

Price Rs 50

Bullion BulletinTM

Information Insights for Bullion Business

a Product of
CELEBRATING 20 YEARS
Foretell
Business Solutions

- | | |
|--|---|
| <p>06 Gem and Jewellery Industry must Create a Self-Regulatory System as per the Best International Practices
Mr. Manoj Kumar Dwivedi, IAS
Joint Secretary, Ministry of Commerce and Industry</p> <p>10 Jewellers have Adopted GST Seamlessly
Nitin Khandelwal, Chairman, GJF</p> <p>11 India Needs a Comprehensive Gold Policy
Sabyasachi Ray, Executive Director, GJEPC</p> <p>13 GST is Welcome Move by Government
R Satish, CEO, Manoj Vaibhav
Gems N Jewellery Pvt. Ltd.,</p> | <p>14 There is Need to Insert 'Traceability' Mark in Hallmarking
Harshad Ajmera, President, Indian Association of Hallmarking Centre</p> <p>18 Money Laundering for Gem & Jewellery
CA Surendra Mehta, National Secretary, IBJA</p> <p>20 More Corporate must Enter into Scrap Business
Keyur Shah, CEO, Precious Metals Business
Muthoot Pappachan Group</p> <p>42 जेम्स व ज्वैलरी क्षेत्र के लिये अर्थ-शोधन (मनी लॉन्ड्री)
सीए सुरेन्द्र मेहता, नैशनल सेक्रेटरी, आईबीजेए</p> <p>44 Data & Statistics</p> |
|--|---|



**MARK
YOUR
DATES**

2ND GLOBAL GOLD DORE FORUM 2018
16 - 17 January 2018, Accra, Ghana

www.golddoreforum.com



BRAZILIAN GOLD REFINERY

COMPETENCE AND CONFIDENCE IN GOLD OPERATIONS
PURITY AVAILABLE 999,9 - 999,0 - 995,0



CONTACT US TO TRADE OR TO GET MORE INFORMATION.

CALL: +1 305-728-6406

E-MAIL: export1@rbmmetals.com.br

WEBSITE: www.rbm.net.br

CERTIFICATIONS



Go beyond
join the world class



valcambi
suisse

CONTENTS

Editorial:.....	5
Gem and Jewellery Industry must Create a Self-Regulatory System as per the Best International Practices	
Mr. Manoj Kumar Dwivedi, IAS, Joint Secretary, Ministry of Commerce and Industry:.....	6
Jewellers have Adopted GST Seamlessly	
Nitin Khandelwal, Chairman, GJF:.....	10
India Needs a Comprehensive Gold Policy	
Sabyasachi Ray, Executive Director, GJEPC:.....	11
GST is Welcome Move by Government	
R Satish, CEO, Manoj Vaibhav Gems N Jewellery Pvt. Ltd.,:.....	13
There is Need to Insert 'Traceability' Mark in Hallmarking	
Harshad Ajmera, President, Indian Association of Hallmarking Centre:.....	14
Money Laundering for Gem & Jewellery	
CA Surendra Mehta, National Secretary, IBJA:.....	18
More Corporate must Enter into Scrap Business	
Keyur Shah, CEO, Precious Metals Business, Muthoot Pappachan Group:.....	20
India's Total Demand may Remain around 800 Tons this Year	
Chirag Sheth, Research Consultant – South Asia, Metals Focus:.....	26
Subdued Demand Threatens to Pull Gold prices Down	
G. Chandrashekhar, Commodities Market Specialist:.....	29
जेम्स व ज्वैलरी क्षेत्र के लिये अर्थ-शोधन (मनी लॉन्ड्री)	
सीए सुरेन्द्र मेहता, नैशनल सेक्रेटरी, आईबीजेए:.....	42
Data & Statistics:.....	44

Bullion BulletinTM

Volume 7 • Issue 9 • DOP 6 September 2017

PRESIDENT
G Srivatsava

VICE PRESIDENT
Vinayak Meharwade

ASST. VICE PRESIDENT
Abhinaya

CONSULTING EDITOR
G Chandrashekhar

EDITOR
Debajit Saha

DESIGNER
Radhika

WEB DESIGN
Manivannan

CIRCULATION
Shivakumar
Jaisheelan

DATA SUPPORT
Gajendra

ADVISORY BOARD
Bhargava Vaidya
S K Jindal

PUBLISHING OFFICE
Foretell Business Solutions Pvt Ltd
#146, 1-2 Floor, Gopal Towers
Ramaiah Street, HAL Airport Road, Kodihalli
Bangalore - 560008

