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Dear Readers,

Commodity market regulator SEBI has allowed commodity exchanges to introduce options contract. Though SEBI hasn't named the commodities in which options will be permitted in the initial stage, it is an encouraging market development especially for gold trade. Gold bullion traders have been asking for introduction of options for long years. I am sure, it would become a reality soon.



The Finance Ministry has noticed that some bullion traders have been engaged in importing refined gold as 'unrefined gold or dore bar' to take advantage of 1.25% duty differential, which means by paying 8.75% duty to dore, traders are importing refined gold which is taxed at 10%. The Ministry may ask jewellers and refiners to follow know your supplier norms prescribed by Organization of Economic Co-Operation and Development (OECD). Sourcing gold responsibly is the topmost agenda of OECD, Federal Government of United States etc., to stop flow of money from illegal sale of gold going into financing terrorism, and other inhuman activities. India is one of the largest importers of gold. India is well on its way to adopting the global standards on responsible sourcing.

Central Board of Excise and Customs has imposed 12.5% CVD on all articles made of gold and silver from countries with which India maintains free trade agreement (FTA) or comprehensive trade treaty (CTT). It was observed that some traders were importing gold articles at concessional duty under FTA or CTT and then converting them into bars for reselling. The gold article was imported by paying 1% duty against 10% duty on refined gold bullion import or 15% duty on gold jewellery import as applicable under normal trade route.

I congratulate Mr. Anil Kansara and Gujrat Gold Centre for delivering first ever gold processed under GMS to Bank of Baroda. Until now, India Government Mint was the only centre to process gold under GMS. This will generate confidence among banks, refiners, and customers to take the scheme afloat. Kudos!

Global precious metals industry is meeting in Singapore between 16 and 18 October at LBMA/LPPM Precious Metals Conference. Key highlights of the programme include topical issues impacting the precious metals market, including the bullion market in China and India, PGM growth in Asia and what the future may hold for the industry. I wish LBMA and attendees a grand success.

Our heartfelt condolence to families of the martyrs at Uri, Jammu and Kashmir, India.

Best wishes for a joyous festival season ahead!

Debajit Saha

Editor

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A Phase of Transformation

Ashok Minawala, Past Chairman, Director at GJF and HLC Member



against the labeled 'Draconian Rule' known as Excise Duty. 'Bandh' / Strike was clearly witnessed in all parts of India, wherein many jewellers even adopted innovative way of protest by selling fruits and vegetables on street. The protest was so intense that it went on till almost 45 days, one could not imagine the loss of business to the industry and revenue to the Government.



During the course of Excise Duty protest, GJF consulted the best legal expert of India, Mr. Rohan Shah (Economic Law Practices). We gave factual and precise representations to the Government enabling us to start the initial discussion of negotiations.

March 19, 2016 was a very important day for the Gems & Jewellery

industry, as GJF called off the strike post an 8 hour marathon meeting with Mr. Piyush Goyal and Mr. Amit Shah,

in presence of GJEPC and leading Associations of India. The Govt. said that the move is in preparation for the unveiling of Goods and Services Tax (GST).

They also showed their concerns of the industry – that there should be no harassment and that no job worker or small trader should be liable for excise and agreed to amend the laws of Excise Duty in order to provide ease of business.

However, certain industry members felt that the announcement was not very convincing, and forced the strike to continue.

The Union Budget 2016, was a very important budget for the Gems & Jewellery industry,

while the entire industry was anticipating a reduction in Import Duty, the Finance Ministry levied Excise Duty at 1% without input tax credit or 12.5% with input tax credit' on articles of jewellery.

But somehow, us at All India Gems & Jewellery Trade Federation (GJF) guessed what was coming, that's because based on Mr. Arvind Subramanian's Economic Survey 2016, there was an indication of certain additional tax paradigm on the Gems & Jewellery industry.

From 1st March 2016 onwards, the entire industry showed protest

During this crisis, GJF held many meetings with the Associations and Federations to bring the industry on a single platform. During one of the most important association meetings called by GJF with all the jewellery associations in India on 7th March, it was unanimously decided to stop selling bullion to end consumer, to help Government tackle CAD issues. GJF met, PM Shri Narendra Modiji, FM Shri Arun Jaitleyji, BJP Party President Shri. Amit Shahji, and many more important decision makers in the Ministry on numerous occasion. However, the Government was not ready to roll back the Excise Duty.



GJF always had their plans ready and was never afraid to take brave steps for the betterment of the trade, even if that meant taking a temporary backlash from few jewellery bodies. While certain elements in the trade kept misguiding the jewellers to continue the strike, GJF started educating the trade that they have got an opportunity to practically 'draft its own laws', which to my knowledge is never given to any other industry. We knew that the time had come to work alongside with the Government, for the industry to get organized and sustain. GJF team started calling for the suggestions from various associations of India and many meetings were conducted with the team of legal experts to prepare the representation to ease the Excise norms.

Government supported the efforts of GJF and acknowledged the Federation as a liaison between them and the trade. A committee was formed, known as the High Level Committee (HLC), under the chairmanship of Dr. Ashok Lahiri, which consisted of 3 representatives from the trade including myself.

From 31st May to 3rd June, more than 50 jewellery associations were invited to present their representation to the HLC, post which HLC would prepare a report to be submitted to the Government.

Various important suggestions were raised during these meetings, such as increasing the threshold limit, no excise on old gold etc.

The HLC did a phenomenal job by getting into details of each point raised by various associations. The HLC report was over 100 pages and covered almost all issues of the industry being the clarifications required from the HLC in the report. Based on the report submitted by the HLC, the Government released 6 Circulars and 16 Notifications, which provided big relief to the trade as most of the demands raised were accepted by the Government.

But GJF's role in sailing through this issue for the trade was not over yet. GJF has sent more than 1000 communications to the trade via SMS, emailers, social media

campaigns. GJF also setup a help desk for the trade to provide clarifications on excise related matters for free. Many seminars were organized across country that helped the trade in clarifying the key compliance issues and day to day operations. Videos of these seminars were also posted on YouTube, social media and gjf website. The industry has accepted this phase of transformation and have realized that they have full support from the Government as well.



GJF is the industry think-tank and this is its biggest asset and strength. The Committee of Administration (COA) of GJF constantly draws up new ideas and plans to protect, promote and progress the trade.



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The LBMA - Providing a Chain of Integrity in the International Gold Market

Ruth Crowell, Chief Executive, LBMA

This is a transcript of the Keynote address which Ruth Crowell delivered at the 2016 India International Gold Convention (IIGC) in Agra, India, on 11 August, 2016.

It may surprise you, but a lot of the questions I get from these markets are actually the same, regardless of where I am. For Good Delivery, the question I always get is, 'Please can you create an LBMA B list, because the standards are too high, particularly on tonnage, financial net worth, etc.' 'No' is of course the short answer, but the longer answer gives the important reason why. It's important to everyone around the world who relies on the London Good Delivery List that it can be trusted. In order to have that integrity, we must safeguard the standards and be consistent with their application.



Good evening Ladies and Gentleman. It's great to be back in India. It's also a pleasure to be back amongst friends here the IIGC, speaking to you tonight. Sincere thanks to the organisers for the invitation to address you this evening.

Every time I come to India, I am reminded of how lucky we are. As Chief Executive of the LBMA, I get to travel the world and meet with so many gold market participants who are keen to do more, to innovate and

develop, and to have a bigger seat at the global table. They look to the LBMA to provide solutions to their problems or to give integrity to their ideas. My job is to identify where we can help and explain clearly when we cannot – and also to spread the news that the LBMA is changing and there have never been more opportunities to engage.

It may surprise you, but a lot of the questions I get from these markets are actually the same, regardless of where I am. For Good Delivery,

the question I always get is, 'Please can you create an LBMA B list, because the standards are too high, particularly on tonnage, financial net worth, etc.' 'No' is of course the short answer, but the longer answer gives the important reason why. It's important to everyone around the world who relies on the London Good Delivery List that it can be trusted. In order to have that integrity, we must safeguard the standards and be consistent with

their application. We do not aim to be the accreditor for every refiner around the world. We look for global partners who can consistently deliver large quantities of quality metal into London and around the world on a long-term basis. The global aspect is important as we can all appreciate the ability to grow the precious metals market when we look to set an international, not a local standard. And long term is of course important as gold plays that fundamental role as a safe haven for families, investors and governments alike. We are looking for refiners who will be there for decades, not years.

Chain of integrity is vital in the gold market, and the LBMA Good Delivery List provides a crucial link in that chain. If we compromise our standards, the banks, central banks, refiners, investors, mints, and jewellery and electronic companies who rely on us would all suffer commercially. They would also have enormous difficulty and costs trying to individually manage the quality

of the metal they use/produce. If there is to be confidence in the gold market, clients must fundamentally get what it says on the tin. And that's what the LBMA brand must provide.

And the label on the tin has changed, particularly if you want large multinational companies to buy or finance gold. Not only does it have to be gold, but it also has to be Responsible. And this brings me to the second main question I get. "Is Responsible Gold really necessary for me?" Many consider it a US or European problem and something they can ignore. I said at the beginning that it is nice to be amongst friends, and I mean that. But sometimes friends need to tell each other harsh truths. And this is one of those. You cannot escape Responsible Gold or Responsible Silver for that matter. It is coming for you, so why not get ahead of your competitors. If India is to become the jeweller for the world under Make in India, you need to become leaders in Responsible

Gold. You cannot simply sign a letter and expect large international jewellery companies to accept your word. Customers demand meaningful independent verification of responsibility and other markets are providing it. China is now taking this seriously and becoming a leader in this space. India needs to do the same to be competitive.

And that is where the LBMA can help. We can provide the tools, the training, our experience, the best practice examples and put you in touch with industry experts. But we cannot do the work for you. Integrity has to be earned. It cannot be given. The goal of our on-going engagement in India is so we can help grow capacity and help bring the Indian market voice to the table. We can give you all the tools and help you join the global discussion. We can even bring the world to India to talk about physical issues or Responsible Gold. But India needs to do the heavy lifting. There is a need for stability and consistency in the Indian market that is transparent and gives confidence to the outside world. And industry leaders need to engage externally as well on a consistent and ongoing basis to demonstrate that stability and transparency. There are numerous ways to do this, for example, international bodies and events set up to help market players improve how they do business, whether it is regarding refining, assaying or trading. But

The LBMA is concerned about banks exiting and financing becoming not only scarce but exponentially more expensive. Gold has not been singled out as a market; instead, it has been swept in with all commodities, even though we all know it also acts as a global currency. We need to have a strong, global voice to champion the strength and liquidity of the gold market, and India should be part of that voice. We need the regulators to understand the integrity of the gold market and we need to provide more transparency to demonstrate that to them on a consistent and ongoing basis.

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there has been limited involvement to date from the Indian market. That needs to change in order for India to continue to grow. A few players cannot do it all on their own. You need to speak with one clear and consistent voice.

I know you are going through your own innovations and strategy sessions to see how you can achieve that stability, build the Indian market and have a larger seat at the global table. Again, this is happening worldwide, including at home in London. My advice to you would be not to try to reinvent the wheel. Instead, embrace the ideas and opportunities that are currently out there and look to see where you can add unique value. At the LBMA, we are currently focused on bringing real technology to the global market. This is initially for reporting and helping to demonstrate transparency to the regulators. But we are also looking at how we can use technology to grow the market on an international basis. And if we decide to do something, we want to do it well.

We were recently asked to develop a global Precious Metals Code, following the example set by the Forex markets. And we look forward to receiving your views once we open it for public consultation. But one of the reasons we have not released it yet is because, in the gold market, we do not just want to do things the same as other markets, we want to

do things better. And that's where the integrity comes in. It is not just about doing the right thing. It is about doing the right thing when no one else is watching.

