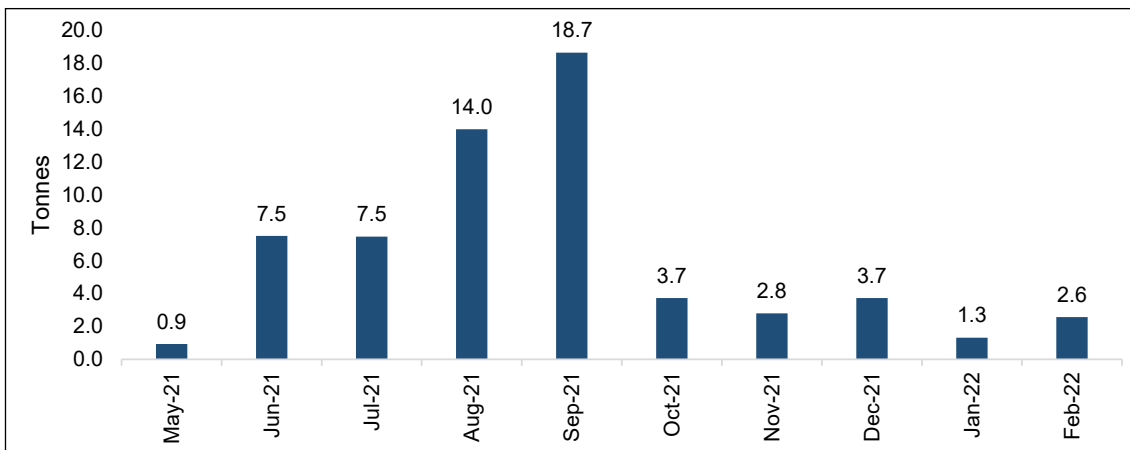
Table 2.4: Data on Sovereign Gold Bonds (Tranche wise) as on Dec 2022

	Avg. Issue price/unit	Number of units subscribed (in kgs)
2016-17	3,055	11,388
2017-18	2,932	6,525
2018-19	3,184	2,031
2019-20	3,779	6,131
2020-21	4,926	32,352
2021-22	4,828	27,035

Source: https://rbi.org.in/scripts/BS_SwarnaBharat.aspx (Data on Outstanding Sovereign Gold Bonds)

Central Bank Demand

RBI purchased 62.7 tonnes of gold in the financial year 2021-22 compared to 43 tonnes in FY 2020-21, bringing its total holdings of gold to approximately 743 tonnes. Central bank purchased 18.7 tonnes in September 2021, highest since 2018 (the observed period).

Figure 2.12: Indian Central Bank purchases 62 tonnes of gold


Source: WGC, Central Bank holdings - Changes in world official gold holdings

2) Supply Trends

Table 2.5 : India Bullion Supply Estimates

(in Tonnes)	2017-18	2018-19	2019-20	2020-21	2021-22		YoY %
Gross Bullion imports	870.49	908.40	732.56	607.88	824.20	▼	-36%
of which Doré	248.13	283.62	175.10	123.49	224.40	▼	-82%
Net bullion imports	776.25	775.44	552.66	580.27	742.90	▼	-28%
Scrap	87.98	88.97	122.02	91.81	88.20	▲	4%
Domestic supply from other sources	8.80	11.90	9.50	8.10	8.40	▼	-4%

Source: WGC (Gold Demand Trends)

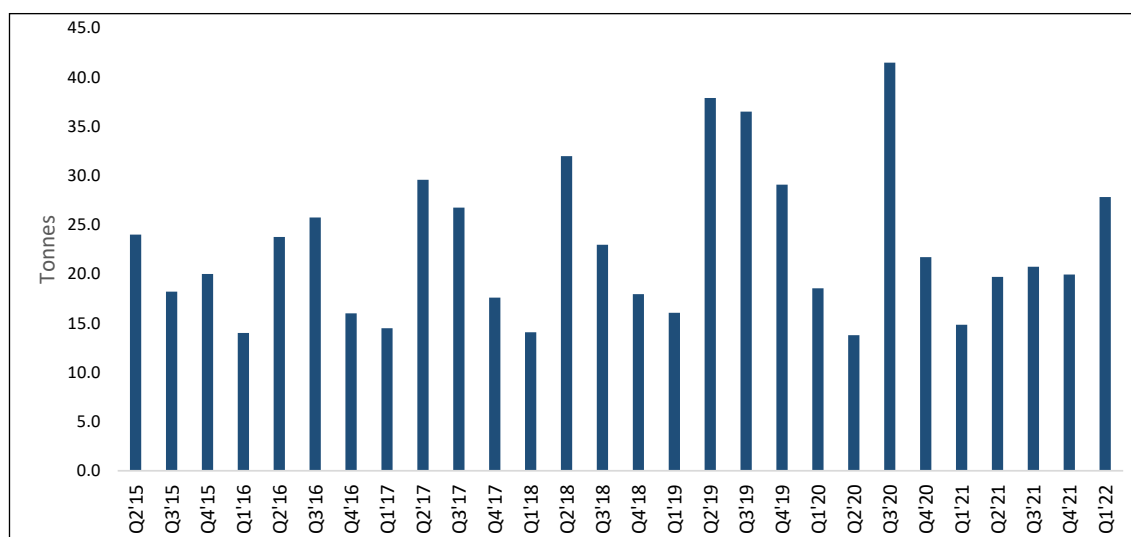
In FY 2021-22, India imported 824 tonnes of gold bars and dore from over 20 countries, of which 65 per cent came from Switzerland (45.8 per cent), UAE (12.7 per cent) and Guinea (7.28 percent). Net bullion imports have recovered to 742.9

tonnes in FY 2021-22 from 580.27 tonnes in previous year when the demand was impacted due to COVID 19 pandemic. Due to lockdown and COVID 19 restrictions during the second wave of pandemic, gold bullion imports dropped to 131.6 tonnes in second quarter 2021. The disrupted supply of gold was restored in third and fourth quarter 2021 when the restrictions were lifted across multiple nations, allowing jewellery manufactures in India to replenish their depleted stocks. Indian festivals and weddings in third and fourth quarter 2021 further supported the increased gold bullion and dore imports.

Imports of gold dore have increased by 81% to 224 tonnes, which is a significant move in India's gold market. The rise indicates the government's accommodating attitude toward gold refining. Gold dore imports accounted for 24% of all official imports of the yellow metal in the previous three years. Benefits from duty reductions resulted in a major growth of refining capacity in the nation, with the number of refineries increasing from three in 2012 to 32 by 2021.

Scrap Supply

Figure 2.13 : India Scrap Gold Supply



Source: WGC

Scrap gold supplies in India have declined by 4% y-o-y to 88.2 tonnes as consumers are less willing to sell jewellery at declining gold prices and also prefer to hold gold during the pandemic period due to the widely known safe haven and inflation hedge properties of gold. Furthermore, better economic activity and the economy's steady recovery lessened the demand for distressed sales.

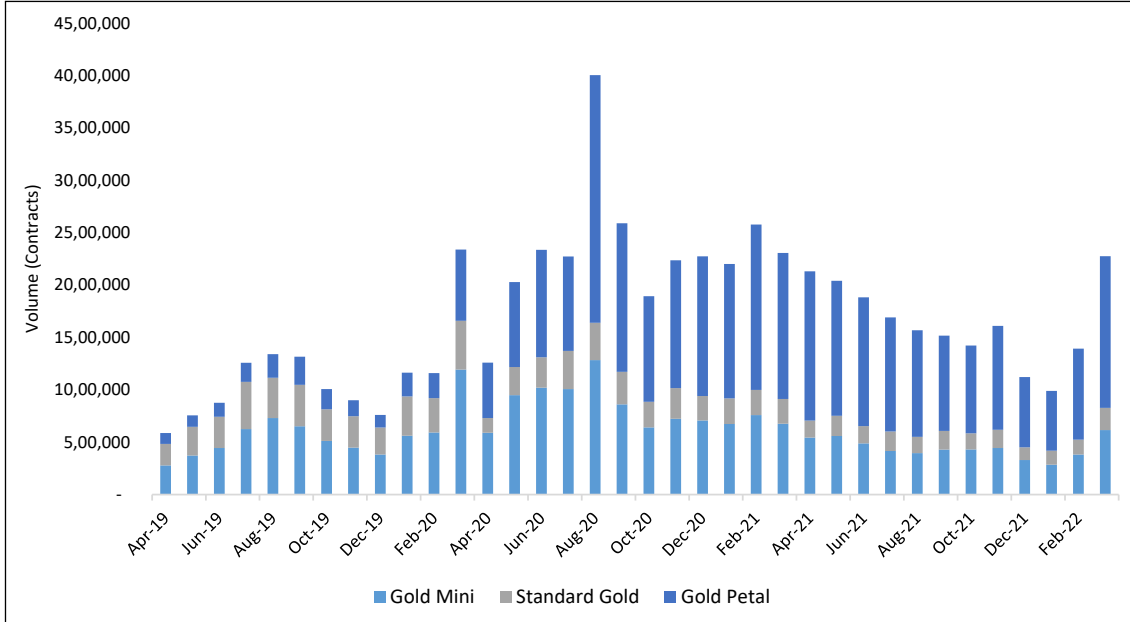
GOLD DERIVATIVE TRADING

1) Exchange Activity

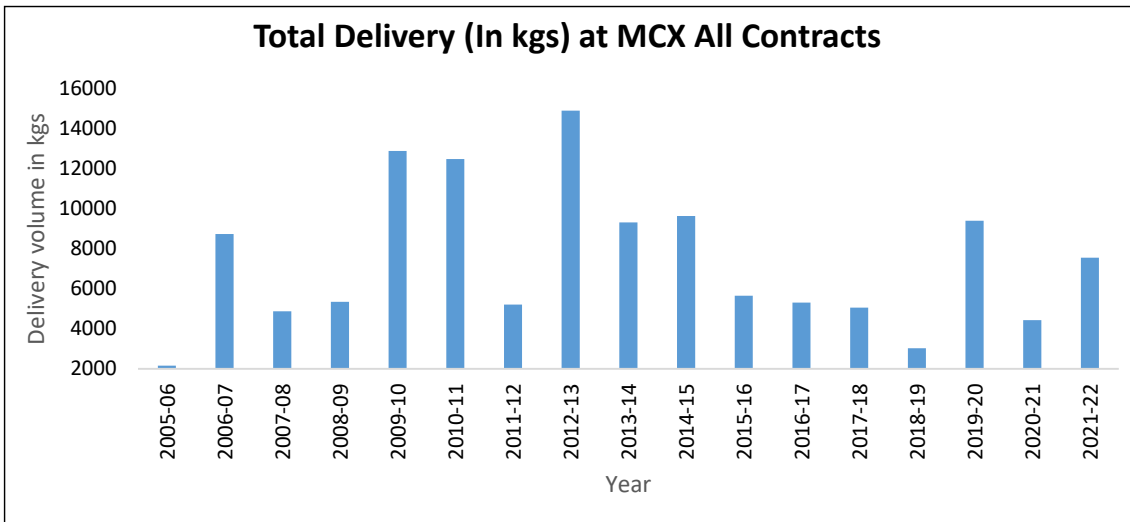
MCX volumes of Gold Mini, Gold Standard and Gold Petal contracts saw a rise in March 2022 after falling to a lowest in January 2022, the lowest traded contracts as compared to the previous year. This is attributed to the strong gold prices and

inflationary pressures in the economy. The 1 gm petal contracts are the most traded on the exchange in comparison to Gold standard and Gold Mini contracts.

Figure 2.14 : MCX Gold Volumes



Source: MCX

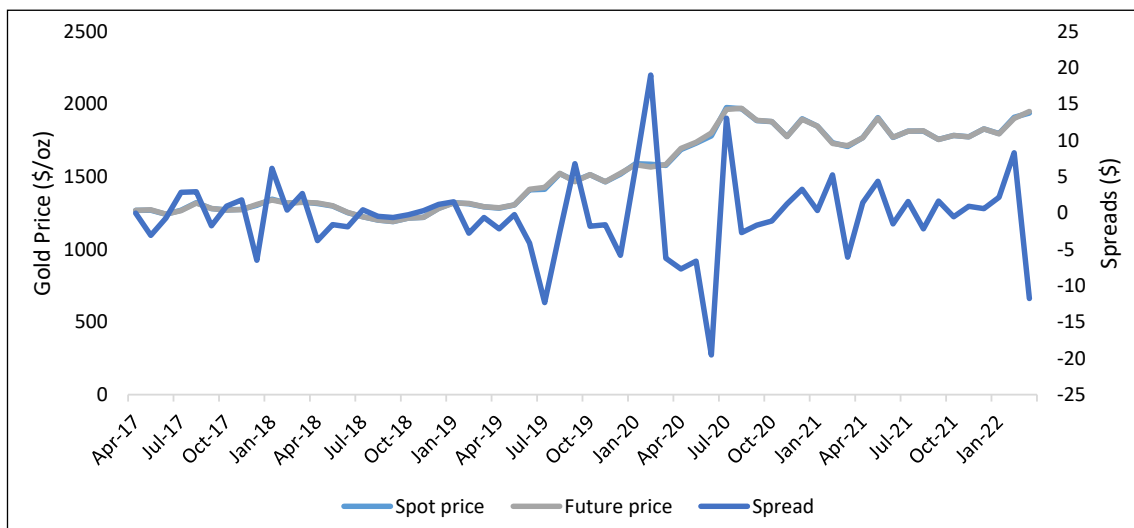


Month	GOLDGUINEA (In Kg)	GOLDM (In Kg)	GOLDPETAL (In Kg)
Apr-21	0.80	763.30	0.74
May-21	0.14	639.70	0.76
Jun-21	0.14	283.60	4.57
Jul-21	0.27	518.39	8.79
Aug-21	0.08	110.80	1.32
Sep-21	6.68	237.50	2.16
Oct-21	5.66	493.28	0.41
Nov-21	0.16	95.99	1.15
Dec-21	0.52	434.69	0.27
Jan-22	2.91	522.00	0.22
Feb-22	0.07	59.28	4.34
Mar-22	0.04	345.10	0.34

2) Spot and Future Spread

The spot gold price was up by 13% to \$1,937 per ounce in March 2022 as compared to previous year gold price, after hitting its lowest in the September 2021 to \$1,756. The gold futures contracts also increased by 14% to \$1,949 in March 2022. The spreads on COMEX throughout the FY 2021-22 remained in the range of +/- \$5, however the spreads showed great disparity in Feb 2022 and March 2022. This is attributed to the global turmoil brought by the war between Russia and Ukraine as well US inflation.

Figure 2.5: COMEX Gold Future and Spot price spread

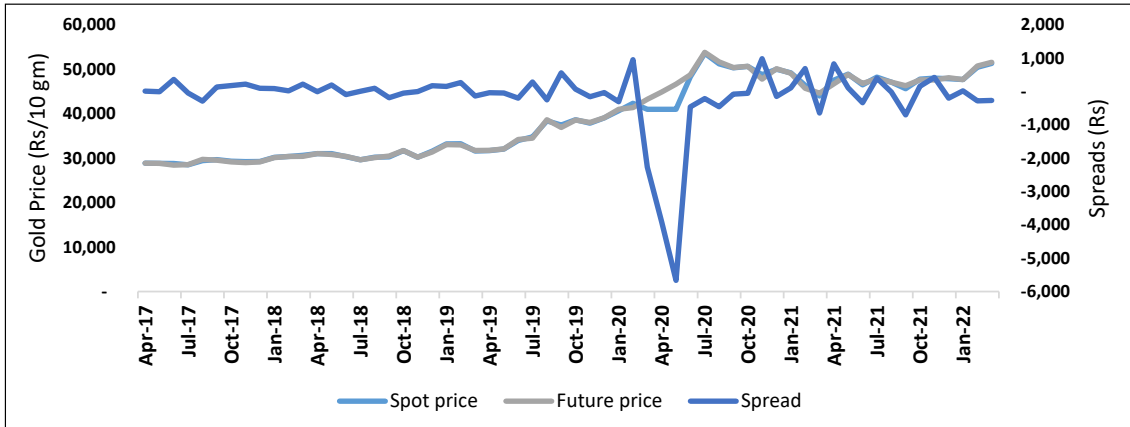


Source: Bloomberg

The spot gold price on MCX rose to Rs. 51,317 in March 2022 from a low of 47,569 in the beginning of FY 2021-22. The MCX gold spreads in FY 2021-22 were quite

volatile, witnessing a disparity going to a high of 832 rupees and a low of 699 rupees. However, the disparity observed was low in comparison to the spreads observed in FY 2020-21, the lowest spread dropped to 5,665 rupees in May-20. In 2020,

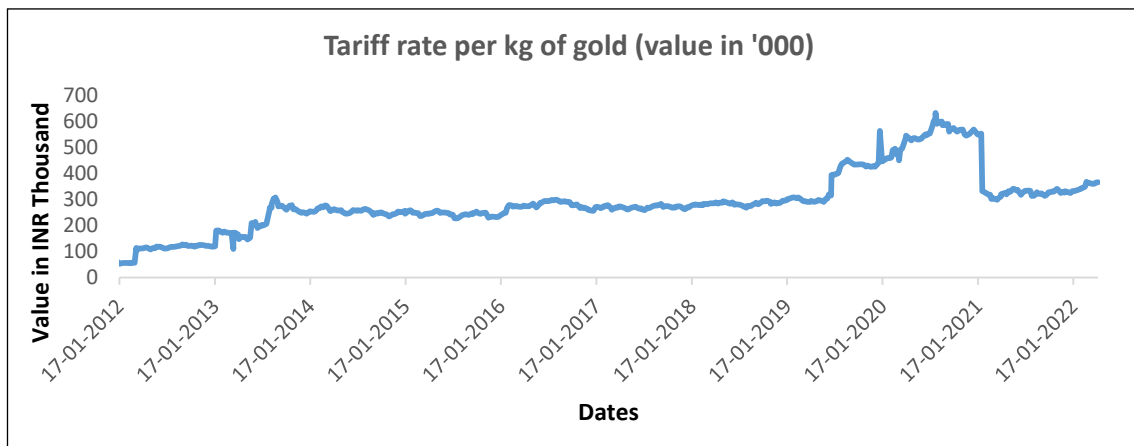
Figure 2.5: MCX Gold Future and Spot price spread



Source: Bloomberg

Indian Gold Market in charts

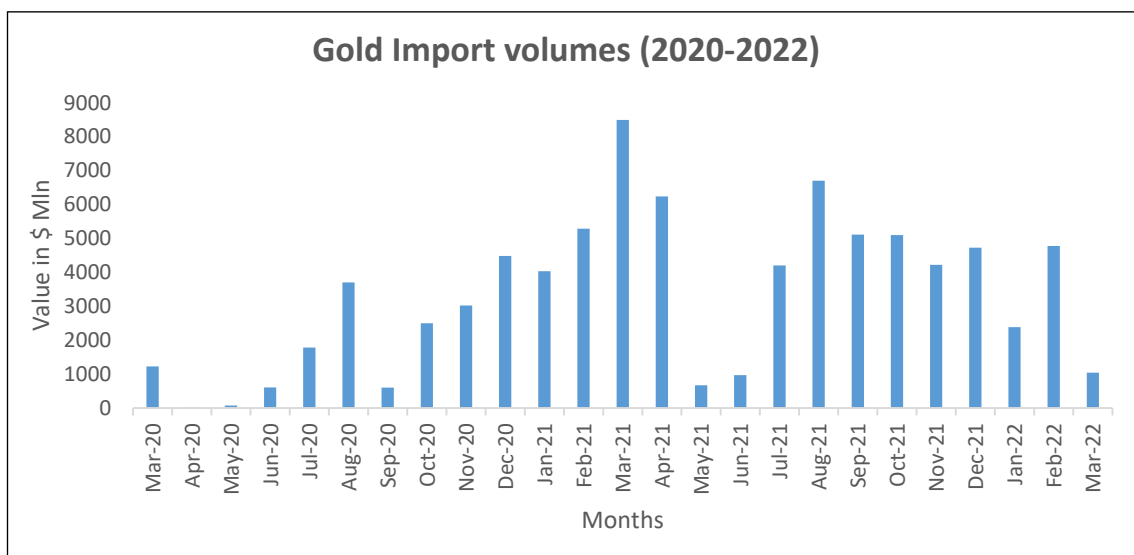
Chart 3.1: Tariff rate per kg of gold



Source: CBIC

Sideways trade in gold prices and a less volatile currency kept the tariff rate predictable.

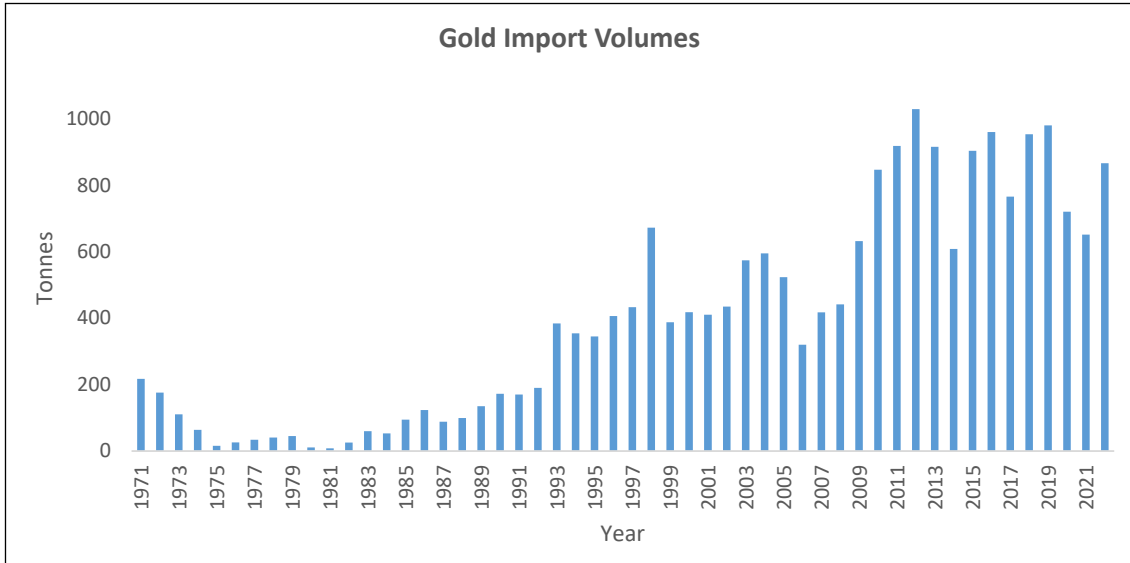
Chart 3.2: Monthly gold imports in kgs from 2020



Source: DGCIS

Revival in economic activity and pent up demand following the Covid year led to a steady inflow through 10 months.

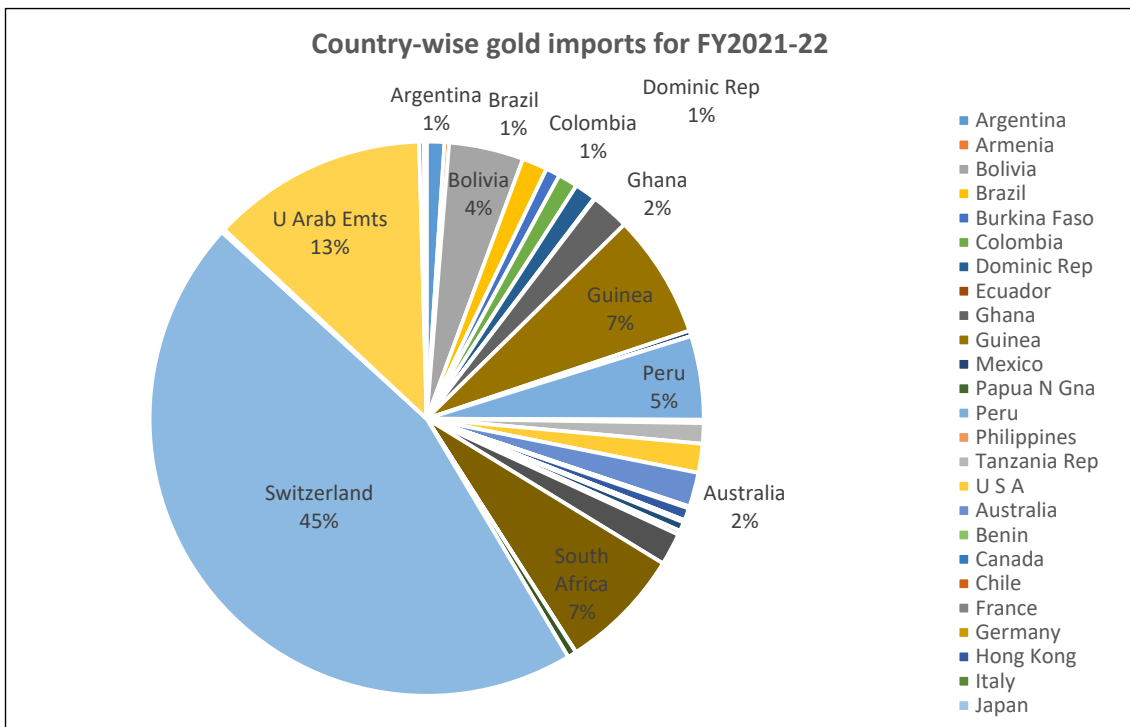
Chart 3.3: Historical gold imports to India in metric tonnes



Source: DGCIS

Gold imports in value terms increased to near record high levels seen in 2011, however in volume terms it was still lower than 2019 highs.

