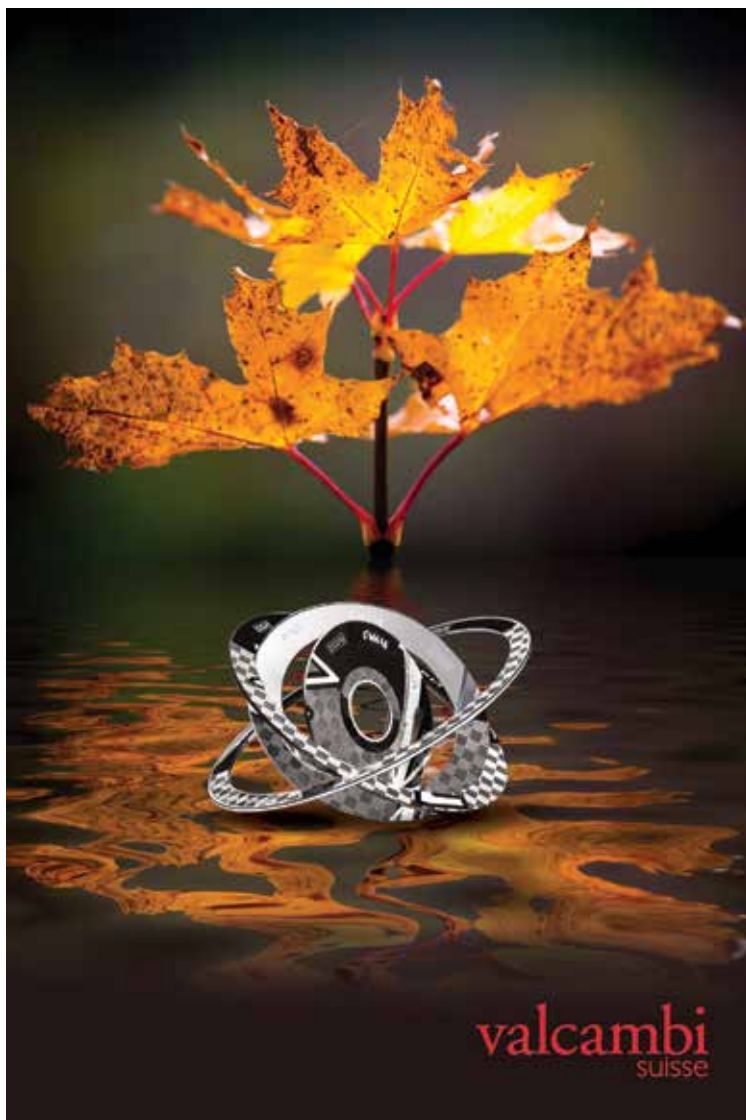




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Dear Readers,

It is nice to see Indian gold market returning to normal. High discount in gold price, which was a major concern for the market, now has gone. The price is now oscillating between small premium and discount, not more than \$2 to \$3 an ounce. As we have pointed out in the past, the discount was primarily due to huge inflow of scrap gold into the market on the launch of Income Disclosure Scheme and implementation of excise duty suitably aided by high domestic prices.



Credit must be given to government for listened to and understanding the concern of jewellers and adjusting norms of excise obligation as per the suggestions given by sub-committee of the High Level Committee. Manufacturers resumed working since end of August after the clarification and the impact has been seen in the market. In September, around 37 tons of gold, which includes bullion for domestic purpose, fine gold recovered from dore and duty free gold for export purpose, have been imported through official channel. This is the largest quantity of gold that entered the market through official channel since January, 2016.

Demand has also returned to market in October especially during Dhanteras time. It is reported that sales increased this Dhanteras by over 40 to 50 percent compared to last year Dhanteras time. There could be the reasons that people waited all these months for price to drop. Gold is comparatively much cheaper now than what it was few months ago.

GST Council has declared general slab of GST and it is now only matter of months that India will witness a new tax regime. There is no announcement yet on GST for gems and jewellery sector, but industry participants hope to see the rate below 5% (precisely 2%). Tax on gems and jewellery is a highly sensitive issue because of its high value and most importantly, the sector is unorganized. High tax rate will push consumers towards unorganized business. The government should seriously consider using the opportunity to reduce first point duty (at customs) on one hand and a minimum possible GST on the other, so that total tax does not cross more than a certain threshold limit as recommended by various industry bodies and associations.

We need to understand that Indian gold market is different from rest of the world. Ideally, as per international practice, customs duty on gold bullion should be zero. Tax is levied at value added stage (jewellery and minted products) and not on bullion. But it would take a while for India to achieve it due to revenue considerations as well as current market imperfections. Zero taxation on bullion cannot be imposed until the sector is completely liberalised. The process of transformation— lowering of customs duty and a competitive GST rate on jewellery - would be gradual and would mark the beginning of a new era in Indian gold market.

It is excellent news for Indian refining industry that another refiner has been added to the LBMA Good Delivery List. I would like to congratulate Hindustan Platinum Pvt. Ltd., on becoming LBMA Silver Good Delivery Refiner.

Debajit Saha
Editor

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Singapore's Precious Metals Industry Poised for Growth

Albert Cheng, CEO, SBMA



Despite regulation and global economic uncertainty, the arrival of the LBMA Precious Metals Conference to Singapore in October reflected the industry's positive outlook for the region, as well as the country's ambition to be a leading bullion hub in Asia.

I was delighted when I heard the news that the Singapore Bullion Metals Association (SBMA) and International Enterprise (IE) Singapore managed to bring the conference here for its 2016 edition, as we would be able to showcase what the country has to offer for the industry and the potential areas for growth and development of the market in this region. LBMA/LPPM did an excellent job in putting together two full days of great speakers and presentations for the conference, which saw more than 700 delegates from 34 countries.

Minister for Trade and Industry (Trade) Lim Hng Kiang was invited to deliver the conference's opening speech, and he talked about the developments in Singapore's Investment Precious Metals (IPM) sector, which has benefitted from Asian opportunities. In particular, Mr Lim highlighted the country's growth across the entire precious metals value chain, including refining, secured logistics and trading, since removing the Goods & Services Tax on IPM in 2012.

In 2015, the physical volume of gold traded in Singapore was about five

times the amount traded in 2012, and that employment in this sector doubled to more than 280 jobs in the same period. Metalor Singapore, which commenced operations in 2014, has already grown to be the largest LBMA Good Delivery List refinery in Southeast Asia. In 2015, it quadrupled its production to more than 100 tonnes.

SBMA has been serving as the point of contact for foreign precious metals businesses seeking to establish a presence in Singapore, and we hope to continue to help grow the industry here and in the region with the help of IE Singapore, which is supporting the association and working to upgrade the market ecosystem.

One of the ways we hope to attract more trading houses to Singapore is by establishing a LBMA "Pre-AM" Benchmark Gold Price at 2:00 pm Singapore time in conjunction with LBMA and ICE Benchmark Administration (IBA) in a number of currencies to cater for the gold market in Asia.

Given Asia's growing importance as a source of demand for gold, it has become increasingly paramount for gold price to be set in Asian business hours. An earlier auction in London would reduce the exposure by traders to intra-day price volatility and overnight foreign exchange risks, as is the case now, with daily auctions in London held at 5:30 pm



and 10:00pm Singapore time.

The ASEAN market has a huge potential, and is a gem waiting to be discovered and polished. Delegates at the conference expressed a healthy outlook for gold and other precious metals in the region, owing to their status as a safe haven asset in the face of a looming global trade slowdown, and because of demand brought about by the Asia's demographic changes and growing market, particularly in the luxury segment.

As such, my hope is that the SBMA will be used to bridge the knowledge gap between ASEAN and the rest of the global bullion market, using Singapore as a bridge, or superconnector, to the Indian and Chinese markets, and to the rest of the world.



Disclaimer: Views are personal and not the views of the publisher.

Welcome Remarks

Grant Angwin, LBMA Co-Chairman, Singapore 16th October 2016



Good morning Ladies and Gentlemen and welcome to the LBMA/LPPM Precious Metals Conference - this year in association with the Singapore Bullion Market Association (SBMA). This is the 17th conference “for the industry by the industry” and brings us to the vibrant city state of Singapore. Many of you will recall the role that Singapore played in the gold business during the Asian financial crisis of the late 90s. That was testament to both Singapore’s financial where for all but also the confirmation of the gold hub that the country had made itself.

Before I get into the changes and issues that we, the industry face, I would like to start by thanking the LPPM for co-hosting this event – once again this shows the synergies that exist between our

It is now nearly two and half years since I took on the role of Chairman. Many of you will know that a precondition to taking on this role was the need to change the governance of the Board of the LBMA – external pressure from regulators and internal pressure from compliance departments in the financial sector were giving clear signals that the then current structure was untenable. Over the past two years we have gone about changing that and we are pleased to say, with an overwhelming support of the members we now have a governance structure that is fit for purpose for today and many years to come.

I would like to dwell on one change to our industry that will affect all of you in this room – Net Stable Funding Ratio. I raised this in Vienna and considerable work has been done by the LBMA in lobbying for a softer approach to the “hair cut” that the banks must take. We met with the Secretary General of the Basle Committee in June this year, and whilst we got a sympathetic ear, it would seem unlikely that we will see much, if any, change to the 85% “hair cut”. That said, we continue to work with all the appropriate governmental institutions to educate them on the full impact that these changes will have on our industry.

two associations and I’m sure that this co-operative path that we are now walking will ultimately lead to a totally unified voice of the precious metals industry. A thank you to the SBMA for all its support in developing the programme and for encouraging us to come to Singapore. The Government of Singapore via IE Singapore and their senior representative on the Opening Session – Minister Lim, Minister for Trade and Industry as well as Deputy Chairman of the Monetary Authority of Singapore, along with our keynote speakers William White of the OECD and Eric Robertsen of Standard Chartered. Our sponsors for this event; Metalor – the welcome reception, IE Singapore and TOCOM the dinner; thank you for your support. To all the other sponsors and exhibitors,

we thank you. The programme for the next two days, I am sure you will agree is looking like one of the best we have had, so a special thank you to the speakers and the Chair of the LBMA’s Public Affairs Committee, Edel Tully (clearly my brief stint on the committee rubbed off!), and all the staff at the LBMA. Finally, thank you to the delegates for taking the time to join us here in Singapore.

It is now nearly two and half years since I took on the role of Chairman. Many of you will know that a precondition to taking on this role was the need to change the governance of the Board of the LBMA – external pressure from regulators and internal pressure from compliance departments in the financial sector were giving clear signals that the then current

structure was untenable. Over the past two years we have gone about changing that and we are pleased to say, with an overwhelming support of the members we now have a governance structure that is fit for purpose for today and many years to come. The Board now currently comprises 10 members; 3 Market Markers (Steven Lowe Vice Chairman, Sid Tipples and Peter Drabwell), the Full Members are represented by Mehdi Barkhordar, Hitoshi Kosai and myself – as Co-Chairman until the end of the year; where I will revert to a Board Member. We have gained two very respected independent Non-Executive Directors in Dr. Paul Fisher as the first independent Chairman of the LBMA who will be aided by Andy Quinn. We have the option to add one more independent NED if we deem it necessary. The final and equally as important change is to add an additional executive board member from within the LBMA executive team. We are delighted to have announced that Sakhila Mirza – General Counsel has been appointed as an Executive Director. Together with Ruth they will comprise the executive members; as with the independents we have the option to add one more. I will shortly hand over the podium to Paul who will say a few words.

The collective vision that I and the Board had nearly three years

ago was to make the LBMA the global authoritative voice for the precious metals industry, using the knowledge and presence of London as the largest physical market. This has been a daunting challenge as regulation after regulation flowed from an unstoppable pipe. Many of the sessions and indeed much of what Ruth will highlight in her remarks will cover these challenges. I would like to dwell on one change to our industry that will affect all of you in this room – Net Stable Funding Ratio. I raised this in Vienna and considerable work has been done by the LBMA in lobbying for a softer approach to the “hair cut” that the banks must take. We met with the Secretary General of the Basle Committee in June this year, and whilst we got a sympathetic ear, it would seem unlikely that we will see much, if any, change to the 85% “hair cut”. That said, we continue to work with all the appropriate

governmental institutions to educate them on the full impact that these changes will have on our industry.