I alarmed a few people yesterday with the unintended consequences of the Basel III liquidity ratios. This is international, G20-level regulation intended to avoid another financial crisis – a good intention, with some worrying potential consequences. The LBMA is concerned about banks exiting and financing becoming not only scarce but exponentially more expensive. Gold has not been singled out as a market; instead, it has been swept in with all commodities, even though we all know it also acts as a global currency. We need to have a strong, global voice to champion the strength and liquidity of the gold market, and India should be part of that voice. We need the regulators to understand the integrity of the gold market and we need to provide more transparency to demonstrate that to them on a consistent and ongoing basis.

When trying to defend the integrity and the liquidity of the market, it helps if people have heard of you. The UK has the largest financial gold market in the world, but we have never had the Prime Minister championing the gold market like you have here in India. It continues to remind me of the work ahead when we speak to UK government officials

who are not aware of the London Gold Market.

With the help of senior government, India could be a real voice for gold not just in the local market, but around the world. That recognition is also an opportunity for the industry to get real support in your plans for local innovation. For London, central bank and treasury support has always been crucial in the efficiency and attractiveness of the market to local and international players.

I do not have to tell you that there are real pressures and changes going on in the global gold market. Physical demand is down, regulation is high and all players –including refiners, traders, banks – have been affected, with some even forced to shut down or exit. But with those changes and challenges come opportunities. We are going to hear over the next few days from many industry experts about the innovative ideas that they have had. And as always, the LBMA will be here, to listen and to engage with you in the dialogue. I just hope that we can continue to see India present in the meetings, dialogues and innovations outside of India. As I said at the beginning, we have to keep the standards high, for the sake of all of gold as a brand. But the doors are open - get involved.



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Brazil is an Excellent Location to do Gold Mining

David Mendelawitz, Managing Director, Cleveland Mining Company Limited



We believe that Brazil has the best mix of low labor costs, low power cost because of the hydroelectricity, higher opportunities and also low sovereign risks.

You are based in Australia, but your mines are not located in Australia. What is the reason?

It is in Brazil. We deliberately operate absolutely outside Australia because although Australia has got a long history of very successful gold mining, it's extremely expensive at the same time. One of the reasons is the standard of living of the workers in the mining industry is very high compared to worldwide. So when we compared our cost, we found that our operating cost is so high and opportunities are so low. So we decided to look around the world

where we can actually make money at the bottom of the market and one of the few places in the world that we found could do mining ethically, sustainably was in central Brazil.

What is the best thing about Brazil? How government is promoting this sector?

The government doesn't promote heavily. There's a very low sovereign risk compared to many parts of Africa or many other parts of South America or Asia. In the mining industry the risk and capitalization are very high. So in the last 10 years there had been approximately one

There is not much of difference in tax rate between Brazil and India. In both the countries there is tax on tax! So taxation is complicated in Brazil. But, like in India, it is a process and once you understand that process then you can follow it.

Way gold is distributed in Brazil tends to be different to what we're used to get in Australia or in the US. When you drill the ground there is no gold, but the guys who are there producing lots of gold in every single day! There's a lot of mineralization but we have to do things differently by adopting global standard.

in 10,000 success rate from project going to mining sector worldwide. So for us it took many years to go and find a project and develop that. We believe that Brazil has the best mix of low labor costs, low power cost because of the hydroelectricity, higher opportunities and also low sovereign risks.

How are the taxation and regulation in Brazil?

There is not much of difference in tax rate between Brazil and India. In both the countries there is tax on tax! So taxation is complicated in Brazil. But, like in India, it is a process and once you understand that process then you can follow it. We pay about thirty four percent taxes in Brazil.

What is the current reserve of gold in Brazil? How this gold is coming out of Brazil? Are you supplying to the Asian countries or looking to supply Asian countries?

There are some major companies and to name few are AngloGold Ashanti that have got a few operations in Brazil, but Brazil is

not setting the world on fire with regard to gold production. No doubt that there's a lot of gold in Brazil; it is a very large country and the greenstone belts I would say just as good as Australia but it hasn't been explored thoroughly. There are about 900,000 artisanal miners, so they are going to tell us where the gold is. Way gold is distributed in Brazil tends to be different to what we're used to get in Australia or in the US. When you drill the ground there is no gold, but the guys who are there producing lots of gold in every single day! There's a lot of mineralization but we have to do things differently by adopting global standard.

What are you looking at India exactly?

As a miner we might spend a hundred million dollars before getting out one gram of gold. I mean at the moment I'm happy when I move 20,000 tons of material to get one gram of gold and to do that I have to know where to dig them. It is very expensive. I see India has got problems, but at the same time I see a lot of money available in market

as well. I think that's a very strong interface it can be had between miners like myself and who are operating in places that don't have really consolidated refining industry.

So basically you are looking to get some investment from India or you are going to supply some of your mined gold to this country.

I think there are two things; I have a gold mining company and I always look for investment. But I think what I can offer India is something that I have a very pure source of gold. I don't use lot of chemicals; I don't damage the environment much and I think that's rare in the gold industry. I think there is lack of credibility in India in the gold industry. We can probably work together; we can produce ethically high standard gold and then market the same anywhere in the world.

What are you looking at India exactly?

It is a wonderful setting, and the people are excellent. It is very educational for me. This is probably one of the most important conferences in the gold industry in the world. So I feel very privileged to be with good people and yeah I will be back next year.



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Gold Monetization; Some Roadblocks Ahead

Prof. Arvind Sahay, Head, India Gold Policy Center, IIMA



Normally if there is a deep-seated emotional attachment to a certain thing, people do not easily change their behavior. In this case it is the attachment to the gold. So the challenge is how we can change the behavior of people so that they are more willing to take out their gold, lying in the mattresses or lockers and deposit it with the banks so that it gets monetized. If we are talking about 300 to 500 tons of gold getting out of lockers every year, it means that that amount of money is more available to the economy.

As I saw your presentation today you spoke about basically the habit behind buying gold in India and why Indians do not want to part with their gold and there is lot to be needed to motivate these people to deposit their gold in gold monetization scheme. Am I right?

When we start a scheme like the gold monetization scheme there are two sides to that scheme. One side is that of refiners, the banks, the CPTCs that has to have a system in place where people can go and deposit their gold and be assured of the quality that they are depositing and be sure that their gold doesn't get stolen. The other part of the equation is that people need to be

comfortable with giving out their gold because in our country people are very emotionally attached to gold for a variety of reasons; it's a social security, it is the hedge against inflation, it's a saving because we don't have organized system of savings in the rural areas. So in a very real sense, for large number of people, gold has become a part of their DNA. It is a very deep-seated habit and habits are very emotional in nature.

Normally if there is a deep-seated emotional attachment to a certain thing, people do not easily change their behavior. In this case it is the attachment to the gold. So the challenge is how we can change the

behavior of people so that they are more willing to take out their gold, lying in the mattresses or lockers and deposit it with the banks so that it gets monetized. If we are talking about 300 to 500 tons of gold getting out of lockers every year, it means that that amount of money is more available to the economy.

Some part of it does come out as gold loans but that's a very small proportion. Companies like Mannapuram or Muthoot together have around 300 tons but every year 500 tons of gold are being sold in form of jewelry. So, one can imagine the amount of gold that is stored every year which is a dead asset having little economic utility. So we do need to change this habit of consumers. From neuroscience studies of the brain we are beginning to understand what drives the emotions of people, which parts of their brains are becoming hyperactive, or overactive when we talk about those things to which they are deeply and emotionally attached.

We can bring that knowledge to some use, which allows us to design interventions. Let's take an example. There was a large number of fatalities observed in Wadala Railway Crossing in South Mumbai, because people were

no longer afraid of crossing the railway tracks as it had become a daily habit. So one element of the intervention was how to raise that fear unconsciously without them being aware of it. So the authority put in place a series of fearful faces which are showing an increased level of fear as you're approaching the crossing and automatically the unconscious fear of the person gets elevated and once the unconscious fear gets elevated person tends to be more careful automatically.

At the same time, what we have found is that the human brain is designed to be able to judge the speed of small objects, but it cannot judge the high speed accurately. So, if there is a large train coming at a high speed, the brain misjudges the speed. That's why the authority put in place large yellow painting markers at intervals of 20 meters. So now when the person is crossing the tracks his fear is already elevated because he has seen those fearful faces, and when he sees the train crossing between two of those markers he suddenly realizes that the train is moving more quickly than he has estimated earlier. So combination of more accurate judgment and elevated fear reduces the fatalities in this case from 40 a year to 5 a year. What I mean to say here is that it is possible for us to design similar intervention schemes

for people who are holding gold that automatically induces them to seriously consider parting with and putting it into a deposit scheme. Of course the incentives will have to be attractive. However, gold is such an emotional thing that even if I give him five or seven percent interest, there is still possibility that the person may not part with it. This is where the proper interventions come into play.

To do that, first we need to generate some research-based insights. India gold Policy Center is currently engaged in it. We are planning to roll out a nationwide survey with targeted sample size of 1,100 to 1,200 respondents who have bought gold in the recent past and we will analyze their behaviors and then based on that we will have some preliminary insights. And hopefully based on those preliminary insights we are able to then suggest the government or maybe to some other bodies that if you take certain actions the chances of an increased amount of gold coming into the system for monetization scheme will become more. It is very important because if you look at the gold holding pattern in the country, temple trusts and investors are holding actually very small quantity; seventy to eighty percent is held by individuals and it's just lying idle. Some of it does

Right now what is happening is that we do not have a process within the country for price discovery. Now one of the ironies of life is that we are the largest consumers of gold in the world but we are price takers. If we are the largest consumer of the world, then we should be having a mechanism for deciding the price also. So the exchange becomes an avenue, a process, a system and infrastructure which helps us to come to a reasonably accurate decision on what the price of gold should be. Additionally, it will also increase the liquidity of that process - people don't have to take out there gold to other places to discover the price and so on.

come back into the system, but we want a much larger proportion. So, a campaign like this is an absolute necessity.

If a poor man has hundred grams of gold, which is in today's rate is 3 lakhs rupees, and if he deposits this gold under the scheme, he will earn some interest after 10 years but what he will lose actually his security. Is this not the reality?

Exactly right. So therefore one of the key elements of any intervention would have to be to make sure that when the person deposits that gold, that feeling of security does not go away. This is one element which needs to be addressed. But the gold is not only about security but it's also about saving for a house or saving for the children or it is a hedge against crop failure for rural farmers. So the message also would need to be tailored for different sets of people - the message for a farmer is likely to be different from lower middle-class or upper middle class person because for each one of them what gold means emotionally would be somewhat different and the purpose of the research essentially is to try and establish what is for each of these segments of people so that it results in an increase in the deposits. All that we can do is to increase the probability of deposit – in human behavior there is always

an element of uncertainty, but if we have the right interventions we can increase the probability that we are looking for.

You have suggested that India should have its own gold exchange. How does it help the industry?

This was in fact the first white paper that IGPC produced. We concluded that an exchange is going to be good for the Industry because it will provide another outlet and increase the liquidity for gold especially amongst those people who are investors in gold. It is not necessarily for the large retail class, but who are investors and it will improve the price discovery process. Right now what is happening is that we do not have a process within the country for price discovery. Now one of the ironies of life is that we are the largest consumers of gold in the world but we are price takers. If we are the largest consumer of the world, then we should be having a mechanism for deciding the price also. So the exchange becomes an avenue, a process, a system and infrastructure which helps us to come to a reasonably accurate decision on what the price of gold should be. Additionally, it will also increase the liquidity of that process - people don't have to take out there gold to other places to discover the price and so on. So those are some of the

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the success or failure of any scheme whether it is the gold exchange or monetization or bond, it depends upon three things - regulatory framework, the industry and the consumer. So in both of these cases the policy-making from the government needs to be a little more granular in nature.