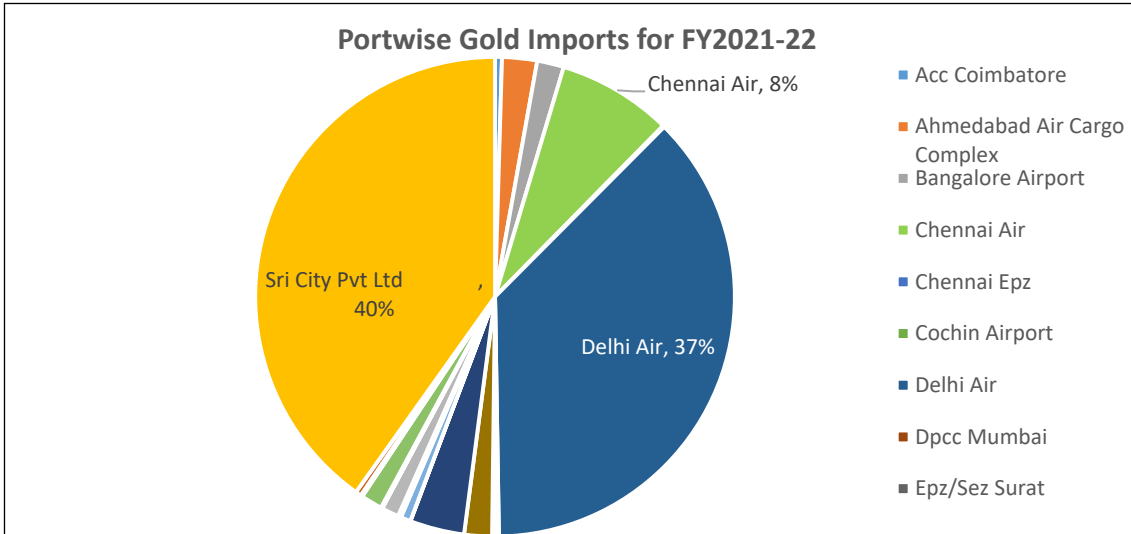
Chart 3.4: Gold imports basis country of origin



Source: DGCIS

For FY2021-22 also, Switzerland stands top in gold imports with approximately \$ 20.46 bln.

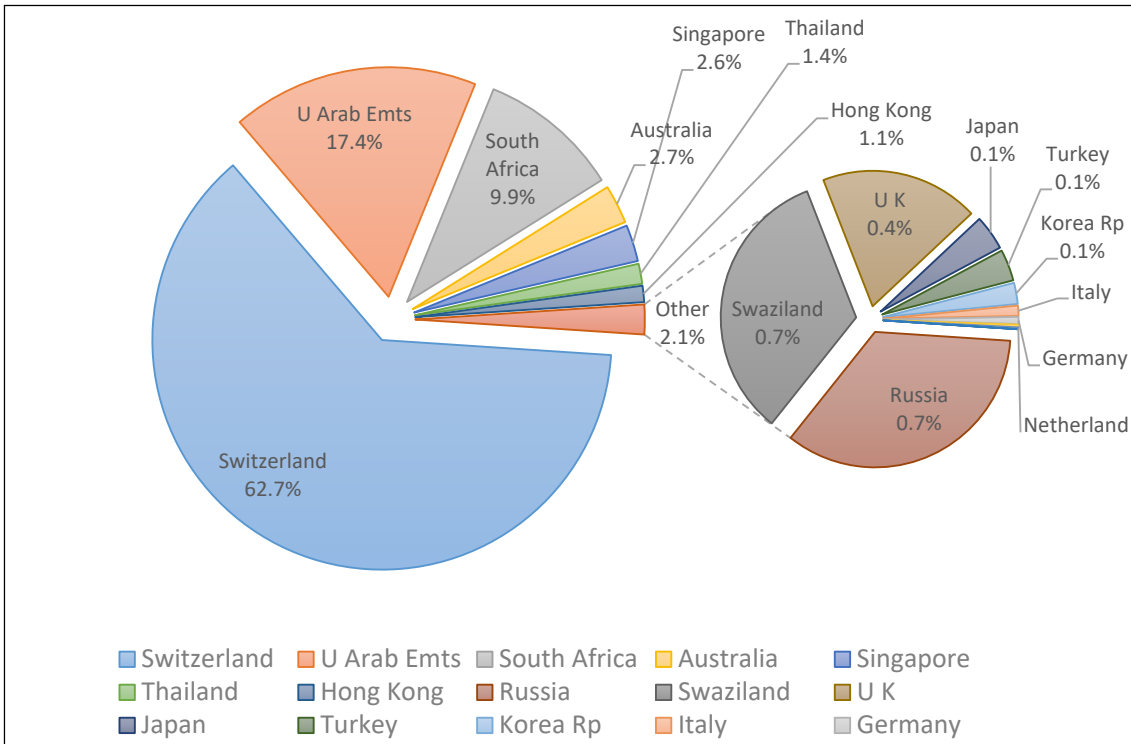
Chart 3.5: Share of each port with respect to import of gold



Source: DGCIS

FY2021-22 has SRI City P Ltd and DelhiAir at the top with import values of US \$ 18 bln and 16.8 bln respectively.

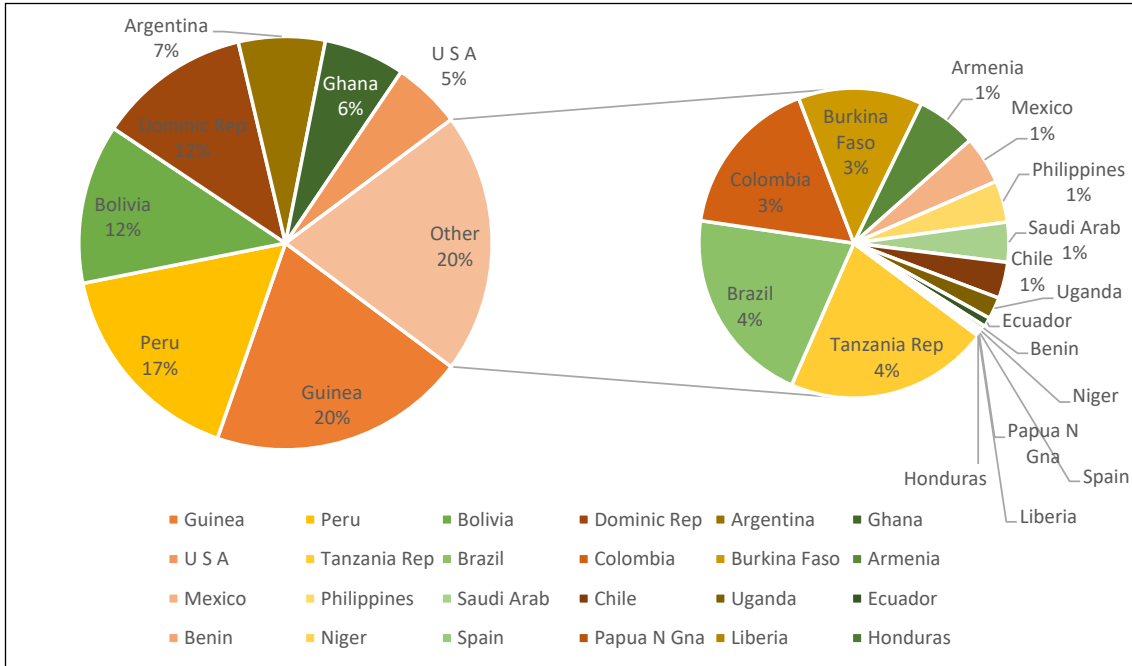
Chart 3.6 Refined Bullion imports basis country of origin for the year 2021-22



Source: DGCIS

Switzerland leads in imports of refined gold for the FY 2021-22 and is almost 62% of the total gold imports in the world.

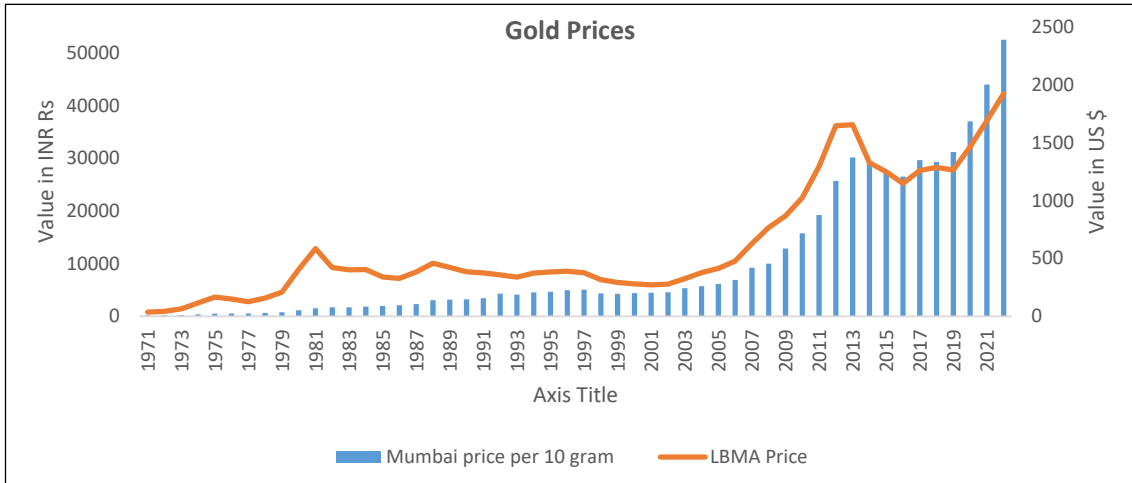
Chart 3.7: Gold dore imports basis country of origin



Source: DGCIS

In Dore imports, Guinea stands at the top with US \$ 3.3 bln during the FY2021-22

Chart 3.8: Price of gold in Rupees vs LBMA

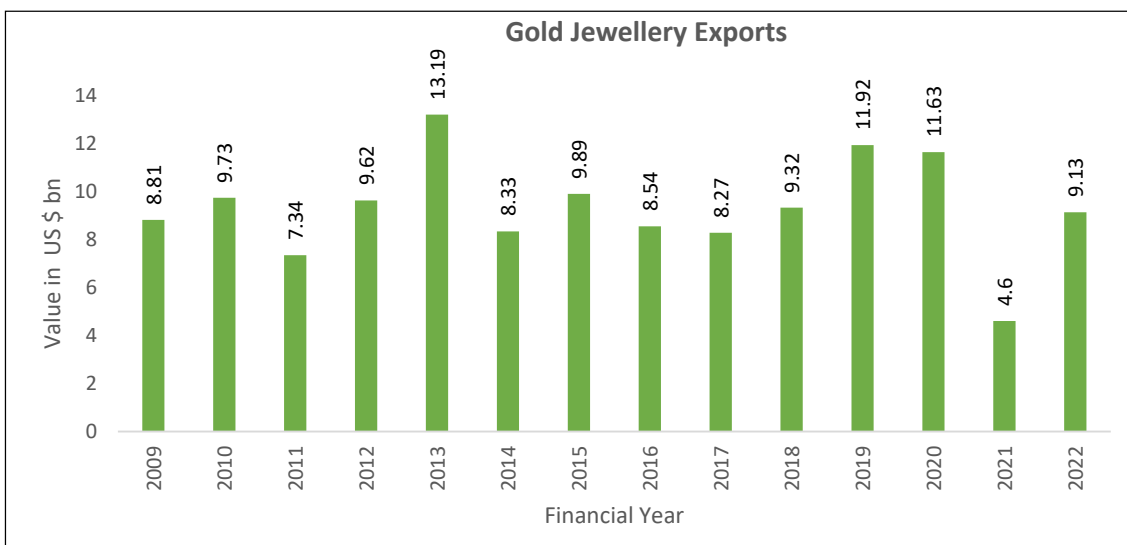


Source: RBI, LBMA

Chart 3.9: Monthly gold jewellery exports in \$ billion

Source: GJEPC

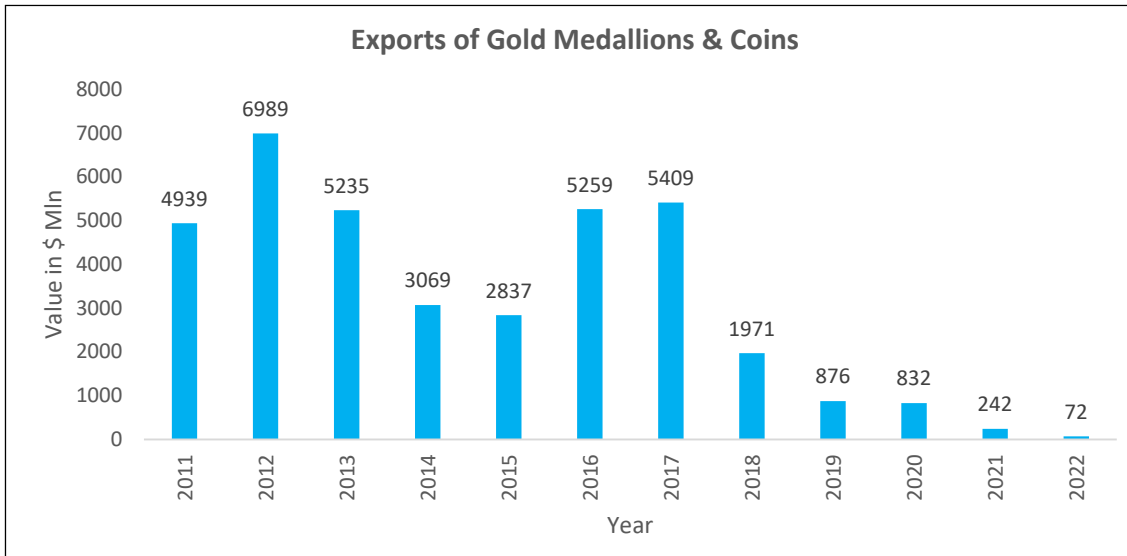
Monthly gold jewellery exports in 2021-22 averaged at a little over \$600 million compared to approximately \$400 million in the previous year.

Chart 3.10: Annual gold jewellery exports in \$ bln

Source: GJEPC

Annual gold jewellery exports has improved as compared to last year with a value of US \$ 9 bln.

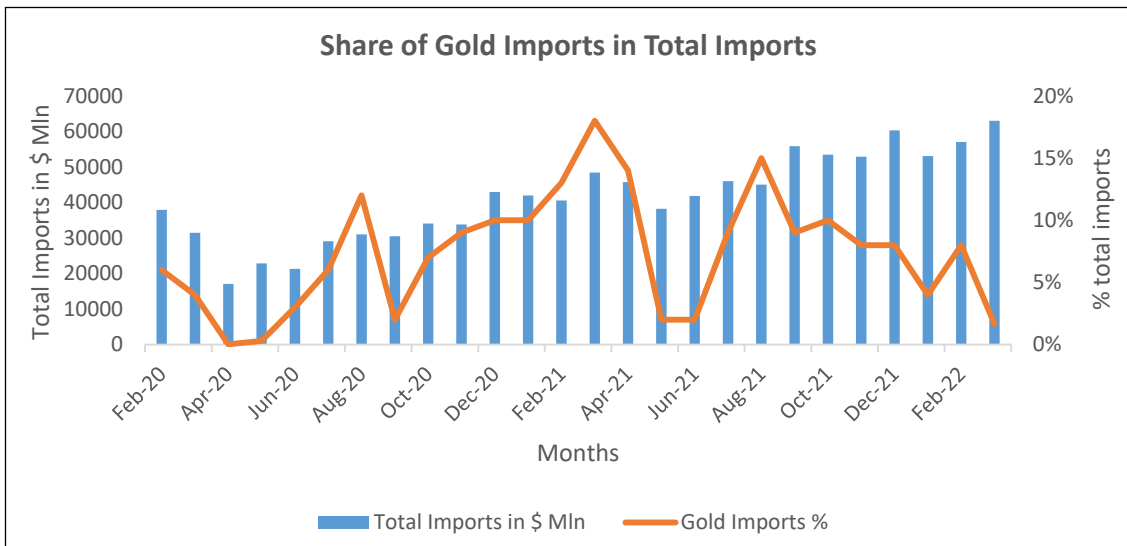
Chart 3.11: Export of gold medallions and coins from India in mln dollars



Source: GJEPC

The exports of medallions and coins dropped to just 72 \$ Mln in FY2021-22 due to the rules regarding export of coins and medallions, in order to curb round-tripping activity.

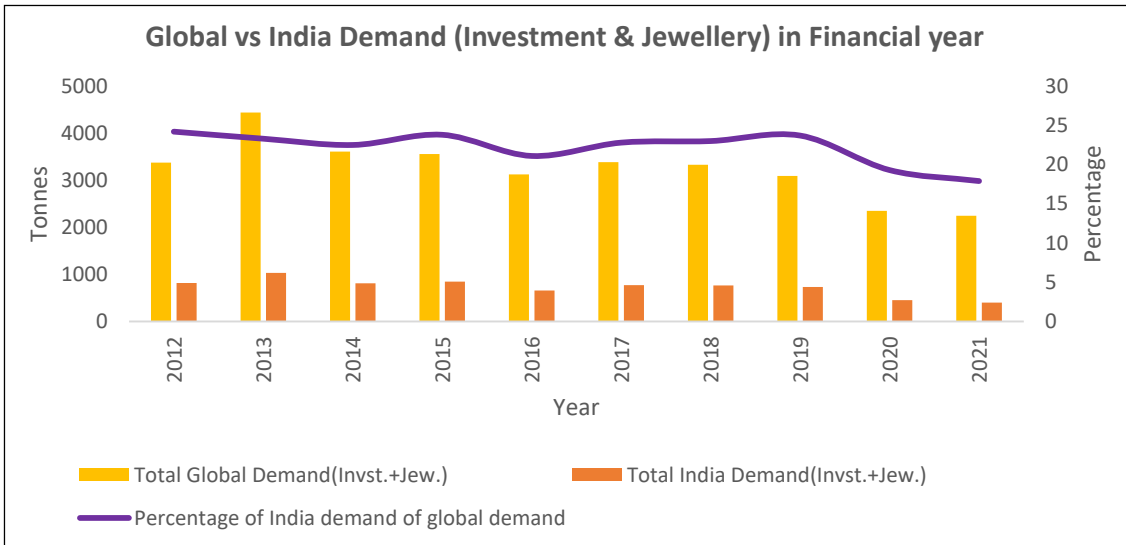
Chart 3.12: Share of gold imports (%) to total imports (in \$ mln)



Source: DGCIS

Out of total imports, gold imports is 8% of total imports during the month of February 2022

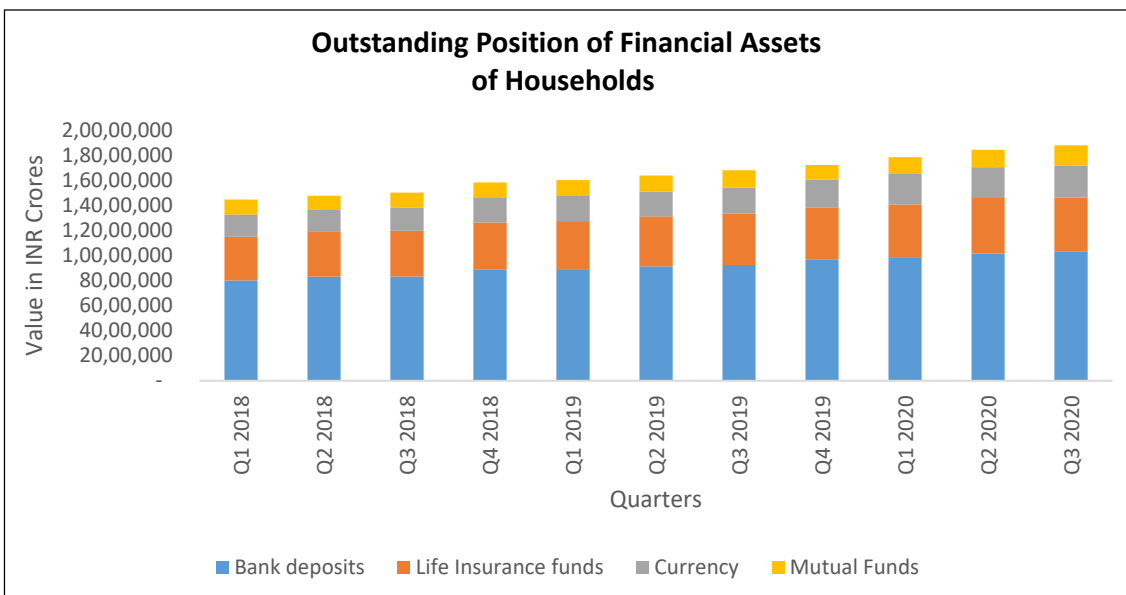
Chart 3.13: Global Vs India demand in kgs



Source: WGC

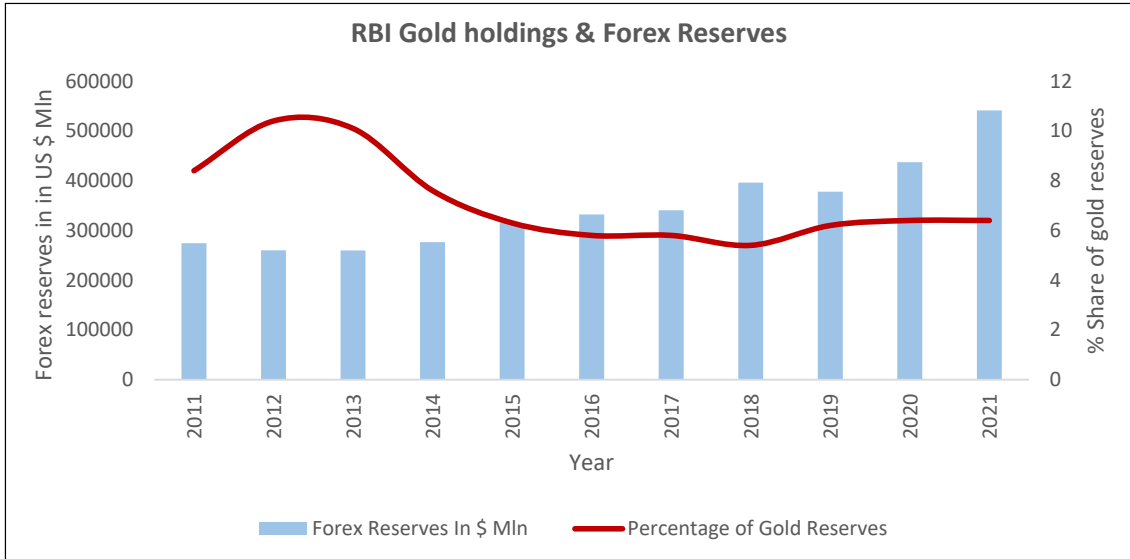
In terms of gold jewellery and investment demand, India approximately 18 % of the total global demand.