Tel: + 9180 25276152/53, Fax: + 9180 25276154
Email: info@bullionbulletin.in, abhinaya@fbspl.com
Web: www.bullionbulletin.in, www.fbspl.com

Dear Readers,

What does Indian gold industry need at this time? I am happy to share with you the stakeholders have unanimously consented to formulating a comprehensive India gold policy in recently held India International Gold Conference, Goa. They have kept specific points in front of the august audience and government representative which consists of creating India good delivery standard, permission granted to nominated banks and financial institutions to participate in commodity derivatives market to hedge their price risk, creation of a gold spot exchange in which banks and financial institutions must be included, and prioritize the gold mining activity. On the other hand, industry participants also requested government to consider refund of 90% of the duty paid on the imported gold within 7 days of export of gold article or 80% of the duty paid against the shipping bill at the time of exports taking into consideration the high value of the product. It will unblock huge 'working capital' of the exporters.



India has come a long way since the liberalization of gold market in 90's. The initial wave of reforms was in imports, new market institutions (futures exchange) and in new products (Gold deposit scheme and gold ETF and gold futures so on). However, for a developing country such as India, surge in gold demand (which has to be financed through US dollar remittance) affected the other sectors of the economy. Hence, a mid-course policy correction was done in 2013. Since 2014, the new government at the centre introduced policies and schemes to mobilise idle gold (GMS), channelize investment demand to paper gold (Sovereign gold bond) and make India proud (India Gold Coin). GST further brought in transparency along the supply chain. Cap on cash transactions above a certain value, inclusion of precious metal traders under Prevention of Money Laundering Act and several other measures help India align itself with the best global practices. Equally, the government is incentivizing manufacturing, value-addition and export promotion of hand-crafted gold jewellery. All this will augur well for a growth-oriented industry in the coming years.

Government has extended the time till May 2018 to get BIS license for gold refiners to become eligible for importing dore. While this will give time to refiners to obtain clearance certificate from NABL to be eligible for applying for BIS license, this measure will ensure Indian consumers will get quality products. A robust testing facility in a refinery is prerequisite condition for the refiner to produce world class bars and coins, and I believe, the current measure will pave the way for creating an Indian Good Delivery Standard that we are looking at.

Best Wishes
Debajit Saha
Editor

Foretell Business Solutions Private Limited neither endorses the advertised product, service or company nor any of the claims made by the advertisement or the advertiser. Readers are encouraged to do necessary due diligence before initiating any action. Should you like to share your feedback on any of advertisers, please write to debajit@bullionbulletin.in

Printed, Edited & Published and owned by G. Srivatsava, published from No.146, 1st Floor, Gopal Towers, Ramaiah Street, HAL Airport Road, Kodihalli, Bangalore - 560 008, Printed at Hamsanikethan Printers, No. 126, CT Bed, Banashankari 2nd Stage, Bangalore - 560070.

Gem and Jewellery Industry must Create a Self-Regulatory System as per the Best International Practices

Mr. Manoj Kumar Dwivedi, IAS, Joint Secretary, Ministry of Commerce and Industry, Government of India, feels GST will transform the entire gem and jewellery industry into more trustworthy sector. At the same time, he opines that the industry should adopt the path of self-regulation and identify requirements of its own as worldwide best initiatives always come from the industry.

Excerpts...



Jewellers should not actually be selling gold - they should be selling handcrafted jewellery on its design value. Like in apparel industry there are designers who are famous for designs and people buy it for their niche value. Something should come in jewellery industry as well.

What is your assessment of India's gold and jewellery sector?

I think we are all realizing that India's overall gold and jewellery sector which includes diamond has been going through a rapid transformation. Government is working very closely with the industry. I observe three to four major happening that are bound to transform the way this industry functions. One is definitely the "commencement of GST" which is game changer not only in taxation reform, but also in streamlining many things the way business

happens in this sector. It is going to add a lot of transparency, accountability and also in the long run will bring a lot of efficiency into the system. There may be some hiccups initially – there will be teething problems, but subsequently we will lead to a situation where we will definitely be much more trustworthy sector than it is today when GST is will be fully operational.

Another thing is "digital inclusion". This has set a trend for a new system where people in this business have to be more accountable. Government imposed limit of Rs.