Even if the direction is right, if the policy does not allow for a reasonably large number of contingent factors which can be taken care of by the policy, then what is going to happen is that the policy will start faltering and once it starts faltering then it loses momentum, and once it loses momentum then you know ultimately it is destined for failure.

reasons that gold exchange in India might be worth pursuing. Of course some of the details would need to be ironed out like under what regulatory framework it falls, who will take responsibility for it and in some of that the government needs to step up and figure out what should be the mix between RBI and SEBI and the Ministry of Finance or Department of Financial Services, the Department of Economic Affairs and so on because the success or failure of any scheme whether it is the gold exchange or monetization or bond, it depends upon three things - regulatory framework, the industry and the consumer. So in both of these cases the policy-making from the government needs to be a little more granular in nature.

Even if the direction is right, if the policy does not allow for a reasonably large number of contingent factors which can be taken care of by the policy, then what is going to happen is that the policy will start to falter and once it starts faltering then it loses momentum, and once it loses momentum then you know ultimately it is destined for failure. If we can provide this research based insight to policymakers, to industry, and if the policy is good, then you can make the right interventions for the consumer. In that case, they

might either participate in the Gold Exchange or give out there gold for gold monetary scheme.

How are you enjoying the conference?

It's a wonderful conference and I think the beauty about the conference like this is it helps to get a sense of pulse of how the industry is feeling about gold. It's been a very good learning experience for me. But one thing I would like to make a observation on is that this convention seems to be talking about itself, which is not bad as it helps to figure out what other people in the industry are thinking. But that is not the entirety of the industry – there is customer, the regulator and so from a systemic perspective I think it be even more useful if we actually had representation from the government. By government it is not necessary that a joint secretary or an additional secretary comes every time. Attendance of a section officer, or the undersecretaries would be useful because they also need to get a feel for how is the industry thinking, or behaving. This is one suggestion I have to the organizers.



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Hope Discount will Go Away in Indian Market Soon

Ian Walker, Physicals Reporter, Fastmarkets

What is your estimate of the physical demand will remain for this year globally?

Globally you know it will come as no surprise as things haven't been as strong as they happened in previous years. Certainly from our perspective what we've seen is a decline in the two key consuming markets. Obviously there is slowdown in demand in China, but specifically in India, in Q2, for example, recent suggestions have been those about fifty percent drop in consumption for obvious reasons. Q1 was similar and why that's important for us specifically is that if you're taking out a lot of consumption from the Indian market certainly it would be a bit of a different story. Now physical demand obviously has only limited impact on the international price but if you are taking out fifty percent from Q2 not far off from Q1 and where does that leave us something you know run on the end of the year, that's proving very interesting for us.

This quarter also I don't think demand will improve so maybe the fourth quarter with good monsoon and the other factors like festival demand etc might get the demand return. What is your



opinion?

Absolutely, the rain has already been forecast better than last two years. There are two elements here to look at. There is a World Gold Council report that is saying that the H2 will be a lot better for India and for obvious reasons to do with the festive season. But some other reports have been suggesting that from the last two years the deficient rains caused farmers to accumulate lot of debt and therefore the good rains and better yields will only result into paying off those debts and therefore, would impact the consumption of gold which otherwise usually remain visible during good monsoon year. I think it's really important for a global perspective not just physical perspective the Indian consumption this year does achieve the forecast that it widely has around 600 to 700 tons. These are huge amounts of gold when you consider that annual supply-demand balance. It is certainly looking better for H2; I hope good rain takes away the current deep discount in the market and return to a bit of premium in next couple of months.

What is your take on the price? Are you expecting price to shoot-up?

Personally I couldn't give an estimate or forecast but there are a couple of key elements. I do hope that Indian and Chinese consumption will get a little bit better. But the key factors are now that we've gone past Brexit; it is whether or not this uncertainty lingers, I want that results in the next few months. Obviously it looks like now we might be looking at another US interest rate rise and that will have impacts of course across the scale not just on the physical markets but higher up the chain with institutional investment. I would certainly say that there will be that lingering uncertainty in the market which I'm sure you feel from not just events like this but in general across the year; and what that results in certainly for gold's credentials is what will be evident maybe over the next six months as we get a little bit better picture of what's going to happen with US interest rates.



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The Fundamentals of Silver Mining

Philip Newman, Director, Metals Focus



Although mine production accounts for over 80% of global silver supply (with the remainder largely coming from recycling), silver's supply side fundamentals are often dictated by those of other metals. This is because, unlike many metals (including gold), silver is largely mined as a by-product, with only 30% of annual production coming from primary silver mines (operations where silver comprises the dominant revenue stream). As a result, effectively 70% of silver is produced at just a diminutive cost.

With the exception of a minor blip in the early 2000s, silver mine production capacity has increased continuously over the past two decades and last year reached 27,395t. Over this period mined silver output has risen by an average of 3.3% per annum. This is in line with the growth in mine supply of other industrial metals such as lead, zinc and copper, but twice the average rate at which gold output has increased over this time.

However, 2015 is expected to represent a near-term peak for silver mine supply. In this article, we examine

the key features of the silver mining sector (including those that differentiate it from gold), and look to what the future has in store.

Silver mine supply dominated by the Americas

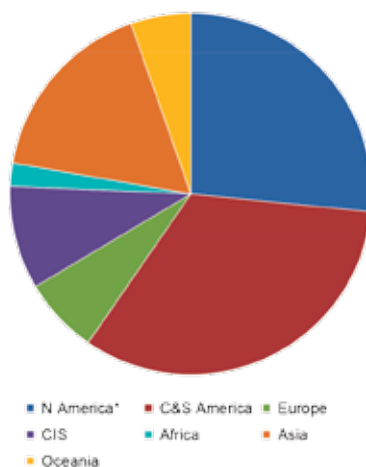
As with many metals, deposits of silver tend to be strongly linked to the hydrothermal fluids that are associated with magmatic activity. As such, it is perhaps not surprising that some 60% of global silver production comes from the Americas, mined from the mountains along the eastern boundary of the Pacific Ring of Fire. In particular, silver production has historically

been dominated by two countries within this zone of mountains, volcanos and earthquakes, Mexico and Peru.

Mexico is currently the world's largest silver producing nation, having surpassed Peru in 2010. Last year, the country produced 5,825t of silver, or around one-fifth of global output. With a long history of silver mining, one of Mexico's principal silver mines, Fresnillo (the namesake of London listed Fresnillo plc), has been in production for nearly 500 years. Fresnillo is located in the state of Zacatecas, which along with the other two north-central states of Durango and Chihuahua produce over two-thirds of Mexico's silver from the Altiplanicie Mexicana (Central Mexican Plateau). Similarly, in Peru, silver production is concentrated within the central regions of Junín, Ancash, Pasco and Lima within the Andean mountain range. Combined, these four regions accounted for 70% of Peruvian silver production in 2015.

Over the past decade, however, China has become an increasingly important producer of silver, and is currently ranked second in the world behind Mexico. In most part, silver is produced as a by-product of the country's lead mines; China is the largest lead producer in the world, responsible for over 50% of global production in 2015. Elsewhere, a significant portion of global output is tied to a small number of major silver producing mines. In 2015, KGHM Polska Miedź's operation in Poland was the largest silver producer in the world, extracting 1,210t or 4.4% of global output as a by-product of its copper mining. Elsewhere, Dukat (Russia), Cannington (Australia) and Escobal (Guatemala), which are all primary silver mines accounted for a further 8% of global production.

Geographic breakdown of silver mine production in 2015



* North America includes Mexico.

Source: Metals Focus

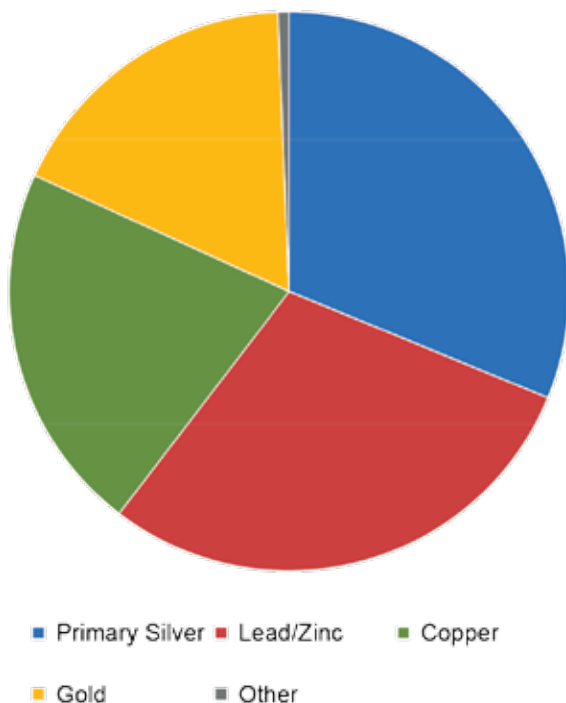
Silver's supply side fundamentals not in its own hands

Although mine production accounts for over 80% of global silver supply (with the remainder largely coming from recycling), silver's supply side fundamentals are often dictated by those of other metals. This is because, unlike many metals (including gold), silver is largely mined as a by-product, with only 30% of annual production coming from primary silver mines (operations where silver comprises the dominant revenue stream). As a result, effectively 70% of silver is produced at just a diminutive cost. This can act as a double edged sword, with this year's contraction in silver mine supply largely the result of cost related closures and capacity cuts within the zinc sector. Globally, zinc and lead mines collectively account for 30% of silver mine production in 2015, similar to that derived from primary silver mines.

Looking at the remaining 40% of global silver mine production, this is largely produced as a by-product of copper and gold mining. In particular, the gold sector

influence on silver supply has grown dramatically over the past five years, increasing by an average of 8.0% per year, far outpacing the increase in global gold mine supply. This has largely been driven by the start-up of a number of prominent gold projects in Mexico and Argentina, with gold deposits in Latin America generally containing significantly higher quantities of silver versus to the global average.

Silver produced as a by-product of copper mining has also risen strongly over the past five years, although the average annual gain of 3% is marginally below that recorded by global copper production. Silver output from the sector is strongly tied to a relatively select number of operations, with the world's largest three silver producing copper mines, KGHM PolskaMiedź (Poland), Ministro Hales (Chile) and Antamina (Peru), responsible for one-third of the copper sector's silver output in 2015.

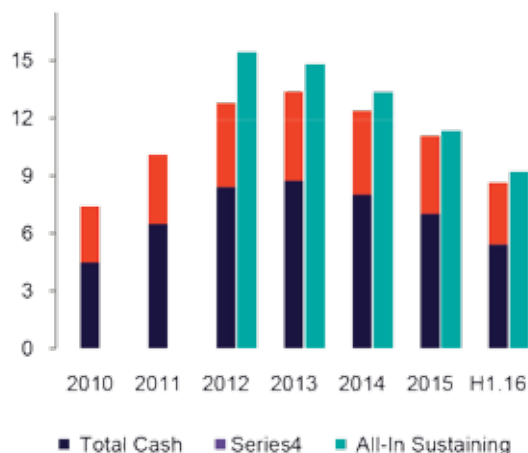


Source: Metals Focus

Production helped by the concerted cost cutting of primary producers

In spite of silver prices falling over 70% from their peak in April 2011, production from the primary silver mines has remained strong, growing year-on-year between 2011 and 2015, as miners have cut their production costs dramatically. Analysis from Metals Focus' Mine Cost Service shows that since 2012, the silver industry has cut its all-in sustaining costs by an average of 40%, while in comparison gold miners have only reduced their operational expenses by 23%. This meant that even as prices dipped below \$14/oz in December 2015, three-quarters of the industry still remained profitable on an all-in sustaining basis.

Evolution of silver production costs*



* Cost related to by-product production costs from primary silver mines; as a sector primary silver mines accounted 31% of total silver mine supply in 2015.
Source: Metals Focus Silver Mine Cost Service

Silver's route to market

Given silver's strong geological association with other metals, it is generally those which dictate its route to market. Based on analysis from Metals Focus' Doré

Based on analysis from Metals Focus' Doré Flows Service, we estimate that only a quarter of global silver production departs the mine site in the intermediate form of doré; in comparison, around 85% of gold production is recovered to doré. As a result of its strong association with base metals, such as lead, zinc and copper, three-quarters of silver mine production is recovered in the form of a sulphide floatation concentrate which will be treated in a specialist base metal smelter.