Chart 3.14: Household financial assets total outstanding (in crores)



Source: RBI

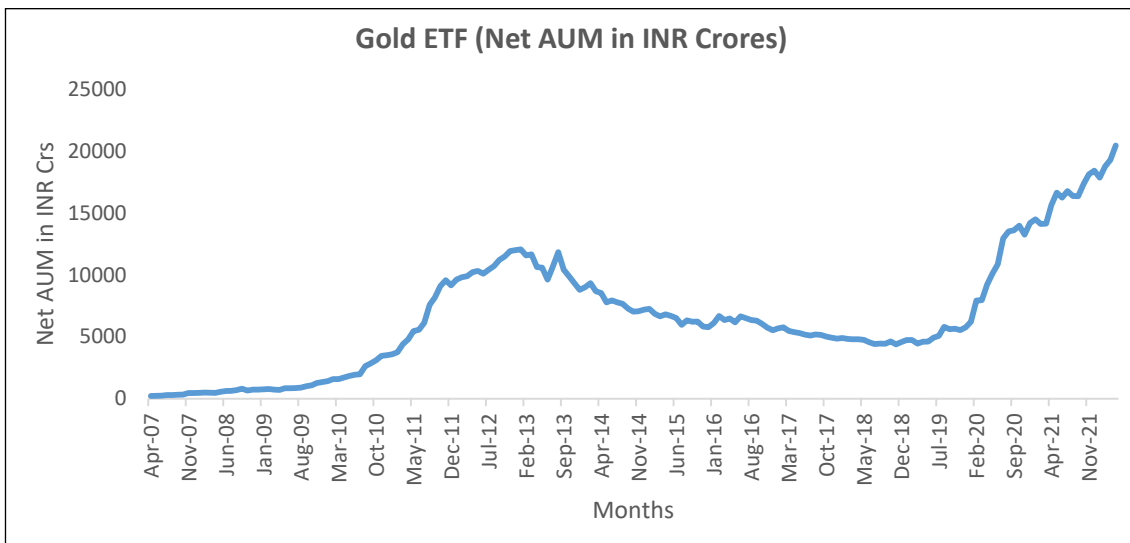
Chart 3.15: RBI gold holdings vs Forex reserves in \$ Mln.



Source: RBI

RBI owned 6.4% of gold reserves out of total forex reserves in 2021. The years, 2012 & 2013 had almost than 10% gold holdings but post 2014, the ratio went down.

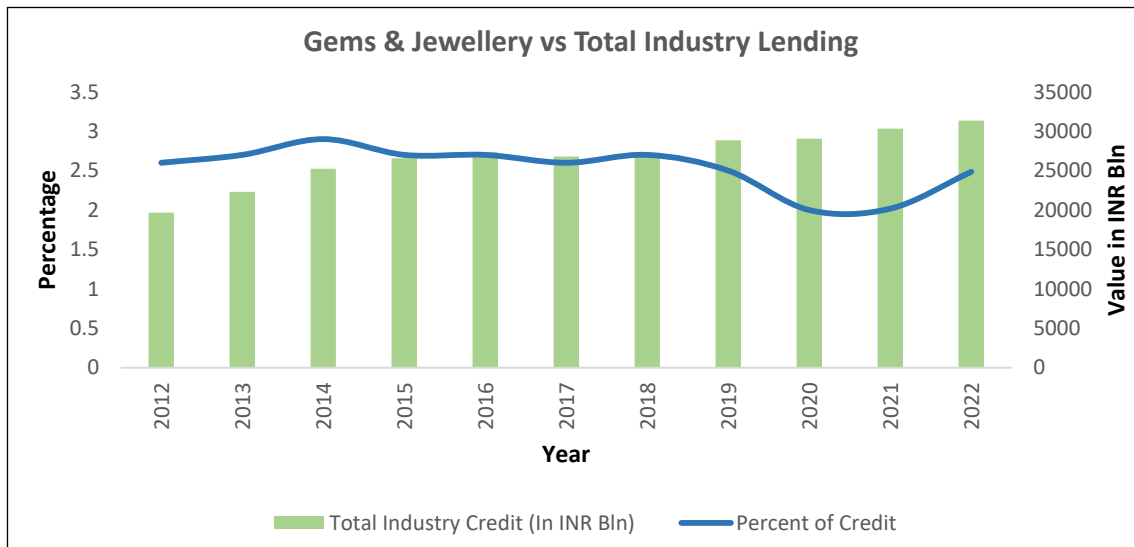
Chart 3.16: Gold ETF AUM in crores



Source: AMFI

There has been an increase in the value of gold ETF investments in April 2022. Net AUM increased to Rs 20,430 crores from Rs. 19,281 crores in March 2022.

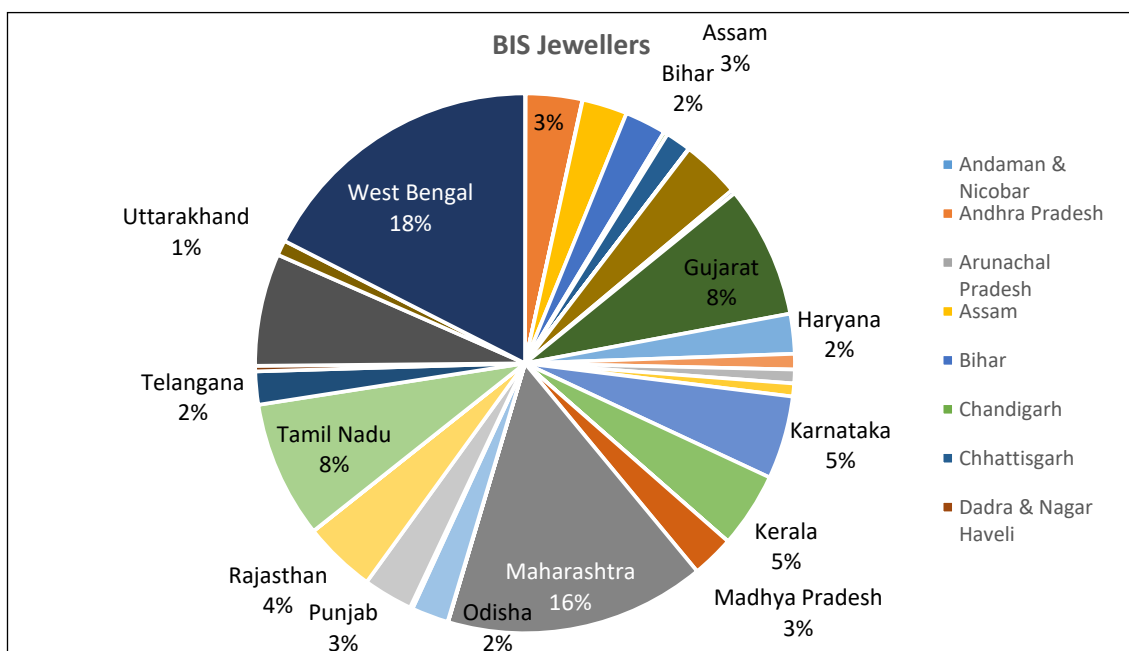
Chart 3.17: Total lending to Gems & Jewellery industry



Source: RBI

The Gems & Jewellery credit lending has been above 2.5% of the total industry lending since more than five years.

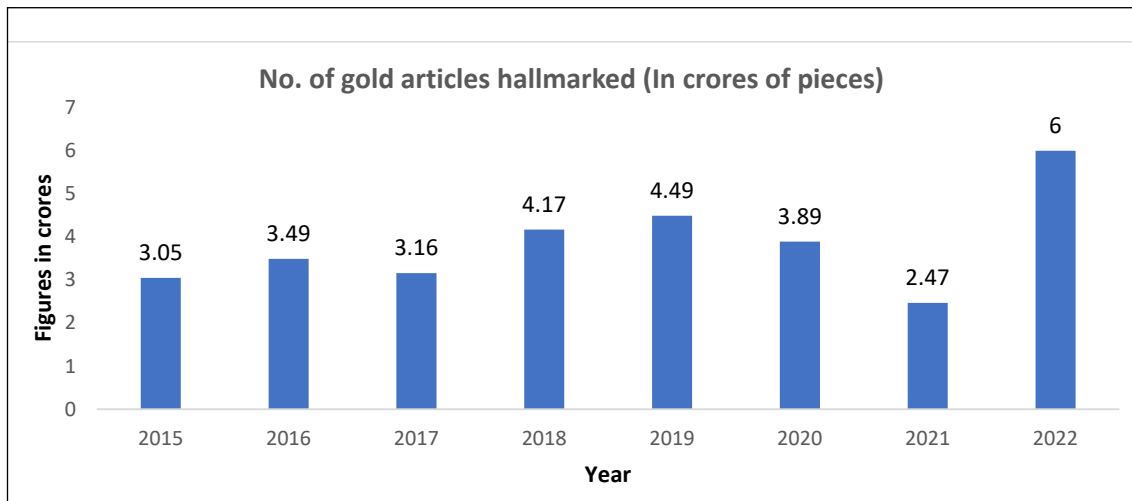
Chart 3.18: BIS registered jewellers in India state wise share



Source: BIS

The number of BIS registered jewellers in India increased to over 1.2 lakhs up from 30,000 after BIS mandated sale of only hallmarked jewellery in 2021.

Chart 3.19: Number of gold jewellery / articles hallmarked in India annually measured in number of pieces' crores



Source: BIS

*2022 figures are IGPC estimates.

Mandatory hallmarking has led to steep increase in articles hallmarked.

India Gold Track – Understanding Indian Gold Consumers

Household Survey of Gold Consumption (2020-21)

Survey Objectives

The Household Survey on Gold Consumption (HSGC) is an extensive, multistage, baseline-cum-longitudinal biannual study spread over five years with the following broad objectives:

- To gauge saving, investment and consumption behaviour of Gold and gold related products;
- To estimate the share of gold in total savings and investments portfolio of the household (Asset allocation);
- To understand the diversified gold buying behavior of Indian households; Socio-economic demographic enablers driving the demand for gold in India;
- To understand consumers' preferences between investment and adornment and its other utilization pattern such as collateral, monetize, etc.;
- To measure the level of wealth protection and exchange value of gold;
- The perception and mind-set that goes behind gold transactions- Whether Indian households consider gold as an asset, symbol of prosperity or of traditional value in cultural and social occasions; and
- To measure the impact of policy measures (recent past and present) other specific related issues for analysis.

Dimensions of the Survey

The Survey (2020-21) attempts to cover the following dimensions of gold purchases in India:

- Demographic and Other Particulars of Household Members
- COVID Related Damage and Indian Consumer Sentiment
- Household Occupation, Income and Savings/Investments Portfolio
- Investment/Purchase of All Gold Related Products
- Physical Gold Investment/Purchase- Gold Jewellery and Gold Coin/Bars
- Paper Gold Investment/Purchase- Gold Monetisation Scheme, Sovereign Gold Bond, Exchange Traded Funds, Digital Gold
- Future Intentions to Buy Gold and Gold Products
- Gold Sale Behaviour
- Gold as Security Against Loan

The survey was completed in November 2021 – after going through some challenging times because of Covid.

Sampling Design

Three Stage Stratified Sampling		
	Rural	Urban
Stage I*	Villages	Urban Wards
Stage II**	Households	Households
Stage III**	Households	Households

Sampling Frame: 2,17,904

Total Sample Households: 40,427

Total Weighted Households: 307.56 Million

Primary descriptive variable is along household income

Structure of Talk

- Ownership, Savings, Purchase and Distribution of Purchase and Ownership
- Form of Ownership and Reasons
- Consumption Pattern and Purchasing Influences
- Selling and Pledging

Ownership, Savings, Purchase and Distribution of Purchase and Ownership

Ownership of Gold Products: Gold is a must hold among Indian HHs, with more than 75% of the HHs agreeing to be owning gold in some form or another

Chart 4.1: Gold owned by households

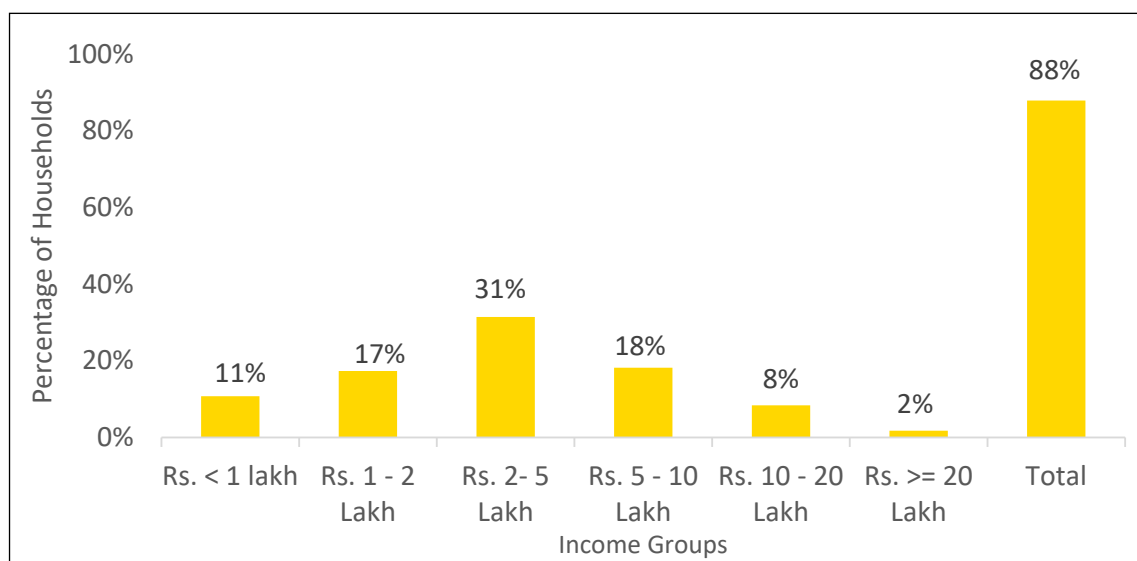
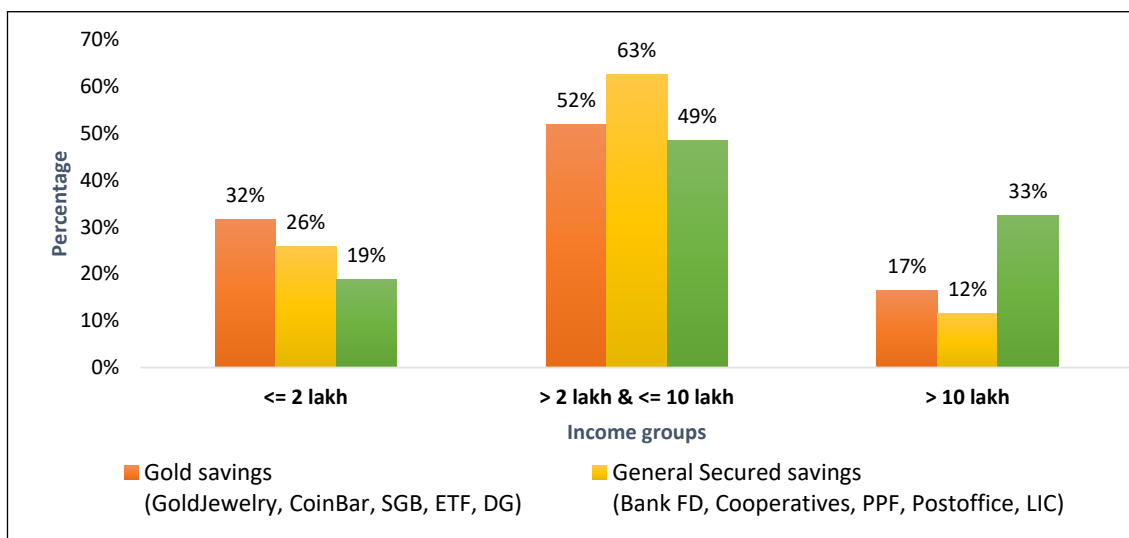


Chart 4.2: Savings behavior differ for various income classes Income class & their savings attitude

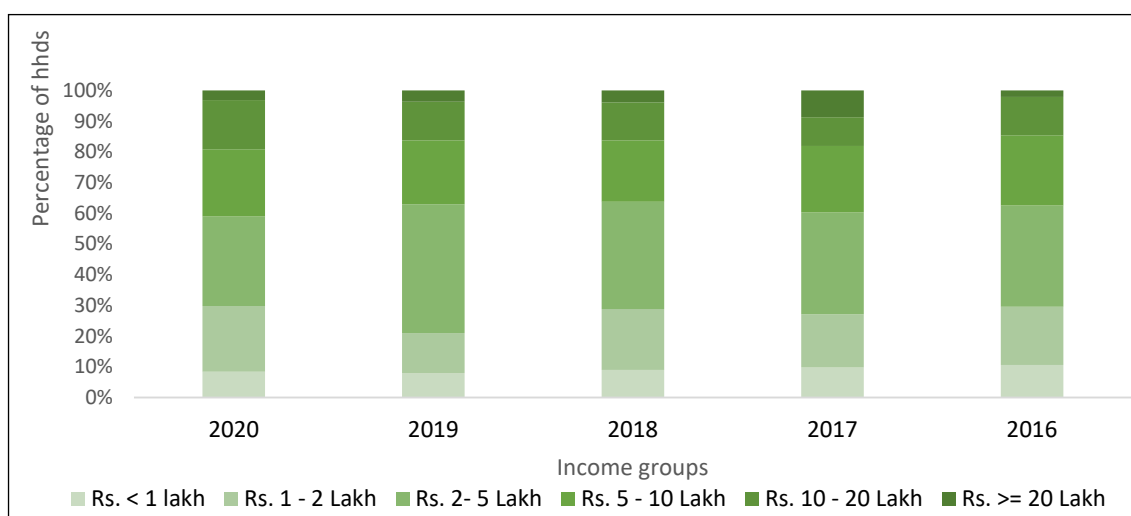


What does savings / investments mean for various income groups?

- For income class having annual income below 10 lacs, savings is security, stable returns and future of their family and kids. Hence, they prefer either safe haven – gold and gold products or secured government products like bank FDs, PPF, LIC, post office savings etc., where risk is minimal.
- For income class having annual income above 10 lacs that is upper middle and rich, savings are gains over their extra earnings, idle additional money & capital gain. Hence, they prefer saving in stock/shares, derivatives, and real estate. The risk is high, but returns are high.

Thus, it can be said that higher the income, more is the risk-taking capacity.

Chart 4.3: Purchase of Gold Products (For the period 2015 till 2020)



Gold consumption wasn't affected by demonetisation or GST. In last five years at least 74% of the HHs confirmed buying gold

Chart 4.4: Purchase of Paper Gold Products (For the period 2015 till 2020)

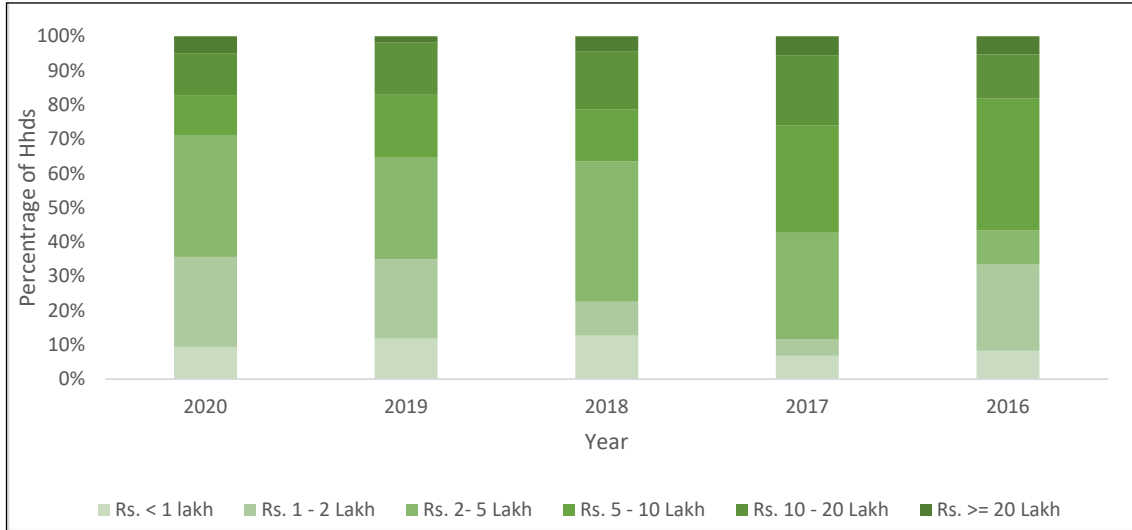


Chart 4.5: Cash is still the most preferred way to transact with more than 90% confirming payment by Cash

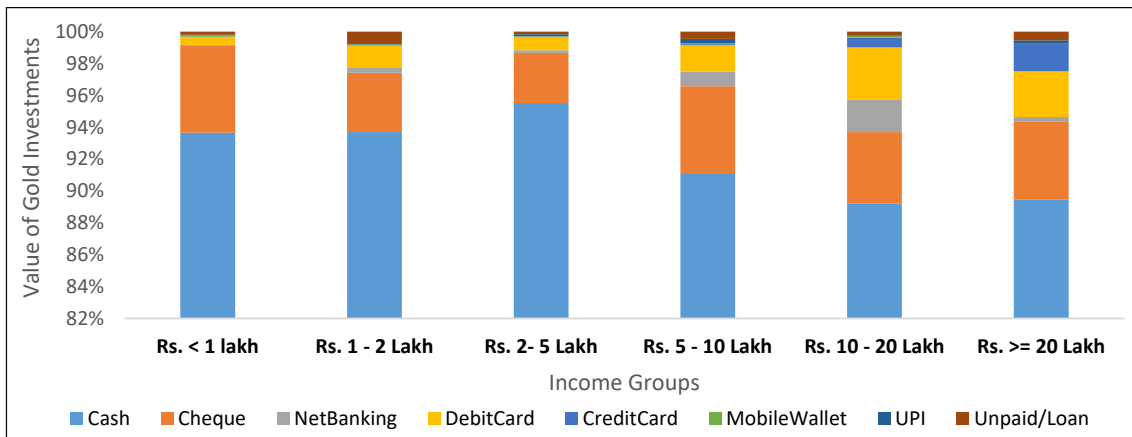


Chart 4.6: Gold is for all classes :

Per capita consumption is highest among rich but total volume still rests with middle income group. With increasing income there is an increasing propensity to consume gold, although the share of gold in the portfolio doesn't increase with same proportion of income.

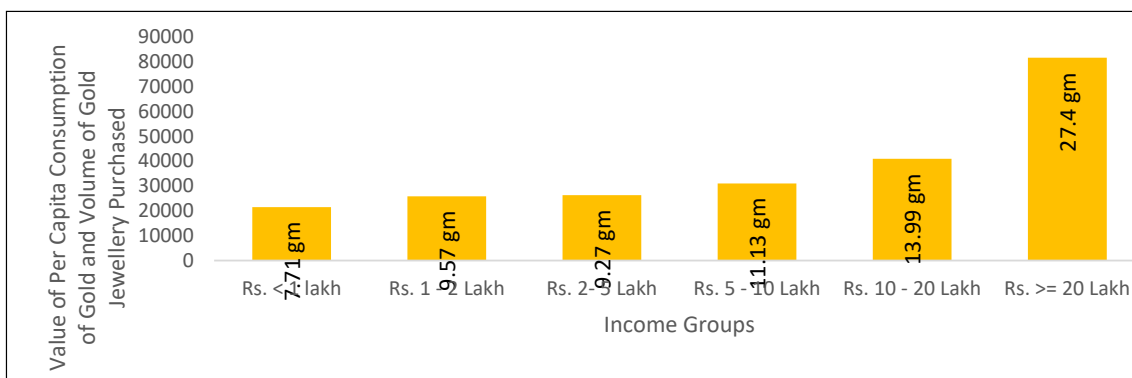
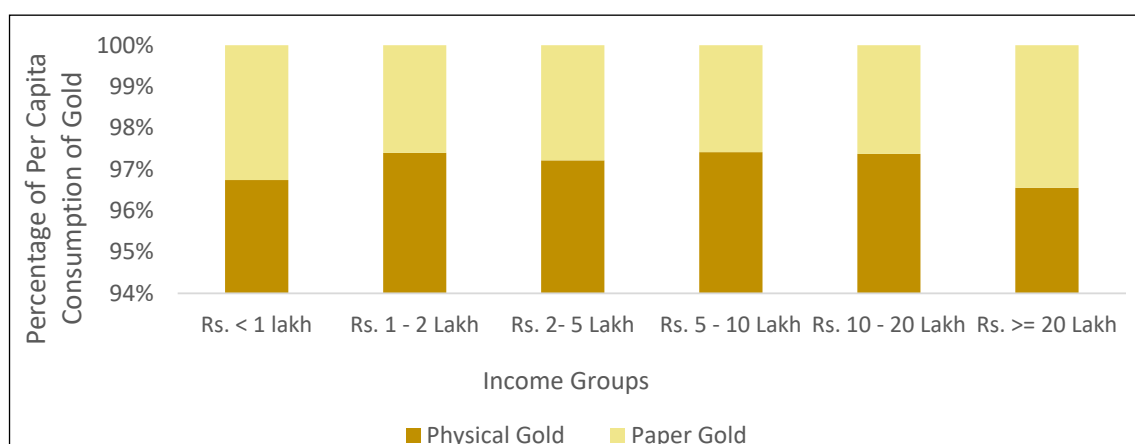


Chart 4.7: Interest for digital gold products (paper gold) increases among top income class**Table 4.1: Gold is most favoured by middle income group than the rich**

Across the years the majority of the consumption is concentrated among households in the income range of 2-10 lakh, consuming an average of 56% of the volume.