Other areas which have been a major focus for the Association in the past year include the trade and reporting strategic project. Last week we announced that this project will be spearheaded by the Cinnober’s Boat. We continue to work on enhancing the “crown jewels” – the Good Delivery List. This included the launch of the Responsible Silver consultation, taking us one step closer to Responsible sourcing for all precious metals. The precious metals code will come into place in May 2017 and consultation will be launched shortly. This is an opportunity for the industry to shape a document that looks to provide guidance on best practice within your market and I would encourage you to get involved in this.

As my tenure as Chairman comes to an end, I reflect on what we have achieved in what was a tumultuous period for the London precious metals market; remember it was only 2 and a half years ago that Deutsche Bank pulled out of the then London Silver Fix. Our market has, and continues, to be affected by immense external factors in the guise of regulation and political uncertainty. What is clear to me is that the next two and half years will be equally unpredictable as the story of Brexit unfolds and the continuing rise of “populist politicians” gain more and more traction. We didn’t enter precious metals for a steady ride and I have little doubt that we are in for a very bumpy ride; particularly in the West. That said, the LBMA is in the best possible position to act as the global voice for our industry and engage and guide us through these challenging times. I would like to wish you an enjoyable conference and hope that you will have some time to savour the delights that Singapore has to offer. I will now hand over to Dr. Paul Fisher. Thank you



Our market has, and continues, to be affected by immense external factors in the guise of regulation and political uncertainty. What is clear to me is that the next two and half years will be equally unpredictable as the story of Brexit unfolds and the continuing rise of “populist politicians” gain more and more traction. We didn’t enter precious metals for a steady ride and I have little doubt that we are in for a very bumpy ride; particularly in the West.

Recommendations that Emerged from India International Gold Convention 2016

Issue-1: Lack of standardisation and traceability of standard gold bars offered by domestic refineries

The government of India has done a commendable job in starting hallmarking exercise in 1999. This along with other development initiatives ensured transparency in pricing of gold and transparency in quality of gold to the end-consumer.

When the scheme was conceived there was an assumption that PGM trace in gold jewellery is absent. However, it has been increasingly felt that PGM traces in gold alloys are a real challenge. Also, it is found that the refined gold bars from some of the refiners are tainted with PGM traces. Given these, it is important that regulatory mechanism needs to cover all refiners.

Recommendation: Bring all refiners under BIS and ensure standardisation and traceability of standard gold offered in the market.

It is important that all refiners be brought under BIS and no refiner should be authorised to sell gold bars without BIS stamping, serial number, refinery name and the same be presented in invoice for track

and trace. This would eliminate sub-standard gold bullion bars coming into the market leading to problems in jewellery in subsequent stage.

Issue-2: Prepare the CPTCs for Compulsory Hallmarking

Compulsory hallmarking of jewellery is a great initiative of Government of India. While the objective is laudable, current operational practises need to be thoroughly studied and improved upon. The World Gold Council has clearly brought out infirmities in the current system, most of which are due to implementation issues.

CPTCs are keen on technology upgradation, especially, in the areas of detecting and quantifying PGM traces in gold jewellery. However, many of these technologies are very expensive and the current business model of CPTCs does not make them viable to adapt. Government may look at a technology upgradation fund for CPTCs. Besides, there is also a need to upgrade skill-levels of CPTCs, which also require government support. This is much needed and would help protect the interest of the consumers.

Also, mechanisms need to be put in place to ensure that professionalism of CPTCs does not hamper commercial or business viability.

Recommendation: Technology upgradation fund and skill upgradation fund for CPTCs.

Issue-3: Gold monetisation scheme not taking off due to operational issues at banks and technical challenges

The flagship scheme of Government of India launched by Shri Narendra Modi on November 5, 2015 has created a lot of positivity. Every stakeholder is committed to making the scheme a success. However, some structural and operational hurdles exist.

- (a) PGM contamination in jewellery and bullion bar is a real issue and a reality. The CPTCs are not well-equipped to quantify the PGM traces in jewellery with the existing technology. This would result in over-reporting of gold content in the deposited gold at CPTC's end and under-recovery at the refinery end. Therefore, in the initial stages till CPTCs are fully equipped, it is **recommended that final purity and weight**

of fine gold in deposited jewellery be arrived at refiner's end only. This is in line with the best international practices.

- (b) Banks have signed MoU and are eager to proceed with GMS. However, certain operational hurdles need to be overcome. Detailed rules on accounting for gold deposited under GMS be issued to banks. The present guideline is not specific on date of redemption (as there are two dates – one the date of issue of receipt by CPTC and the second is the date of issue of certificate by the bank), accounting for interest accrued and so on. Also, detailed guidance on how banks would fulfil the final settlement in gold is needed (especially for small parcels). **Thus, it is recommended that a meeting be convened by RBI with all the banks to address the above challenges and resolve them.**

- (c) BIS approved jewellers (estimated at 13000 currently) may be included as aggregators to reach out to larger population in the mobilisation of gold deposits. However, that current scheme may need to be modified suitably to facilitate

that. **A stakeholder meeting between the leading jewellery associations and the ministry is recommended to discuss and finalise the modalities.**

Banks should be included in all such discussions, as the final decision would be with banks.

Issue-4: Indian Gold Coin not available widely

Although the Indian Gold Coin has been designed and minted and marketing programme has commenced as envisaged, product placement close to the customer is yet to happen. Thus, a great deal of potential sale is foregone.

Recommendation: Rope in banks and Post-office to increase reach and availability in first phase. Include more partners from financial services industry at later stage.

It is requested that ministry looks into the channel and distribution related issues and resolve them to place the Indian Gold Coin within the reach of masses. Banks and Post-offices are best options to start with. It could later be expanded to other channels in financial services industry. The last mile challenge, if removed, would make the Indian Gold Coin project of the honourable prime minister a resounding success.

Issue-5: Custom duty computational challenges increase costs and are litigation prone

The current manner of declaration of tariff value of gold in USD once a fortnight and subsequent declaration of RBI reference rate, makes the entire computation of customs duty as well as its settlement long-drawn and litigation prone.

Recommendations: It is suggested that customs duty be declared in Indian rupees once a month (at the rate as declared by the government basis some benchmark international price and RBI reference rate for USDINR). This would make compliance hassle-free and avoid sudden spurt in prices as seen today.

Expected outcome: The current practice of setting tariff value once a fortnight and a separate notification for currency value result in huge operational difficulties. The proposed solution is revenue neutral for the government and would save the pain of administrative overhead both at the government and at the industry level.

Issue-6: High first point tax leading to parallel trade

The current customs duty on standard gold import into the country is 10%. On a high value product such as gold, such high duty

level on the first point of entry into the country, provides huge incentive for smuggling. The World Gold Council estimates annual value of Smuggled gold at 150 metric tonnes valued at Rs. 45,000 crores. The revenue loss to the government on account of parallel channel is about Rs. 4500 crores per year.

Recommendation: Rationalise customs duty on standard gold imports at 5 – 6%

Rationalise customs duty on standard gold import from current level of 10% to 5 - 6%.

In line with the rationalisation of customs duty on gold, rationalise the import duty (countervailing duty) on gold dore and maintain a minimum differential of 1% between gold dore and standard gold.

Expected outcome: Smuggling will reduce by over 80% from the current level of about 150 tons. Official business would increase compliance and the revenue loss on account of duty reduction will be made up by the increase in revenue through increase of official imports by at least 75% within 12 months.

Recommendation: Restrict total taxation on gold and gold products (other than BCD) to

a maximum of 2% ad valorem under GST to ensure highest compliance

Currently, there is one percent excise duty and one percent VAT on gold jewellery. Government is requested to maintain the same rate under GST regime also.

Expected outcome: High level of compliance. Revenue neutral and overall revenue collection from gold jewellery sector would increase by 200% in 3-year time.

Together, total taxation on gold and gold product be restricted to a maximum of 7 to 8% (Basic customs duty of 5% and GST of 2%).

About India International Gold Convention (IIGC) 2016

IIGC is the largest and industry neutral platform where annually over 500 bullion industry participants from over 25 countries come, discuss industry issues, resolve difference and reshape industry. Foretell Business Solutions Private Limited, a media company based out of Bangalore, has been maintaining the platform for 13 continuous years (since 2004) and supplementing it with information dissemination through its web portal www.bullionbulletin.in and print magazine "Bullion Bulletin" in English, Hindi and Gujarati.

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Associations that supported IIGC 2016

- London Bullion Markets Association (LBMA)
- World Gold Council (WGC)
- All India Refiners and Mints Association
- The All India Gems and Jewellery Trade Federation (GJF)
- The Bullion and Jewellers Association, Delhi
- India Gold Policy Centre, IIM Ahmedabad

List of speakers:

<http://goldconvention.in/speakers.html>

Presentations:

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Delegate List:

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For clarification and additional information on the content presented above please write to gsv@fbspl.com or G Srivatsava at +91 93 4126 4341





Association of Gold Refineries and Mints

(All India Association of Gold Refineries, Bullion Manufacturers and Mints)

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Shri. Arun Goyal, IAS

Additional Secretary - GST council

Dept of Economic affairs

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North block, New Delhi

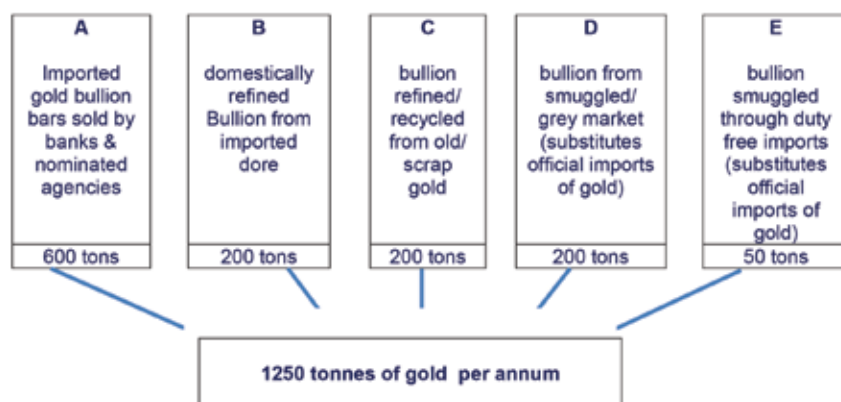
Sub: GST tariff rate on gold bullion and gold jewellery

Respected Sir,

The bullion and jewellery industry is hopeful that GST would energise this sector and shall attempt to create one national market “with a benchmark price for gold all over the country, removing the existing distorted price and supply bottlenecks .The current system of no tax credits on inter state movement of jewellery is one major factor that leads to unaccounted sale of jewellery by wholesalers across borders. Given the current level of taxation and the high value nature of jewellery sale transactions, a higher GST rate would take this trade to the unaccounted mode , as well as weaken the prospects for growth of the bullion and jewelelry sector

When the jewellery trade goes to the unaccounted mode, their raw material purchase of bullion also will go to the grey market , vastly damaging the business prospects of the official sector industry of gold refining and bullion trading. The present 10% import duty on gold has already converted a major portion of the trade to the grey market and a higher rate of GST on gold jewellery will further aggravate the situation. **Hence the GST tariff shall be at a lower rate of 1% , so as to cover the entire value chain – starting from imported bullion to retail jewellery sales , coming to 1250 tonnes of gold per annum, of which hardly 50% is presently accounted for taxation**

Annual gold Bullion supply in India from various sources of origin



.....2

The GST rate on this high value item, where the minimum purchase at a jewellery shop starts at Rs.5000, and averaging at Rs.50000 per invoice (2 sovereigns of gold jewellery) , shall be at 1% GST, and only a lower rate of 1% will ensure that the entire 1250 tonnes of gold per annum is covered under the GST and the country is benefitted as seen below:

Possible GST tariff rates and its Impact on various segments

Stake holder	Scenario at 4% GST tariff	Scenario at 1% GST tariff
Customers	Customers are not willing to pay 4% amount on their high value transaction . They will demand purchase/ sales without invoice, to evade 4% tax	Consumers are willing to pay 1% GST on high value purchases. Pucca Invoice will help them get better resale value and warranty .
Jewellery shops	Even when jewelers insist on billing at 4% , customers will refuse to pay Customers will go to the nearby smaller shop where items are available without invoice and tax	The jewelers will motivate/ exhort the customers to pay 1% GST , so as to make their trade clean and in accounted mode
Bullion dealers	At 4% GST on jewellery , major portion of jewellery sales will go to unaccounted mode , in which case their raw material purchase of bullion also will go to grey /unaccounted market . Bullion grey market and hawala will flourish, killing the official sector bullion traders and bullion manufacturing gold refineries	Bullion dealers get their supply from banks etc in fully accounted mode . They can supply bullion to jewelers with 1% GST invoice , giving full traceability and accountability . Cash sales can be avoided , grey market will be impacted and hawala rates for money laundering will come down.
Bullion importing banks, dore importing refineries	When jewellery trade goes to unaccounted mode, official bullion imports will have no takers . Majority of the trade will take supplies from the grey market /underworld bullion suppliers	Their accounted sales of bullion will grow, taking over the entire 900 tonnes of bullion supply. The grey market will disappear, and domestic gold refineries will revive, supporting the make in India campaign
State Govts	When majority of the bullion and jewellery sales goes underground, the state Govts will not get much GST revenue from this segment , even when the Govt witness that the jewellery trade is flourishing at the shops.	Their GST revenue from bullion traders and jewellery sales will grow manifold . The entire supply chain will come to the accounting net, benefitting other segments of the state economy.
Union govt	GST revenues from bullion and jewellery segment , as well as direct and indirect taxes from the entire value chain will come down drastically . Black money and hawala will flourish , depreciating the rupee vis a vis US dollar, also encouraging the underworld and terrorist funding. Make in India will fail for the gold refineries which manufacture an import substitution product, affecting GDP and CAD.	Revenue from import duty will grow manifold . When grey market and hawala transactions stop, the underworld demand for dollar will come down , which will strengthen the Indian rupee and CAD When the entire supply chain of bullion to jewellery is in the accounted mode , black money is curtailed, and other tax revenues like income tax , service tax etc will grow manifold.

Yours faithfully,

President

Secretary





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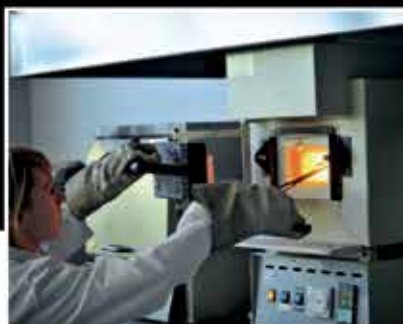
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Going for Gold

Agate Tantachon, MD, Shining Gold Bullion Co. Ltd

When was Shining Gold Bullion Co., Ltd founded?

Shining Gold Bullion Co., Ltd is one of the companies under the Shining Gold Group. Shining Gold Group was established 65 years ago when gold retailers were affiliated with Zin Jia Chiang Co., Ltd – a renowned gold producer and distributor – formed a partnership and began focusing solely on making gold ornaments. In 1993, however, we began expanding our trade and became a gold wholesaler, distributing gold to numerous gold retailers around the country. Nowadays, we are one of the biggest gold producers in Thailand.

So the Shining Gold Group does much more than simply producing its famed gold ornaments?

Besides being a gold ornament and gold bars producer, the Shining Gold Group also imports gold and trades gold bars online. Our company's online trading system facilitates online gold trade amongst our clients, be it big or small.

While we do focus on online gold markets, Shining Gold Bullion also produces designs for gold bullion bars and coins. In addition, we also provide services for clients to design their own gold ornaments.

Does this mean we could own a one-of-a-kind ornament?

Yes, you can own a one-of-a-kind gold ornament – a true collector's piece. While we offer basic designs

and weight guidelines for our customers to select from, if they want to be creative and design their own gold ornament, we are more than happy to create one for them – no matter how detailed the designs are. Our talented goldsmiths use top of the line machines imported from Italy and are experts at creating Thai designs (which are notoriously difficult to replicate).

What has your customer feedback been like?

The feedback from customers, both local and international, has been great, especially from rapidly growing economies like Laos, Cambodia and particularly India where the purchasing power for both gold jewelry and bullion bars is high. For detailed designs on gold bullion bars, the craftsmen can take up to three weeks to complete. However, the final product, which is painstakingly detailed, will always make the wait worthwhile.

Asean jewellery market

The gems and jewelry industry is growing. Brunei, Malaysia and Singapore are key markets for jewelry in our region. Cambodia, Indonesia, Laos, Myanmar, the Philippines and Vietnam are important countries for us to source raw material. In Thailand, there are advantages in terms of reputation in craft gems. Thailand also offers a variety of materials in jewellery. Designs have been internationally recognized. The special effects, the gem of Thailand



are recognized throughout the world.

Advantage of AEC

After the formation of ASEAN Economic Community (AEC) there is opportunity now for foreign investors to enter into bullion business in Thailand. Thailand needs to improve the quality of the gold market, at par with international standard. The advantages of liberalization is that Thailand can export gold to the international bullion market, which gives rise to thrive for the import-export of gold bars in Thailand. If you go back five years ago, the growth rate of gold was at 20-30% per year, but after the AEC growth is likely to increase to 35-45%.



Disclaimer: Views are personal and not the views of the publisher.

Market Update

Price drop likely to spur demand



October 2016

www.gold.org

Following a remarkable performance year-to-date, the gold price fell by over 3% on 4 October, taking it below US\$1,300/oz for the first time since the Brexit announcement in June 2016. The move seems to have been driven by speculation of a scaling back in the ECBs asset purchase programme, combined with rising expectations of a US rate hike in December. The move was exacerbated by technical levels, tactical positioning in derivatives markets and a national holiday in China. Looking forward, we believe the price dip will offer a good buying opportunity for consumers and long-term investors. In addition, even though central banks may start to normalise monetary policies, such a prolonged period of extraordinary measures has led to a structural shift in asset allocation that will linger much longer. In this new normal of lower returns and higher uncertainty, gold has an important role to play in the portfolios of investors large and small.

Gold falls below key support level

For the past 3 months, the gold price traded in a range of \$1,310/oz-\$1,370/oz. In the early hours of October 4, the price started consolidating near the lower end of the range. This was driven by slightly better-than-expected economic news in the US and recent bullish commentary by some of the Fed's FOMC members. The media also reported that the ECB may look to scale back its €10 billion monthly bond purchase programme.

Once the gold price pushed below US\$1,310/oz an ounce, representing gold's 100-day moving average, technical selling increased sharply (**Chart 1**), exacerbating the fall and triggering stop-losses and further tactical selling. Meanwhile, Chinese investors, who have historically bought on dips, were celebrating Golden Week national holiday, leaving domestic markets closed.

Chart 1: Gold fell below its 100-day moving average prompting further tactical selling



Source: Bloomberg

Higher rates may not result in lower gold price

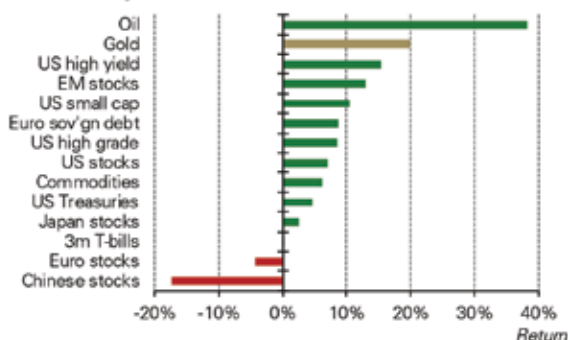
A shift in monetary policy need not signal lower gold prices. Although negative nominal rates are unprecedented, there are many historical precedents for negative real rates which give rise to the following stylized facts:

- When real rates are negative, gold returns tend to be twice as high as the long-term average
- Even if real rates are positive and as long as they are not significantly high (4% in our analysis), average gold returns remain positive
- Falling rates are generally linked to higher gold prices; yet rising rates aren't always linked to lower prices.

Price dip to lead to physical buying

Despite the decline, gold remains one of the best performing assets this year, rising by 20% in dollar terms (**Chart 2**).

Chart 2: Gold remains one of the best performing asset classes this year



Source: Bloomberg, ICE benchmark Administration, World Gold Council

We believe that consumers and investors may see the price decline as a good buying opportunity, as many have been waiting for a price pull-back before entering the market. Q3 2015 served as a good example, when a 7% decline in the gold price triggered a sharp increase in demand for jewellery and bars and coins.

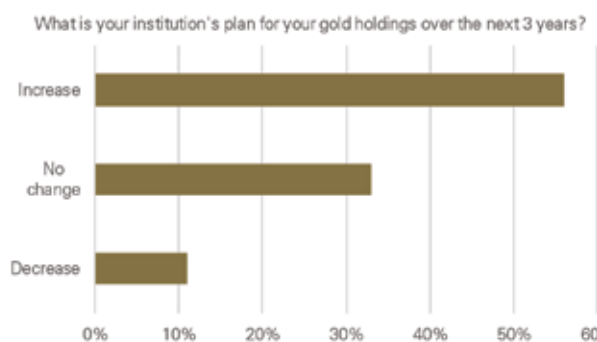
Some data already point to an uptick in consumer interest. The top five countries where consumers were searching for gold following the price drop were in the Middle East, with the UAE being number one. Anecdotal evidence suggests that consumers had been holding off purchases in previous months, so this may well trigger an increase in demand. The price correction also comes at a good time for Indian consumers. With a good monsoon, the upcoming wedding season and Diwali and Dhanteras festivals, demand could pick up after subdued activity year-to-date.

Volumes in the physically gold-backed ETF picked up in the secondary market as the price fell, and they haven't resulted in large redemptions so far. We believe this is an indication that there is still good appetite for gold amongst the investment community.

Central banks, a major driver of gold demand, continue to be strong buyers of the metal to diversify their reserve

asset holdings considering the shrinking universe of nonnegative yielding assets. The Russian central bank recently said that it had no specific target for its gold holdings and continues to buy regularly every month. Meanwhile, a recent survey of 19 central bank reserve managers, conducted by the World Gold Council shows that nearly 90% of them will either increase or maintain their current gold reserve levels, indicating a strong floor of support for gold demand (Chart 3).

Chart 3: Central banks are looking to add gold to the reserves



Source: World Gold Council

Gold remains a key portfolio component in this environment

Market fluctuations will naturally occur from time to time, but the fundamental environment for gold remains strongly supportive. The broader market environment of ongoing low and negative interest rates, coupled with continuing political, economic and policy uncertainty remains unchanged, and are generally positive for gold.

About the World Gold Council

The World Gold Council is the market development organisation for the gold industry. Our purpose is to stimulate and sustain demand for gold, provide industry leadership, and be the global authority on the gold market.



Disclaimer: Views are personal and not the views of the publisher.

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE AND INDUSTRY
DEPARTMENT OF COMMERCE
PUBLIC NOTICE No. 37/2015-2020

NEW DELHI, DATED THE 4th OCTOBER, 2016

Sub: Amendment in Para 4.94(a)(i), 4.94(a)(ii) and ANF-4I of Hand Book of Procedures 2015-20-reg

In exercise of powers conferred under Paragraph 1.03 of the Foreign Trade Policy 2015-2020, as amended from time to time, the Director General of Foreign Trade makes the following amendments in Hand Book of Procedures 2015-2020:

2. The existing Para 4.94(a) (i) is amended to read as under:

Four Star Export House (status on the basis of exports made only of Gems & Jewellery Sector items **excluding export performance from SEZ/EOU units, if any**) and Five Star Export House (excluding export performance of Gems and Jewellery items from SEZ/EOU units, if any) may apply to the concerned Regional Authority online in ANF 4-I for issue of Nominated Agency Certificate. Applicant shall upload a self-attested copy of the valid Status Holder Certificate issued under FTP 2015-2020.