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Looking at the breakdown of silver doré production in more detail. Over half of silver-rich doré is derived from gold mines, and as such would be alloyed with gold. Furthermore, the primary silver production which is recovered to doré (which represents about a third of sectors total) also tends to be associated with gold. As such, these dorés are treated in specialist gold refineries, which are equipped to handle higher volumes of silver, and associated metals such as zinc which can be used to precipitate the silver at the mine site. In addition, given the lower unit value of these silver-rich

dorés (compared to gold doré), transportation logistics become increasingly important as the economic case for transporting material via air freight reduces as the gold content falls. As such, silver-rich doré is generally transported to the refinery via road, and sometimes sea.

The future of silver mine supply

Analysis from Metals Focus recently published Five-Year Forecast highlights that, following more than a decade of continued growth, silver mine supply is expected to contract by 1.0%, in 2016. This is being driven by a fall in output from the lead/zinc sector, following the raft of capacity cuts implemented at zinc mines in the final quarter of 2015. Post 2016, silver production is expected to plateau in 2017 and 2018, before picking up thereafter as Mexico sees a number of new primary silver projects enter production.

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ASSOCHAM 9th International Gold Summit

Creation of India Fix in Next Five Years



The 9th Assocham Gold Summit was held in Delhi on September 29th. "Creating India Fix" is the core theme of the conference. Speaking at the inaugural ceremony, the chief guest Shri R K Verma, Honourable Member of the Parliament, urged stakeholders to work towards making Gold Monetisation Scheme (GMS) a success. Later in the day, Dr. Veerappa Moily, Honourable Chairman, Parliamentary Standing Committee on Financial Affairs gave away the excellence awards to five organisations. In his address, Dr. Moily remarked that there are issues in making some of the recently launched schemes successful. He invited a comprehensive list of suggestions from Assocham on these schemes and other aspects of the industry, so that he could place it for

discussion at the standing committee on financial affairs.

Mr. S K Jindal, Chairman, Commodity Markets and Investments, Assocham urged the industry stakeholders to come together and represent themselves as "one single voice" to the government. This would help government in understanding the issues comprehensively and providing effective solutions. Mr. P R Somasundaram, MD, World Gold Council-India, urged industry to look beyond the immediate challenges and set a long-term vision and goal for the industry such as "India becoming the price setters of gold in the world" or "India as most preferred destination for hand-crafted jewellery and jeweller to the World" and so on. He also stressed that protecting consumer interest

and serving their needs would go a long way in growing the industry and called on the stakeholders to embrace the initiatives taken by the Government on transparency and consumer protection".

Mr. Rajesh Khosla, MD, MMTC PAMP India Private Limited, called for introspection and self-regulation. He also requested government to consider impact of any policy decision on the entire gold value-chain starting from overseas suppliers, nominated banks/agencies, refiners, distributors, exchange marketplace, jewellery manufacturer and the final consumer.

Mr. Jeffrey Rhodes, CEO, Zee Gold DMCC, suggested complete deregulation of gold markets in India as the solution to unlocking the power of the Indian bullion sector. In his opinion, deregulation would facilitate two way trade, wipe out parallel markets, bring in transparency, provide opportunities for emergence of bullion banks and eventually India emerging as the price setter of gold in the World. On gold price outlook, experts were unanimously bullish with forecast ranging from USD 1400 to USD 1550 in the next one year.



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UAE is Currently the Largest Supplier of Gold to Switzerland with Fascinating Undercurrents

Sudheesh Nambiath, Lead Analyst- Precious Metals Demand, South Asia & UAE, Thomson Reuters GFMS

Exports from the UAE to Switzerland in the first seven months recorded a 400% rise to take on the mantle as the largest exporting nation to the Swiss refiners, rising from seventh position in 2015. A deeper look into this trade shows that it could have a major impact on prices as well. We have here explained the reasons and significance of this shift in trade.

The Indian refiners, who have previously had offices in the UAE for the ease of financial transactions, have now moved even their trading operations to the UAE as they have begun importing doré and refining it with the local refineries in the Emirates. Interestingly, the surge in doré refining activity has had no relation to demand in the UAE or for that matter in the GCC region; on the contrary, this year has seen consumer demand slip sharply. Unlike in India where gold is imported, refined and consumed, in the UAE the story is quite different.



India's loss, UAE's gain
India last year imported 316 tonnes of doré which were then refined for fine gold of 207 tonnes. This year in the first seven months fine gold refined from doré was just 47 tonnes as against 104 tonnes for same period last year. Changes made to the rate of import duty and excise duty on doré imports and refining that were handed down by the government in the budget earlier this year have played a

significant role in halving imports; this was in addition to the change in industry dynamics following the implementation of an excise duty on jewellery that has pushed the domestic market into deep discounts, a topic which has been discussed in previous articles. While on one hand many of the refiners in India were forced to shutter operations as the newly introduced duties made refining uneconomical, it has opened the door for Dubai to

regain its status as a hub for trading and refining doré sourced from Africa and South America, a position which it was losing to India during last year.

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Thanks to higher prices, artisanal miners, who constitute the majority of the supply of doré to the UAE are willing to sell at a discount of a percentage or more. After factoring in a refining charge of 0.3%, and selling it at a discount in Dubai of as much as \$3 or \$4, doré importers still make about \$5 to \$8 an ounce. The refined gold is then exported to LBMA accredited refiners (primarily

in Switzerland) at a discount of \$1 - \$1.50, from where it gets converted to London Good Delivery and moved into vaults. Recently some stock has been delivered on COMEX due to better pricing.

Doré movements

To put the above developments in perspective, in terms of the volumes involved, it is worth comparing the volumes from some of the origins and sources which we know do not make it directly to a LBMA accredited refiner.

Last year 82 tonnes of doré were imported to India from Ghana; this year as of August only approximately 14 tonnes were imported as against 38 tonnes for same period last year.

As a result of the higher duties a large part of these imports which were being refined in India are now being redirected to UAE. In a similar vein, doré supplies from Colombia and Peru, the other top two supplying countries, have also been moving into the UAE. Further evidence of such trade can be inferred from Switzerland's import data, which shows that the country has imported more than 250 tonnes from UAE this year (as of end-July) as against 50 tonnes during same period last year. That said, a part of this also includes gold medallions, coins and rough jewellery that were being exported from India to UAE, which were converted to bars before being re exported to Switzerland.

Looking ahead, it would seem that this trade is here to stay until the Indian market returns to at least a discount of \$2 as against \$23 on 25th August. Viewing from a consumption angle, this shift in trade also highlights the sharp decline in end consumption from both India and UAE, to an extent that even the unofficial supplies from the UAE to India has fallen sharply in last three months. On the other hand, as stock levels build in the vaults in London and Zurich, it is likely to create some downside pressure on the gold price until demand from sources like jewellery start to pick up again.



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Bullion Federation of India is on the Advisory Committee of MoF, GoI

Harish Acharya, Secretary, Bullion Federation of India



When excise duty on branded jewellery was first introduced in 2012, we (bullion dealers) gathered in Mumbai for a meeting and decided that there was a need to form an all India association to highlight the difficulties of trade to government. The government withdrew the excise and nobody felt it necessary to form the proposed federation. Now, when the excise is re-introduced, prominent jewellery federations in the country started the agitation against the imposition of excise duty and bullion dealers also supported it equally. But the jewelers associations showed no respect to bullion trade and demanded increase of import duty to 12% and withdrew the excise. It made us

First we told government that members of the federation will adopt best trade practices. We knew that initially some people might not like it, but over a period of time, they would understand the benefits of adopting the best trade practices. So, we decided that we would do all transactions through banks. No bullion dealer will sell gold in cash. Second, we decided to introduce full KYC of our customers. Third, in every invoice, we would mention the bar numbers and refiner's name so that traceability of trade remains intact.

very upset. The business of bullion is totally different from the jewellery business. We not only supply gold to jewelers as feed stock, but also bullion stands for investment need, bullion also is needed for commodity exchange operation. During April and May, all jewellers stopped taking gold officially imported into the country. So, we have decided to unite all the bullion dealers in the country and formed an association. Basically jewelers did not want to come under excise net as defined in the notification and decided to buy gold in cash and sell in cash. It was evident that the entire trade had gone into the hands of unorganized segment. We felt that organized market is going to wither away which would be detrimental to our trade. We want to bring gold through official channel and sell through organized way. So, on 21st May, we held a first meeting. About 17

bullion dealers were present there at the meeting. After a week, we called on another meeting in Delhi in which 38 bullion dealers from 17 states participated. All these people have an annual turnover of over Rs. 2000 crore. We targeted these people because they have large business and they have been suffering the most. The third meeting was called on and in it 51 members from 21 states participated. Here we decided to make our association a full-fledged federation as non-profit organization. We formed this federation for the betterment of bullion trade.

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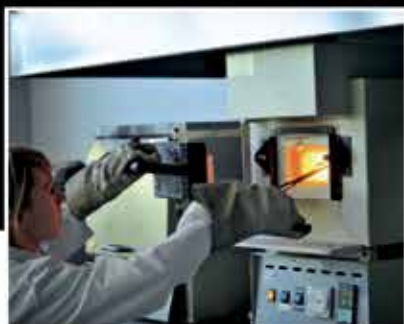
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So, we decided that we would do all transactions through banks. No bullion dealer will sell gold in cash. Second, we decided to introduce full KYC of our customers. Third, in every invoice, we would mention the bar numbers and refiner's name so that traceability of trade remains intact. The additional benefit of mentioning the bar number and refiner's name is that nobody could misuse the invoice. We identified that there are people who were faking the invoices and were engaged in parallel trade.

With these agenda, we met revenue secretary twice and told him that our federation members are engaged in 70 to 80 percent of bullion trade and we wanted to make it fully organized. If we could organize ourselves, then jewelers who are not following the best practices, will automatically have to change themselves. In last 3 months, we met different government officials at least 15 times and placed our ideas to streamline the trade. Government got convinced with our

ideas and included us in the advisory committee of economic affairs of Ministry of Finance. After GJEPC, the federation is the second institution that got included in the committee. We discussed the possibility of reducing the import duty, which government has turned down for the time being as it is busy with GST. Government agencies assured us they would certainly consider the issue and will take measures at appropriate time.

We met government agencies once again in September and presented our view on GST, hike in duties in dore, participation of banks in forward and future markets etc. There is a counter-veiling duty of 9.35% on dore import by refineries, whereas the import duty on refined gold is 10.33%. A refiner has to pay in advance to bring the dore; additionally refiner has to bear logistic, insurance and other operational costs. So, the present differential of 0.65% may not be viable. We are suggesting to increase

the incentive to at least 1% so that refiners can sustain.

On GST, we have suggested government to keep it within 4 percent and reduce import duty to 5 to 6 percent so that trade remains rationale both on government's part and traders or consumers' part.

Our next agenda is to develop Indian Gold Standard. To do this, we have constituted a 12 member committee comprise major refiners, technical specialists etc. The Committee had decided that they would develop a guideline in line with responsible sourcing guideline, technical specifications etc. The committee has also decided to adopt the BIS guideline as it is. Above all, the guideline will include parameters such as penalty clause, network clause etc. Refiners who are approved by BIS will have to follow Bullion Federation guidelines and after that the Federation will approve the refiner. We have kept the network clause at 1 million US dollar so that majority of good refiners could meet. We kept a stringent penalty clause as well. What we would tell government that we would start the network criteria with 1 million US dollar and after that, we will increase as per the need when we see that members are following strictly other criterions.