	2020		2019	
	Total volume of gold purchased (value in tons)	Value of total gold purchased (value in INR Mln)	Total volume of gold purchased (value in tons)	Value of total gold purchased (value in INR Mln)
Rs. < 1 lakh	21	1,13,665	44	1,38,583
Rs. 1 - 2 Lakh	58	2,89,680	72	2,27,345
Rs. 2 - 5 Lakh	78	3,94,468	232	7,30,626
Rs. 5 - 10 Lakh	59	2,96,232	113	3,63,052
Rs. 10 - 20 Lakh	43	2,16,808	68	2,19,728
Rs. >= 20 Lakh	9	42,418	19	64,257
Total values	267	13,53,269	549	17,43,590

	2018		2017	
	Total volume of gold purchased (value in tons)	Value of total gold purchased (value in INR Mln)	Total volume of gold purchased (value in tons)	Value of total gold purchased (value in INR Mln)
Rs. < 1 lakh	54	1,66,954	45	1,34,041
Rs. 1 - 2 Lakh	119	3,68,932	79	2,38,504
Rs. 2 - 5 Lakh	210	6,49,514	152	4,55,871
Rs. 5 - 10 Lakh	120	3,71,708	99	2,97,640
Rs. 10 - 20 Lakh	75	2,31,045	43	1,28,911
Rs. >= 20 Lakh	23	71,864	40	1,20,042
Total values	600	18,60,017	458	13,75,009

	2016	
	Total volume of gold purchased (value in tons)	Value of total gold purchased (value in INR Mn)
Rs. < 1 lakh	34	95,294
Rs. 1 - 2 Lakh	61	1,70,828
Rs. 2- 5 Lakh	106	2,96,395
Rs. 5 - 10 Lakh	73	2,05,743
Rs. 10 - 20 Lakh	40	1,12,500
Rs. >= 20 Lakh	7	18,867
Total values	321	8,99,628

The values and volumes are data from Survey and not to be viewed as actual. It helps provide only nearest estimate.

Implications for industry and policy makers

- Gold needs to be reclassified as it is not a de-merit good.
- Policy nudge to shift to cashless transactions- example credit card charges may not be applicable
- Digital gold / paper gold products to be positioned for higher income class.
- To increase store sales volume target households in the middle income category

Chart 4.8: Form of Ownership and Reasons Form of gold: India speaks one language Homogeneity in consumption preference across geographical clusters

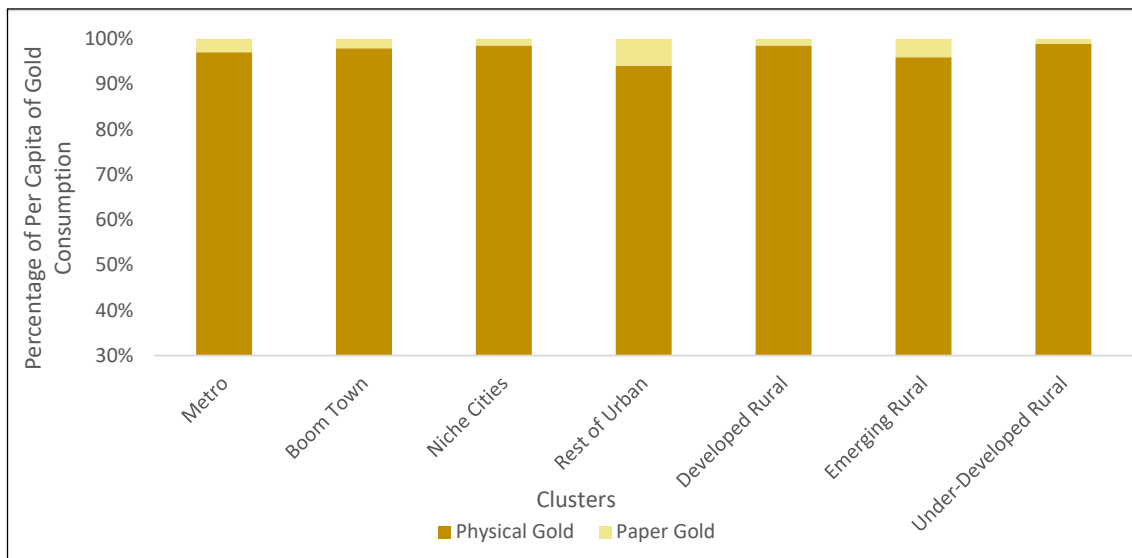


Chart 4.9: Urban HHs share of total consumption in value terms is near 70%, signs of increasing demand with urbanisation

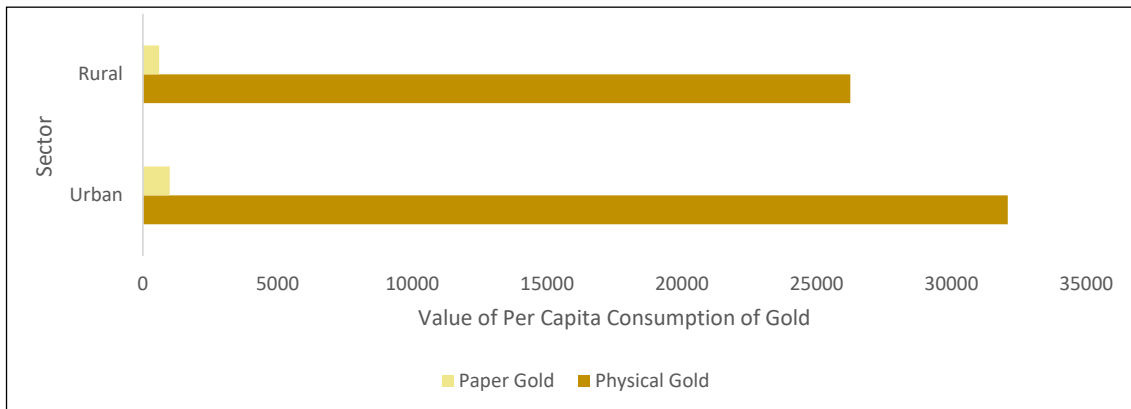


Chart 4.10: Households don't prioritise savings and investment when purchasing jewellery

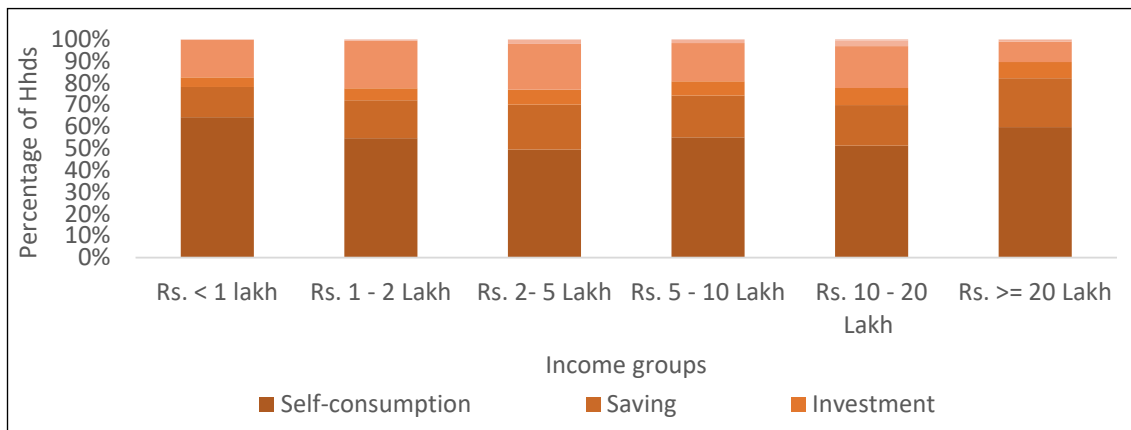


Chart 4.11: Purpose of purchasing gold coins & bars

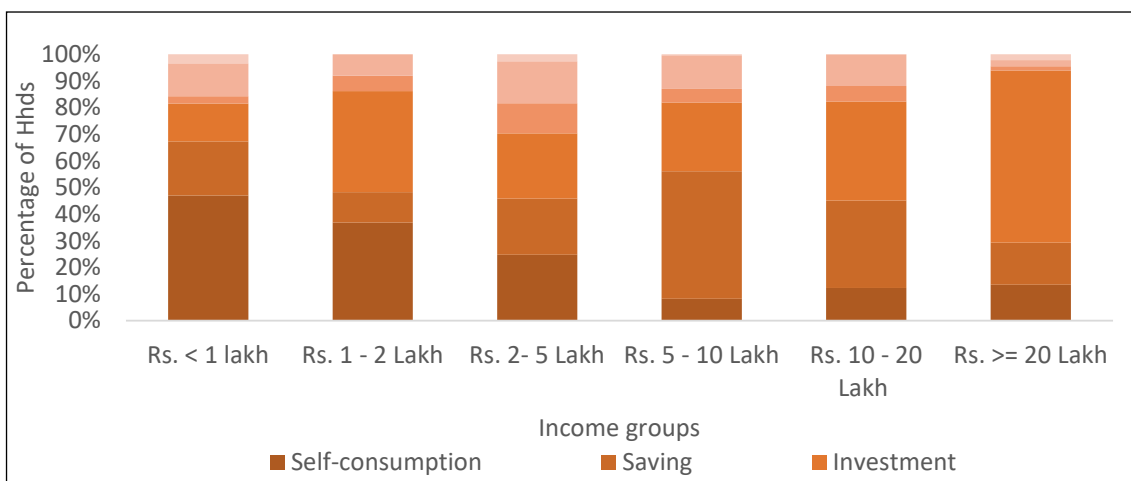
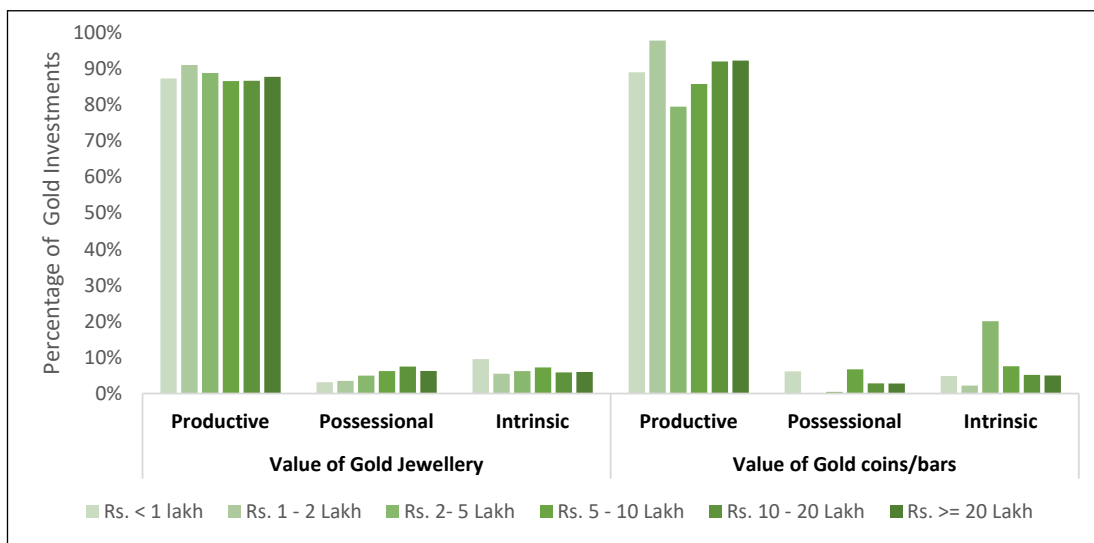


Table 4.2: Gold value is derived from productive, possessional or intrinsic?

We asked respondents what are the top motivations for buying gold jewellery and gold coins/bars. These 10 factors were later classified as Productive, Possessional and Intrinsic

High returns	Productive
Financial Security	Productive
Future savings	Productive
Conventional value	Possessional
Traditional value	Possessional
Time value of money	Intrinsic
Ideal investment tool	Productive
Collateral for availing loan	Productive
Low risk	Intrinsic
Universal acceptability	Productive

Chart 4.12: The utility purpose of gold holds higher significance for Indians across the households



**Chart 4.13: Gold ownership symbolises its possessional and intrinsic value as one moves up the income pyramid
I believe possessing gold is a symbol of success**

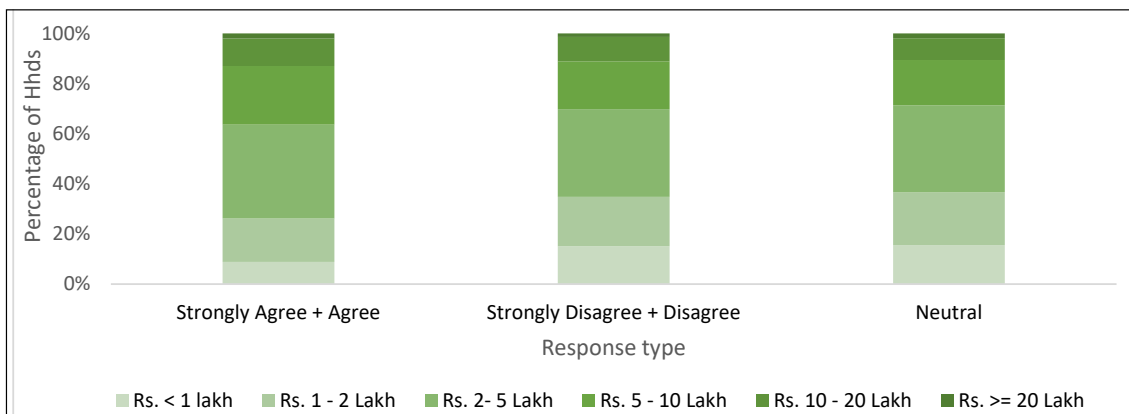
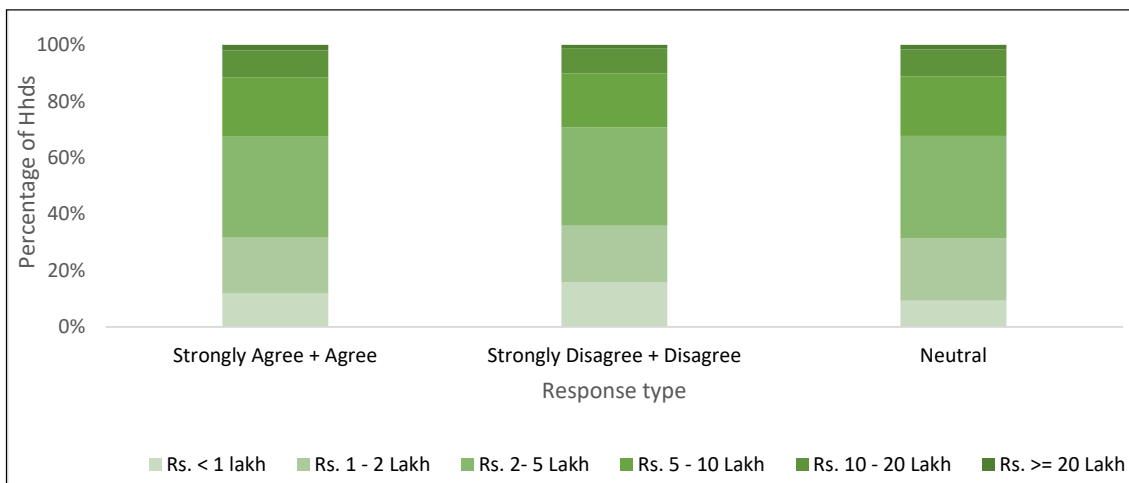


Chart 4.14: I buy gold because I want to show others how rich I am



Implications for policy and industry

- Gold Monetisation Scheme to be positioned as a value creator due to their affinity to gold for its productive value
- Innovative product structuring by bundling physical with paper gold.
- Could consider advertisements that promote gold for its productive use
- Campaigns related to financialization can be targeted at urban households

Chart 4.15: Consumptions Patterns and Purchasing Influences

Think celebrations, there is gold in it: Gold symbolises celebration and a blessing to welcome new beginning. Weddings and festivals contribute to 65 to 70 % of the reasons to jewellery purchase. Investment related purchase evidently are more in festive season, one could relate to Akshaya Tritya and Dhanteras. 30 to 35% is discretionary spend

Gold Jewellery

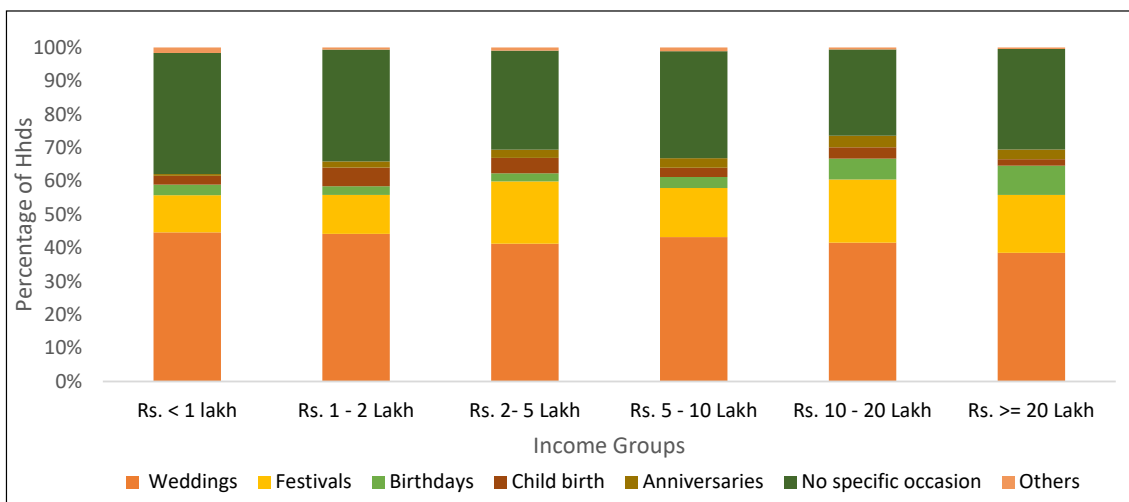


Chart 4.16: Gold Coins & Bars

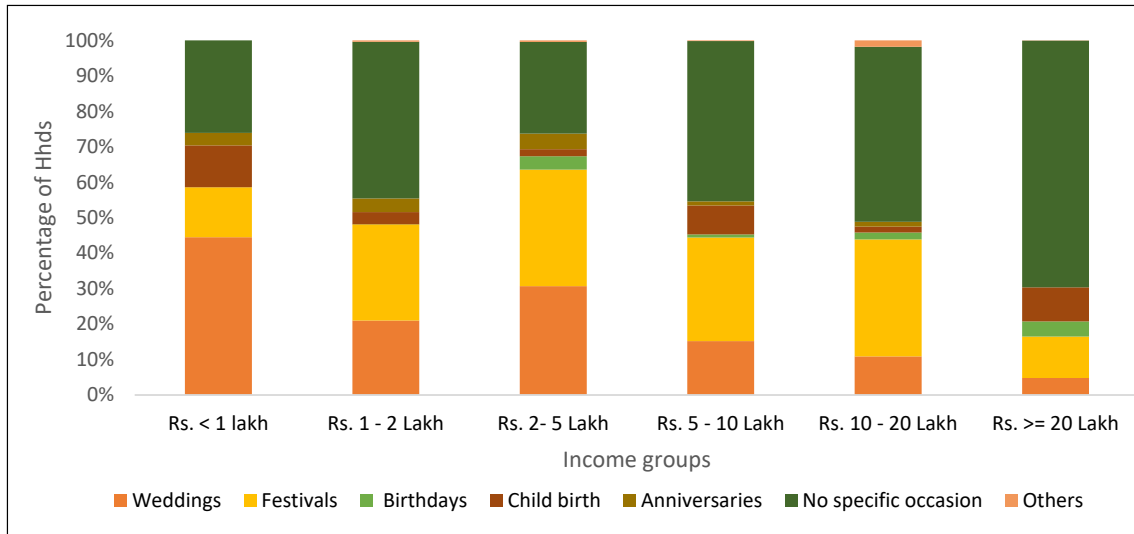


Chart 4.17: Gold purchases are becoming routine expenditure for some.

Households who said they are buying for no specific reason, on further analysis were found to be purchasing for self-consumption and investment purpose primarily.

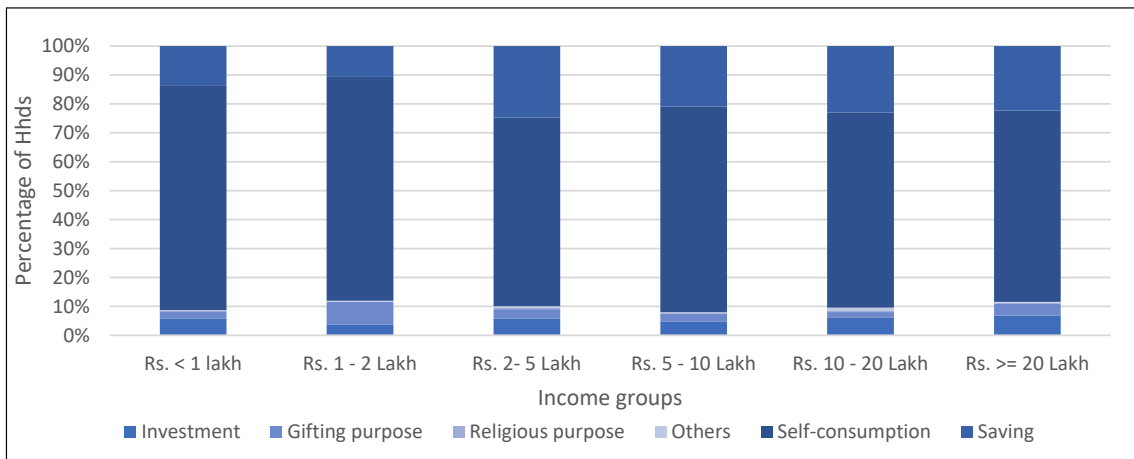


Chart 4.18: Households purchasing gold coins bars without any specific occasion

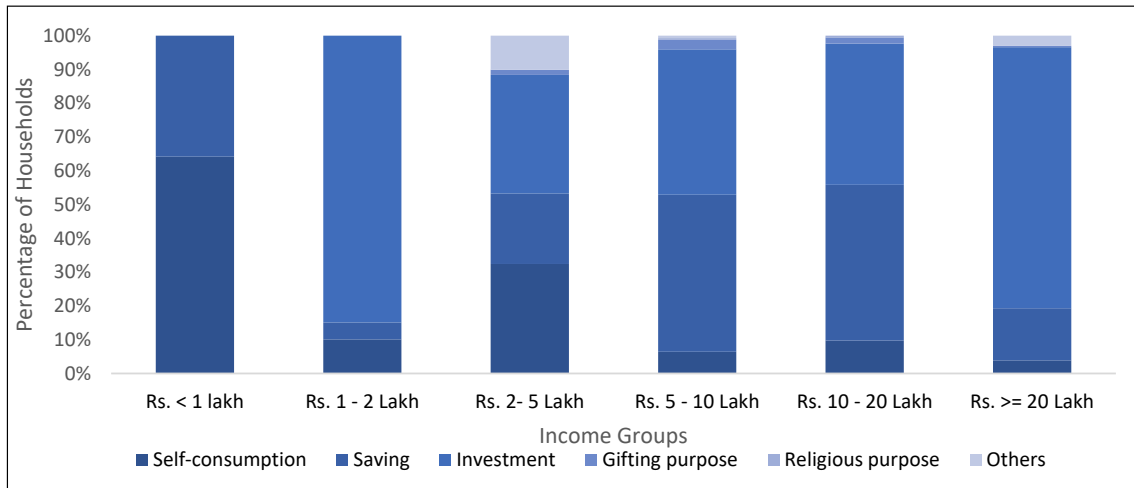


Chart 4.19: Social networks intertwined around brand play a major role in decision making

Advertisement is of lesser significance to in-store experience, however it is of higher relevance for the income group of 1-2 lakh. Top in the income pyramid are influenced by family members and their experience.