3. The existing Para 4.94(a)(ii) is amended to read as under:

On the date of application for renewal of Nominated Agency Certificate, the Status Certificate must be valid for next financial year also. Secondly, applicant should also be eligible to qualify to be recognized as Four Star Export House (based on the export of gems and jewellery sector items **excluding export performance from SEZ/EOU units, if any**) / Five Star Export House (**excluding export performance of Gems and Jewellery items from SEZ/EOU units, if any**) on the date of application. In other words, Regional Authority shall reassess the eligibility of status holder based on export performance before issuing / renewing the Nominated Agency Certificate.

4. The existing ANF-4I is amended and revised ANF-4I is annexed with this Public Notice.

Effect of this Public Notice:

With this amendment, the export performance of Gems and Jewellery items from SEZ/EOU units shall not be clubbed with export performance from DTA units of any IEC holder for grant of Nominated Agency Certificate and accordingly changes in Para 4.94(a)(i), 4.94(a)(ii) and ANF-4I are also carried out.

(Anup Wadhawan)

Director General of Foreign Trade
(Issued from File No.-01/94/180/39/AM17/PC-4)

ANF- 4I

Application for Issue of Nominated Agency Certificate (NAC) / Renewal of Nominated

Agency Certificate**[Please see guidelines given at the end before filling the application online]****Part A**

1	IEC No.		Branch Code			
2	Application for (please tick)		Grant of fresh Nominated Agency Certificate		Renewal of Nominated Agency Certificate	
	(i) Date of issue of Nominated Agency Certificate: (ii) Expiry date (in case of request is for renewal of NAC):					
3	Ecom. Reference	Submission Date	Submitted To		RA File No	RA File Date
4	Category of Status Certificate held (Please tick) Four Star Export House / Five Star Export House					
	Number of Status Certificate					
	Date:					
	Validity:					
5	Nature of concern (Please tick mark)					
i	Merchant Exporter					
ii	Manufacturer Exporter					
iii	Service Provider					
iv	Merchant cum Manufacturer					
v	Others Please specify					
6	RCMC Number	Date	Issuing Authority	Validity Period		Products for which registered
7	Application Fee details - Sr. No.	Receipt/Electronic Fund Transfer No. / Credit Card		Name of the Bank Branch	Pay Mode	Date Amount (in Rs.)
8	Excise Registration Number		Address of the jurisdictional Central Excise Authority under whose jurisdiction the factory / premises situated.		Address of the factory / premises where the items to be imported are proposed to be used	
9	Details of Exports / Deemed Exports / Foreign Exchange earned (excluding export performance of Gems and Jewellery items from SEZ/EOU units, if any) during preceding licensing years and current year (i.e. year in which application is filed), duly certified by CA/ICWA/CS in annexure attached.					
Sr	Year (Please specify the year)		Exports (in USD)			
i	Current Year					
ii	Previous Year 1					
iii	Previous Year 2					
iv	Previous Year 3					
v	Previous Year 4					
vi	Previous Year 5					

DECLARATION / UNDERTAKING

I / We hereby declare that:

1. I/We have not been penalized under any of the following Acts (as amended from time to time): (i) The Customs Act, 1962, (ii) The Central Excise Act 1944, (iii) Foreign Trade (Development & Regulation) Act 1992, and (iv) The Foreign Exchange Management Act, 1999; (v) The Conservation of Foreign Exchange, Prevention of Smuggling Activities Act, 1974 B.
2. The particulars and the statements made in this application are true and correct to the best of my/our knowledge and belief and nothing has been concealed or held there from and if found incorrect or false will render me/us liable for any penal action or other consequences as may be prescribed in law or otherwise warranted.
3. I/We would abide by the provisions of the Foreign Trade (Development and Regulation) Act, 1992, the Rules and Orders framed there under, the Foreign trade Policy, the Handbook Procedures and the ITC(HS) Classification of Export & Import Items as well as RBI and Customs guidelines, as amended from time to time, as applicable to Nominated Agencies.
4. None of the Proprietor/ Partner(s) / Director(s) / Karta / Trustee of the firm / company, as the case may be, is / are a Proprietor / Partner(s) / Director(s) / Karta / Trustee in any other firm / Company which has come to the adverse notice of DGFT or in the caution list of RBI to the best of my knowledge.
5. that I/we have perused the list of SCOMET items as contained in the Appendix 3 to the Schedule 2 of the ITC (HS) Classifications of Export-Import Items, and that the item(s) exported / proposed to be exported does not fall within this list and that I/ We agree to abide by the provisions of the Policy for export of SCOMET items contained in the Foreign Trade Policy, Schedule 2 of ITC (HS) and the HBP, irrespective of the scheme under which the item is exported I proposed to be exported (the underlined portion will be deleted in case an application for export license for SCOMET item is being filed).
6. no export proceeds are outstanding beyond the prescribed period as laid down by RBI or such extended period for which RBI permission has been obtained.
7. that I/We have updated the IEC profiles in ANF-1
8. that I/we have not included the export performance of Gems and Jewellery items from SEZ/EOU units.
9. I am authorised to verify and sign this declaration as per Paragraph 9.06 of the FTP.

Place:

Date:

Signature of the Applicant

Name

Designation

Official Address

Telephone

Residential Address

Email Address

GUIDELINES FOR APPLICANTS

[Please see paragraph 4.41 of FTP and 4.94 of HBP]

1. Application shall be filed online using digital signature only.
2. RCMC details need not be given if the same has already been updated in ANF-1.
3. Please upload following documents:
 - a. Self certified copy of valid Status Holder Certificate.
 - b. Annexure-I to ANF 4I.
 - c. **Export performance of Gems and Jewellery items from SEZ/EOU units to be excluded for calculating eligibility for Nominated Agency Certificate.**
 - d. Relevant half yearly return(s), if applicable, as per the format given in Appendix 4-O for the period April to September / October to March

Annexure to ANF 4I

CERTIFICATE OF CHARTERED ACCOUNTANT (CA) / COST ACCOUNTANT (ICWA)/ COMPANY SECRETARY (CS)

I / We hereby confirm that I / We have examined prescribed registers and also relevant records of M/S..... having IEC Number for licensing period (s) and hereby certify that:

1. Following documents / records have been furnished by applicant firm / company and have been examined and verified by me / us namely: - a. Statutory documentations under Customs Act 1962 and Excise Act 1848, Service Tax Act, Foreign Trade (Development & Regulation) Act 1992; b. Export Order / Contract, Shipping Bills, Bill of Lading (and / or Airways Bills / PP Receipts), Customs / Bank attested Invoices, Forward Inward Remittance Certificates (FIRCs) and Bank Certificates of exports and realization, GR declaration and connected books of accounts; c. FIRCs, Certificate from international credit card companies.
2. Information given by applicant firm / company in ANF-4I is in agreement with FTP 2015-20, as amended, and rules and procedures made there under, relevant register and records and books of accounts maintained by M/S..... and their subsidiaries and is also true and correct.
3. **That export performance of Gems and Jewellery items from SEZ/EOU units has not been included for calculating the eligibility for Nominated Agency Certificate.**
4. It has been ensured that a. Information furnished is true and correct in all respects; no part of it is false or misleading and no relevant information has been concealed or withheld; b. In respect of export of goods, a shipment can counted in applicants export turnover / performance only if the realization of export proceeds from overseas is in the applicant's bank account. c. In respect of service providers, realization of export proceeds in free foreign exchange pertains to rendering of services.
5. Neither I, nor any of my / our partners is a partner, director, or an employee of above-named entity, its Group companies or its associated concerns;
- 6.. If any of documents of record mentioned in serial number (i) have not been maintained / furnished, examined or verified, they may please be specified below:-

Place:

Date:

Signature of CA/ ICWA / CS:

Name of the Signatory:

Membership No:

Address:

e-mail Address:





INDIA
GOLD POLICY
CENTRE



Gold Industry highlights impact of higher tax levies Stakeholders to submit a joint whitepaper to government

Economists from India Gold Policy Centre (IGPC@IIMA), National Institute of Public Finance and Policy (NIPFP) and gold industry share views at Senior Economists Roundtable

New Delhi. 17 October, 2016. The Gold Industry seems to be a by-stander watching the festival buying season end. The weak consumer demand appears to have been caused by a multitude of factors such as higher imports duty, entry tax, octroi, excise duty and sales tax (VAT), overall general economic slowdown, etc. Stakeholders of domestic gold sector have been urging the government to address the issues on an urgent basis, through deliberations. In a Senior Economists Roundtable, jointly organized by India Gold Policy Centre (IGPC) and National Institute of Public Finance and Policy (NIPFP), apart from the senior economists, the domestic gold sector stakeholders including bullion banks, import agencies, star trading houses, logistics service providers; refiners of dore and scrap gold, jewellery scrap suppliers, manufacturers of jewellery and bars, wholesalers of jewellery, hallmarking and certification agencies and jewellery retailers met to share their views with economists and the government.

In a keynote address, Dr. Saurabh Garg, Joint Secretary (Investments), Department of Economic Affairs, Ministry of Finance shared the government's point of view and mentioned that working group has been formed to review the current regulatory policies related to gold.

Prof. Arvind Sahay, Head IGPC @ IIM, Ahmedabad mentioned that, "Increase in customs duty to 10% is an issue. Not only has the increase in prices likely been a factor in reduction in consumer demand, but it has probably also caused a great deal of smuggling of gold into the country. It was, however, encouraging to note that the government appeared committed to bringing more transparency into the industry.

Also, transactions involving import of gold article from ASEAN countries under FTA agreement made under concessional duty of 0.96% may have become a threat to the gold sector as it was likely being misused by getting gold articles melted and converted into bullion bars by unscrupulous players.

In addition, if the GST is levied at 4 to 6% (with the proposed merging of all indirect taxes) and Customs Duty at 10%, the consumer will need to pay taxes to the extent of 14 to 16% on the purchase of gold. Leading gold industry associations are lobbying for GST 4 to 5% to the government. After GST kicks in, what would be the price differential of domestic gold prices over international prices? If indeed prices remain at 10% or more on the upside, this would likely affect the

final price of gold to the consumer, and then this could have a further cascading impact on the industry and consumer behavior and needs policy attention. It would also lead to greater smuggling of gold.

Further, preliminary consumer research across 11 largest gold consuming states in India with a sample size of 1150 suggests that family functions and festivals are the main drivers of gold purchase; that strong sentiments are associated with jewelry in 70% of the households sampled and that more than 70% of households keep more than half their jewelry at home – and that 90% of the sample had not heard of the Gold Monetization Scheme.”

Director of IIM, Ahmedabad, Prof. Ashish Nanda noted, “Gold is an important asset, particularly in India. Policy makers and industry participants recognise the importance of having thoughtful and clear policies to appropriately regulate and nurture the industry for social benefit. India Gold Policy Center at IIMA is committed to providing impartial research based insights on gold related issues that will contribute meaningfully to the establishment and implementation of effective gold policy in India.”

In his keynote address Dr. Rathin Roy, Director, NIPFP observed that "Gold in India has been historically not just a store of value and a medium of exchange but also an investment in itself. For this reason, the treatment of gold as a resource requires unorthodox thinking and careful treatment. India's gold policy is an integral part of our macroeconomic and fiscal toolbox".