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Given the volumes in exposure and the complexities involved, Indian insurance industry is averse to carrying such risks entirely on their books. Spreading of the risk through globalisation by reinsurance abroad becomes absolutely necessary. Markets abroad, especially London, do have insurance products addressing most of these risks, but, a copy paste of these products will not quite well serve the Indian industry. This industry has certain peculiarities that happen only in India.



Investment in the domain of bullion trade in India has been consistently growing over the years, at rates greater than overall investment growth. Such investment has been not just in known areas like jewellery manufacturing, but, in every process involved. Indian companies today are investing big time into importing dore (Raw form of gold) and refining the same. Almost an entire industrial area in Rudrapur, Uttarakhand consists only of facilities that carry out such refining of dore.

Indian companies are now even setting up refining plants abroad, especially in the middle east.

Investment into jewellery manufacturing is also growing leaps and bounds. This customer facing end of this domain has undergone

a seachange. Gone are the days of your home grown goldsmith being the source of jewellery. Jewellers today are major chains. And the products they dispense are customised, catering to the widest range of economic strata – the not so affluent who will still buy jewellery for the daughter's wedding to those who do not wear a watch to know time.

The said chains not alone cater to this entire economic strata, but, within all the glitter, also endeavor to create specific brands – both in terms of identity and the product.

Like all coins having two sides, the buoyancy above has also been increasing the risks involved – Physical risks, People risks, Financial risks and contingencies exclusive to this trade.

To add to this challenge, bullion also undergoes complex process changes – from dore to metal to jewelry and so on, bringing with it risks peculiar to such processes.

The product in this entire chain is constantly exposed to physical risk of loss due to theft or burglary. Unlike most other commodities, bullion, by virtue of being small in dimension but high in value, has huge susceptibility to loss due to theft. For the Indian industry, this risk commences from the time dore leaves the foreign soils, mostly Ghana, through the air voyage with storage at airports/customs, through transit within India to refining facilities, during the refining process and related storage, during transit of refined metal, through the process of jewellery manufacturing, through movement of jewellery

to the selling unit. Add to this all storage and vaulting which is an essential feature in the domain, you have the widest risk one can think of.

The industry has been mitigating these risks by relying on logistics companies that specialise in moving and vaulting high value cargo, ensuring air voyages happen in valcargos compartments of aircrafts that are designed to carry valuable cargo, increased sophistication in safety features of vaults and storages and so on.

While physical risks can thus be mitigated somewhat, the people risks continue to be a worrisome phenomenon. People involved in handling the products are all aware of the high values of the commodities on their hands. The low economic status and wages to which multitudes in India belong enhances this risk. Occasions are not rare where, trustworthy employees in service for years give in to temptation/financial stress and indulge in doing away with the product. Skill sets required for processes like refining/jewellery making, etc. are not widely prevalent causing huge dependency of the entrepreneurs in this domain on limited human resources possessing such skills. Yes, here again industry has been investing in risk mitigation practices like pre-employment due diligence, etc; but the risk continues to loom large.

There are also certain contingencies that are peculiar to this domain. Substitution of gold with inferior

metals being one. After all, all that glitters is not gold!

It is said crime always stays ahead of police. Very true of this domain. Despite continuous and laudable improvement in risk mitigation, losses continue to occur; and grow in numbers and volumes. Risk transfer through insurance therefore is a *sine qua non* for this industry.

Given the volumes in exposure and the complexities involved, Indian insurance industry is averse to carrying such risks entirely on their books. Spreading of the risk through globalisation by reinsurance abroad becomes absolutely necessary. Markets abroad, especially London, do have insurance products addressing most of these risks, but, a copy paste of these products will not quite well serve the Indian industry. This industry has certain peculiarities that happen only in India. Angadias, who are not employees on role, who carry crores worth of precious stones and metals in unseemly cloth bags from one part of the process chain to the other, with the only documentation of transfer of crores worth of material being a quarter page handwritten paper called the Jhangad slip, is probably the best example of the peculiarities the Indian business has!!

There is therefore the felt need of marrying the multinational insurance reserves and domain knowledge to the peculiar indigenous risks.

Alliance has developed into an authority in creating this synergy. The speciality team in Alliance, as

the very name goes, specialises in making this marriage happen. Through road shows where underwriters are interfaced with the stakeholders and processes in the industry. Some underwriters were even made to travel from Mumbai to Surat by road and rail! – and by interfacing industry investors and professionals with the underwriters. Team Alliance has successfully created the feel factor with the underwriters that is oh so critical in getting claims paid. It has also made it possible to make these underwriters provide cover for contingencies like substitution, mysterious disappearance, etc – covers that normally underwriters will not touch with a ten foot barge!! No surprise therefore that Alliance offers the widest coverage and has the best record of claim settlement.

The above almost exclusive offering from Alliance has catapulted Alliance to market leadership in the insurance of this domain – be it with diamondsters, bullion refiners or jewellers.

Yet, every new day, there is a new challenge, a new learning. Basis such learning, newer evolutions in the insurance product. This is a journey that is arduous, yet invigorating; since, what gets facilitated is a win win for all – Insurers abroad, Indian insurers and most importantly, Indian entrepreneurship in this domain.



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



CIRCULAR

SEBI/HO/CDMRD/DMP/CIR/P/104

September 28, 2016

To,

The Managing Directors / Chief Executive Officers
All Commodity Derivatives Exchanges

Dear Sir / Madam,

Sub.: Introduction of Options in Commodity Derivatives Market

1. At present the only instrument available in the Commodity Derivatives market is futures on individual commodities. Introduction of new commodity derivatives products has been a subject of deliberation as it is considered to be conducive for the overall development of the commodity derivatives market, attracting broad base participation, enhancing liquidity, facilitating hedging and bringing in more depth to the commodity derivatives market.
2. In his Union Budget Speech for the year 2016-17, the Hon'ble Finance Minister announced that "new derivative products will be developed by SEBI in the Commodity Derivatives market".
3. SEBI has constituted a committee of experts known as Commodity Derivatives Advisory Committee (CDAC) to advise SEBI on matters concerning effective regulation and development of the commodity derivatives market. The recommendations made by the CDAC inter alia, on the subject of introduction of new products have been considered and **it has been decided that Commodity Derivatives Exchanges shall be permitted to introduce trading in 'options'.**
4. The Commodity derivatives exchanges willing to start trading in options contracts shall take prior approval of SEBI for which detailed guidelines will be issued in due course.
5. The circular shall be effective from the date of this circular.
6. The Exchanges are advised to:
 - i. take steps to make necessary amendments to the relevant bye-laws, rules and regulations for the implementation of the same.
 - ii. bring the provisions of this circular to the notice of the members of the Exchange and also to disseminate the same on their website.
 - iii. communicate to SEBI, the status of the implementation of the provisions of this circular.

This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
7. This circular is issued in exercise of powers conferred under Section 11 (1) of the Securities and Exchange Board of India Act, 1992, to protect the interests of investors in securities and to promote the development of, and to regulate the securities market.
8. This circular is available on SEBI website www.sebi.gov.in under the category "Circulars" and "Info for Commodity Derivatives".

Yours faithfully,

Vikas Sukhwai
Deputy General Manager
Division of Market Policy
Commodity Derivatives Market Regulation Department
Email: vikass@sebi.gov.in

[TO BE PUBLISHED IN THE GAZETTE OF INDIA, EXTRAORDINARY, PART II,
SECTION 3, SUB-SECTION (i)]

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
(DEPARTMENT OF REVENUE)

Notification
No. 34/2016 – Central Excise

New Delhi, the 8th September, 2016

G.S.R. (E). – In exercise of the powers conferred by sub-section (1) of section 5A of the Central Excise Act, 1944 (1 of 1944), the Central Government, being satisfied that it is necessary in the public interest so to do, hereby makes the following further amendments in the notification of the Government of India in the Ministry of Finance (Department of Revenue), No. 12/2012-Central Excise, dated the 17th March, 2012, published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i), vide G.S.R. 163 (E), dated the 17th March, 2012, namely:-

In the said notification, in the Table, for serial number 192 and the entries relating thereto, the following serial number and the entries relating thereto, shall be substituted, namely:-

(1)	(2)	(3)	(4)	(5)
"192"	71	(I) Articles of goldsmiths' or silversmiths' wares of precious metal or of metal clad with precious metal, not bearing a brand name;	Nil	52A
		(II) Strips, wires, sheets, plates and foils of gold, used in the manufacture of articles of jewellery and parts thereof;	Nil	52A
		(III) Precious and semi-precious stones, synthetic stones and pearls.	Nil	-
		Explanation. – For the purposes of entries (I), (II) and (III) as the case may be,- (i) "metal" shall include,- (a) any alloy in which any of the metals specified in this entry at item No. (I) predominates by weight over each of the other metals specified in such item or any other metal in such alloy; (b) any alloy in which the gold content is not less than 37.5 per cent by weight; (ii) "articles" in relation to gold shall mean anything (other than ornaments), in a finished form, made of, or manufactured from or containing, gold and includes any gold coin and broken pieces of an article of gold but does not include primary gold, that is to say, gold in any unfinished or semi-finished form including ingots, bars, blocks, slabs, billets, shots, pellets, rods, sheets, foils and wires.		

[F. No. 354/122/2016 –TRU]

(Anurag Sehgal)
Under Secretary to the Government of India

Note:- The principal notification No. 12/2012-Central Excise, dated the 17th March, 2012 was published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 163(E), dated the 17th March, 2012 and last amended vide notification No. 33/2016 -Central Excise, dated the 2nd September, 2016 published in the Gazette of India, Extraordinary, Part II, Section 3, Sub-section (i) vide number G.S.R. 852(E), dated the 2nd September, 2016.

FAQs on GST Released by Central Board of Excise and Customs

Definition of Job Work under GST

What is job-work?
Ans. Section 2(62) of the MGL provides that “job-work” means undertaking any treatment or process by a person on goods belonging to another registered taxable person and the expression “job-worker” shall be construed accordingly. This definition is much wider than the one given in Notification No. 214/86 – CE dated 23rd March, 1986 as amended, wherein job-work has been defined in such a manner so as to ensure that the activity of job-work must amount to manufacture. Thus the definition of jobwork itself reflects the change in basic scheme of taxation relating

to job-work in the proposed GST regime.

Whether goods sent by a taxable person to a job-worker will be treated as supply and liable to GST? Why?

Ans. No. It will not be treated as a supply. In terms of proviso to Para 5 of Schedule I of the MGL the supply of goods by a registered taxable person (principal) to jobworker, in terms of Section 43A, shall not be regarded as supply of goods. Therefore, it can be inferred that no GST shall be applicable on the goods supplied by the registered principal to a job-worker.

Can a registered taxable person send goods without payment of tax to his job-worker?

Ans. Yes. Section 43A of the MGL provides that the registered taxable person (principal) can send the taxable goods to a job-worker for job-work without payment of tax. He can further send the goods from one job-worker to another job-worker and so on subject to certain condition. It may be noted that provisions of Section 43A are not applicable if non-taxable or exempted goods are proposed to be sent for job-work.

Is a job-worker required to take registration?

Ans. Yes, as a Job-worker would be a supplier of services, he would be required to obtain registration if his aggregate turnover exceeds the prescribed threshold.

Whether the goods of principal directly supplied from the job-worker's premises will be included in the aggregate turnover of the jobworker?

Ans. No. It will be included in the aggregate turnover of the principal.





Can the principal supply the goods directly from the premises of the job-worker without bringing it back to his own premises?

Ans. Yes but with a rider that the principal should have declared the premises of such job-worker as his additional place of business or where the job-worker is a registered person or where the goods have been notified.

Under what circumstances can the principal directly supply goods from the premises of job-worker?

Ans. The goods can be supplied directly from the place of business of job-worker without declaring it as additional 86 87 place of business in two circumstances namely where the job-worker is a registered taxable person or where the principal is engaged in supply

of such goods as may be notified in this behalf.

What are the provisions concerning taking of ITC in respect of inputs/capital goods sent to a job-worker?