200,000 on PAN Card and said that this is how one has to account for what money goes into the sector. It cannot be used for money laundering or misuse of black money and so on. Therefore, this business should be done on merit; it should be done on its designing value, export value, competitiveness and not on other aspects. This is an important step, where digital transactions, online reporting and similarly conditions of informing any transaction which is above Rs. 200,000 through Pan Card details, towards making the industry fully compliant.

Other than this, internationally also, lot of noises have been created and India is also falling in line of this. It is about responsible sourcing of gold. Lots of activities have started happening. We have started working tirelessly for creating standards of international value and align ourselves with all kinds of international requirements – be it good delivery as per the OECD due diligence guidelines or be it international best trade practices. We are working with BIS and are coming up with various standards - be it for gold jewellery or refinery as well as gems and other industries. It is again big transformation that we are going through. All these put together, I must say that this business will definitely bring in lot of respectability in time to come and will grow on its merit rather

than on other things surrounding it. Prime Minister also led emphasis on promoting handmade jewellery. Jewellers should not actually be selling gold - they should be selling handcrafted jewellery on its design value. Like in apparel industry there are designers who are famous for designs and people buy it for their niche value. Something should come in jewellery industry as well.

World market for gold jewellery is \$300 billion and India's share is about \$40 billion. GJEPC is targeting to grow the export to \$60 billion in next five years. Towards achieving this they have given proposal of creating manufacturing hubs. How is government looking at this initiative and how would it facilitate this initiative?

First we should understand that with gold there is a dichotomy. Besides being a precious metal, gold is also a financial or savings instrument. We are not producer of gold. Therefore, importing gold and keeping it as it is, we are not getting much. But suppose we add value to gold by converting it into jewellery or various articles, and then export it or even sell it to domestic market, we are not only generating employment, but also in a very strong manner, are actually strengthening the value of gold. India has huge appetite for gold. We are the second largest consumer of gold in the world. But, we should also see it should also be matched with equal promotion

of export. Therefore, when we say that we are now targeting \$60 billion worth of export, the major sector which has to be focussed is gold jewellery sector. It is because gold is high value item having biggest potential to actually grow. Today, not much has been done into this; we have done fantastic job in diamond cutting and polishing sector and I think similar kind of approach is needed in gold jewellery sector.

Coming to the gold bullion sector, industry has outlined certain initiatives of its own starting with first precious metals assaying and hallmarking centre. It is also talking about India Good Delivery Standard. These are the initiatives which are taken through very transparent way in collaboration. Can you elaborate how government could support this kind of initiative?

Worldwide we have seen that the best initiatives always come from the industry. Here also initiatives should come from the industry. They have to create self-regulatory system as per the best international practices. Yes, nothing works if government support is not there. We would like the policy initiatives to be aligned with industry initiatives whereas self-regulation is the best regulation what we feel. We are encouraging hallmarking. We are looking to upgrade our standard set by BIS and align it with international standard. We are supporting various organizations who are working on this. We will adopt that

Worldwide we have seen that the best initiatives always come from the industry. Here also initiatives should come from the industry. They have to create self-regulatory system as per the best international practices. Yes, nothing works if government support is not there. We would like the policy initiatives to be aligned with industry initiatives whereas self-regulation is the best regulation what we feel.

and government will notify those upgraded standards. Similarly, we are trying to develop guidelines for various accreditations. Recently we came out with directions that only refineries which have BIS licences shall be allowed to import dore. Government will definitely work as an umbrella to encourage all these good practices. At the same time, I would request industry stakeholders to come forward and synergize these activities and provide the required leadership for self-regulation and come up with requirements of the industry. We would not like to thrust upon the industry. Let the requirement comes from the industry so the industry owns them and then follow.

You had a discussion with DRC and Ghana representatives here. What is the outcome?

Both these countries are important because Ghana is a huge supplier of gold and if their sourcing is 'responsible', if they streamline the system, then we can certainly increase the relationship. DRC also has huge resources of gold; they

have to put their house in order and once they do that these are countries which could assuredly supply gold to India. And if that comes, it will not only reenergize our refinery, but also open possibilities to jointly work together on various areas. India has experience of traditional craftsmanship, skill development; we also have very vibrant MSME sector, which has worked in various sectors. This kind of collaboration will benefit both the countries.

Again, regarding discussion on bilateral issues, these countries have issues which they want India to come and help them. I think it is a very good opportunity for us to work together and since India maintains very good diplomatic relationships with countries like Ghana and Congo, therefore we definitely leverage this and try to forge a relationship which will be mutually benefitted.