India imports 99% of its gold demand in the form of standard gold of 995 purity called Bullion and mined gold called Dore. India imports standard gold through few licensed institutions viz. bullion banks, nominated agencies and star trading houses. Subsequently in the value-chain, standard gold moves through about 400,000 bullion dealers to jewellery manufacturers and gets distributed through 300,000 retailers of which (13000 are BIS certified) to more about 100 crore unregistered consumers. High import duties have been conducive to smuggling of large quantity of gold through unofficial channels to circumvent payment of custom duty. High import duty is the reason for gold price variation in India vis-a-vis international markets namely Singapore, UAE, Switzerland and others levy no import duties. The import duty was imposed at a time (2013) where the CAD was under severe stress – today, the CAD is reporting a marginal surplus. Therefore, CAD cannot be a reason for continuing the gold duty.

Taxes are levied on each transaction in the entire supply chain from importing banks/agencies to consumers in multiple forms, be it customs handling charges or import tariff, excise duty, VAT or cess to the government. Import tariff is published by RBI every 15 days and importers follow the rate irrespective of the spot exchange rates. Bullion banks and importers are levied 10% import duty on standard gold of 995 purity and charge additional 1% VAT on supplying to domestic traders.

The Senior Economists Roundtable was participated by Dr. Saurabh Garg, Joint Secretary (Investments), Ministry of Finance, Prof. Arvind Sahay, Head, IGPC, Prof. Ashish Nanda, Director IIM Ahmedabad, Prof. Errol D’Souza, Dean (Faculty), IIM Ahmedabad, P.R. Somasundaram, Managing Director, India World Gold Council, Dr. Rathin Roy, Director, NIPFP, Dr. R. Kavita Rao, Professor, NIPFP, Dr. Ajit Ranade, Corp. Economic Cell, Aditya Birla Group, Girish Vanvari, Partner & Head – Tax, KPMG, Johnson Lewis, MD and Head – Sales and Trading, The Bank of Nova Scotia, Soumyakanti Ghosh, Chief Economic Advisor, State Bank of India, Surjit Bhalla, Chairman, Oxus Investments, Dr. Venkatachalam Shunmugham, Chief Economist, MCX and R.K. Anand Dy. General Manager (Economist), Punjab National Bank.





LIMITATIONS OF THE FIRE ASSAY SYSTEM WHEN DEALING WITH PLATINUM GROUP METALS

BY DIPPAL MANCHANDA, TECHNICAL DIRECTOR & CHIEF ASSAYER MSc CSci CChem FRSC

Where a caratage control system is in use, we, the 'Assayers' rely on this technique to determine gold content of jewellery alloys. And the accuracy of ISO 11426 is considerably high for a simple matrix (Au/Ag/Cu/Zn type). Accuracy may be compromised however, if Platinum Group Metals - particularly platinum and iridium- are present in the alloying material.

When the standard ISO 11426 method is followed, PGMs are not removed during cupellation and parting, and are thus weighed as gold, causing serious errors in the assay results. The protection of caratage (fineness) integrity for gold jewellery is of paramount importance if consumer confidence and trust is to be maintained in jewellery products.

A loss of confidence would impact negatively on gold demand in this dominant market sector.

India is a 22ct market and platinum or iridium rarely finds their way into 22ct jewellery. So, why is this subject relevant to the Indian gold market...? Let's understand the problem first.

Recently, attention has been drawn to the use of an anonymous powder additive as a 'gold substitute' in gold jewellery alloys. This has subsequently been identified as iridium, one of the aforementioned PGMs.

The presence of iridium in jewellery alloys presents two problems:

- Firstly, its identification during the fire assay process is difficult unless you have experience and a highly trained eye. If it remains undetected, then it will be weighed as gold. The product will then contain less gold than that reported by the fire assay method.
- Secondly, conventional refining processes, unless carried out by experts who understand the technicalities, do not eliminate iridium from metal scrap refining, resulting in bullion becoming contaminated with Iridium also.

As iridium is significantly cheaper than gold, its usage to degrade jewellery has substantial cost benefits to the producer, if it remains undetected. We are fortunate within our laboratory at the AnchorCert Group, that we have access to experience and expertise as well as the correct high specification technology required to provide accurate and reliable results. Many assay laboratories in India, however, simply do not have access to the more sophisticated analytical techniques required for detecting and measuring iridium content in jewellery or gold bullion.

If this issue is as widespread as the Indian media are reporting, then there is a need to educate the Indian gold industry, particularly assayers and refiners by providing technical information and expertise in order to preserve and protect the reputation and integrity of Indian jewellery products and bullion.

A literature search clearly shows that the presence of iridium, ruthenium and osmium in gold alloys affects the accuracy of gold results when analysis is performed by the fire assay method. Little progress has been made by the worldwide gold industry to overcome this problem.

Iridium, which is also regularly added as grain refiner (<0.05%), is not fully removed during cupellation and parting processes. It is therefore weighed as gold, causing serious errors in the assay results.

We understand that across India, iridium is being deliberately added to gold melts and therefore to subsequent products to increase the apparent fineness. An iridium "doped" gold bar, produced at a jewellers located in the Middle East, was supplied to our

globally-recognised analytical testing laboratory by the World Gold Council.

Makeup of bar (in g) – 228.34g Au (999 fine), 5.07g Ag, 15.83g Cu, 4.94g Ir (Total= 254.18g).

Calculated Fineness = 897.4 fine gold.

This bar was first examined metallographically, using an electron microscope we have access to through our partnership with the University of Birmingham. These two examinations failed to detect any iridium in the sample provided.

The same bar was then examined by FEM, Germany who confirmed the presence of insoluble particles in the matrix and identified them as being iridium. This difference in results highlights the difficulty in both detecting the presence of insoluble randomly distributed iridium particles in a matrix and obtaining a representative sample for analysis.

Assay Results of the bar were:

Sample 1: 915.10, Sample 2: 915.10, Sample 3: 916.00,

Average: 915.40 Theoretical Assay of bar: (Au + Ir, no losses) = 916.87

So, clearly the addition of powder has had the desired effect.

A number of techniques are available to measure iridium content in gold alloys accurately but all of these techniques require sophisticated instruments such as ICP-OES. Not all precious metal testing labs or Hallmarking Centres in India have access to such instruments. Hence, there is a need for a straightforward, accurate method which is less dependent on such expensive instruments and technical knowledge.

All assay labs and Hallmarking Centres have fire assay testing facility, so an adaption of this technique would be the most pertinent solution; dissolution in aquaregia being the best possible process to measure the iridium content of a sample.

It is time for the industry to tackle this growing problem in order to preserve the reputation, integrity and of course value of the India Gold market. Work and research should be carried out on current gold refining techniques, to ensure elimination of iridium and other PGMs from contaminated scrap. This research should be shared with all relevant parties, detailing the assay procedures and refining options when PGMs are present in gold alloys and gold scrap, to enable gold jewellery producers to take appropriate and immediate action.

And as the UK's largest Assay Office, with a global reputation for accuracy and integrity, we are particularly keen to support any actions which will preserve the legitimacy of India's precious metals markets; not least because we have just opened our first off-shore sub-office, AnchorCert India, in the heart of the Mumbai SEEPZ.

ENDS

- For more information or to register interest for our services, visit Anchorcert India visit www.anchorcert.in, contact us via WhatsApp on +44 7843 101 818 or email the team at sales@anchorcert.in
- **THE ANCHORCERT GROUP** incorporates **ASSAY OFFICE BIRMINGHAM** (assaying, hallmarking & laser marking), **ANCHORCERT ANALYTICAL** (consumer product safety testing & quality assurance), **ANCHORCERT GEM LAB** (diamond & tanzanite grading, coloured gem stone and pearl identification), **ANCHORCERT ACADEMY** (training, events and consultancy), **SAFEGUARD VALUATIONS** (jewellery, watch & silverware valuations & assessments) and **ANCHORCERT INDIA** (assaying, hallmarking, laser-marking, consumer product safety testing, training and consultancy).
- Dippal Manchanda biography: Dippal holds a Masters degree (MSc) in inorganic chemistry and has more than 31 years experience in assaying and the examination of precious metals and alloys. He is a Fellow of the Royal Society of Chemistry and is a "Chartered Chemist". The UK Science Council awarded him the status of "Chartered Scientist". Dippal has spent his entire career in the field of precious metals and has been involved in several prestigious precious metal projects including setting up a Gold/Silver Medallion Manufacturing facility for a Public Sector Undertaking in India. Dippal is also a leading, published, globally-recognised researcher into nickel release.



LBMA ANNOUNCES CINNOBER'S BOAT AS THE CHOSEN PROVIDER FOR TRADE REPORTING AND TRANSPARENCY PROJECT

The LBMA is delighted to announce that Boat Services Ltd, in a joint submission with Autilla, has been selected as the chosen provider in the LBMA's Request for Proposal (RfP) process.

The aim of the RfP is to deliver new services to the precious metals market and in doing so improve transparency, efficiency and expand the technology requirements in the market. The latest Fair and Effective Markets Review (FEMR) Implementation Report of July 2016 also acknowledged that the LBMA has been "focusing on trade reporting as a priority in response to the market commitment by LBMA members to enhance transparency."

In the first quarter of 2017, the LBMA together with Boat, a fully owned subsidiary of leading exchange and clearing technology provider Cinnober, will launch a trade reporting service, which will also support the development of valuation curves thereafter. The delivery of these services addresses the immediate regulatory, cost and growth requirements of the market, and will connect the new services to a technology backbone called the LBMA-i. Boat, together with the LBMA, are launching a design study to help develop and deliver these services. Any LBMA members who would be interested in contributing are invited to contact Sakhila Mirza, LBMA General Counsel at sakhila.mirza@lbma.org.uk

The LBMA remains engaged with the market to launch further new services in the future, for example, trading venue and OTC Clearing/CCP as and when the market requires.

Ruth Crowell, Chief Executive of the LBMA commented

"I am very pleased that Cinnober's Boat has been selected. This brings to an end a period of consultation with market participants. This is an innovative and dynamic technology combination and as such are an excellent fit to deliver the services and infrastructure requirements on behalf of the precious metals market."

"We are absolutely delighted to have agreed Heads of Terms with the LBMA," said Jamie Khurshid, CEO of Boat Services Ltd. "By selecting Boat, in partnership with Autilla, the LBMA have started the journey to adopt the most significant regulatory reporting and OTC transparency solution since MiFID was introduced in 2007. As a team we'll combine over 50 years of precious metals experience in developing OTC markets with award winning technology, that underpins some of the world's largest exchanges and clearing houses."

"As a group, we have a long tradition of developing innovative solutions to solve industry challenges. We take pride in being the partner for the LBMA's vision for greater transparency in the precious metals market landscape," Khurshid concludes.

About Boat Services Limited

Boat was established in 2007, offering MTFs, SIs and investment firms an easy and cost-efficient way to comply with transparency obligations. Ever since, Boat has operated with exceptional uptime, and is the trade data monitor (TDM) with the most comprehensive offering of reportable instruments, including more than 10,000 stocks and ETFs across Europe, the Swiss and Russian markets. Ever since Boat's inception, its core technology has been supplied by Cinnober. In 2004 Cinnober acquired Boat ensuring the continued existence of a specialized provider, committed to the long-term delivery of transparency services to the benefit of the industry.



The London Bullion Market Association

Good Delivery Update - 2 November 2016

Silver Good Delivery List Update

Hindustan Platinum Pvt. Ltd. added to the LBMA's Silver Good Delivery List
The silver refinery of Hindustan Platinum Pvt. Ltd of India has been added to the LBMA's Good Delivery List for silver with effect from Wednesday 2nd November, 2016.

Hindustan Platinum has satisfied the LBMA as to its ownership, history, production capability and financial standing. It has also passed the LBMA's exhaustive testing procedures, under which its silver bars were examined and assayed by independent referees, and its own assaying capabilities were tested.



Hindustan Platinum is located in Navi Mumbai, India. Its primary source of feedstock is spent catalyst and various forms of silver scrap. Its refined silver output is in the form of bars, grains, powders and other industrial products such as electrical contacts, salts, solutions and catalysts, anodes, semi finished products including wires, sheets, etc.