Ans. In the MGL, aspects relating to taking input tax credit in respect of inputs/capital goods sent for job-work have been specifically dealt in Section 16A, which provides that the credit of taxes paid on inputs or capital goods can be taken in the following manner: Principal shall be entitled to take credit of inputs sent to a job-worker if the said inputs, after completion of job-work are received back in 180 days from the date of being sent out. In case the inputs are sent directly to the job-worker, the date shall be counted from the date of receipt of inputs by job-worker. Further an amount

equivalent to the input tax credit availed on such inputs has to be paid along with interest, in case the inputs are not received back within the specified time. The credit can be reclaimed when the inputs are actually received back.

Are the provisions of job-work applicable to all category of goods?

Ans. No. The provisions relating to job-work are applicable only when registered taxable person intends to send taxable goods. In other words, these provisions are not applicable to exempted or non-taxable goods or when the sender is a person other than registered taxable person.



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

GJF's organized Preferred Manufacturers of India (PMI 3) – Regional Networking Meet in Jaipur from 20th to 22nd Sep, 2016

44 Prominent Jewellery Manufacturers and leading Retailers participated in the PMI, Jaipur

PMI showcased Variety of New Designs, Innovative Creations and Extraordinary Jewellery Collections in Gold, Diamond and Colored Stones



Jaipur, September 12, 2016: All India Gems and Jewellery Trade Federation (GJF) organized the third edition of the PREFERRED MANUFACTURER OF INDIA (PMI) 2015 – 17, Regional Networking Meet at a glittering ceremony at Hotel Fairmont, Jaipur from 20th to 22nd September, 2016. 44 prominent & leading jewellers participated in this business & leisure networking meet. This was the first major event of GJF, for jewellers in Jaipur post imposition of excise duty in jewellery sector by the Government. The Regional Networking Meet also had an interactive session on taking family business to next level by Dr. Pavan Soni, on 21st September, 2016.

1. (PMI Convener Nitin Khandelwal and Co-convenor Sumeet Anand lighting the lamp to commence the PMI, Jaipur)
2. (PMI participants and retailers lighting the lamp)



1. (Pareesh Shah, Ashok Minawala, Sumeet Anand, Nitin Khandelwal and Mukul Kulkarni, giving the certificate of appreciation to Dr. Pavan Soni)

PMI provides 360o solutions to participants by fulfilling several business objectives, including enhancement of the brand's image and expansion of market share



by establishing and reinforcing business relationships with prominent retailers of India. The platform enables businesses to focus on increasing profitability by offering them a competitive advantage, save time as well as reduce marketing and promotional costs. The preferred manufacturers participate in the programme for the span of 2 years, consisting 2 Grand Networking Meets and 5 Regional Networking Meets, each held over a 3 day period at a 5 Star venue. GJF ensures facilitation of all services for both participants and retailers in order to promote a conducive business and networking environment, offering contemporary and trendy handmade jewellery designs that are unique in every way.



Mr. G V Sreedhar, GJF Chairman, said, "This is a unique programme organized by GJF that provides a dynamic and effective business networking platform, offering the best jewellery designs across India at one location. GJF has always explored new possibilities and ideas that provide structured and efficient platforms for all its stakeholders. In a fast paced business environment today, the need for speed, accuracy, delivery, service in

addition to exclusivity and innovation has taken greater importance".



(Glimpse of Gala Night on 20th and 21st September, 2016)

Mr. Nitin Khandelwal, PMI Convener & GJF Director said, "PMI – Grand Networking Meet, Chennai was a huge success, and Jaipur Regional Networking Meet also achieve the same success. In this market condition we need game changers. We continue to innovate and learn from our past experiences. PMI is for preferred people of the industry, and we remain focussed on our objectives and goals. We have enrolled some new participants, taking our total to 44. My biggest happiness comes when I hear that the relationships built at PMI has helped build many companies top and bottom lines. The programme is conducted in a manner to maintain perfect blend of business & leisure experience".

The unique platform allows PMI participants to remain updated and relevant within changing market scenarios, develop their clientele and developing business promote innovation in manufacturing, while retailers maintain a competitive edge in terms of the product pricing and range, as well as service support thereby maintaining a distinctive position for their brands and stores.

GJF has so far organized PMI meets in Chennai, Bangalore, Hyderabad, Delhi-Gurgaon, Coimbatore, Mumbai, Kolkata, Ahmedabad and Indore. Having achieved the objectives of all its participants, PMI has been rightfully declared as one of India's most successful B2B shows by the participants and the visitors alike.



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



FinMin considers norms for unrefined gold imports

The finance ministry is considering introducing measures to stop

malpractices of importing pure gold under that garb of dore bars or unrefined gold. It may ask jewellers and refiners to follow know your supplier, clients norms prescribed by the Organisation for Economic Co-operation and Development (OECD) and adhere to the anti-money laundering law.

The move comes after some instances came to light where pure gold was imported as dore.

According to a report prepared by Rhona O'Connell of GFMS, Thomson Reuters, in February, "In China, the government, embracing its role as a UN Security Council Permanent Member, has expressed support for the OECD guidelines. While measures are widely promoted by government authorities, the regulations are not being strictly enforced and implemented within the country." However, the report said in India "there is a lack of initiative from the government; the OECD has stated its intention to work closely and raise awareness."

The norms assume significance because gold mined from some African and Latin American nations were reportedly used to finance terror organisations. GFMS estimates such trade at 118 tons in 2015, four per cent of global output.

Source: www.business-standard.com



Gold imports plunge 60.5% to \$6.08 bn in Apr-Aug as prices slide

Gold imports more than halved to \$6.08 billion in the first five months of 2016-17, which is

expected to keep a lid on the current account deficit.

The sliding prices of the precious metal in global and domestic markets are seen to be at work. Gold imports

stood at \$15.42 billion in April-August of 2015.

The in-bound shipments contracted for the seventh straight month in August by 77.45 percent to \$1.11 billion, according to commerce ministry data.

The contraction in imports helped narrow trade deficit to \$7.67 billion in August 2016, the lowest in three months, as against \$12.34 billion in August 2015.

As per the data, silver imports too went down to \$130.32 million in the month under review as against \$363.41 million in the same month last year.

In volume terms, the country's total official gold imports declined to 60 tons in April-July of this fiscal, much lower than 250 tons in the year-ago period.

Source: <http://www.firstpost.com>



SBI in talks with MMTC to market Indian gold coins

State Bank of India, the country's biggest lender, plans to market Indian Gold Coins promoted by the government with the

national symbol Ashok Chakra engraved on it.

SBI said it is in the process of entering into an agreement with state-run bullion trader MMTC. At present, Indian Gold Coins are available in the designated branches of just three banks--Indian Overseas Bank, Vijaya Bank and Federal Bank. MMTC outlets market these coins, which are hallmarked as per BIS standards.

"Sale of gold coins can be started after the software application of MMTC is made compatible with the bank's banking software," the bank said responding to ET's query.

Indian Gold Coins have 24 karat purity and 999 fineness. They carry advance counterfeit security features and tamper-proof packaging. The gold coins are available in 5 gm and 10 gm. For buyers, there is also the option of Indian Gold Bar of 20 gm.

SBI did not specify on when it intends to start marketing the government-sponsored coins. Given the nitty-gritties

of the software integration, it may take at least a couple of months.

SBI said it would market the coins in select branches where it sees good selling opportunities. Earlier, it had designated some 200 branches to sell the imported gold coins.

Source: economictimes.indiatimes.com



A unique gold coin awaits customers this festive season

About a year after launching gold and silver coins, the bullion dealers' and jewellers' body, India

Bullion and Jewellers Association (IBJA), has tied up with the Rajesh Wadhawan Group for exclusive retailing of specialised gold coins.

The unique concept here is that the company offers customized coins with the buyer's face and nickname embossed on it to make it very personal and closed to the heart of the owner. For this, however, the company is selling on a maximum retail price (MRP) basis with the price fixed at Rs 38,000 as against the market price of Rs 31,000 for 10 grams of gold coin. This means, IBJA charges a premium of nearly 23 per cent.

"This is the exclusive gold retailing right given to the Rajesh Wadhawan Group to use IBJA name and logo on the coin. For the trust we have built for nearly a century, we would be holding 10 per cent share in the venture — IBJA Gold Pvt Ltd -- floated for gold retailing while the Rajesh Wadhawan Group would hold the remaining," said Surendra Mehta, Secretary, IBJA.

Under the banner of IBJA, the venture has opened its first flagship store at Bandra and aims to expand to 50-100 stores through franchise route across major cities in the next two-three years. The company plans to generate a revenue of Rs 500-1,000 crore in the next three years.

"The launch of IBJA Gold will create an additional market for gold without having impact on existing online or

offline players. Gold demand, however, would depend upon prices in the physical market this festive season," said Prithviraj Kothari, Managing Director, RiddiSiddhi Bullions and Director, IBJA.

IBJA Gold has introduced over 300 designs showcased in the store, crafted and cast with purity. IBJA Gold coins are truly unique and are easily customisable according to your taste and requirement. There's a ready-to-buy range of coins in various themes which includes special greetings, alphabets, numerics, zodiac signs, devotion, fitness, royals, wildlife, and pride of India.

Deepak Tulsian, Business Head- jewellery, Rajesh Wadhawan Group, said, "The uniqueness of this concept is that a customer can get their name, symbols, initials, important dates or any significant things embossed on the coin. Very soon, we are planning to introduce gold ATMs (vending machine) also at important locations including our retail shops, airports etc. for customers to avail a gold coin of difference."

The company also to introduce a similar concept in silver in near future along with online foray.

Source: www.business-standard.com/



Somnath Trust to deposit 6 kg gold under Modi govt's Gold Monetisation Scheme

The Somnath Trust decided to deposit about 6 kg gold under the

government's monetisation scheme.

"Glad that Somnath Trust decided to deposit about 6 kg gold under Gold Monetisation Scheme of Government of India," Prime Minister Narendra Modi tweeted.

Source: www.financialexpress.com





China gold imports from Hong Kong fall 15% in Aug to 7-month low

London (Platts)

Chinese gold imports from Hong Kong totaled 51 mt in August, down 15%

from 59 mt a year earlier, data released by the Hong Kong Customs and Statistics showed Wednesday.

The figure is down around 45% from 91 mt reported in July and is the lowest monthly volume since January.

Physical demand in the world's largest gold consuming country has struggled this year with high international prices that are up around 25% year-to-date.

Gold averaged \$1,341/oz in August, according to London Bullion Market Association Gold Price final settlement data, its highest monthly average price for three years, up marginally from \$1,337/oz in July and around 20% higher than August 2015.

However, Chinese gold imports this year continue to outperform 2015. Year-to-date, gold imports from Hong Kong total 555 mt, around 15% higher than 482 mt reported in the same period in 2015.



Russian central bank says no target to raise gold's share in reserves

Russia's central bank is ready to keep buying gold from banks but has no quotas or objective

to increase gold's share in its reserves, the bank's First Deputy Governor Dmitry Tulin said on Wednesday.

"We are not currently selling foreign currency from reserves but keep buying gold for which prices are rising, which has led to a rise of gold's share in reserves," Tulin told reporters.

"We don't have an operational target of increasing gold's share in reserves but it may grow naturally," he said, adding the bank had made an offer to banks to buy gold.

An official with the Central Bank statistics department said

separately on Wednesday that the bank will buy about 200 tons of gold this year to replenish its gold reserves, after buying 206.4 tons in 2015.

Gold accounts for around 16 percent of Russia's gold and foreign exchange reserves, Anton Navoi, deputy head of the statistics department with the central bank, told a conference.

"The bank keeps on buying gold because it is profitable," Navoi said. "We are a country that is third in the world in terms of gold production and we have the opportunity to buy it using our national currency."