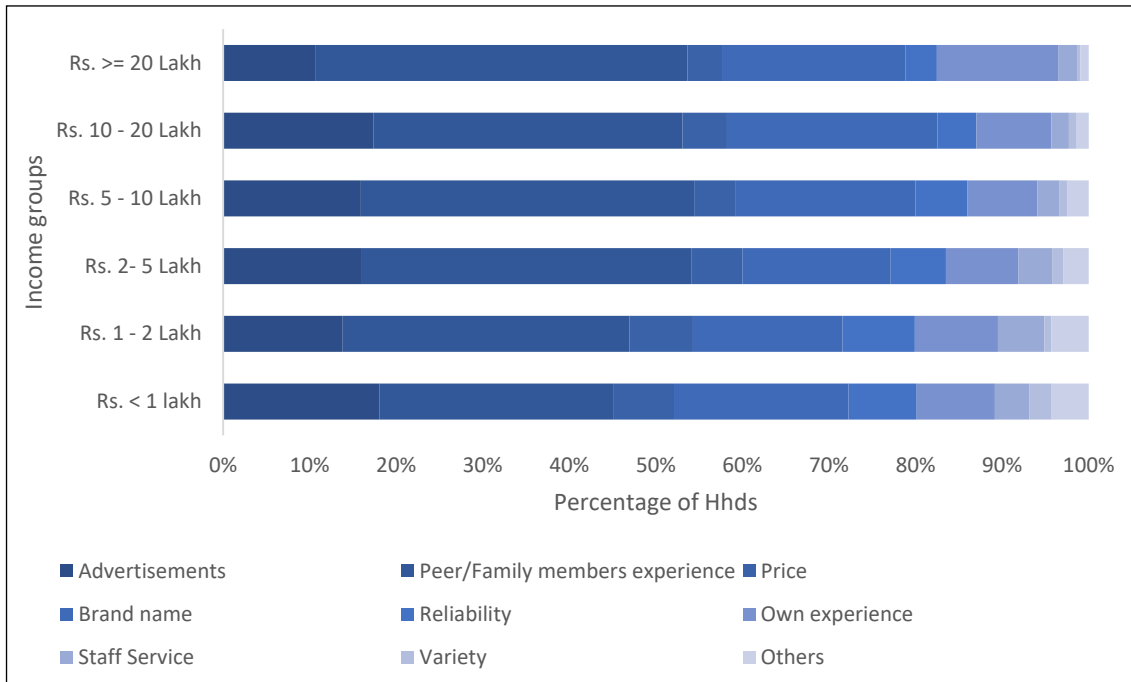


Chart 4.20: Advertisement may influence the lower income group the most, but store brand name matter for those in the higher income

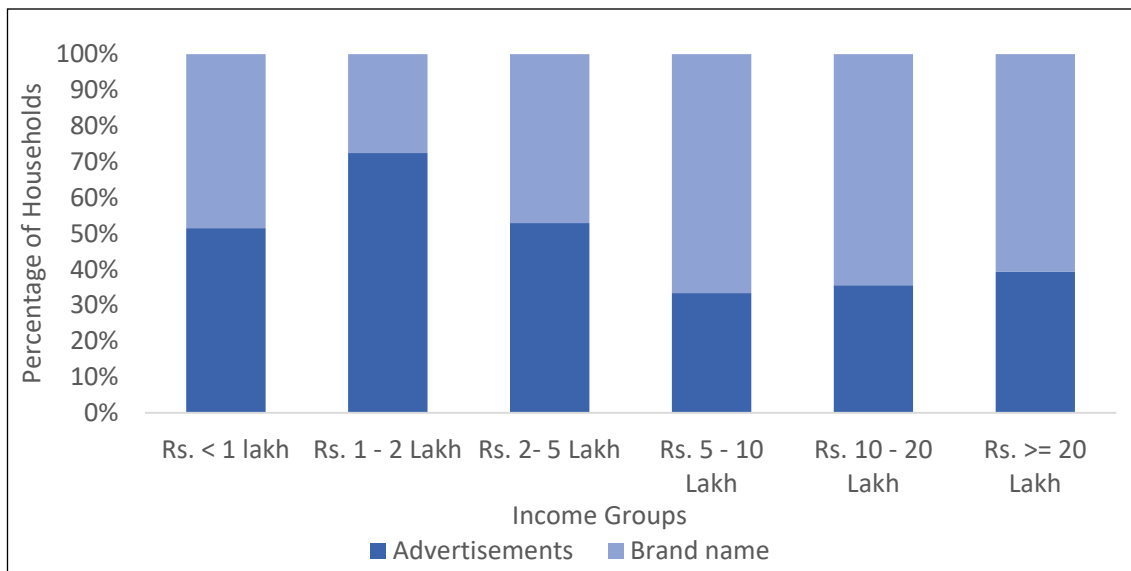


Chart 4.21: Impact of advertisement & brand name on paper gold

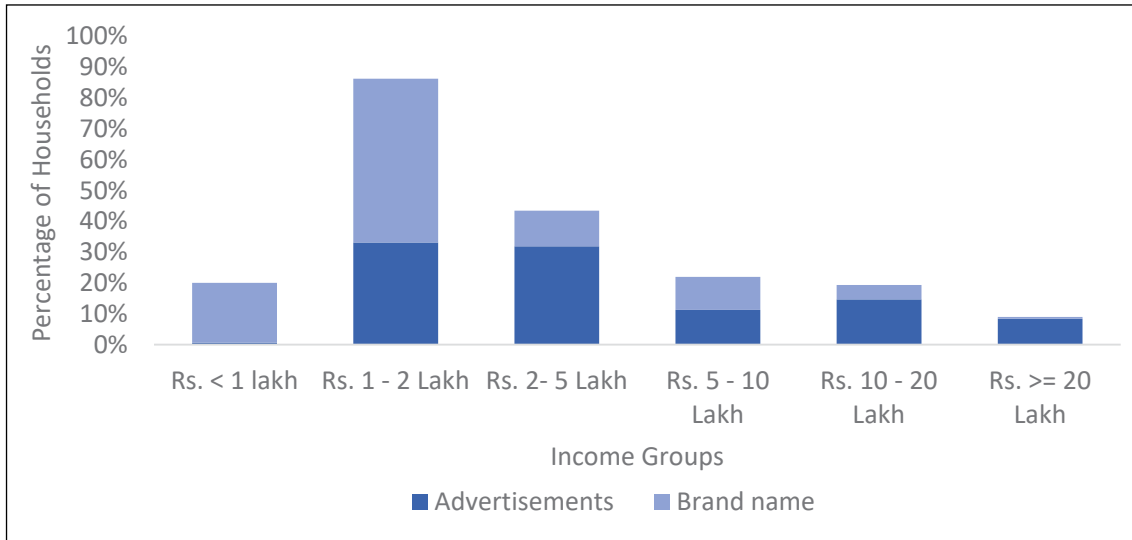


Chart 4.22: Drivers of patronage across regional and popular brands

Consumers expect popular brands which have a national presence to sell hallmarked jewellery by default, whereas for a regional brand they specifically look for it

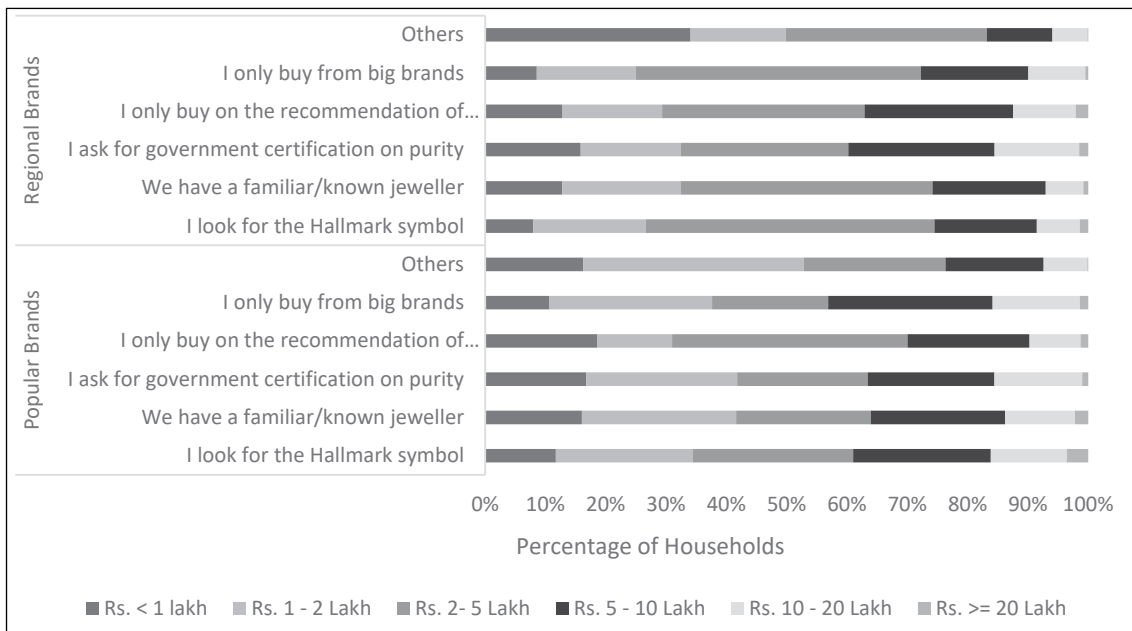
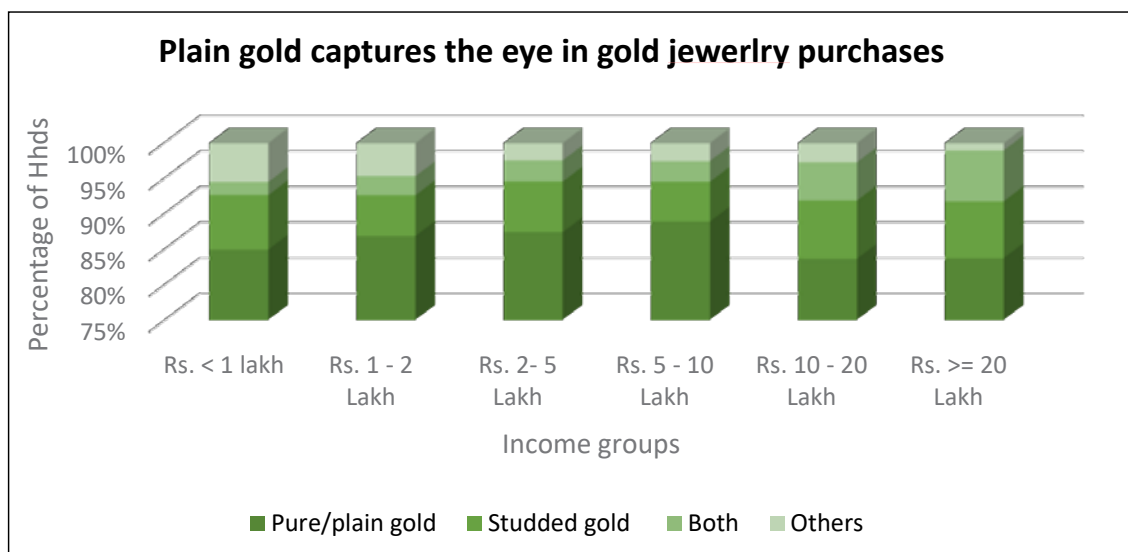


Chart 4.23: Indians love a diverse set of jewellery in their jewel case

Implications for policy and industry

- Make gold jewellery purchase into a “normal” activity – not large occasion related
- Hallmarking could give more power to regional jewellers
- Promotions using the strength of social network can play a significant role in brand building

Selling & Pledging

- Ownership, Savings, Purchase and Distribution of Purchase and Ownership
- Form of Ownership and Reasons
- Consumption Pattern and Purchasing Influences
- Selling and Pledging

Gold Sale Behaviour

- Sale behaviour same across the income categories, a more detailed study showed that meeting financial needs,
- medical emergency and lifting social status been the top reasons to sell.
- Sale for buying new jewellery piece is higher in the top income groups

Chart 4.24: Paper & Physical gold sale behavior of households

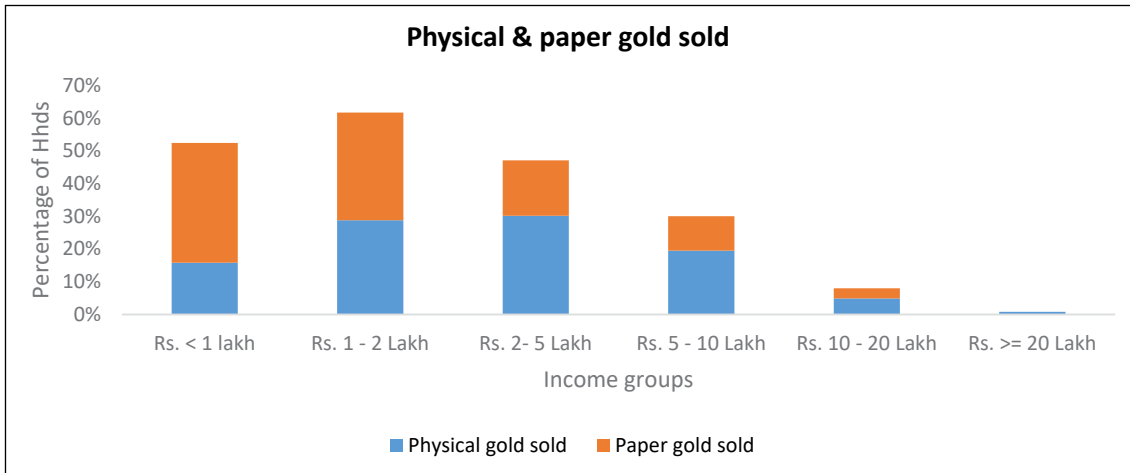


Chart 4.25: Households that sold & pledged physical gold

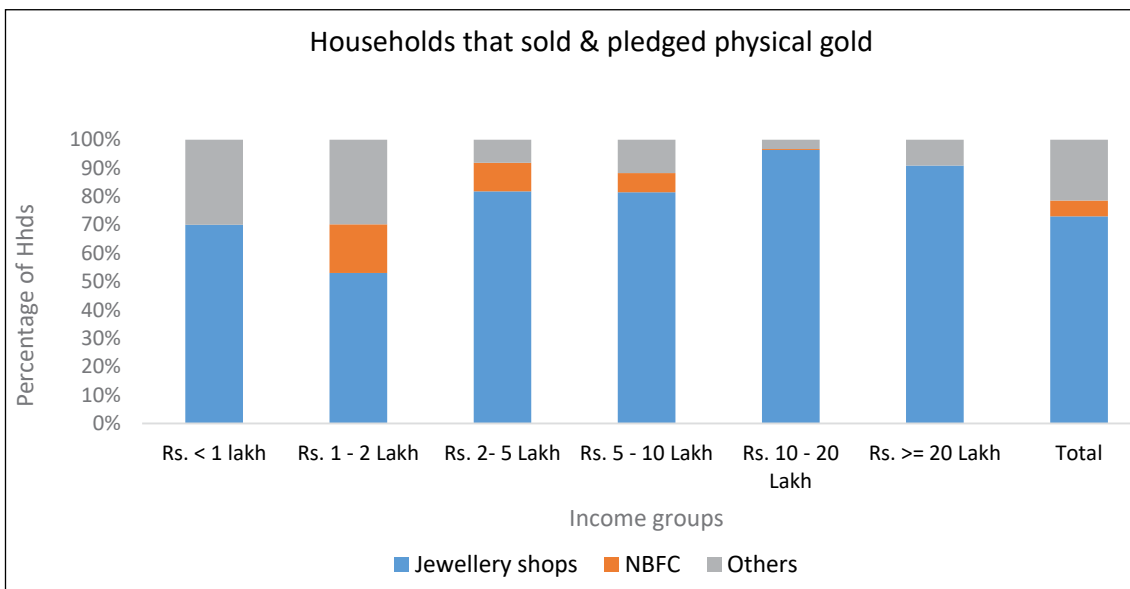
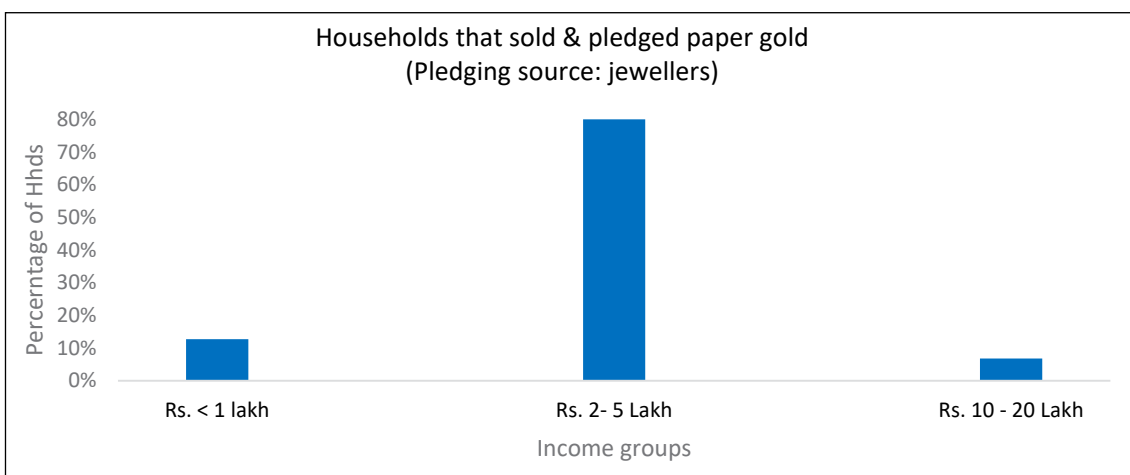


Chart 4.26: Households that sold & pledged paper gold (Source of pledging - Jewellers)



Pledging gold is a last resort

Households in the bottom three of the income class are wary about pledging, whereas the top three are more open to pledging

Chart 4.27: Households pledging gold products

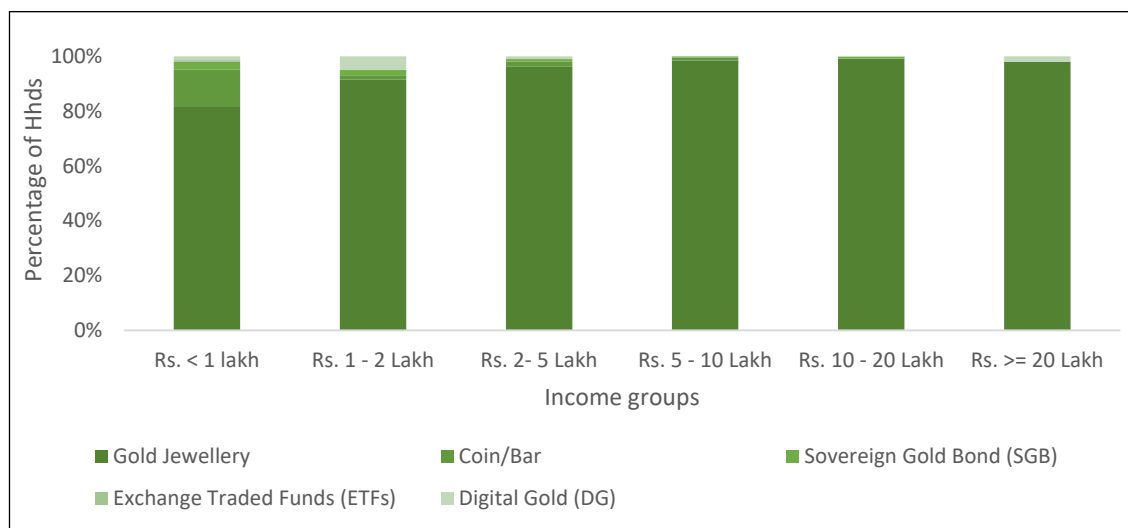


Table 4.3: Value & volume of gold purchases by Households

Income Class	Value of physical gold peldged (Gold Jewellery & Coins Bars in INR Mln)	Volume of physical gold peldged (Gold Jewellery & Coins Bars in tons)
Rs. < 1 lakh	21,455	5
Rs. 1 - 2 Lakh	68,187	18
Rs. 2- 5 Lakh	94,116	20
Rs. 5 - 10 Lakh	1,02,281	23
Rs. 10 - 20 Lakh	24,990	7
Rs. >= 20 Lakh	3,830	1
Total	3,14,859	74

Chart 4.28: Local vs branded jewellery purchases in cash mode



Chart 4.29: Jewellery stores are the default destination to sell gold

Jewellery stores can become the central point for Gold Monetisation Scheme

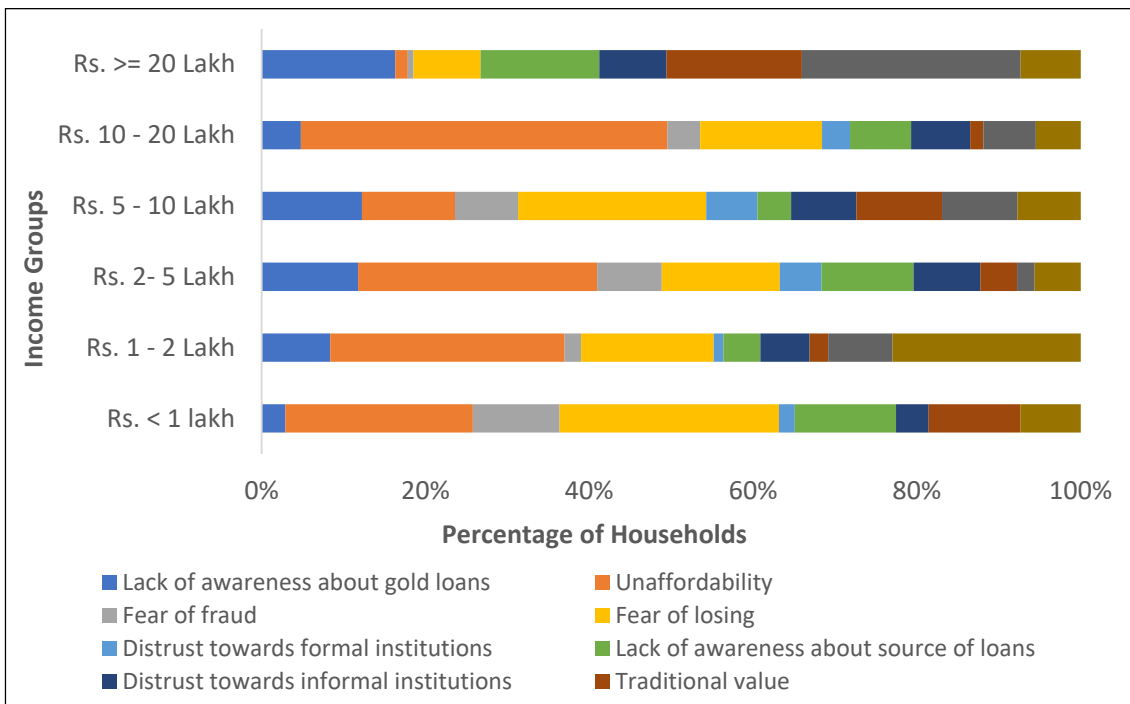
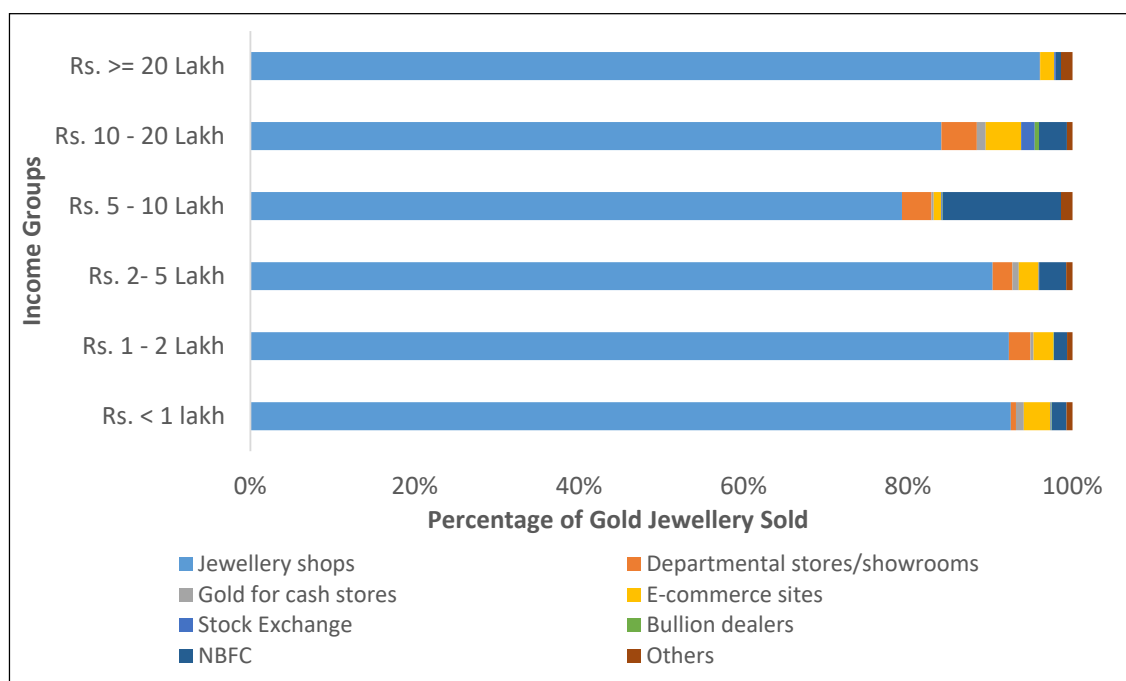


Chart 4.30: Interest cost and security of jewellery piece are the deterrents from pledging



Implications for policy and industry

- Pledging to be considered as monetising activity and thus keep rates competitive to encourage households pledge gold.
- Electronic receipt of jewellery at bank locker can become a strong sell to ensure security of jewellery pieces.
- Bring more transparency in the safety and auctioning system of pledged gold jewellery

CHAPTER 5:

Gold and Gold Market Conference 2022

Panel discussions

1. Evolution of Indian gold market from commodity to a brand

Moderated by Arvind Sahay- IIMA

Speakers: Shivaram A- Retail Business Consultant; Ashish Pethe- WPH Jewellers; Gaurav Anand- Anand Jewellers; Sachin Jain- Vardhman Jewellers



(Left to right: Mr. Sachin Jain, Vardhman Jewellers; Mr. Ashish Pethe, Waman Hari Pethe Jewellers; Prof. Arvind Sahay, IGPC IIMA; Mr Gaurav Anand, Anand Jewels, Mr. Shivaram A, Retail Business Consultant)

The primary focus of the discussion was on mapping the trajectory of the Indian gold market's migration from gold as a commodity to a brand experience. According to Mr. Shivaram, one of the biggest challenges that persist are variable making charges, which makes it difficult for retailers to sell at a fixed market price. In order to arrive at a single gold rate, it is crucial for independent retailers to function as a collective to facilitate flexible cross-transactions of gold jewellery. Such co-ordination would also enable the implementation of omni-channel retailing, which in turn would help in moving towards a buy-now-pay-later model of business, a standard practice in the food and allied commodities industry. The panel also recognised the need for the incorporation of sustainable practices in the gold industry to keep up with the increasing focus on the environmental impact of doing business.