Background

The London Good Delivery List of Acceptable Refiners of gold and silver is maintained by the LBMA, by whom it is copyrighted. It lists those refineries whose gold and silver bars have been found, when originally tested, to meet the required standard for acceptability in the London bullion market. The List now includes 71 gold and 83 silver refiners.

About the London Bullion Market Association

The LBMA is the international trade association that represents the wholesale over-the-counter market for gold and silver bullion. The LBMA undertakes many activities on behalf of its members, including the setting of good delivery and refining standards, the organisation of conferences and other events and serving as a point of contact for the regulatory authorities.



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GJEPC seeks exemption for GJI export transactions & minimal GST for domestic transactions in representation to GST Council

Mumbai, October 19, 2016: Gem & Jewellery Export Promotion Council (GJEPC), in a representation filed on behalf of the entire gem & jewellery industry, has reiterated that the industry is completely supportive of India's move towards Goods & Services Tax (GST), and is looking forward to migrating to a GST regime but has sought exemption for GJI export transactions and preferred minimal GST rates for domestic transactions even as the GST Council commenced a crucial meeting to set rates. At present, gems & jewellery exports are effectively zero rated. Hence any element of tax in exports is required to be rebated. As regards VAT, it is typically charged at the rate of 1% on the sale price by almost all the states in India.

In its representation, GJEPC mentioned that export transactions should not be subjected to any effective GST as regards exports. All related consumption of raw materials, inputs and input services such as input of rough diamonds gold/silver/platinum (through duty free export promotion schemes) at the input level should continue to be free from levy of any import duty/GST. In the representation, GJEPC has mentioned that all transactions, whether direct or indirect, for exports, should continue not to be taxed with any indirect taxes in the form of GST.

As regards transactions for domestic consumption (other than those meant for ultimately converging into exports), GJEPC, in its representation, has suggested that the preferred tax rates for different segments of the GJI should be as follows: Rough (Raw) Diamond - 0% (zero); Cut & Polished Diamonds -0% (*the rationale is that in the recent Diamond Insight Report published by the De Beers internationally, it has been stated that India consumes 7% of world diamond produce, which means 93% of India's diamond production is getting exported. The same is true for coloured gemstones like Tanzanites and Emeralds.*) Colored gemstones -0%; Gold/Silver/Platinum Jewellery (including studded jewellery and costume fashion jewellery)- 1.25%; Gold /Silver/Platinum – 1.25% (however, gold procured from nominated agencies for purpose of use in exports should continue to be exempted in line with the existing framework). Rationale: Most of the states has come down from high VAT rates of 10-12 % in the last decade to 1% which ultimately has increased tax revenue against jewellery sales in all the states of India.

Mr. Praveenshankar Pandya, Chairman, GJEPC said, "Considering that India has achieved a pre-eminent global position in the gems & jewellery exports and that 4.6 million of skilled & unskilled people are directly employed in the business,

and GJI contributes 14% of the India's merchandise exports, it is urged that as currently, all transactions, directly or indirectly, in the course of exports of the products of GJI, should not suffer any tax burden under GST. Considering the extremely high price sensitivity of the products of GJI and the various complexities in the manufacturing and distribution cycle, tax and fiscal policy makers in India have, over several decades, experienced and accepted that, for domestic transactions, a minimal indirect tax rate of 0 – 1.25% best ensures tax compliance and collection, while curbing the well known adverse economic impacts of higher taxation in the GJI. Given the high price of the products where around 80% - 95% of the content is imported component, diverse sensitivities that the GJI faces as well as considering its economic and social significance, historically, the GJI has always been taxed at the very lowest level in the current system of indirect taxation."

In its representation, GJEPC has highlighted the key facts with respect to the economic and social significance of the GJI as follows...

(a) The GJI currently offers employment to 4.6 million of our citizens. The GJI offers a unique employment opportunity in the Indian context as it provides employment to millions of skilled workers (Karigars) who are not formally educated and are not readily employable in other sectors. The GJI also provides employment on a cyclical basis to workers who participate in the agricultural sector, for that part of the year in which such workers are not engaged in agriculture. The GJI is also one of the largest employers of woman at various points in the manufacture, distribution and retailing of the products of the GJI. The employment generated by the GJI is not localized to few locations in our Country, but the GJI creates employment opportunities throughout our Country. The GJI thus plays a unique role as an employer in the Indian economy.

(b) The products of the GJI have for long been the preferred instrument of savings, specifically for the lower income group in both rural and urban areas. Jewellery in the form of 'Streedhan' and 'Meher' have for several centuries defined the concept of security for married women in India. Savings in the form of gold and jewellery, which have an instant encashability, are deeply ingrained elements of our socio economic heritage.

(c) The GJI is highly export-oriented and a major contributor to the foreign exchange earnings (USD 38.59 billion in FY 2015-16), and, therefore, the Government has declared the sector as a thrust area for export promotion. For instance, the diamonds processed in India account for 85% in volume, 92% in pieces and 65% in value of the total world diamond market. (as stated 94% of India's production of diamonds are exported. Hence any deviation to levy any tax on loose diamonds would affect very adversely the exports of loose diamonds). To facilitate the growth of export segment of this sector, beneficial tax policies have been formulated, which has fostered growth of the GJI in the global market. For example raw (rough) diamonds have been enjoying exemption from duty and other taxes at import level for decades. This has resulted in India becoming world leader in the field of Diamonds. Such leadership is increasingly under strain from nations like China, Vietnam, Thailand, etc. It is therefore imperative that the GST regime continues to fully support exports of the GJI.

(d) The GJI contributes 6% to 7% to India's GDP. It is hoped that with introduction of GST at the rates requested, this contribution would increase.

The GJI has, since the introduction of Central Excise Duty ("CED") in 1944, not been levied to CED, other than for very brief periods of levy, post which also the levy was withdrawn. It was only vide Union Budget 2016-17 that a levy of CED was imposed on articles of jewellery, with the stated motive of transitioning this sector into GST. Even in context of this levy, the Government reaffirmed its understanding of the sensitivities and nuances of the GJI by introducing several specific provisions and procedures to support the levy of CED. Further, the said levy is applicable only if the taxable turnover of the assessee is in excess of Rs. 10 crores. It is pertinent to note that pre-dominant part of the assesseees in the GJI fall below the said limit, and, as a result, the levy of CED is only focused on a limited segment of the trade. Under GST, since the threshold for taxable turnover is Rs. 20 lakhs, the universe of taxpayers within the GJI is likely to increase dramatically. The GJI is therefore predominantly paying indirect tax at an effective rate of 1% (VAT) on its domestic transactions.

Recommendations

Segments	Suggested rate of GST
Gold/Silver/Platinum Jewellery (including studded jewellery and costume fashion jewellery)	1.25%
Gold /Silver/Platinum	1.25% (however, gold procured from nominated agencies for purpose of use in exports should continue to be exempted in line with the existing framework)
Rough (Raw) Diamond	0%
Cut & Polished Diamonds	0%
Colored gemstones	0%

About GJEPC

The Gem & Jewellery Export Promotion Council (GJEPC) was set up by the Ministry of Commerce and industry, Government of India (GoI) in 1966. It was one of several Export Promotion Councils (EPCs) launched by the Indian Government, to boost the country's export thrust, when India's post-Independence economy began making forays in the international markets. Since 1998, the GJEPC has been granted autonomous status. The GJEPC is the apex body of the gems & jewellery industry and today it represents over 6,000 exporters in the sector. With headquarters in Mumbai, the GJEPC has Regional Offices in New Delhi, Kolkata, Chennai, Surat and Jaipur, all of which are major centres for the industry. It thus has a wide reach and is able to have a closer interaction with members to serve them in a direct and more meaningful manner. Over the past decades, the GJEPC has emerged as one of the most active EPCs, and has continuously strived to both expand its reach and depth in its promotional activities as well as widen and increase services to its members.

For more information, registration and confirmations:

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All India Gems & Jewellery Trade Federation raises concern of GST rate of 4%, seeks GST of 1.25% for gems & jewellery sector

GJF to submit GST representation to Government soon

Mumbai, 19th October 2016: All India Gems and Jewellery Trade Federation (GJF), national nodal trade body for the promotion and growth of trade in gems and jewellery across India, has raised concerns for GST rate of 4% & has proposed GST rate of 1.25% for the gems & jewellery sector. GJF sought minimal GST rates even as the GST Council commenced a crucial 3-day meeting to set rates.

As the introduction of Goods and Services Tax (GST) will be a landmark indirect tax reform, (and will replace the present indirect tax structure), GJF has proposed that the GST Council should consider the recommendations of the Sub-committee of High Level Committee (HLC) constituted by the Government (and headed by Dr. Ashok Lahiri) to deliberate on levying excise duty on the unorganised gems & jewellery sector. The representations made by the G&J sector to the High Level Committee were unanimously accepted and accordingly notifications and circulars were issued.

Mr. Sreedhar G. V. Chairman, GJF, said, "Gold is a very sensitive product and cannot be taxed at higher levels. While the G&J Industry is now gearing up for the forthcoming GST era, the proposed rate of 4% will hamper the growth of the industry and turn into unorganized sector. This will result in drop in tax compliances & revenue and will also encourage smuggling. There is an entire precedent on VAT collections in the past and 1% was the highest revenue collector from G&J industry. Therefore GJF has proposed that the GST rate for the gems & jewellery sector should be kept at 1.25%, if the Govt. expects the industry to be compliant and get organized. **GJF shall be sending the representation to FM on GST in this week, highlighting various concerns of the sector.** It is also important to mention the business characteristics of the gems & jewellery sector that were studied and considered by the HLC and even acknowledged by various departments including Hon'ble Union Finance Minister and accordingly appropriate rules were incorporated in the Central Excise provisions considering the multi-faceted complex business practices prevalent in the sector."

Mr. Ashok Minawala, Member-High Level Committee (HLC) on excise duty, Director – GJF, said, “It is important to mention that the Hon’ble Prime Minister of India Shri Narendra Modi, during his address to the industry at Vigyan Bhavan on 23rd July, 2016 acknowledged that the Government became aware about the characteristics of the sector for the first time only through the findings of the HLC report. The High Level Committee Report, which was unanimously accepted by the Government, was prepared after taking the suggestions and recommendations from more than 60 associations of India into consideration. Keeping in mind, the unique characteristics of the gems & jewellery sector, the karigars and small jewellers were kept out of purview of the Excise Duty. Therefore, while we welcome GST we request the GST Council to kindly recognize the practical issues faced by the sector as highlighted in the HLC Report before making any decisions.”

GJF is closely evaluating the implications of Model GST Law and has already started mapping the business practices of the sector with the Model GST Law and Draft GST Rules. On a preliminary review of the Model GST Law and Draft Rules issued in the public domain, it is understood that if the same are finalized in its present form the same would give rise to significant issues on the G&J sector and would also undo the business considerations accepted and adopted by the Government during the excise duty levy

About All India Gems and Jewellery Trade Federation (GJF):

GJF is a national trade federation established for the promotion and growth of gems and jewellery trade across India. It represents over 3,00,000 players comprising manufacturers, wholesalers, retailers, distributors, laboratories, gemologists, designers and allied services to the domestic Gems & Jewellery industry. The Gems & Jewellery industry is a hand crafted and labour intensive with over 1 crore strong labour force engaged in the manufacturing of jewellery industry in the domestic sector.