Source: www.reuters.com



Turkish Gold imports plummet to 4.9 mt in July

Turkish gold imports decreased 48 percent from 9.5 mt to 4.9 mt in

July, which is down by almost three times from 15.1 mt an year earlier, as per the Borsa Istanbul data.

Total imports year to date has increased 12 percent to 29 mt compared to same period last year, primarily due to large volumes in May and June, which saw imports of 8.2 mt and 9.5 mt respectively. Imports have averaged less than 4 mt/month for the rest of the year.

Physical gold buying has shrunk the world over in 2016, as price-sensitive consumers are deterred during a bull-run that has seen gold climb over 25% year-to-date to around \$1,330/oz.

July was an especially expensive month to purchase gold, as spot prices surged to 28-month highs above \$1,375/oz in the fall-out following the Brexit referendum June 23.

Source: www.scrapregister.com





Burkina Faso plans to increase gold output

Burkina Faso said it has more gold waiting to be discovered as the nation, where output

jumped more than 20 times in a decade, reviews its geological records.

The government wants to help firms that are already operating in the country to lengthen the lives of their mines and make it easier for new investors to get information about deposits, Mining Minister Alfa Omar Dissa said last week in the capital, Ouagadougou. "We've reviewed the eastern region, the west and south and found very interesting information," he said. Deposits previously unknown include "gold, lithium, nickel and a bit of uranium, even traces of oil."

The country has seen a gold rush in recent years because of the high grades found in some deposits, which hold as much as 17g/ton, compared with the global average of 1.5g/ton, Dissa said.

Output in the landlocked nation is forecast to reach almost 49 tons of gold in 2016, from 2.3 tons in 2007, with Canadian companies Iamgold and Semafo among the biggest producers. Reaching the forecast will make it Africa's biggest producing country behind SA, Ghana and Mali. The expansion of gold mining and the start of production at what may be one of the world's largest manganese mines will push Burkina Faso's economic growth to an average of 6% from 2017-19, the IMF said in a June report.

The surge in gold mining has exacerbated an electricity shortage, causing regular power cuts in the two main cities, Ouagadougou and Bobo-Dioulasso. The government is building seven solar power plants that will together yield 127MW, Dissa said. It also wants to build a 100MW thermal power plant but is still searching for investors, he said.

Source: Bloomberg



World's largest gold resources held in Africa

A new report by SNL Metals and Mining has found Africa holds the world's largest in-situ

resources of gold.

The report investigated exploration trends between July 2015 and August this year, highlighting gold as the key preference for miners. It found that gold accounted for 45 per cent of exploration expenditure during that time period, at a total of \$3.94 billion, mineweb.com reports. Africa was found to have the highest in-situ reserves and resources of gold, valued at almost US\$1.5 trillion.

Latin America, had the largest spending on gold exploration, investing \$5.6 billion in gold projects from the start of 2015 to June 2015.

Since 1990, the US, Canada, and Australia have discovered the largest finds.

Most of the major gold discoveries in Africa have been in West Africa, with companies such as Randgold Resources focusing particularly on the Ivory Coast.

Earlier this month, Harmony Gold and White Rivers Exploration discovered a major gold deposit in South Africa's Witwatersrand Basin, with the deposit containing 11.5 million ounces of gold. It is expected to produce between 250,000 and 300,000 ounces per year for more than 30 years.

Australian miner West African Resources also discovered an ultra-high grade gold mineralisation at its M1 South Prospect in Burkina Faso this year. Drilling at its prospect returned results of 349.15 grams per tonne gold within 11 metres at 43.44 grams per tonne.

However, despite its rich resources, drilling on the continent is minimal.

Source: www.australiamining.com.au



ज्वैलरी उद्योग में बदलाव की लहर

श्री अशोक मीनावाला, डायरेक्टर जीजेएफ एवं एचएलसी सदस्य



केन्द्रीय बजट 2016-17 जेम्स व ज्वैलरी उद्योग के लिये काफी महत्वपूर्ण था, एक ओर जहां पूरा उद्योग आयात शुल्क को कम किये जाने की बाट जोह रहा था तब वित्त मंत्री ने 1% एक्साइज ड्युटी बिना इनपुट क्रेडिट के या 12.5% इनपुट क्रेडिट के साथ ज्वैलरी पर लगाने की घोषणा कर दी।

लेकिन किसी तरह से हमने, ऑल इंडिया जेम्स एंड ज्वैलरी ट्रेड एसोसिएशन (जीजेएफ), इसका अनुमान पहले ही लगा लिया था कि उद्योग पर कोई नया कर आने वाला है क्योंकि ऐसा श्री अरविंद सुब्रमण्यम के इकनॉमिक सर्वे 2016 में सुझाया गया था।

1 मार्च 2016 से पूरा उद्योग इस कथित "बेरहम कानून" के खिलाफ विरोध प्रदर्शन पर उतर गया। बंद/हड़ताल का प्रकोप पूरे देश में देखने को मिला, साथ ही कई ज्वैलरों ने विरोध का अनूठा प्रदर्शन करने के लिये फल-सब्जियां भी बेचने का कार्य किया था। यह विरोध इतना गहरा था कि यह 45 दिनों तक लगातार जारी रहा, इस दौरान सरकार को इस उद्योग से मिलने वाला कितना राजस्व का नुकसान हुआ होगा यह कोई अनुमान भी नहीं लगा पायेगा।



संकट के इस दौर में जीजेएफ ने अनेकों संगठनों तथा महासंघों के साथ एक मंच पर बातचीत तथा बैठकें आयोजित कीं। इस

कड़ी में जीजेएफ द्वारा ७ मार्च को पूरे देश के ज्वैलरों के साथ एक महत्वपूर्ण बैठक आयोजित की तथा यह तय किया कि ज्वैलर ग्राहकों को बुलियन उत्पादन नहीं बेचेंगे ताकि सरकार को कैड के नुकसान से बचाया जा सके। जीजेएफ ने प्रधानमंत्री श्री नरेन्द्र मोदी जी, वित्तमंत्री श्री अरुण जेटलीजी, बीजेपी राष्ट्रीय अध्यक्ष श्री अमित शाहजी जैसे अनेक प्रमुख नेताओं के साथ मुलाकात की लेकिन सरकार एक्साइज ड्युटी को वापस लेने के लिये तैयार ही नहीं हुई।

एक्साइज पर इस विरोध प्रदर्शन के दौरान जीजेएफ ने भारत के प्रसिद्ध कानून विशेषज्ञ श्री रोशन शाह (इकनॉमिक लॉ प्रैक्टिसनर) के साथ भी सलाह ली। हमने सरकार के समक्ष वास्तविक तथा संक्षिप्त जानकारियां पेश की ताकि सुलह का रास्ता निकाला जा सके।

मार्च 19, 2016 जेम्स एंड ज्वैलरी उद्योग के लिये काफी महत्वपूर्ण दिन था जब जीजेएफ ने श्री पीयूष गोयल तथा श्री अमित शाह के साथ आठ घंटों को लंबी बैठक के बाद हड़ताल खत्म करने का निर्णय अन्य प्रमुख संगठनों के साथ मिलकर लिया। सरकार का कहना था कि यह कदम जीएसटी के क्रियान्वयन को लेकर उठाया गया है।

मंत्रियों ने उद्योग के प्रति अपनी सहानुभूति भी व्यक्त की और कहा कि किसी भी कर्मचारी या छोटे कारोबारी जो कि एक्साइज के दायरे में आते हैं उनका शोषण नहीं होना चाहिये जिसके लिये एक्साइज कानून में संशोधन करने की बात पर सहमति प्रदान की।

हालांकि कुछ संगठनों का मानना था कि यह घोषणा नाकाफी है तथा वे हड़ताल को आगे जारी रखते गये।

जीजेएफ हमेशा से अपनी योजनायें पहले से ही तैयार रखता है तथा उद्योग के फायदे के लिये कोई भी खतरा उठाने से गुरेज



नहीं करता, यहां तक कि यदि उसे उद्योग ने अन्य प्रतिनिधियों के साथ भी अनबन क्यों मोल लेना ना पड़े। हालांकि उद्योग के कुछ तत्वों ने ज्वैलरों को दिग्भ्रमित कर विरोध करना जारी रखा लेकिन जीजेएफ ने इस दौरान उद्योग में जागरूकता बढ़ाने का कार्य शुरू किया कि इनके पास स्वयं के लिये कानून बनाने का अच्छा अवसर है, जो कि शायद किसी अन्य उद्योग ने नहीं किया होगा। हम समझ गये थे कि अब सरकार के साथ मिलकर कार्य करने का समय आ गया है ताकि उद्योग को संगठित तथा स्थायी रखा जा सके। जीजेएफ के सदस्यों ने भारत के विभिन्न संगठनों से सुझाव आमंत्रित किये तथा कानूनी सलाहकारों के साथ कई बैठके की ताकि एक्साइज कानून का प्रारूप तैयार किया जा सके।

सरकार ने जीजेएफ के इस प्रयास की सराहना करते हुये सरकार तथा उद्योग के बीच को जोड़ने वाली कड़ी बताया है। इसके लिये एक समिति का गठन हुआ जिसे कि उच्च स्तरीय समिती (एचएलसी) का नाम दिया गया और इसकी अध्यक्षता श्री अशोक लहरी ने की तथा इसमें उद्योग के तीन प्रतिनिधि भी शामिल हुये जिसमें से एक मैं भी था।

31 मई से ३ जून तक 50 से अधिक ज्वैलरी संगठनों को एचएलसी के समक्ष अपना पक्ष रखने के लिये बुलाया गया जिसके आधार पर समिति ने सरकार को पेश करने के लिये रिपोर्ट बनाया। इन बैठकों में अनेक महत्वपूर्ण सुझाव आये जैसे कि थ्रेशहोल्ड सीमा बढ़ाना, पुराने गोल्ड पर एक्साइज नहीं लगाया जाना इत्यादि शामिल था।

एचएलसी द्वारा प्रत्येक संगठनों द्वारा सुझाये गये बातों पर गहराई के साथ विश्लेषण किया। एचएलसी ने 100 पन्नों की रिपोर्ट जारी की जिसमें उद्योग द्वारा चाहे गये सभी स्पष्टीकरणों का उल्लेख किया गया। समिति द्वारा सौंपे गये रिपोर्ट के आधार पर सरकार ने 5 सर्कुलर तथा 16 अधिसूचनायें जारी की जिससे कि उद्योग को राहत मिली क्योंकि इनमें लगभग सभी मांगों को मान लिया गया था।

लेकिन जीजेएफ का कार्य इस संकट से उबरने के बाद खत्म नहीं हुआ है। जीजेएफ ने एसएमएस, ईमेल तथा सोशल मिडिया के माध्यम से 1000 से ज्यादा सूचनायें उद्योग को प्रेषित की है। इसके साथ ही एक्साइज संबंधी सहायता के लिये एक काल सेन्टर भी शुरू किया है। देश भर में अनेकों सेमिनार आयोजित किये गये हैं ताकि इसके संबंध में सही जानकारीयां प्रदान की जा सके। इन सेमिनारों का विडियो भी सोशल वेबसाइटों पर प्रेषित किया गया है। उद्योग को बदलाव के इस लहर की जानकारी हो चुकी है तथा यह पता चल गया है कि सरकार उनके साथ है।



जीजेएफ उद्योग का एक बड़ा थिंक टैंक है तथा यही इसकी ताकत है। जीजेएफ की प्रबंधन समिति (सीओए) हमेशा ही उद्योग के हित के लिये नये योजनाओं पर विचार करती रहती है।



यूएई स्विट्ज़रलैंड को गोल्ड का सबसे बड़ा सप्लायर

श्री सुधीश नांबियथ

यूएई से स्विट्ज़रलैंड को गोल्ड का निर्यात इन सात महीनों के दौरान से 400% अधिक हुआ है जिससे यह पता चलता है कि यह स्विस् रिफायनरियों को गोल्ड सप्लाई करने वाला सबसे बड़ा देश है तथा यह वर्ष 2015 में सांतवा बड़ा देश बन गया है। इस तथ्य का गहराई से अध्ययन करने पर पता चलता है कि इसका भाव पर बड़ा प्रभाव भी हो सकता था। हमने इस आलेख में इस रुख के कारणों के बारे में जानकारी देने का प्रयास किया है।