A unique perspective was put forth by Mr. Anand, whereby, he proposed that the jewellery industry must indulge in un-learning and take lessons from players in other industries. His explanation for jewellers being in the business of banking, insurance, and fashion, was well received. The gold market is the only such industry where the jewellers not only sell their commodities, but also buy it back from their customers, while creating accessories for fashion. Therefore, there

is an urgent need to learn from business models in other industries, such as cash on delivery, 100 percent buy-back, life-time warranty, etc. Moreover, by (sub) branding a commodity through transparency in pricing and allowing customers to calculate the 916 price for their gold, it would be possible to improve retention and foot-fall. Appreciating the challenge of making charges in arriving at a fixed market price of gold, he argues that it is also possible to justify the making charges on their commodities by enhancing the in-store shopping experience for customers.

Mr. Pethe explains the natural evolution of the gold market from a commodity to a brand as being driven by changes in the market, policies, customer demographics, and competition. He highlights the need to move beyond advertising as an instrument for brand building. By keeping the customers at the epicentre of the *business of sharing happiness*, a brand's position must be recognised by what the customer understands about the business and how much of their *mind* the brand has been able to capture, instead of relying on the brand's perception of itself in the market. To this effect, he suggests focusing on a single irreplicable property that can be attached to the brand in such a way that it gets imprinted into the mind of the customers who walk in. Speaking on the failure of the Gold Monetisation Scheme (GMS), he attributed the consumer's unwillingness to invest in GMS to the extremely low returns, given that they can easily sell their gold at a much higher rate in the future. He also emphasised on the need to create awareness about GMS outside the freemasons of the industry.

Building on this customer-centric approach further, Mr. Jain's approach to the jewellery business relied on hospitality as the catalyst for growth. Design and quality in limited in their ability to become USPs, but hospitality helps create a community out of consumers. His efforts ranged from serving branded tea and ensuring sustainable packaging to investing in the future of their own *karigars*. Moreover, jewellers need to move away from a family-based model of governance to a more decentralised model where delegation of authority empowers employees to work harder and connect better with the community. In his own personal experience, by stepping out of the limelight, he was able to focus on the brand becoming more recognisable rather than the individual, simultaneously advancing the process of scaling operations. Additionally, there is a need for looping in retailers from the supply side who can expediate and streamline the process of investments in GMS for the consumer.

In the spirit of becoming *atmanirbhar*, proper integration of Gold Metal Loans with GMS would be a welcome move in developing an ecosystem of gold monetisation. The gold industry is much more than just selling gold, wherein, a successful brand is able to justify its existence by its sheer consumer base and retention. There is also potential for retailers to use data-driven targeted sales approaches to further build and expand their scale of operations. Simply focusing on merchandising and designing is not enough in this market. Moreover, the only way to get consumers to pay the premium making charges on their jewellery is to justify costs through engagement, shifting the paradigm from mere purchase to an overall experience, and community development. Also highlighted was the fact

that the Indian millennial is much more comfortable and open to buying from natively digital stores, which presents itself as an untapped market for expansion. After all, better services are the gateway to higher sales.

2. Workshop on domestic and International Bullion Exchange

Moderated by Surendra Mehta and Harish Chopra

Speakers were: Ashok Kumar Gautam- IIBX, Nagendra Kumar- NSE, Shivanshu Mehta- MCX; Ranjith Singh- BSE; Sharad Jobanputra- Sequel Logistics; Chamandeep Singh Luthra- Brinks Global.



(Left to right: Mr Surendra Mehta, IBJA; Mr Ashok Kumar Gautam, IIBX, Mr. Harish Chopra, IGPC IIMA)

This session chaired jointly by Mr. Surendra Mehta, National Secretary, IBJA and Mr. Harish Chopra, Sr. Policy Consultant, IGPC, the workshop on Domestic and International Bullion Exchanges was divided in three segments viz. i) Understanding the operational aspects of India International Bullion Exchange (IIBX), ii) Understanding the regulatory framework for domestic Spot Exchanges and iii) Vaulting and logistics infrastructure in India and getting it ready for spot exchanges. It was designed to be a highly interactive session so that the maximum knowledge could be shared without omission of any critical aspects.

After introductory remarks on the journey of formation of IIBX by Mr. Mehta, the audience was eagerly awaiting to hear from Mr. Ashok Gautam, the CEO of IIBX about how the IIBX was progressing to start up the operations. Mr. Mehta wanted to know about the need of having an international exchange for bullion trading in India at the first place and how the gold markets will be benefited once the operations at IIBX were started.

Mr. Gautam responded by stressing upon the need to have India's say in the international gold market for it being one of the largest consumers of gold for so long. IIBX will be the platform which will work towards that. Secondly, the exchange will strive to be the preferred platform for gold trading in India going forward. He presented a very nice interpretation of the two most important words contained in the name of the exchange, India and International. India, a brand which we would like to build for global gold trade and international where we aspire to be to make an important mark in the global gold trading. On IIBX's

preparedness, he mentioned that 30 entities were already registered and 17 more were in the pipeline.

IIBX will start with spot contracts in gold followed soon by silver contracts. Talking about the enablers to commence operations, he mentioned that the regulators had issued necessary notification to allow qualified jewellers to trade and import gold. The only they were awaiting was the release of SOP from RBI to allow dollars outflow to enable trade at IIBX. The present system only allows payment for gold after it has been imported into India. He mentioned about the concerns raised by the regulators on various issues, the most important being opening the floodgates for import of gold into India by allowing one more avenue to import. He assured that the concerns were being addressed appropriately to the satisfaction of the regulators. He then explained the whole process how the trading through bullion depository receipts (BDR) will happen. The Exchange will start with a T+0 contract that allows gold delivery on the same day. He was very excited to let everyone know about the work in progress on developing an API managed by the Depository that enables credit of bullion into buyer's account within 30 minutes. Another API in progress was the one with the Customs that allows to pay duty online or through the duty scrips or otherwise to facilitate export of gold into domestic area from GIFT. Also, updated on a solution on enabling deliveries at multiple centres through SEZs across India. He was stressing upon the point that IIBX will be working as per to the needs of the clients and that's the approach from the top management which will allow the exchange to flourish.

On T+0 contract, Mr. Chopra added that the time lag between the dollar outflow and import of gold will not be long as initially, the members will trade only when they see the demand in the domestic markets. He wanted to know from Mr. Gautam that what would be the motivation for the international suppliers to trade through the exchange when the present system was working absolutely fine. The value-add services like no need to block the gold inventory for 30 days as is the case presently under a typical Consignment and availability of a wide range of buyers to allow quick turnaround of inventory was the value proposition as responded by Mr. Gautam.

Mr. Mehta expressed his concerns over likely cost impact given that the supplier would need to block their inventory in getting it converted into BDR. Also, there might be low demand periods and the supplier would need to wait to find buyers unlike the situation today where bank takes gold in bulk and pays immediately. That may also result in discounts which will not be a very happy situation for the buyers. Mr. Gautam assured that the process of BDR conversion will be seamless and tech-driven ensuring prompt turnaround. He was not in agreement with Mr. Mehta's view that the present system was in any ways superior for suppliers. The amount is remitted by the banks not on the transfer of gold to them but at a time when the gold is priced. In fact, the process at IIBX will be much more transparent for both buyers and sellers, ensuring anonymous trade with no elements of side dealings. He equated the process to evolve in line with the equity trading. Then, there will be a huge scope of launching various gold-backed financial products helping the gold markets in India to grow. Gold to be offered by the global mints,

refiners, banks and traders directly on the exchange, which will develop a very vibrant market.

Talking the discussions forward, Mr. Chopra wanted to know about the quality of gold that will get traded on the exchange and IIBX's take on standardization norms for gold. Almost waiting for this, Mr. Gautam highlighted the instances when even banks have been importing non-standardized gold. However, he assured that IIBX will have a very strong processes to ensure only quality gold being traded, initially only LBMA gold with the facility of in-house assay to further assure the quality standards. He mentioned about the use of blockchain solution to ensure the integrity of gold throughout the process. Mr. Gautam expressed his desire to create a vaulting infrastructure in line with the global standards that allows India to keep all its gold within India and even opening the facilities to other countries to store their gold reserves. On seeking a clarification by Mr. Mehta, Mr. Gautam advised that the Dubai Good delivery will be traded on IIBX through a separate contract to enable trading of gold imported under FTA with UAE. At a later date, even India good delivery will be traded at the exchange.

Then Mr. Chopra initiated discussions on IIBX's outlook on trade agreements that allow gold imports at concessional duty and if they were an opportunity or a threat to the business prospects of IIBX. It was followed by a discussion on how the exchange platform can facilitate gold monetization within India. Mr. Chopra wanted to know how IIBX will be ensuring liquidity at the exchange given India being a seasonal market. Mr. Gautam made it very clear that IIBX is not being pitched as a market-making space but a platform where buyers and sellers will see value in trading at the exchange. There were thoughts of launching innovative products like BDR based Repo where the surplus dollars at GIFT City can be borrowed against the BDRs created. Then products like gold metal loan and leasing once the bedrock is laid. At the end, Mr. Gautam informed that IIBX had plans to start trial runs with real transactions on 18th April 2022. Towards the end, he expressed his desire to have fungibility between BDRs and EGRs (instrument traded at domestic spot exchanges).

On questions raised from the audience about number of centres for delivery and how IIBX will trade for different locations deliveries, Mr. Gautam stated that they would start with a single location at GIFT and will expand it later. He mentioned that the trades will be through a single contract with cost added for delivery at different locations. On accepting Indian refined gold from day 1 at IIBX and having a single contract for all types of gold, Mr. Gautam advised that the different contracts were being planned for different standards of gold to maintain the integrity of the gold under a specific contract. As the export of bullion was presently not allowed without the value addition norms, IIBX was unable to accept Indian refined gold immediately, but they would work towards that goal. A suggestion came to explore toll refining that will allow refiners to use their present capacity. On a specific question as to when the banks would be allowed to trade on IIBX, Mr. Gautam assured that the same was under discussions with RBI.

The first segment was concluded at this point and Mr. Gautam took leave from the panel. To carry on the discussions on the next segment relating to domestic stock exchanges and vaulting infrastructure, Mr. Nagendra Kumar, NSE, Mr. Shivanshu Mehta, MCX, Mr. Ranjith, BSE, Mr. Sharad Jobanputra, Sequel and Mr. Chamandeep Luthra, Brinks were invited to join the panel.

In the opening remarks Mr. Mehta mentioned that while setting up an international exchange was challenging, domestic spot exchange will be even more difficult. He wanted the panel to update on how the transaction flow on domestic spot exchange has been envisaged and how the value chain right from importers, traders, refiners and jewellers will benefit from this. Mr. Nagendra first updated the panel on their effort to launch a domestic spot exchange with 15% investment from NSE and 49% from IBA. The transactions will be traded through the electronic gold receipts (EGR) with underlying gold. It will be a shift from the present system of OTC trade which will bring in transparency in gold trade. He then shared his experience as to how the Forex trading in India evolved through the exchange mechanism where NSE emerged as the largest broker, a space which was predominantly captured by the banks.

To continue further Mr. Chopra wanted to know how the price discovery and single pricing of gold, which was perceived to be the most important objectives of the spot exchanges, will be achieved given the gold in India was available at different custom duties. He referred to gold being imported at normal duty vis a vis Indian refined gold and imports under trade agreements, all having different duty structures. To respond, Mr. Shivanshu first updated the panel that MCX has emerged as the largest exchange for bullion in India with 99% market share in bullion derivatives. MCX would offer spot trade under the existing platform but as a different segment. That's how MCX would be able to offer spot, futures and options all in a single platform. Price discovery will be achieved through the market dynamics. Mr. Nagendra added that the price discovery will happen through the multiple buyers and sellers available on the exchange platform.

Mr. Mehta highlighted the biggest concern relating to refund of GST when the gold on which GST has been levied is converted into EGR. Mr. Ranjith reminded Mr. Mehta of the representation already moved by him. The fungibility between BDR into EGR will be GST exempt to which Mr. Nagendra and Mr. Shivanshu did not fully agree.

Mr. Chopra highlighted the need to devise a proper working capital solution at the exchange to which Mr. Nagendra responded that the same was being worked out. Mr. Mehta wanted to know if banks will participate or trade on the domestic spot exchanges. Mr. Shivanshu was very clear that it was long desired and will greatly help in bringing liquidity on the exchange. However, some regulatory changes would be required to enable that. He just wanted the regulators to look at how the equity trade space is being catered to by the bank's subsidiaries acting as brokers. That way, banks were instrumental in bringing a great amount of retail participation into equity trade. He was hopeful that SEBI will proactively act towards it.

Mr. Mehta expressed his concern on the disruptions in gold markets in India due to FTAs and its impact on the price discovery. Mr. Ranjith agreed and mentioned that the duty differential will surely lead to multiple contracts for differently sourced gold.

Mr. Chopra wanted the panel to discuss about the synergies or competition that potentially exists between IIBX and Domestic spot exchanges. Quoting the example of Shanghai Gold Exchange, Mr. Nagendra was clear in his mind while stating that it will only bring synergies and both platforms will complement each other.

Mr. Chopra then moved to the next part. He invited Mr. Sharad to provide a brief outlook on how the emergence of spot exchanges will change the vaulting system and framework in India. Mr. Sharad provided a detailed description on how the present system will undergo a sea change. He was confident that his company Sequel had the capabilities to move gold directly from the spot exchanges to any location in India overnight and make it available for delivery the next day. The same could be done for moving gold from GIFT City to any location within India subject to additional time taken in Customs clearance. He assured that the whole process will be cost effective too. Mr. Nagendra wanted to know if the system of gold conversion into EGR and back to physical will add to the cost and will it be a time-consuming process. Mr. Sharad assured that the costs in India were a fraction to the costs elsewhere in the world so no worries on that account.

Mr. Mehta wanted to know about the capacity that was available and planned both in GIFT and domestic areas. Can the same facilities be used both for IIBX and domestic spot exchanges given the fungibility between BDR and EGR. Mr. Luthra informed that Brinks had a ready capacity in GIFT City to store over 300 tons of silver and 100 tons of gold at any given time. The additional space would allow them to enhance the capacity in no time. In addition, 200 tons of gold capacity was available in the domestic area. Using same facilities for both the platforms would require tweaking of present guidelines. However, Mr. Sharad was not very optimistic on this and as per him, the vaulting facilities across multiple SEZ locations would be sufficient. Mr. Shivanshu was of the view that there was nothing that stops domestic spot exchanges to set up vaults at SEZs.

Mr. Chopra wanted the panel to update on the proposed changes in the system of insurance of gold lying at the vaults in GIFT City. Mr. Sharad confirmed that all the gold under IIBX system will be insured locally once it gets converted into BDR. Mr. Chopra then asked about the vaulting capacity required by the exchanges and how it can be compared with the vaulting capacity in other international gold markets. While the numbers were not readily available, Mr. Sharad stressed upon the fact that India's vaulting costs being one of the lowest in the world will be a good enough reason for international players to store gold in India on a long-term basis.

Mr. Mehta then highlighted the most important point-on the viability given that three different exchanges were coming up. Mr. Shivanshu stated that MCX

crossing 1 ton of Indian refined gold delivery at exchange in less than a year is a reason enough for them to be optimistic on this. Though Mr. Nagendra clearly stated that viability will be a big issue in a multiple exchange environment. He advocated the concept of a single exchange or a maximum of 2.

When the floor was opened to the audience, some interesting suggestions came through. The audience was generally in agreement to have a single spot exchange with all exchanges joining hands just like they did in IIBX. It was also suggested that just as a beautiful jewellery takes up to 15 months to finish, exchanges should also not be expecting overnight results and should be patient. A specific query was raised on the possibility of setting up a bonded warehouse to save on the infrastructure cost. Mr. Sharad had his apprehensions given that the buyer was not decided at the point of vaulting of gold and therefore non-existence of an identified entity to provide the bond will make it impossible.

3. The social compact: in context to gold and jewellery industry

Moderator: Harish Chopra

Speakers: Sonvi Khanna- Dasra; Prabhakar Sangurmath - Mining expert; Biju Varrkey- IIM A



The migrant labour crisis triggered as a consequence of the COVID-19 in 2020 initiated a conversation on the vulnerabilities of workers involved in the gold industry. These were then quantified under six major target areas-wages, occupational health, safety, gender parity, future building, and access to entitlements. Through the course of the discussion, it was brought to light the various risk and aspirational based vulnerabilities of workers in the gold industry, and what kind of systematic improvements can be undertaken to reduce the degree of exposure of workers to the above-mentioned vulnerabilities.

The panel unanimously agreed on the need for initiative from within the industry in the form of self-assessment of existing practices. This exercise would then facilitate policy evaluation and eventual course correction in the short and long run. Ms. Khanna emphasised on three principles of implementation. The first was to break down the identified problem into smaller manageable parts. Then, her evidence suggests that putting the onus on principal employers to take charge of sustainable worker practices in their value chain can yield positive spill over effects. Secondly, there is need to develop community wide practices with a sector wide view on tried and tested individual interventions. Lastly, Ms. Khanna emphasises on the current conversation floating within the industry with the objective of achieving ESG driven interventions.

Mr. Chopra's argument revolved around information asymmetry as the leading cause of their limited choice baskets. To this effect, there is a need to build a foundation of trust and safety with the workers comprising the firm, which in turn determines the cumulative reputation of the firm's product. Moreover, both white- and blue-collar jobs need to be engaged in the process of ideation.

Dr. Prabhakar's contribution to the discussion lies in recognising the need for regulatory changes in taxation and infrastructure in gold exploration and mining. Based on his research, almost 80,000 to 100,000 jobs can be potentially created by resuming technology-driven mining operations in India. In addition to that, there is a need to draw attention towards, public health, education, water, transport, communication, training, sanitation, women and child health, skill development, and mine tourism.

Building on the need for employment generation, Professor Varkkey argued for the improvement of the quality of employment through participatory models of business operations. A step in the right direction would be to incorporate high quality non-standard contracts along with other technology-driven business solutions. He re-emphasised on measuring the true value of the firm in terms of the ESG parameters being fulfilled. However, in order to achieve this, there needs to be significant investments in deconstructing the old way of business and focusing on human capital through skill development.

Keynote Address by Mr David Tait, CEO, World Gold Council

Mr. David Tait started the keynote address emphasising the importance of India in the global gold market. The speech was centred around technology driven business solutions, ESG, establishing stakeholder trust in the gold market to improve participation and the initiatives by the World Gold Council.



“50 years since the closing of the gold window, gold continues to meet the challenges of an uncertain world”

David suspects that world is currently at the crossroads of the fourth industrial revolution, spearheaded by advances in digital technology. In this context the gold industry also needs to adapt to the modern investors and consumers’ requirements, while it may come in as a challenge, but his advice to the industry was to see these as new opportunities.

The modern consumer increasingly demands to know about the origin of the gold consumed, who produced it, whether it has been sourced responsibly and sustainably. Keeping in mind the changing sentiments, the gold industry must operate at the highest level of integrity and proven provenance.

“Gold needs to have unimpeachable credentials going forward, as maintaining the trust of consumers, investors, and regulators alike are key to broaden the participation globally and unlocking the huge latent demand.”

To this effect, Mr. Tait spoke about increasing the accessibility of the physical gold, so that everyone can benefit from the wealth enhancing, risk-mitigating and stabilising role as a financial asset. This he said could be made accessible 24x7 through contemporary trade channels that can be accessed through digital investment accounts operable through handphones.

“World Gold Council vision for the gold market is underpinned by digitisation and technology”

Improving fungibility of gold by harmonising regional silos, reducing market fragmentation and integration of local and global markets, David said is the third key to unlocking the potential.

The World Gold Council has also taken several initiatives to strengthen the first vision that rests on three pillars of integrity, transparency, and provenance of the gold supply chain. It has set up Responsible Gold Mining Principles in 2019 for the development of standards for responsible and sustainably procured gold, so as to reduce their carbon footprints and stringent following of ESG gold.

Talking about the member mining companies socio-economic contribution, their findings were that, for each dollar revenue 63 cents remained in the host country. Which went on to create new opportunities for the employees, businesses, communities there and the government. Further, the findings showed that 6 new jobs were created in the supply chain for each additional job in the gold industry and 4 more jobs in the broader economy. It also looked at how central bank gold purchasing program can formalise the artisanal and small scale gold mining industry by increasing prosperity and alleviating socially damaging issues.

Secondly, WGC aims to ensure the highest ESG standards that need to be pursued in conjunction with latest technology to ease the transition to create a transparent gold market. To take the initiative forward, the WGC with LBMA has announced on 28th March the development and implementation of a global system of gold bar integrity, prominence, and chain of custody as a global ledger/database of all gold bars. This in turn will help foster greater trust and keep a check on fraudulent gold, thereby increase the participation of financial institutions, retail investors and consumers.

“What happens in one market has reputational impact on all of us but by working together with all international partners in all major global trading centres, we can create a global system of integrity and provenance that investors, consumers and regulators can trust for the very first time”

Research conducted by the WGC suggests that 48 percent of retail participants' who responded to the survey said they experience trust barriers as the primary hurdle with respect to their gold purchases. Furthermore, 60 percent of the participants in the study did not understand the product on offer. In response, WGC recently launched Retail Gold Investment Principles (RGIPs) to enhance best practices in the retail sector to increase trust in gold as an asset class. The RGIPs was introduced first in India where the stakeholders came together to put together a code of conduct for the industry. This was introduced second in Germany and is being rolled out in UK, Canada, Singapore, and China. WGC also launched the Retail Gold Investment Guidance to educate novice investors.

To further enhance the knowledge in the industry WGC has planned to introduce a professional curriculum for gold in Singapore before rolling that out globally. In order to engage retail participation WGC launched a “You Are Gold” advertisement campaign in India.

In his closing remarks David said that their aspirations regarding gold continues to meet the challenges of tomorrow and WGC would continue to support the needs of consumers, investors and industry stakeholders alike as best possible they can.