For **more details:** Rohan Hegde, Adfactors PR, M: 9820670345, 9820531932 e-mail: rohan.hegde@adfactorspr.com





Location and date
Mumbai, 27 October, 2016

Indian Gold Coin now available through seven banks for Dhanteras along with MMTC's transparent buy back option through its showrooms

- HDFC bank, ICICI bank and Andhra Bank partners with MMTC to retail the Indian Gold Coin
- Existing bank partners include Indian Overseas Bank, Yes Bank, Vijaya Bank and Federal Bank
- Around 300 retail outlets will sell the Indian Gold Coin during Diwali

In the run-up to Diwali, HDFC Bank, ICICI Bank and Andhra Bank has partnered with MMTC and joined the existing league of banks retailing the Indian Gold Coin across the country. The Indian Gold Coin is available in denominations of 5 and 10 gm coin and 20 gm bar. The coins are currently available at MMTC outlets across India, along with select branches of seven Indian Banks - Indian Overseas Bank, Vijaya Bank, Federal Bank, Yes Bank, ICICI Bank, HDFC Bank and Andhra Bank. With the new partnerships, the network selling the sovereign gold coin is now around 300 outlets for the auspicious gold buying occasion - Dhanteras that falls on Friday, 28 October this year.

Ved Prakash, Chairman and Managing Director, MMTC said, "This Diwali, banks have become the lead distribution channel for Indian Gold Coin. Within one year of launch seven leading banks in India are retailing the national gold coin. We will continue to partner with more banks to widen the distribution. Despite being a gold loving nation, India previously did not have a sovereign gold offering. We are expecting Indians to celebrate the festival by buying the Indian Gold Coin – India's first sovereign gold coin. The purchaser of an Indian Gold Coin directly contributes towards the economic growth of the nation and it will also aid in recycling of gold through transparent buy-back option available at MMTC showrooms."

MMTC also announces the transparent 'buy back' option for Indian Gold Coin through its own showrooms across India. MMTC will repurchase the Indian Gold Coin, in intact tamperproof packaging and with original invoice, at the prevailing gold base rate. The customers shall be at the clear profitable position while buying Indian Gold Coin which has easy liquidity. Launched by the Honorable Prime Minister Narendra Modi, in 2015, the Indian Gold Coin has the national emblem Ashoka Chakra engraved on one side and Mahatma Gandhi on the other side. The coins are priced in a transparent and competitive manner. Hallmarked by Bureau of Indian Standards (BIS) for purity, the security of the Indian Gold Coin is guaranteed through tamper-proof packaging and advanced anti-counterfeit features making it very safe. The coins boast of 24 karat purity and 999 fineness assuring consumers of absolute purity. Indian Gold Coin is currently one of the purest forms of gold available in the country and is 'Minted in India' by India Government Mint in Mumbai and Kolkata. Indian Gold coin is unique and offers positive tolerance for both weight and guaranteed purity. MMTC also offers transparent buy-back option through their outlets.

The purchase of an Indian Gold Coin directly contributes towards the economic growth of the nation. With more Indians opting for the Indian Gold Coin this festive season, each of them is directly contributing to the progress and growth of the nation. With an aim to drive awareness around Diwali on the availability of Indian Gold Coin, MMTC along with World Gold Council has launched a multimedia advertising campaign that includes newspapers, radio, digital and at select cinema halls.

For more information on Indian Gold Coin, visit www.indiangoldcoin.com or call on the toll-free number 1800 1800 000.



Gold refineries resume operations as discount ends

Import of dore (unrefined gold) has increased and the metal's refineries have resumed normal business, with the end of discount in the import price. Till a fortnight earlier, the prices quoted in India were at a discount of one to five per cent to the import one. That discount has disappeared and the price is quoting at a marginal premium to the cost of import. According to James Jose, secretary, Association of Gold Refineries and Mints, "Since last March, the refining business was at a virtual halt, as selling of gold after refining was not viable. Prices are now moderating and demand has improved.

Source: www.business-standard.com



Reserve Bank of India, on behalf of Government of India, issued Sovereign Gold Bond scheme 2016-17 (sixth tranche) for public subscription from October 24 to November 2.

The tenor of the bond is set at eight years with provision of premature cancellation after 5 years. Minimum investment is fixed at 1gm with maximum buying limit of 500 gms per person per annum.



The interest rate is set at 2.50% from earlier 2.75% per annum based on the nominal value. The issue price is fixed Rs. 50 less than the nominal price, i.e. Rs.2957/gm.

Source: *Bullion Bulletin*

Bullion dealers, jewellers seek lowest GST slab

Bullion dealers and jewellers have urged the government to subsume the gold import duty in the proposed goods and services tax (GST) and keep bullion in the lowest slab.

"The government must frame a favourable policy to curb smuggling. Subsuming the import duty on gold in the GST will be revenue neutral for the government," said Surendra Mehta, secretary of the IBA.

"The jewellery industry is gearing up for the GST and the proposed rate of four per cent will hamper its growth," said Sreedhar GV, chairman of the All India Gems and Jewellery Trade Federation. The Federation has suggested the GST rate for the industry be kept at 1.25 per cent.

"We request the GST Council to recognise the issues faced by the industry as highlighted in a high-level committee report," said Ashok Minawala, director of the GJF who was a member of the committee that made the report.

Source: www.business-standard.com



MMTC may offer Buyback Option for Gold Coins



MMTC may offer buyback option for Indian Gold coins this Dhanteras to boost sales and give consumers the option to liquidate coins when they want to.

The move comes close on the heels of a report -India's gold investment evolution, Indian Gold Coin: An introduction to branded gold coins -by Nielsen India which says Indian Gold coin is the preferred investable instrument over unbranded coins available in the market.

Source: EconomicTimes.Indiatimes.com

Jewellers See Festive Demand Rising 10-20% this Year

Jewellers are offering discounts of up to 50% on making charges to attract consumers in the ongoing festive season in the hope that the surge in rural demand will more than make up for the almost 10% higher gold prices this year, high import duties and a closer watch by the tax authorities on sales.

“The (recent) drop in gold price will definitely drive demand this festive season. Better monsoon has raised hopes of a better crop this year and this is expected to be reflected in this year's festive buying,” said Somasundaram PR, managing director, World Gold Council India.

The organised sector dominated by the likes of Titan Company, through its jewellery business Tanishq, and PC Jeweller, expects a healthy volume growth during the festive season.

Source: *Economictimes.Indiatimes.com*



Sovereign gold coin spread to expand

Better distribution of officially minted coins, termed sovereign ones, are expected to lead the sale of gold coins in the year ahead.

MMTC has sold 185 kg of gold coins and bars, in denominations of one, two and five grammes, beside 10g and 20g. These are available at a premium of around nine per cent to the market price at Zaveri Bazaar here. As against the current Rs 30,025 per 10g of 0.999 purity (announced by India Bullion and Jewellers Association), sovereign gold coin of similar denomination is quoted at Rs 32,710 per 10g.

“The biggest constraint for sovereign gold coin sales was limited distribution network. Along with its 26 owned outlets, MMTC distributed through around 200 outlets overall, compared with 300,000-400,000 jewellers. Yet, MMTC was able to sell so much.

Since the policy constraints have, by and large, been resolved by the Reserve Bank of India, banks are warming up to ink pacts with MMTC to sell sovereign gold coins. We believe its distribution would be very widespread in the next one year and sovereign gold coin is likely to emerge as the single largest branded



one in the medium term,” said Somasundaram P R, managing director in this country for the World Gold Council.

“The research echoes consumers’ preference for the Indian Gold Coin, as it is backed by the government and is a quality product. Apart from MMTC outlets, it is currently available at four banks – Indian Overseas Bank, Federal Bank, Vijaya Bank and YES Bank. In the near future, our focus is to strengthen distribution by signing up more banks and India Post, to ensure it’s available to consumers across the nation,” said Ved Prakash, chairman and managing director, MMTC.

Source: www.business-standard.com

India's Oct gold imports to hit 9-month high on festive demand – industry

India's overseas purchases of gold likely hit a nine-month high in October, as a flip in domestic prices to a premium prompted banks and refiners to resume imports ahead of the festival season.

"Some (Indian) refiners and banks have resumed imports in the last few weeks as discounts came down and the market started trading in a premium," said James Jose, secretary of the Mumbai-based Association of Gold Refineries and Mints.

Jose expects India's October gold imports to reach 60-70 tons, the highest since January and more than double an estimated 30 tons in September.

Last month, dealers offered gold at \$32 an ounce below the official domestic price that include a 10 percent import tax - down from a record \$100 discount in July - amid continued bleak demand and smuggling. But now they are charging a \$2 premium ahead of a seasonal pickup in consumption.

Source: Reuters



Rural India makes Most of Silver's Drop

Demand for silver has soared in rural India with consumers and investors taking advantage of a near 9% drop in prices since the beginning of this month. Bullion traders and jewellers said they expect the upcoming festivals and the upbeat rural sentiment on account of good monsoons this year to drive up silver demand in the coming days. In the first 10 days of this month, demand for silver was 50% higher over the same period last year, though price of silver was 16% lower last year.

“Rural India was waiting for prices to fall,” said GV Sreedhar, chairman at All India Gems & Jewellery Trade Federation. “Now that harvesting has started, they have started accumulating silver, which is one of the important asset classes in rural parts. The buying will touch its peak during Dhanteras if prices do not shoot up significantly.”



Indian gold standard under development

November 04, 2016, Mumbai, DHNS

Currently, the gold reference material is imported. Development of this reference material indigenously will add to the 'Make in India' campaign and minimise dependency on foreign countries, it added. File Photo.

The India Government Mint, a unit of Security Printing and Minting Corporation of India (SPMCIL), has entered into an agreement with Bhabha Atomic Research Centre, Mumbai, and CSIR-National Physical Laboratory, New Delhi, to develop the first Indian gold standard named Bharatiya Nirdeshak Dravya (BND 4201).

Under the agreement, IGM-Mumbai, which is a pioneer in gold melting, refining and assaying has been selected as the producer of the gold standard, with research and development inputs from BARC and CSIR-NPL, a release said.





गोल्ड बुलियन तथा ज्वैलरी पर जीएसटी की दर के लिये सुझाव पत्र

एसोसिएशन ऑफ गोल्ड रिफायनरी एंड मिंट, कोचीन

बुलियन तथा ज्वैलरी उद्योग को आशा है कि जीएसटी इस क्षेत्र में एनर्जी बढ़ाने का कार्य करेगा तथा एक राष्ट्रीय बाजार निर्माण, पूरे देश में गोल्ड का एक बेंचमार्क भाव निर्धारण, की दिशा में प्रयास करेगा जिससे कि वर्तमान में हो रहे भाव के विखंडन तथा आपूर्ति की कठिनाईयों को दूर करने में मदद मिलेगी। वर्तमान में ज्वैलरी के अंतर्राज्यीय हस्तान्तरण पर कोई टैक्स क्रेडिट नहीं है जिसके चलते थोक विक्रेताओं द्वारा बिना कागजी कार्यवाही के कारोबार किया जाता है। वर्तमान में टैक्स का उच्च स्तर तथा ज्वैलरी लेनदेन की उच्च कीमत में जीएसटी की दर को अधिक रखने से कारोबारी इसे दरकिनार या बचने की कोशिश कर सकते हैं। इससे ज्वैलरी तथा बुलियन क्षेत्र की वृद्धि को धक्का लग सकता है।

यदि ज्वैलरी का लेनदेन बिना खाताबही के होने लगेगा तो स्वाभाविक रूप से बुलियन गोल्ड की खरीदी भी उसी तरह से होने लग जायेगी। इस तरह से यह कुल मिलाकर इस क्षेत्र के अधिकारिक कारोबार को नुकसान होगा। वर्तमान में बुलियन पर लागू 10% आयात शुल्क से पहले ही कारोबार अनाधिकारिक रूप से अधिक होने लगा है। इसके बाद भी जीएसटी की दर अधिक रहने से स्थिति और भी खराब हो सकती है। इस स्थिति में जीएसटी की दर न्यून दर 1% रखी जानी चाहिये ताकि इसके अंतर्गत पूरी वैल्यु चेन का समावेश हो सके- जो कि बुलियन के आयात से शुरू होकर ज्वैलरी की रिटेल बिक्री तक होगा। वर्तमान के 1250 टन सालाना गोल्ड आयात की बात करें तो इसमें से महज 50% पर ही टैक्स लागू होता है।