भारत का नुकसान यूएई का फायदा

भारत ने पिछले वर्ष 316 टन डोरे का आयात किया था जिससे कि 201 टन शुद्ध गोल्ड प्राप्त हुआ। इस वर्ष, पहले सात महीनों के दौरान कुल 47 टन डोरे की रिफायनिंग हो सकी है जबकि पिछले वर्ष इसी अवधि के दौरान 104 टन डोरे रिफाइन की गयी थी। सरकार द्वारा डोरे के आयात शुल्क तथा एक्साइज ड्युटी दर में इस वर्ष बजट के दौरान परिवर्तन किये जाने से यह स्थिति निर्मित हुई है। यह उद्योग पर एक अतिरिक्त प्रभाव था जो कि ज्वैलरी क्षेत्र में एक्साइज ड्युटी लगाये जाने की घोषणा से भाव के डिस्काउंट पर चले जाने के कारण हुआ। भारत की अनेक नयी रिफायनरियां बंद होने के कगार पर आ गयी क्योंकि नये टैक्स से व्यवसाय का संचालन लाभदायक नहीं रह गया था, इसके चलते दुबई को एक बार फिर से गोल्ड का एक बड़ा बाजार के रूप में स्थापित होने का अवसर मिल गया। अब यहां अफ्रीका तथा अमेरिका से डोरे का आयात व रिफायनिंग फिर होने लगी जो कि पिछले वर्ष तक भारत में हो रहा था।

भारतीय रिफायनर जो कि पिछले वर्ष तक वित्तीय सहजता के कारण अपना ऑफिस दुबई में संचालित कर रहे थे वे अब अपना व्यवसाय (यूएई में डोरे का आयात तथा अमीरात में स्थित रिफायनरियों में रिफायनिंग) भी वहीं पर करने लगे हैं। यूएई में डोरे रिफायनिंग की गतिविधियों में बढ़त का जीसीसी क्षेत्र पर गोल्ड की मांग से कोई ताल्लुक नहीं था, इसके विपरीत इस वर्ष गोल्ड की मांग में ग्राहकी मांग में भारी कमी देखी गयी है। भारत, में जहां गोल्ड का आयात, रिफायनिंग तथा बिक्री की जाती है, के अपेक्षा यूएई का परिदृश्य भिन्न है।

ऊंचे भाव के कारण अफ्रीका के छोटे माइनर डोरे की बिक्री यूएई को एक या कुछ अधिक प्रतिशत के डिस्काउंट पर बेचने को तैयार रहे हैं। 0.3% रिफायनिंग लागत तथा दुबई में इसे 3 से 4 डालर के डिस्काउंट में बेचने के बाद भी डोरे आयातक 5 से 6 डालर प्रति औंस लाभ अर्जित कर पाने में संभव हो सके हैं। इसके बाद इस रिफाइन गोल्ड को एलबीएमए अधिकृत रिफाइनरी (मुख्यतः स्विट्ज़रलैंड) में 1 से 1.5 डालर के डिस्काउंट पर बेचा जाता है जहां से इन्हें लंदन गुड डिलीवरी में परिवर्तित कर वाल्ट भेज दिया जाता है। हाल में अच्छे भाव के चलते कुछ स्टॉक कॉमेक्स में भी डिलीवरी के लिये बेचा गया है।

डोरे का प्रवाह

उपरोक्त दिये गये कथन को, मात्रात्मक आधार पर, और पुख्ता करने के लिहाज से कुछ स्रोतों से लायी मात्रा की तुलना करना अच्छा होगा क्योंकि हम यह जानते हैं कि एलबीएमए अधिकृत रिफायनरियां सीधे तौर पर खरीदी नहीं करती हैं।



पिछले वर्ष घाना से भारत में 82 टन डोरे का आयात किया गया था; इस वर्ष अगस्त माह तक केवल 14 टन डोरे का आयात हुआ है जबकि पिछले वर्ष की इसी अवधि में यह मात्रा 38 टन थी। भारत में उच्च शुल्क के चलते, जो मात्रा आयात की जा रही थी वह अब यूएई की तरफ मुड़ गयी है। इसी तरह से डोरे की कोलंबिया तथा पेरू से सप्लाई, जो कि डोरे के अन्य प्रमुख निर्यातक देश हैं, भी अब यूएई की तरफ होने लगी है। ऐसे कारोबार का और उदाहरण स्विट्ज़रलैंड के आयात आंकड़ों से निकाला जा सकता है जिसमें यह प्रदर्शित होता है कि यहां जुलाई माह के अंत तक 250 टन गोल्ड यूएई से आयात किया गया है जबकि पिछले वर्ष इसी अवधि के दौरान 50 टन गोल्ड का आयात हुआ था। इस आयात में गोल्ड पदक, सिक्के तथा मोटे ज्वैलरियां भी थी जो कि भारत से यूएई को निर्यात किये गये थे तथा जिन्हें स्विट्ज़रलैंड में निर्यात करने के पहले बार के रूप में ढाला गया था।

आने वाले समय में, ऐसा लगता है कि यह रुख तब तक जारी रहेगा जब तक भारतीय बाजार में डिस्काउंट की दर 2 डालर के स्तर तक नहीं आ जाती है जो को 25 अगस्त तक 23 डालर थी। खपत की दृष्टि से अगर हम इसे देखें तो यह पायेंगे कि भारत तथा यूएई दोनों जगहों में खपत में कमी आयी है, जो कि यहां तक है कि यूएई से भारत को अनाधिकृत सप्लाई भी पिछले तीन महीनों में काफी घट गयी है। दूसरी ओर, जिस तरह से गोल्ड वॉल्ट ज्यूरिच, लंदन में स्टॉक बढ़ रहा है उससे लगता है कि गोल्ड के भाव में मंदी का दबाव बनायेगा जब तक कुछ प्रमुख क्षेत्रों जैसे कि ज्वैलरी से मांग फिर नहीं शुरू हो जाती है।

■■■■

Bullion - Data & Statistics

Gold Spot Market, International (Per Troy Ounce)			
Spot gold	01 st Sep	28 th Sep	% Change
Australia (AUD)	1740.77	1720.53	-1.17
Britain (GBP)	989.99	1013.69	2.37
Canada (CAD)	1721.07	1729.10	0.47
Europe (Euro)	1173.58	1179.12	0.47
Japan (Yen)	135715.80	133601.70	-1.57
Switzerland (CHF)	1287.92	1284.54	-0.26
USA (USD)	1314.36	1323.45	0.69

Silver Spot Market, International (Per Troy Ounce)			
Spot Silver	01 st Sep	28 th Sep	% Change
Australia (AUD)	25.03	24.98	-0.18
Britain (GBP)	14.23	14.73	3.49
Canada (CAD)	24.75	25.11	1.45
Europe (Euro)	16.867	17.115	1.46
Japan (Yen)	1952.44	1940.48	-0.61
Switzerland (CHF)	18.51	18.65	0.73
USA (USD)	18.908	19.21	1.58

Monthly Exchange Data (Gold) (From Sep 01-28)						
Exchange	Commodity	Open	High	Low	Close	% Ch.
COMEX ²	Gold Dec'16	1311.70	1357.20	1305.50	1323.70	0.93
MCX ¹	Gold Dec'16	30940.00	31592.00	30757.00	31038.00	0.47
NCDEX HEDGE ¹	Gold Nov'16	28715.00	29360.00	28500.00	28739.00	0.40
TOCOM ³	Gold Dec'16	4339.00	4402.00	4272.00	4277.00	-1.37

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

Monthly Exchange Data (Silver) (From Sep 01-28)						
Exchange	Commodity	Open	High	Low	Close	% Ch.
COMEX ²	Silver Dec'16	18.72	20.24	18.65	19.12	0.02
MCX ¹	Silver Dec'16	44944.00	47694.00	44688.00	45583.00	0.02
NCDEX NEW ¹	Silver Nov'16	41521.00	43921.00	41349.00	41349.00	0.01
TOCOM ³	Silver Dec'16	62.00	65.70	62.00	63.80	0.03

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

Gold Spot Market, India			Rs/10gm
Spot Gold	01 st Sep	28 th Sep	% chg
Ahmedabad	30703.00	31038.00	1.09
Bangalore	31390.00	31660.00	0.86
Chennai	31420.00	31800.00	1.20
Delhi	30950.00	31300.00	1.12
Mumbai	32780.00	33120.00	1.03
Hyderabad	31560.00	31880.00	1.01
Kolkata	32490.00	32780.00	0.89

Currency Change (Monthly)		
	01 st Sep	28 th Sep
EUR/USD	1.1198	1.1216
USD/AUD	1.3241	1.2999
USD/GBP	1.3268	1.3019
USD/INR	66.95	66.46
USD/JPY	103.25	100.67

Silver Spot Market, India			Rs/kg
Spot Silver	01 st Sep	28 th Sep	% chg
Mumbai	45460.00	46510.00	2.28

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
01-09-2016	1305.70	985.80	1172.13	1309.50	985.14	1174.36	01-09-2016	18.65	14.08	16.73
02-09-2016	1311.50	987.95	1172.74	1324.70	993.26	1182.30	02-09-2016	18.75	14.15	16.76
05-09-2016	1328.30	996.23	1189.49	1326.35	995.43	1190.27	05-09-2016	19.46	14.51	17.43
06-09-2016	1330.05	997.94	1191.46	1337.25	997.59	1195.50	06-09-2016	19.60	14.70	17.55
07-09-2016	1348.75	1008.60	1199.85	1348.35	1008.16	1198.41	07-09-2016	19.92	14.89	17.70
08-09-2016	1348.00	1009.11	1195.81	1343.40	1009.57	1190.12	08-09-2016	19.93	14.00	17.65
09-09-2016	1335.65	1004.68	1184.86	1330.85	1004.39	1187.38	09-09-2016	19.41	14.58	17.23
12-09-2016	1327.50	1000.80	1182.54	1324.60	995.70	1179.69	10-09-2016	19.12	14.65	17.13
13-09-2016	1328.50	1000.36	1183.69	1323.65	1003.06	1178.31	12-09-2016	18.72	14.11	16.68
14-09-2016	1323.20	1001.40	1177.91	1321.75	1005.72	1177.28	13-09-2016	19.16	14.44	17.06
15-09-2016	1320.10	998.26	1174.23	1310.80	993.72	1167.27	14-09-2016	19.04	14.42	16.06
16-09-2016	1314.25	995.68	1170.08	1308.35	998.01	1170.84	15-09-2016	18.96	14.32	16.87
19-09-2016	1315.05	1007.99	1177.36	1314.85	1004.55	1176.40	16-09-2016	18.91	14.36	16.85
20-09-2016	1315.40	1011.02	1175.84	1313.80	1013.73	1175.33	20-09-2016	19.17	14.78	17.15
21-09-2016	1319.60	1015.96	1183.81	1326.10	1021.50	1190.04	21-09-2016	19.42	14.05	17.43
22-09-2016	1332.45	1019.59	1186.68	1339.10	1021.33	1189.92	22-09-2016	19.88	15.22	17.60
23-09-2016	1335.90	1027.17	1192.16	1338.65	1033.97	1193.54	23-09-2016	19.82	15.28	17.66
26-09-2016	1336.30	1033.23	1188.91	1340.50	1034.87	1190.90	26-09-2016	19.44	15.04	17.29
27-09-2016	1335.85	1031.01	1187.84	1327.00	1021.79	1183.42	27-09-2016	19.42	14.00	17.26
28-09-2016	1324.80	1020.10	1181.06	1322.50	1016.47	1179.94	28-09-2016	19.12	14.69	17.05

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