Some conference pictures.







ABSTRACT OF PAPERS PRESENTED AT THE CONFERENCE

1. Gold is old: Noble metal in Indian economy through ages - By Prof. Satish Deodhar, IIM Ahmedabad

For millennia, gold is considered auspicious in India and consumers have a fascination for possessing gold, gold jewellery, and gold coins. In this paper I document the sacredness associated with gold, the ancient Indian references to gold jewellery, availability, and technology of extracting gold in those times, minting of gold coins and its function



as a medium of exchange and store of value, and accumulation of gold stock due to favourable trade with the Occident in the common era. I draw attention to Indian obsession with gold in modern times, when none is produced domestically, and it is contributing negatively to India's external account. The gargantuan stock of about 24,245 tonnes of gold in India must be considered as accumulated hoardings and not accumulated savings. Along with increasing the propensity of flow of savings going into financial markets and not in physical gold; suggestions are made to popularize and improve implementation of gold monetization scheme (GMS). This will rechannel idle stock of gold into financial markets and reduce deficit on the external account.

Key Words: Money, Gold, Gold Hoardings, Gold Imports, Gold Jewellery, Gold Coins, Financial Savings, Investments, India, Gold Monetization Scheme (GMS), Vedas, Upanishads, Jataka, Mahabharata, Kautilya, Arthashastra, Sanskrit

2. Not all glitters the same: Unpacking investment and sentiment for effective persuasion to drive gold monetization in India - By Prof. Priya Narayanan, IIM Kozhikode

India is one of the world's largest consumers and importers of gold. This imposes a heavy burden on the economy by contributing to 30 percent of the current account deficit. About 25,000 tonnes of gold in India lies in private hands, with four-fifths of this held by individuals and the rest



under institutions such as temples. In 2015, the government of India enacted the Gold Monetization Policy (RBI 2018) to bring back idle gold into circulation by offering a gold deposit scheme whereby existing gold could be monetized and held as an asset on paper through the Gold Monetization Scheme (GMS). However, the GMS has raised deposits of a miniscule 20 tonnes so far (Malhan 2020).

In this research, we investigate reasons for the relative low adoption of the GMS through the lens of consumer psychology and behavior with respect to gold to determine ways to persuade consumers to adopt the GMS. As Narayanan et al. (2020) point out in their research on consumer attitudes towards gold in India, gold holds tremendous sociocultural meaning for Indian consumers, in addition to its economic or monetary value. Narayanan et al. (2020, p. 3) note that gold has “both investment value (monetary value, driven by cognitive associations) and sentimental value (emotional value, driven by affective associations).” We attempt to unpack this value by examining the mix of gold products held by individuals to suggest that certain forms of gold have greater sentiment associations whereas other forms have investment associations. Not only do these associations impact consumer behavior such as usage or substitution with other assets, but they are also likely to guide consumers’ willingness to part with their gold and replace it with a paper asset.

We conduct this research through two studies: first, a general sample of consumers is surveyed to determine psychology and behaviours related to gold as investment and as sentiment. The prevailing view of gold consumption considers all forms of gold to be equally amenable to the GMS, but we expect this research to uncover nuances within gold holdings. These findings will inform the second study, in which three experiments are planned in order to determine the effectiveness of communication intended to persuade consumers to participate in the GMS.

The findings of this research will inform the consumer dimension of the GMS, particularly with respect to the nature of gold that can be effectively targeted and the communication that is likely to be most effective in drawing participation to the GMS. Theoretically, this research is situated in work on symbolic and cultural associations of possessions (Belk 1988). By examining nuances in consumer sentiment towards gold and highlighting that not all gold is the same for the consumer, we extend research on the “possession-self link” between individuals and their most meaningful possessions (Ferraro, Escalas, and Bettman 2011) for a possession with high monetary value.

Keywords: *gold, gold monetization, India, investment, sentiment, possessions, attachment*

3. Does financial and macro policy explain household investment in gold? – By Prof. Manish K. Singh & Dr. Renuka Sane

Gold dominates household portfolios in India. This has been labelled as irrational behaviour by financially illiterate households. In this paper, we show that household preference towards gold is not irrational in the context of the Indian financial and macroeconomic environment which includes high inflation, financial repression, and capital controls. We use data from June 1999-March 2021 and find that (1) a depreciating currency has helped gold returns; (2) gold has consistently beaten inflation and provided real returns, (3) been a hedge and a weak safe-haven against the domestic equity market; (4) has outperformed fixed-deposits which have low interest rates; and (5) has allowed international diversification. If policy has to channel household savings to more productive uses, it has to confront the underlying issues in the macroeconomic environment which make gold a preferred investment choice.



4. A Study on the Impact of Branded Gold Show Rooms on Traditional Gold and Bullion Entrepreneurs of Madurai City, Tamil Nadu By Prof. Bala Subramanian R & Dr. Manjula N

Entrepreneurship has long been considered a crucial mechanism of economic development. The gold business was traditionally dominated by local entrepreneurs. Post globalisation, like any sector, gold sector also witnessed the growth of professional, corporate service providers. The study's objective is to find the impact of branded



showrooms on the traditional gold entrepreneurs in Madurai city. The presence of huge number of jewellery shoppers, dominated by a particular community for generation, warrant a study pertinent to Madurai. The study aimed at knowing how the traditional entrepreneurs in Madurai city have got affected because of the branded, corporate showrooms in terms of business volume, and the reasons for the declining of business. On the basis of 27 interviews conducted with jewellers,

it was found that 21 had not been able to make the shift to newer ways of doing business and the next generation was opting out of the business. The rest were making the transition to new ways of doing business with suitable investments and changes in behavior.

5. Mandating Gold Jewellery Hallmarking By Prof. Anish Sugathan, IIM Ahmedabad

The structure of the Indian gold industry is highly fragmented and dominated by small, standalone retailers, often family jewellers. 1000 tonnes of jewellery business is done in India per annum. Only about 40 percent of gold jewellery in India was being BIS hallmarked, others were selling hallmarked jewellery without a BIS licence or by unaccounted hallmarking agencies.



A strong need to augment consumer protection in purchase of precious metals was raised after a survey conducted by The Ministry of Consumer Affairs, BIS and the World Gold Council, which indicated a shortage in purity of the gold jewellery, 10-15% of gold leakage due to overvalued or under-carat purchases. As a result, in January 1999, the Bureau of India Standards (BIS) was designated as the sole agency to operate a hallmarking scheme for gold jewellery.

Hallmarking centres were established to operate hallmarking based on criteria set in line with international practises adopted by the International Convention on Marking of Precious Metals of the Vienna Convention. Currently, there are over 877 Assaying and Hallmarking Centres (AHCs) in 234 district locations. The main objective of the policy is consumer protection through transparency, standardisation, and structuring of the industry. This would further:

- Enhances trust in Indian gold jewellery: Consumer protection
- Enabling a favourable environment to market famed handcrafting skills: Market development
- Increases employment potential through building infrastructure of assaying and hallmarking: Value chain development

The study highlighted the spread of jewellers across the country and is a potential source data for GPS markers of gold and its movements.

6. Gold Mining in India & Rural Development –

By Mr. Abhishek Mukherjee & Dr. Prabhakar Sangurmath

Mining activities are an incredible source of income generation and employment, while also proving to be an opportunity for rural development of the local economy. This is in line with Enrico Moretti's local multipliers. He posits that every time a local economy generates a new job by attracting a new business, additional jobs might also be



created as a result of the increased demand for local good and services. However, merely generating employment is not enough. A crucial aspect of responsible mining practices is understanding the impact of such mining on local communities, before and after the life of a mine. Moreover, due to volatilities observed in Moretti's local multipliers as well as the complex nature of interactions between the various economic agents within the local economy, there is an urgent need to start thinking about a more sustainable approach to mining operations.

The study proposes a prognostic approach to mining operations using a Sustainable Livelihood Framework, built on the principles of governance theorised by Elinor Ostrom. The idea behind emphasising on such an approach lies in its structural ability to identify opportunities and problem areas even before mining operations are underway and simultaneously enabling monitoring and measurement of said development policy. Future potential studies from the perspective of human geography have greater potential to estimate returns on employment for agents involved in mining operations. A step in that direction is to do an observational deep study of the local environment around mining exploration sites, in order to better understand the interdependent strategic interactions that develop/potentially develop in these areas.

Keywords: *mining, local economy, sustainable development*

7. Labour Practices and Working Conditions in Informal Gold Jewellery Manufacturing Sector: Perspective of Decent Work –

By Prof. Biju Varkkey, IIM Ahmedabad, Jatinder Kumar Jha, XLRI Jamshedpur and Ms. Novel Shakil Ansari, RA, IIM Ahmedabad

Informal sector has been significantly contributing to the employment generation across industries and countries, however, existing evidence regarding quality of employment in this sector is not encouraging. Frequently cited reasons for poor quality of employment conditions in informal sector has been lack of employment opportunity in formal sector, skill gap,



lack of formal education and others. Like other manufacturing sector Indian gold jewellery manufacturing sector too relies heavily on informal workforce (no formal employment contract) for various purposes not necessarily for labour cost optimization. Research in Indian gold manufacturing studying labour practices and working conditions in informal sector is not adequate however, anecdotal evidence suggest absence of quality employment in this sector. This qualitative study is first of its kind that attempts to understand the labour dynamics, labour practices, working conditions and challenges faced by the artisans in Indian gold jewellery manufacturing informal sector.

We have captured experiences of 123-artisans (Karigars) working in informal workshop across country using in-depth interviews and observation about working conditions and labour practices prevailing in informal gold jewellery manufacturing sector. Data has been analysed using inductive approach of qualitative method and results are framed using 'Decent work (ILO, 1999)' framework that proposes characteristics of productive and quality employment.

Result shows absence of basic hygiene elements at the informal workplaces, longer working hours, absence of social security (owing to informal employment), discontinuity in work because of seasonality and demand – supply uncertainties, and work insecurity. In addition, we found this sector suffers from lack of skilled artisans to match demand, and young generation are no more interested joining this sector as Karigar's. Based on our results we have developed a framework for Gold Karigar talent management process (GKTMP) in the informal sector, wherein we have highlighted the processes of karigars acquisition (social network, employee referrals), development of karigars (on job learning), productivity linked compensation plans, and various routes to enter into formal manufacturing unit and finally different career paths taken by Karigars during and after the active years of their working life. Findings of this study has relevance for policy makers and manufacturing firms, both in formal and informal sector for the creation of

skilled karigar pool and managing the karigars in gold jewellery manufacturing sector.

Keywords: *Decent work, Indian gold jewellery manufacturing, Informal sector, Labour practices, Gold Karigar Talent Management Process (GKTMP).*

8. Gold Smuggling in India and its Effect on Bullion Industry -

By Prof. S. Maria Immanuel, St. Joseph's Institute of Management,
Dr. D. Lazar, Pondicherry University & Ms. Rakshambiga VN, St. Joseph's
Institute of Management

This study examines when and where most of the gold smuggling takes place in India, and further, it analyses how the smuggled gold affects its bullion industry. The variables used in the study are monthly smuggled gold, exchange rates of rupees against major currencies, major stock indices in the world, auspicious days in a month, domestic and international gold prices, India's jewellery export, GDP, customs duty, and gold supply.



The results concluded that most of the gold smuggling takes place on Fridays and in terms of the month it is in the month of October, November, and December. During the study period West Bengal, Delhi, Maharashtra, and Tamil Nadu states account for most of the gold smuggling in India. A Positive relationship is observed between smuggled gold, imported gold, auspicious days in the month, India's jewellery export, GDP, domestic gold supply, and stock indices such as SENSEX, FTSE100, DFMGI. Smuggled gold shows a negative relationship with the domestic and international prices as well as its exchange rates with the major currencies. Gold smuggling in India is caused by India's gold import, Jewellery export, GDP, domestic and international gold price, and exchange rates of rupees against USD and YEN. India's customs duty on gold encourages its smuggling in the long run.

Keywords: *Gold smuggling, exchange rates, economy, stock indices, jewellery export, customs duty, gold price*

9. Impact of Policy Uncertainty on Gold Price in India -

By Prof. Priyanka Vallabh & Prof. Imlak Shaikh, MDI Gurgaon

Traditionally, in India, Gold is considered a safe haven. The sector has played an important role in strengthening the Indian economy and has contributed around 7.5% to India's Gross Domestic Product (GDP) and 14% to India's total merchandise exports in the year 2020. India is also one of the highest consumers of Gold globally; therefore, proper attention is required from the regulator and policymaker to have a robust gold policy as it affects the gold investment and its export/import. In India, demand and supply for Gold are subject to regulations and control from time to time from the government and other regulatory agencies.



The policies related to Gold's import and quantity, and quality, the policy about FDI in the gems and jewellery sector hold important implications on India's gold market. It is believed that Gold as one of the safe havens for investment does affect by policy uncertainty.

Earlier, there was no quantitative measure that can measure the policy-related uncertainty in India. But now there is a proxy for the policy uncertainty known as EPU build by Baker, Bloom, and Davis (2016). Here, India EPU (IEPU) gauges those policies and regulations that affect India's gold market and captures the uncertainty about the macroeconomic indicators and changes in the Central Bank's monetary policy. In this context, this study explores the impact of policy uncertainty and regulations on gold price oscillations in the Indian context. In addition, the study tries to investigate the extent to which the policy uncertainty index is related to gold prices in India and the effect of major macroeconomic indicators such as GDP Numbers, Consumer Price Index (CPI), and monetary policy announcements on gold pricing?

The approach to explain the gold price instability is novel in several aspects. First, this is the first attempt to analyse the gold price followed by the policy uncertainty index in India. Second, it proposes to use an extended time series framework

along with India's EPU and geopolitical uncertainty-related index to analyse the abovementioned research questions. Third, the proposed study tries to develop a statistical model for understanding the gold price movement and volatility using the conditional volatility framework encompassing major policy reforms. To analyse the behaviour of gold price in India amidst policy and regulation changes, the paper considers the daily and monthly price of Gold and other policy-related indicators. We had reviewed MPC/FOMC (Monetary Policy Committee/Federal Open Market Committee) committee meetings and federal fund rate changes. We had also considered exchange rate in INR/USD, CPI, Gold import policy, and government G-sec yield and their impact on Gold Price in India. Policy uncertainty has been expressed using EPU India, EPU US, India, and the US GPR (Geo-Political Risk). Since the commodity and equity markets are interconnected, the study also considered the MCX commodity and BSE Sensex equity index. The behaviour of gold price is investigated, considering the EPU India index available on a monthly scale constructed by Baker et al. (2016). Further, the GPR index is also examined in our study to uncover how to gold trading in India responds to the geopolitical risk. The effects of the Central Bank's (RBI) policy rates change on the gold price are investigated empirically. The effects of the FOMC federal fund rate changes on the Indian gold market is also investigated empirically. The study also presents a robust structural break model using Bai-Perron tests-based regression analysis considering MPC uncertainty and gold price in India. A final section is included in the discussion considering policy uncertainty and gold price premium or discount in India.

Key words: *Policy Uncertainty, Gold Price, Indian Economy, Government Policy, Uncertainty Index*

**10. God's Wealth, Monetized Gold, and Cultural Policy: Insights from the Case of Sree Padmanabhaswamy Temple in Kerala, India –
By Prof. Anindita Chakrabarti & Dr. Shriram Venkataraman**

In the context of the Gold Monetization Scheme of 2015 that aims at monetizing the household and temple gold in India, the paper explores the implications of this economic policy in understanding the cultural as well as legal meanings of temple gold. It does so by mapping the controversy and legal battle over the control of the Sree Padmanabhaswamy temple's astounding gold possessions and a close reading of the judgments.



The root of the controversy in the case emerged from the dispute over the wealth housed in the six chambers of the temple's basement. Who did this wealth belong

to: the idol Sree Padmanabhaswamy or the royal family as his servants (dasas)? Since the world's largest temple gold and gems collection was brought to the public eye in 2009 through a public interest litigation (PIL); the royal family, the State and the temple trust have been embroiled in the struggle for possession and control over this temple gold.

Briefly outlining the history of how this temple gold was amassed and controlled, the paper traces the critical debates around the question of who is the rightful owner and manager of temple gold? This issue has emerged and changed since the High Court judgment in 2011. The authors ask and answer the question: What is the implication for cultural policy when precious material goods are defined as religious or non-religious cultural heritage? This question takes on another dimension when the cultural goods in question are estimated anywhere between 22 billion to one trillion dollars (and counting). This complex question of gold possession is characterized by the tussle between state control, temple trusts and the royal family's hereditary historical right over the wealth as the servants of the deity.

The paper maps the critical public and legal discourse to comment on (a) the question of religious rights on material possession (b) its implications for cultural policy and (c) temple gold and its monetization in a post-colonial democracy. This paper shows how notions of religious duty, kingship, and kinship emerged as clinching evidence in managing and accessing this sacred wealth and its redesignation. The case makes one rethink the question of management of temple gold and its secular-sacred status in India.

CHAPTER 6:

IGPC Events

India Gold Convention 2021

1. IGPC at IIMA received the award for its outstanding contribution to Gold Policy Research at India Gold Convention 2021



2. Mr. Sudheesh Nambiath, Head-IGPC moderating a panel on Gold Refining & Responsible sourcing – Trends and opportunities.



3. Presentation by Prof. Arvind Sahay, Chair-IGPC on “Understanding India Gold Consumers – a presentation based on nationwide survey of households



4. Panelist at IBJA Annual Conference in Mumbai



5. Meeting with senior officials from Bureau of Indian Standards at IIMA as Prof Anish Sugathan and Ms Kopal Agrawal discussed their report on Implementation of Mandatory Hallmarking. In the photo present are Mr Deepak Jain, Deputy Director General (W), Mr S.K. Singh Scientist – ‘E’ & head, Mr Sumit Sengar Scientist – E & head, Mr S.D. Rane, Scientist E and Head; Mr Ashutosh Shukla, Scientist- C.



6. Sudheesh Nambiath with DMCC's oversight committee on responsible sourcing with Minister of State for Foreign Trade and Chair Of Emirates Bullion Committee, Excellency Dr. Thani Ahmed Al Zeyoud



7. Mr Harish Chopra, Senior Policy Consultant at India Gold Policy Centre @ IIMA talking on the developments in the Indian gold market at Russian Gold Forum



Appendix

WORLD OFFICIAL GOLD HOLDINGS

International Financial Statistics, April 2022*

		Tonnes	% of reserves**	Holdings as of			Tonnes	% of reserves**	Holdings as of
1	United States	8,133.5	67.6%	Feb 2022	33	Mexico	119.9	3.5%	Feb 2022
2	Germany	3,358.5	67.3%	Feb 2022	34	Libya	116.6	8.9%	Nov 2020
3	IMF	2,814.0	1)	Feb 2022	35	Greece	114.1	48.0%	Feb 2022
4	Italy	2,451.8	64.3%	Feb 2022	36	Korea, Rep. of	104.4	1.4%	Jan 2022
5	France	2,436.5	59.6%	Feb 2022	37	Romania	103.6	12.0%	Feb 2022
6	Russian Federation	2,298.5	22.1%	Jan 2022	38	BIS2)	102.0	1)	Feb 2022
7	China, P.R.: Mainland	1,948.3	3.5%	Feb 2022	39	Iraq	96.4	9.3%	Oct 2021
8	Switzerland	1,040.0	5.8%	Jan 2022	40	Hungary	94.5	14.3%	Feb 2022
9	Japan	846.0	3.8%	Feb 2022	41	Egypt, Arab Rep. of	80.9	12.4%	Dec 2021
10	India	758.0	7.3%	Feb 2022	42	Australia	79.8	8.6%	Feb 2022
11	Netherlands, The	612.5	57.3%	Feb 2022	43	Kuwait	79.0	9.6%	Jan 2022
12	ECB	504.8	35.6%	Feb 2022	44	Indonesia	78.6	3.4%	Jan 2022
13	Turkey5)	429.4	27.4%	Feb 2022	45	Denmark	66.5	5.1%	Feb 2022
14	Taiwan Province of China	423.6	4.5%	Jan 2022	46	Pakistan	64.6	18.2%	Feb 2022
15	Portugal	382.6	72.8%	Feb 2022	47	Argentina	61.7	10.2%	Feb 2022
16	Kazakhstan, Rep. of	380.2	69.5%	Feb 2022	48	United Arab Emirates	55.3	2.6%	Jan 2022
17	Uzbekistan, Rep. of	338.7	58.7%	Feb 2022	49	Belarus, Rep. of4)	53.4	37.6%	Jan 2022
18	Saudi Arabia	323.1	4.3%	Jan 2022	50	Qatar	51.3	7.5%	Feb 2022
19	United Kingdom	310.3	10.1%	Feb 2022	51	Cambodia	50.4	15.2%	Dec 2021
20	Lebanon	286.8	48.8%	Dec 2021	52	Finland	49.0	18.1%	Feb 2022
21	Spain	281.6	18.6%	Feb 2022	53	Jordan	43.5	17.1%	Oct 2017
22	Austria	280.0	48.7%	Feb 2022	54	Bolivia	42.5	56.4%	Jan 2022
23	Thailand	244.2	6.1%	Feb 2022	55	Bulgaria	40.8	7.2%	Feb 2022
24	Poland, Rep. of	228.7	8.7%	Feb 2022	56	Malaysia	38.9	2.1%	Feb 2022
25	Belgium	227.4	32.9%	Feb 2022	57	Serbia, Rep. of	37.6	13.3%	Feb 2022
26	Algeria	173.6	18.8%	Jan 2022	58	WAEMU3)	36.5	9.4%	Dec 2021
27	Venezuela, Republica Bolivariana de	161.2	83.7%	Jun 2018	59	Peru	34.7	3.0%	Jul 2021
28	Philippines	158.7	9.0%	Jan 2022	60	Slovak Rep.	31.7	20.2%	Feb 2022
29	Singapore	153.7	2.2%	Jan 2022	61	Ukraine	27.1	6.0%	Feb 2022
30	Brazil	129.7	2.2%	Feb 2022	62	Syrian Arab Republic	25.8	8.7%	Jun 2011
31	Sweden	125.7	12.6%	Feb 2022	63	Morocco	22.1	3.9%	Jan 2022
32	South Africa	125.3	13.3%	Feb 2022	64	Ecuador	21.9	17.9%	Jan 2022
					65	Afghanistan, Islamic Rep. of	21.9	14.0%	May 2021
					66	Nigeria	21.5	3.1%	Jan 2018

		Tonnes	% of reserves**	Holdings as of			Tonnes	% of reserves**	Holdings as of
67	Bangladesh	14.0	1.9%	Feb 2022	85	Bahrain, Kingdom of	4.7	5.7%	Dec 2021
68	Cyprus	13.9	51.6%	Feb 2022	86	Brunei Darussalam	4.6	6.6%	Oct 2021
69	Curaçao and Sint Maarten	13.1	30.9%	Jan 2022	87	Guinea	4.2	16.0%	May 2021
70	Mauritius	12.4	9.8%	Feb 2022	88	Mozambique, Rep. of	3.9	6.5%	Jan 2022
71	Ireland	11.3	5.3%	Feb 2022	89	Slovenia, Rep. of	3.2	8.4%	Feb 2022
72	Czech Rep.	10.6	0.4%	Feb 2022	90	Aruba, Kingdom of the Netherlands	3.1	12.5%	Dec 2021
73	Kyrgyz Rep.	10.2	22.4%	Feb 2022	91	Bosnia and Herzegovina	3.0	2.0%	Jan 2022
74	Ghana	8.7	4.9%	Oct 2021	92	Albania	2.8	3.1%	Jan 2022
75	Paraguay	8.2	5.3%	Feb 2022	93	Luxembourg	2.2	4.7%	Feb 2022
76	Nepal	8.0	5.3%	Feb 2022	94	Hong Kong SAR	2.1	0.0%	Jan 2022
77	Mongolia	7.3	12.1%	Feb 2022	95	Iceland	2.0	1.7%	Feb 2022
78	Myanmar	7.3	5.5%	Mar 2021	96	Trinidad and Tobago	1.9	1.8%	Jan 2022
79	Guatemala	6.9	2.0%	Feb 2022	97	Haiti	1.8	4.5%	Jul 2019
80	North Macedonia, Republic of	6.9	11.1%	Feb 2022	98	Yemen, Republic of	1.6	1.9%	Jul 2014
81	Tunisia	6.8	4.8%	Feb 2022	99	Suriname	1.5	9.0%	Dec 2021
82	Latvia	6.7	7.6%	Feb 2022	100	El Salvador	1.4	3.2%	Jun 2021
83	Lithuania	5.8	6.2%	Feb 2022					
84	Colombia	4.7	0.5%	Feb 2022					