भारत में गोल्ड बुलियन की विभिन्न स्रोतों से सप्लाई

A	B	C	D	E
आयात गोल्ड बुलियन बार जिसकी बिक्री बैंक व नामित संस्थाओं द्वारा की जाती है।	आयातित डोरे को रिफाइन कर तैयार की गयी स्थानीय गोल्ड बार	पुराने/स्कैप गोल्ड को रिफाइन कर प्राप्त गोल्ड बार	तस्करी के माध्यम से या ग्रे-मार्केट में उपलब्ध गोल्ड बार (गोल्ड के अधिकारिक आयात का विकल्प)	ड्युटी फ्री गोल्ड के माध्यम से गोल्ड की तस्करी (अधिकारिक आयात का विकल्प)
600 टन	200 टन	200 टन	200 टन	50 टन

1250 टन गोल्ड प्रतिवर्ष

मूल्यवान वस्तुओं पर, ज्वैलरी दुकान में न्यूनतम खरीदी 5000 से शुरू होकर 50 हजार तक होती है, जीएसटी की दर 1% रखी जानी चाहिये जिसके कि पूरा 1250 टन इसमें शामिल हो सके। इस व्यवस्था से देश को निम्न प्रकार से लाभ हो सकता है-

संभावित जीएसटी दर तथा इसका विभिन्न क्षेत्रों में प्रभाव

हितधारक	4% दर की स्थिति	1% दर की स्थिति
ग्राहक	ग्राहक किसी भी स्थिति में मूल्यवान लेनदेन पर 4% टैक्स देने को राजी नहीं है। वे टैक्स बचाने के लिये बिना बिल की खरीदी पर जोर देंगे।	ग्राहक अपनी खरीदी पर 1% टैक्स देने को तैयार है। पक्का बिल होने से उन्हें ज्वैलरी की वापसी तथा बिक्री में आसानी होगी।
ज्वैलरी दुकानदार	यहां तक कि यदि ज्वैलर भी जोर दे तब भी ग्राहक 4% की दर पर बिल लेने को राजी नहीं होगा। इस स्थिति में ग्राहक पास के छोटे दुकानों में जा सकते हैं जहां बिना बिल की खरीदी आराम से हो सकती है।	1% की दर होने से दुकानदार ग्राहकों को टैक्स अदा करने के लिये प्रोत्साहित करेंगे ताकि वे अपना कारोबार सही व वैध रख सकें।
बुलियन डीलर	ज्वैलरी पर जीएसटी की दर 4% होने से पूरा कारोबार बिना खाते के चलने लगेगा जिससे कि कच्चे माल की खरीदी भी उसी तरह से होगी। बुलियन ग्रे मार्केट तथा हवाला का बाजार फलने-फूलने लगेगा जिससे अधिकारिक कारोबार करने वाले बुलियन ट्रेडर, डील व रिफायनर को भारी नुकसान होगा।	बुलियन डीलर बैंको इत्यादि के माध्यम से पूरी बिल पर गोल्ड की खरीदी करेंगे तथा ज्वैलरी निर्माताओं को 1% टैक्स लगाकर बिक्री करेंगे। नगद बिक्री में कमी आयेगी तथा ग्रे मार्केट व हवाला जैसी गतिविधियों पर लगाम लग सकेगा।
बुलियन आयातक बैंक, रिफायनरी	जब ज्वैलरी का कारोबार खातों के बाहर होने लगेगा तो अधिकारिक रूप से आयातित गोल्ड का क्लोर्ड लेने वाला नहीं रहेगा। अधिकतर कारोबार ग्रे मार्केट के कारोबारियों के हाथ चला जायेगा।	इनकी अधिकारिक बिक्री में मे बढ़ोत्तरी होगे तथा इसमें पूरा 900 टन आयातित गोल्ड शामिल हो सकेगा। ग्रे मार्केट का खात्मा होगा तथा स्थानीय रिफायनर समृद्ध बनेंगे जो कि भारत निर्माण आंदोलन में सहयोग करेंगे।
राज्य सरकार	यदि पूरा ज्वैलरी कारोबार भूमिगत हो जायेगा तो राज्य सरकार को इस क्षेत्र से जीएसटी के रुपये उतना राजस्व नहीं मिल पायेगा, राज्य सरकार भी यह कामना करती है कि ज्वैलरी का पूरा कारोबार दुकानों के माध्यम से होगा।	जीएसटी से प्राप्त राजस्व में कई गुना बढ़ोत्तरी हो सकती है। पूरा कारोबार अधिकृत रूप से खातों के अंतर्गत चलने लगेगा और राज्य की अर्थव्यवस्था को लाभ होगा।
केन्द्र सरकार	बुलियन व ज्वैलरी क्षेत्र से प्राप्त राजस्व के साथ ही प्रत्यक्ष व अप्रत्यक्ष कर संग्रहण में भी कमी आ सकती है। कालाधन तथा हवाला बाजार फलने लगेगा जिससे कि रुपया व डालर प्रभावित होंगे साथ अंडवर्ल्ड तथा आतंकवादी गतिविधियों को प्रोत्साहन मिल सकता है। मेक इन इंडिया इस क्षेत्र में असफल हो जायेगा तथा रिफायनरियां जो कि आयात के विकल्प का उत्पाद तैयार करते हैं उन्हें भी नुकसान होगा साथ ही सीएडी तथा जीडीपी भी प्रभावित होंगे।	आयात शुल्क से राजस्व में कई गुना की वृद्धि होगी, जब ग्रे मार्केट तथा हवाला पर लगाम लगेगा तो इससे अंडरवर्ल्ड के लिये डालर की मांग में कमी आयेगी। इससे भारतीय रुपया सुधरेगा व सीएडी में कमी आयेगी। जब बुलियन से लेकर ज्वैलरी तक का पूरा सप्लाय चैन खाते में आ जायेगा तो काले धन पर लगाम लगेगा तथा अन्य टैक्सों जैसे कि आयकर, सेवाकर इत्यादि के संग्रहण में कई गुना वृद्धि होगी।

यह आलेख एसोसिएशन ऑफ गोल्ड रिफायनरी एन्ड मिंट, कोचीन, द्वारा भेजे गये पत्र का सार अनुवाद है।

■■■

Bullion - Data & Statistics

Gold Spot Market, International (Per Troy Ounce)			
Spot gold	03 rd Oct	25 th Oct	% Change
Australia (AUD)	1707.21	1665.7	-0.02
Britain (GBP)	1020.07	1046.69	0.03
Canada (CAD)	1720.79	1701.37	-0.01
Europe (Euro)	1170.18	1170.42	0
Japan (Yen)	133602	132740.9	-0.01
Switzerland (CHF)	1277.46	1267.43	-0.01
USA (USD)	1311.81	1274.32	-0.03

Silver Spot Market, International (Per Troy Ounce)			
Spot Silver	03 rd Oct	25 th Oct	% Change
Australia (AUD)	24.51	23.19	-0.06
Britain (GBP)	14.64	14.56	-0.01
Canada (CAD)	24.71	23.69	-0.04
Europe (Euro)	16.8	16.29	-0.03
Japan (Yen)	1919.91	1848.97	-0.04
Switzerland (CHF)	18.34	17.64	-0.04
USA (USD)	18.84	17.75	-0.06

Monthly Exchange Data (Gold) (From Oct 03-25)						
Exchange	Commodity	Open	High	Low	Close	% Ch.
COMEX ²	Gold Dec'16	1321.00	1322.60	1243.20	1273.60	-0.03
MCX ¹	Gold Dec'16	30950.00	31024.00	29300.00	29942.00	-0.03
NCDEX HEDGE ¹	Gold Nov'16	28912.00	28912.00	27317.00	27513.00	-0.04
TOCOM ³	Gold Dec'16	4301.00	4310.00	4130.00	4248.00	-0.01

1- Rs/10 gms, 2- \$/oz, 3- Jpy/gm

Monthly Exchange Data (Silver) (From Oct 03-25)						
Exchange	Commodity	Open	High	Low	Close	% Ch.
COMEX ²	Silver Dec'16	19.26	19.39	17.12	17.78	-0.08
MCX ¹	Silver Dec'16	45550.00	45891.00	41060.00	42415.00	-0.08
NCDEX NEW ¹	Silver Nov'16	41489.00	41489.00	37656.00	38450.00	-0.09
TOCOM ³	Silver Dec'16	62.10	62.10	57.60	58.50	-0.06

1- Rs/kg, 2- \$/oz, 3- Jpy 0.1/gm

Gold Spot Market, India			Rs/10gm
Spot Gold	03 rd Oct	25 th Oct	% chg
Ahmedabad	30940.00	30002.00	-0.03
Bangalore	31340.00	30320.00	-0.03
Chennai	31520.00	30400.00	-0.04
Delhi	31200.00	30500.00	-0.02
Mumbai	32840.00	31660.00	-0.04
Hyderabad	31520.00	30400.00	-0.04
Kolkata	32470.00	31290.00	-0.04

Currency Change (Monthly)		
	03 rd Oct	25 th Oct
EUR/USD	1.1211	1.0888
USD/AUD	1.3031	1.3077
USD/GBP	1.2843	1.2188
USD/INR	66.58	66.83
USD/JPY	101.64	104.23

Silver Spot Market, India			Rs/kg
Spot Silver	03 rd Oct	25 th Oct	% chg
Mumbai	45750.00	42340.00	-0.08

Bullion - Data & Statistics

LBMA Gold & Silver Price (Per Troy Ounce)										
GOLD AM			GOLD PM				SILVER			
DATE	USDAM	GBPAM	EURAM	USDPM	GBPPM	EURPM	DATE	USDPM	GBPPM	EURAM
10-03-2016	1318.65	1023.40	1173.99	1313.30	1023.06	1170.68	10-03-2016	19.18	14.89	17.07
10-04-2016	1309.15	1026.90	1172.21	1283.30	1006.11	1150.74	10-04-2016	18.74	14.68	16.78
10-05-2016	1274.00	1001.11	1134.37	1269.40	996.73	1133.83	10-05-2016	17.80	13.99	15.86
10-06-2016	1265.50	994.30	1131.23	1254.50	992.31	1122.15	10-06-2016	17.76	13.98	15.88
10-07-2016	1255.00	1012.91	1127.62	1258.75	1013.29	1124.57	10-07-2016	17.33	14.01	15.55
10-10-2016	1262.10	1016.62	1129.71	1259.50	1018.68	1129.52	10-10-2016	17.78	14.31	15.92
10-11-2016	1256.40	1021.58	1130.76	1253.45	1020.81	1131.99	10-11-2016	17.48	14.26	15.78
10-12-2016	1255.70	1024.53	1139.05	1256.50	1027.44	1138.77	10-12-2016	17.44	14.23	15.83
10-13-2016	1258.00	1029.93	1141.76	1261.05	1034.06	1142.89	10-13-2016	17.59	14.40	15.95
10-14-2016	1256.15	1028.79	1140.08	1251.75	1025.18	1136.21	10-14-2016	17.47	14.28	15.86
10-17-2016	1252.70	1029.59	1139.58	1254.80	1031.70	1140.86	10-17-2016	17.40	14.30	15.83
10-18-2016	1261.65	1031.15	1145.33	1258.20	1023.67	1146.22	10-18-2016	17.65	14.37	16.03
10-19-2016	1269.75	1031.29	1154.97	1269.05	1032.12	1156.99	10-19-2016	17.69	14.38	16.11
10-20-2016	1269.20	1034.65	1156.75	1271.65	1039.83	1161.02	10-20-2016	17.60	14.35	16.03
10-21-2016	1263.95	1033.79	1160.69	1266.05	1038.67	1164.51	10-21-2016	17.51	14.34	16.08
10-24-2016	1267.00	1034.89	1163.61	1265.55	1035.60	1163.04	10-24-2016	17.64	14.41	16.19
10-25-2016	1269.30	1037.53	1165.85	1269.40	1047.38	1168.74	10-25-2016	17.73	14.49	16.30

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