Source: WGC

India: Foreign Exchange Reserves & Gold (1959-60 to 2020-21)

Year	Total Foreign Exchange Reserves (USD Mn)	Gold (USD Mln)	Gold (% of Reserves)	Year	Total Foreign Exchange Reserves (USD Mn)	Gold (USD Mn)	Gold (% of Reserves)
1959-60	762	247	32.4%	1991-92	9,220	3,499	38.0%
1960-61	637	247	38.8%	1992-93	9,832	3,380	34.4%
1961-62	624	247	39.6%	1993-94	19,254	4,078	21.2%
1962-63	619	247	39.9%	1994-95	25,186	4,370	17.4%
1963-64	642	247	38.5%	1995-96	21,687	4,561	21.0%
1964-65	524	281	53.6%	1996-97	26,423	4,054	15.3%
1965-66	626	243	38.8%	1997-98	29,367	3,391	11.5%
1966-67	638	243	38.1%	1998-99	32,490	2,960	9.1%
1967-68	718	243	33.8%	1999-00	38,036	2,974	7.8%
1968-69	769	243	31.6%	2000-01	42,281	2,725	6.4%
1969-70	1,094	243	22.2%	2001-02	54,106	3,047	5.6%
1970-71	975	243	24.9%	2002-03	76,100	3,534	4.6%
1971-72	1,194	264	22.1%	2003-04	112,959	4,198	3.7%
1972-73	1,219	293	24.0%	2004-05	141,514	4,500	3.2%
1973-74	1,325	293	22.1%	2005-06	151,622	5,755	3.8%
1974-75	1,379	304	22.0%	2006-07	199,179	6,784	3.4%
1975-76	2,172	281	12.9%	2007-08	309,723	10,039	3.2%
1976-77	3,747	290	7.7%	2008-09	251,985	9,577	3.8%
1977-78	5,824	319	5.5%	2009-10	279,057	17,986	6.4%
1978-79	7,268	377	5.2%	2010-11	304,818	22,972	7.5%
1979-80	7,361	375	5.1%	2011-12	294,398	27,023	9.2%
1980-81	6,823	370	5.4%	2012-13	292,647	26,292	9.0%
1981-82	4,390	335	7.6%	2013-14	303,674	20,978	6.9%
1982-83	4,896	324	6.6%	2014-15	341,378	19,837	5.8%
1983-84	5,649	320	5.7%	2015-16	355,560	19,325	5.4%
1984-85	5,952	325	5.5%	2016-17	369,955	19,869	5.4%
1985-86	6,520	417	6.4%	2017-18	424,361	21,615	5.1%
1986-87	6,574	471	7.2%	2018-19	411,905	23,408	5.7%
1987-88	6,223	508	8.2%	2019-20	474,660	30,550	6.4%
1988-89	4,802	473	9.9%	2020-21	576,869	34,023	5.9%
1989-90	3,962	487	12.3%	2021-22	617,648	43,241	7.0%
1990-91	5,834	3,496	59.9%				

Source: https://rbi.org.in/scripts/BS_ViewBulletin.aspx?Id=20118; Bloomberg

Commodity composition of India's Imports from World

Year	From 2007-08 to 2020-21							
	All Commodities	Petroleum & crude products (POL)	Electronic Goods	Gold	POL % of actual commodities	Electronic Good % of actual commodities	Gold % of actual commodities	(Rs. In Million)
2007-08	10,051,594.90	3,205,471.80	812,086.10	672,260.40	31.89	8.08	6.69	
2008-09	13,744,355.60	4,199,676.10	1,073,197.80	953,238.00	30.56	7.81	6.94	
2009-10	13,637,355.50	4,116,490.70	994,186.10	1,358,779.10	30.19	7.29	9.96	
2010-11	16,834,669.60	4,822,816.90	1,210,172.00	1,847,422.10	28.65	7.19	10.97	
2011-12	23,454,632.50	7,430,748.80	1,565,036.20	2,699,007.10	31.68	6.67	11.51	
2012-13	26,691,619.60	8,918,708.60	1,709,851.70	2,921,462.90	33.41	6.41	10.95	
2013-14	27,154,339.10	9,978,854.50	2,165,832.70	1,662,426.20	36.75	7.98	6.12	
2014-15	27,370,865.80	8,428,744.80	2,471,533.10	2,106,580.40	30.8	9.0	7.7	
2015-16	24,902,980.80	5,405,046.90	2,844,345.80	2,074,875.30	21.7	11.4	8.3	
2016-17	25,776,655.90	5,832,171.70	3,055,918.30	1,844,387.60	22.6	11.9	7.2	
2017-18	30,010,334.30	7,003,208.10	3,593,334.10	2,170,720.70	23.3	12.0	7.2	
2018-19	35,876,839.10	9,860,196.10	4,208,935.70	2,294,473.30	27.5	11.7	6.4	
2019-20	33,079,770.50	9,236,247.35	4,017,556.90	1,992,483.43	27.9	12.2	6.0	
2020-21	29,098,641.64	4,396,561.62	1,677,311.87	2,542,884.70	15.1	5.8	8.7	
2021-22*	41,007,036.37	7,978,432.90	2,219,857.47	3,361,695.95	19.5	5.4	8.2	

* Till Feb 22

Source: DGCIS

Exports of precious metals, stones, diamonds and jewelry 2007-08 to 2020-21

Year	Total value	Cut & polished diamonds	Gold jewelry	Gold medallions & coins	Colored gemstones	Silver jewelry	Rough Diamonds	(Rs. In Million)
2007-08	837,654.80	571,171.70	223,157.00	-	11,110.50	9,211.10	22,803.20	28.7
2008-09	1,116,114.80	662,246.80	396,001.50	-	11,835.30	10,647.40	35,176.00	30.7
2009-10	1,387,522.90	860,951.70	327,749.60	129,750.70	13,580.10	19,519.00	35,254.20	24.5
2010-11	1,957,358.40	1,285,140.60	352,682.70	224,794.00	14,325.40	25,662.10	51,750.60	33.5
2011-12	2,060,800.90	1,109,267.70	472,796.30	334,703.80	16,472.00	36,772.30	85,137.20	33.9
2012-13	2,126,855.00	947,391.60	712,078.10	284,900.60	35,278.10	50,164.60	85,920.50	35.2
2013-14	2,111,913.00	1,481,852.00	507,388.50	185,645.30	39,097.00	88,987.80	95,559.70	43.3
2014-15	2,213,321.60	1,415,142.80	605,100.30	173,924.70	27,733.90	125,689.40	86,666.70	33.9
2015-16	2,135,946.60	1,354,012.20	561,368.10	344,172.50	28,445.00	194,109.00	76,758.30	30.6
2016-17	2,377,026.70	1,526,825.90	584,649.20	362,437.50	28,166.60	269,232.50	100,559.10	30
2017-18	2,107,850.80	1,529,087.30	623,812.10	127,080.50	27,854.90	218,121.80	92,002.10	38.1
2018-19	21,65,021.00	1,665,731.10	832,384.60	61,260.80	27,907.80	59,033.50	94,792.30	30.1
2019-20	2,042,407.90	1,320,152.50	842,708.10	54,698.60	22,696.90	119,557.50	78,419.10	21.3
2020-21	1,522,002.00	1,203,020.40	354,831.70	18,349.80	13,773.00	171,630.30	24,487.70	17.3
2021-22	2,363,689.30	1,806,180.60	680,266.90	5,327.70	23,208.40	203,058.10	73,979.60	28.5

Source: GJEPC Trade Statistics

Imports of precious metals, stones, diamonds and jewelry 2007-08 to 202021

Year	(Rs. In Million)										
	Total value	Rough Diamonds value	Rough Diamonds (Qty in million carats)	Rough diamonds unit Rs/ carat	Cut & Polished diamonds	Gold bar (for exports)	Gold jewelry	Rough colored gemstones	colored gemstones	silver bar	
2007-08	741,505.40	399,215.00	171.5	2,327.10	222,520.00	89,496.10	17,088.70	5,994.60	2,767.30	796	
2008-09	1,033,441.70	350,412.50	118.8	2,950.10	406,382.90	210,769.40	13,363.30	4,814.20	4,464.20	1,194.90	
2009-10	1,348,625.10	427,331.10	149.9	2,851.70	547,466.40	340,186.00	15,343.60	5,543.30	6,808.80	1,458.20	
2010-11	1,919,820.70	545,642.70	154.2	3,538.80	947,256.50	382,450.80	22,133.90	6,818.30	5,538.40	1,900.70	
2011-12	2,012,384.70	722,218.90	131.5	5,490.40	683,564.00	502,833.40	70,693.90	6,954.10	14,053.90	3,897.10	
2012-13	2,031,934.00	809,925.20	148.4	5,458.10	302,008.90	604,708.10	250,193.40	11,277.80	27,762.30	2,809.90	
2013-14	1,871,098.90	1,003,772.70	162.0	6,195.50	395,859.70	336,495.40	34,959.40	14,447.80	19,723.50	2,360.80	
2014-15	1,908,534.60	1,022,350.90	146.2	6,993.20	405,435.90	325,626.30	22,238.90	17,395.00	48,678.70	1,936.70	
2015-16	1,586,549.80	919,705.30	138.4	6,645.00	181,277.00	265,367.40	18,972.20	24,241.70	68,804.80	2,593.40	
2016-17	1,925,130.90	1,144,764.00	153.3	7,466.80	176,493.20	283,624.10	18,079.90	38,256.40	95,815.00	3,218.80	
2017-18	2,030,227.70	1,217,445.40	187.7	6,487.40	144,076.40	367,036.20	18,004.00	56,688.90	35,169.60	3,467.90	
2018-19	1,839,833.10	1,095,237.90	165.0	6,637.60	92,684.90	548,059.50	20,405.10	23,900.90	27,624.90	2,649.50	
2019-20	1,726,372.20	921,688.10	151.5	-	121,982.20	553,837.30	20,324.80	17,690.10	37,304.50	2,879.20	
2020-21	1,215,383.40	801,957.50	125.9		161,101.10	110,486.7	19,363.30	12,916.90	41,886.90	3,049.80	
2021-22	1,995,918.10	1,412,351.70	166.2		103,267.90	172,454.4	20,361.00	24,478.90	112,284.20	28,777.90	

Source: GJEPC Trade Statistics

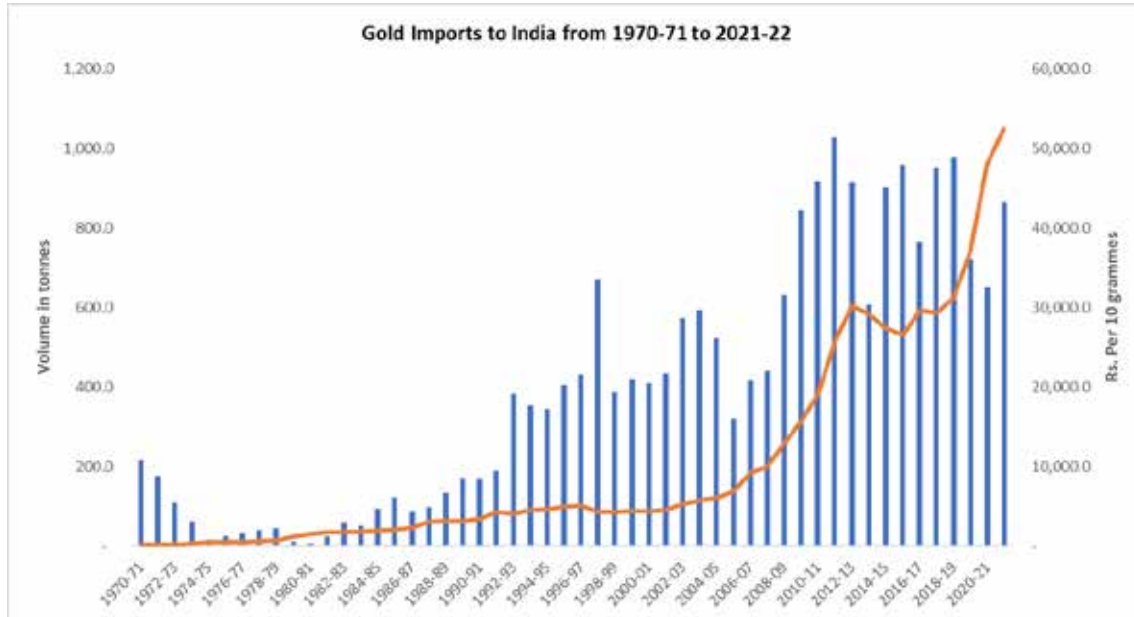
Worldwide Production and Fabrication Data

(Value in metric tonnes)							
	2015	2016	2017	2018	2019	2020	2021
Production							
China	454.1	453.5	426.1	399.7	406.1	407.3	298.9
Australia	279.2	290.2	295.0	312.2	325.1	328.8	238.3
Russian Federation	249.5	253.6	270.7	281.5	300.8	303.7	158.9
United States	216.2	222.0	230.0	253.2	224.8	257.2	184.4
Canada	162.5	165.0	175.6	193.0	186.6	196.8	167.4
Indonesia	176.3	174.9	154.3	190.0	176.6	160.9	142.4
Peru	177.9	168.5	162.3	155.4	152.4	153.9	109.7
South Africa	151.0	145.7	139.9	123.5	131.3	129.4	84.9
Mexico	141.3	133.3	126.8	121.6	118.3	116.2	96.0
Fabrication- Jewellery							
China	832.6	691.4	673.9	688.2	650.8	497.3	621.3
India	736.2	454.4	718.1	632.2	522.0	261.1	608.2
Italy	84.9	79.3	79.7	74.9	59.8	41.8	70.4
Turkey	91.6	77.6	83.2	70.1	65.0	38.2	38.2
United States	66.8	66.6	68.1	74.6	74.0	53.5	59.3
Indonesia	48.2	43.5	43.5	47.6	45.4	21.8	31.2
UAE	41.5	41.7	53.1	40.1	35.3	20.0	26.2
S Korea	41.0	40.7	40.4	40.2	37.0	29.7	30.1
Saudi Arabia	51.7	40.0	33.5	34.4	33.6	23.4	28.25
Malaysia	39.4	33.8	30.2	30.1	29.4	14.0	14.4

Source: Refinitive GFMS

*Data is for calendar year

Gold prices in India and imports from 1970



Note: India started importing unrefined gold (dore) in large quantities from 2012 thus the volumes include unrefined gold. The dollar payout is only on the gold content in the total dore' volume

Source: <https://www.rbi.org.in/scripts/PublicationsView>

Economic and Political Weekly, February 20 1999, "Consumption of gold in India, Trends and determinants" by A Vaidyanathan

Prices: MCX Average spot price; Spot Gold price from Bloomberg

Media Coverage

Lessons from Chinese commodities market

China's commodities market has become a global benchmark, offering valuable lessons for India. The market's volatility and its impact on global prices have drawn attention from policymakers and investors alike. Key factors influencing the market include government intervention, supply chain disruptions, and global economic trends. India can learn from China's experience in managing these challenges and improving its own commodity market structure.



खरे पर खलवाली!

खरे पर खलवाली! (Wholesale market!) This article discusses the challenges and opportunities in the wholesale market, particularly in the context of gold and other commodities. It highlights the need for better infrastructure, regulatory support, and market integration to enhance the efficiency and transparency of the wholesale sector.

India must take a holistic view on cryptos

India must take a holistic view on cryptos. The government's approach to cryptocurrencies should be comprehensive, considering the economic, financial, and social implications. A balanced regulatory framework is needed to foster innovation while protecting investors and maintaining financial stability. The article emphasizes the importance of a multi-stakeholder approach in shaping the crypto policy.

शेअरभारतमा सापथेतीनु भाजस ज्योवा भणशे

शेअरभारतमा सापथेतीनु भाजस ज्योवा भणशे (Share market in India is a game of chance). This article discusses the volatility of the Indian stock market and the role of various stakeholders, including regulators, investors, and market participants. It highlights the need for a robust regulatory framework to ensure market integrity and investor protection.

300 tonnes gold smuggling cheats the government of ₹20,000 cr annually

300 tonnes gold smuggling cheats the government of ₹20,000 cr annually. The Indian Gold Policy Centre estimates that 300 tonnes of the precious metal are smuggled into the country every year, resulting in a revenue loss of ₹20,000 crore. The high import duty has led to this surge. The smuggling has cast a shadow on the government's tax and jewellery trade, and JGC, a World Gold Council-sponsored centre of excellence at IIT-M, traditionally, lower duty leads to higher revenues. To boost the Centre cut the Customs duty to 2.3 per cent from 4.50 per cent in the budget, but levied a 2.5 per cent Agriculture Infrastructure Development (AID) and a 30 per cent Social Welfare Surcharge on the Customs duty. The result is the effective duty cut being by only two percentage points, including GST, compared with 10 per cent before the Budget. Also, gold prices have increased, nullifying the benefit extended by the government.

Higher the central bank gold reserves, lower the sovereign credit risk: IMF-A centre's study

Higher the central bank gold reserves, lower the sovereign credit risk: IMF-A centre's study. The International Monetary Fund (IMF) and the Indian Gold Policy Centre (IGPC) have conducted a study showing that higher gold reserves lead to lower sovereign credit risk. The study found that countries with higher gold reserves tend to have higher credit ratings, indicating that gold acts as a hedge against currency depreciation and inflation.

RBI buys record gold this year

RBI buys record gold this year. The Reserve Bank of India (RBI) has purchased a record amount of gold in the current year, reflecting its strategy to diversify its foreign reserves. The purchase is part of the RBI's broader financial management strategy to maintain stability and support the Indian economy. The article also mentions that the RBI's gold reserves have increased significantly, contributing to the country's financial strength.

NSE blockchain platform for gold a game changer

NSE blockchain platform for gold a game changer. The National Stock Exchange (NSE) has launched a blockchain-based platform for gold trading, which is expected to revolutionize the gold market. The platform offers transparency, security, and efficiency in gold transactions, reducing the risk of fraud and simplifying the process for investors. This move is seen as a significant step towards modernizing the gold market and attracting more institutional investors.

डिप्लोमो वैश्विक होल्टिज १.५

डिप्लोमो वैश्विक होल्टिज १.५ (Diploma in Global Hospitality 1.5). This article discusses the importance of global hospitality education and the role of institutions like the Indian Gold Policy Centre in providing quality training. It highlights the growing demand for skilled professionals in the hospitality industry and the need for continuous learning and skill development to meet the challenges of a globalized market.

Sebi issues guidelines for operationalizing gold exchanges in India

Sebi issues guidelines for operationalizing gold exchanges in India. The Securities and Exchange Board of India (SEBI) has issued guidelines for the operationalization of gold exchanges in the country. The guidelines aim to ensure the integrity and transparency of gold trading, protect investors, and promote the growth of the gold market. Key provisions include the requirement for gold exchanges to be registered with SEBI and adhere to strict regulatory standards.

Building trust in gold jewellery business

Building trust in gold jewellery business. The gold jewellery business in India faces challenges related to trust and transparency. Consumers are often concerned about the purity and quality of gold jewelry. The article discusses the need for industry players to adopt best practices, such as certification and standardization, to build trust and enhance the reputation of the sector. It also mentions the role of government and regulatory bodies in ensuring fair trade and consumer protection.

Lack of Awareness Hits Govt's Gold Monetisation Scheme

Lack of Awareness Hits Govt's Gold Monetisation Scheme. The government's Gold Monetisation Scheme (GMS) has faced a significant challenge due to a lack of awareness among the public. Only 6% of Indian households are aware of the scheme, which aims to encourage the monetization of gold held by households. The article highlights the need for a robust awareness campaign to educate the public about the benefits and details of the scheme.

Only 6% of Indian households aware of the scheme launched in 2015

Only 6% of Indian households aware of the scheme launched in 2015. A survey conducted by the Indian Gold Policy Centre (IGPC) revealed that only 6% of Indian households are aware of the Gold Monetisation Scheme (GMS) launched in 2015. The survey found that the majority of households are unaware of the scheme's details and benefits. This lack of awareness is a major barrier to the success of the scheme, and it highlights the need for a comprehensive awareness campaign.

GOLD SPOT
24x7 ग्लोबल गोल्ड स्पॉट प्लेटफॉर्म
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Gold imports and the sleight of hand

Gold imports and the sleight of hand. This article discusses the complexities of gold imports and the challenges faced by the government in managing the gold market. It highlights the issue of gold smuggling and the need for a more transparent and regulated gold market. The article also mentions the role of the Indian Gold Policy Centre in providing insights and recommendations on gold market management.

Gold consumption highest among middle class: Study

Gold consumption highest among middle class: Study. A study conducted by the Indian Gold Policy Centre (IGPC) found that gold consumption is highest among the middle class in India. The study highlights the cultural and social significance of gold for the middle class, which often uses gold as a store of value and a means of wealth accumulation. This finding has implications for the gold market and the government's policies related to gold monetization.

Business Standard NSE billion derivatives settlement on blockchain may be a game changer

Business Standard NSE billion derivatives settlement on blockchain may be a game changer. The National Stock Exchange (NSE) has announced a settlement of billion derivatives on a blockchain platform, which is expected to be a game-changer for the derivatives market. The settlement is a significant milestone in the adoption of blockchain technology in the financial sector, offering transparency, security, and efficiency in derivatives trading.

Mid-income group to buy more than 50% of gold

Mid-income group to buy more than 50% of gold. This article discusses the growing demand for gold among the mid-income group in India. The mid-income group is increasingly using gold as a store of value and a means of wealth accumulation. This trend is expected to drive the growth of the gold market and influence the government's policies related to gold monetization and regulation.

Gold unaffordable? Jewellers launch 0.5gm bars

Gold unaffordable? Jewellers launch 0.5gm bars. Jewellers have launched 0.5gm gold bars to make gold more affordable for consumers. This move is expected to attract a larger number of consumers to the gold market and increase the liquidity of gold. The launch of 0.5gm bars is a significant step towards making gold more accessible to a wider range of investors and consumers.

Central Bank Gold Reserves Record Sovereign Credit Rating

Central Bank Gold Reserves Record Sovereign Credit Rating. The Reserve Bank of India (RBI) has achieved a record in its gold reserves, which has contributed to the country's sovereign credit rating. The RBI's gold reserves are a key indicator of the country's financial strength and stability. This achievement is a testament to the RBI's prudent financial management and the government's commitment to maintaining a strong and stable economy.

Gold consumption highest among middle class: Study

Gold consumption highest among middle class: Study. This article discusses the findings of a study on gold consumption in India, highlighting that the middle class is the primary driver of gold demand. The study found that the middle class is increasingly using gold as a store of value and a means of wealth accumulation. This trend is expected to drive the growth of the gold market and influence the government's policies related to gold monetization and regulation.

BusinessLine

India must take a holistic view on cryptos

India must take a holistic view on cryptos, says a senior industry expert. The expert, who is also a member of the Committee of Experts on Cryptocurrencies, says that the government should take a holistic view on cryptos and not just focus on banning them. He says that the government should also consider the benefits of cryptos and how they can be used to improve the economy. He also says that the government should consider the impact of cryptos on the environment and on society.

DNA

Akshaya Tritiya 2021: What to buy on the auspicious occasion and impact on gold prices, all you need to know

Akshaya Tritiya 2021 is a highly auspicious day for buying gold. It is believed that on this day, the price of gold will rise. Therefore, many people buy gold on this day. This article discusses what to buy on this day and how it will impact the gold prices. It also provides some tips for buying gold on this day.

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Significance of Akshaya Tritiya

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What to purchase on the auspicious event and inflow gold costs, all it's essential to know

What to purchase on the auspicious event and inflow gold costs, all it's essential to know. This article discusses what to buy on Akshaya Tritiya and how it will impact the gold prices. It also provides some tips for buying gold on this day.

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- HRM Practices, working conditions and labour engagements in the Indian Gold jewellery manufacturing sector by **Prof. Biju Varkkey**, IIMA & **Prof. Jatinder Jha**, XLRI
- Gold governance and gold smithery: Economic sociology of an informal manufacturing sector in India by **Prof. Anindita Chakrabarti**, IITK
- God's Wealth, Monetized Gold, and Cultural Policy: A Sociological Investigation into the Question of Temple Gold in India by **Prof. Anindita Chakrabarti** & **Prof. Shiram Venkatraman**, IITK
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- Impact of News on the Commodity Market: Dataset and Results by **Prof. Ankur Sinha** & **Mr. Tanmay Khandait**
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