What message do you want to give to delegates who come here in IIGC?

I must congratulate first for organizing such an excellent

conference. As gold convention centres around gold, we find here every stakeholder like banks, refineries, bullion dealers, jewellers, intentional organizations like LBMA, DMCC, SBMA, WGC and many others. We have delegations from African countries. So when all are here, we can definitely say that since India is going through this transformation, we are standing up to become best in the world. We have established our leaderships in various sectors like space technology, and others. This is again one area where we can establish our leadership. Time will come when India will define everything related to gold because we are going to be the largest consumers of gold and we are going to be an industry where we have the largest capacity to do the handcrafting of jewellery from gold and therefore taking that into the account, if everybody comes together – if the bankers come together, various agencies working in the industry come together – I think synergy can definitely help us achieving a vision where we will be world leaders in this and we will be deciding the fate of gold and gold industry in the world.

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



Alex Stewart International Corporation



Alex Stewart International provides inspection, weighing, sampling and assay services for the global precious metal industry, including all major and reputable UK, USA, Asian, African and European precious metal refineries.

Your Global Network of Inspection & Analytical Laboratory Services

Alex Stewart (International) Corporation

2b Sefton Business Park, Aintree, Liverpool L30 1RD United Kingdom

T: +44 151 525 1499 F: +44 151 523 3760

All PM enquiries, please contact Mr. Andy Smith E: andy.smith@alexstewartinternational.com

www.alexstewartinternational.com

Jewellers have Adopted GST Seamlessly

Nitin Khandelwal, Chairman, GJF, talks about various initiatives that GJF has taken towards making the industry better compliant. He also discusses about coming programmes that the association is going to take for the betterment of industry in a one to one conversation with Bullion Bulletin.

Excerpts...



Tell us about your LABHAM programme. How is it beneficial for the industry?

In our LABHAM seminars, we talk about compliances for the jewellery industry. It covers all relevant issues like GST, hallmarking, filing of income tax and so on. We have published a book on this in both Hindi and English so that every jeweler should have first hand robust information on the compliance issue. Our members have taken this programme very seriously and we have seen they come to attend this seminar from average 250 kilometers radius range. We also take issues discussed in the seminars to government for further clarification.

What is Lucky Lakshmi?

GJF had done this twice in the past. Now, the popularity of GJF has increased tremendously over last seven years that we are expecting 5000 to 7000 jewellers to participate this time. We are looking to create a 'gold festival' under this programme which will showcase exclusive jewellery. The intention is to promote jewellery directly to the customers so that when customers need to buy jewellery on auspicious occasions like Dhanteras, Ganpati, Diwali extra, they will get lucrative deals to buy the jewellery. We would like to educate customers that they do not get returns investing on any electronic items or similar products. Jewellery is one such product which never loses its value and hence worth investing.

How have jewellers adopted the GST?

There was fear initially before GST rate was announced. However, GJF has educated its members through webinars, seminars, media awareness and most importantly through LABHAM programmes. For this reason, our members have attained knowledge which has

taken away the fears and they are accepting GST wholeheartedly. There are few confusions on the technical side, but, we are hopeful that it will be cleared in a month or two. Everybody is happy with GST rate and we are expecting far better response in coming days.

Will karigar be affected by GST?

Unless a karigar has crossed Rs. 20 lakh remuneration, he does not have to take GSTN registration. Value of the metal will not be calculated; the accumulated labour charge will be counted to decide if that karigar is liable to take GSTN registration. For a small karigar, or artisan, 20 lakh is a big amount. Even if a karigar come under GST net on crossing the Rs. 20 lakh threshold, he will get back the 'input credit'. Jewelers will also get the input credit. I personally suggest that everybody should regularize their business voluntarily for making the industry better compliant.

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

India Needs a Comprehensive Gold Policy

Sabyasachi Ray, Executive Director, GJEPC, discusses efforts that the council is taking to grow export as well as educating our skilled craftsmen on modern technology so that India could produce world class jewellery. Council is putting maximum emphasis on handmade gold jewellery as well as reviving forgotten jewellery arts of our country. Excerpts...



We are advocating that where there is jewellery cluster, there is opportunity to build jewellery park. At the same time, as a council, we are promoting common facility centre. In effect, we are trying to say that we have to reform the back-end. The classic example of this 'back end reform' is diamond industry in Surat – they have created very efficient and modern manufacturing setup. We would like to developing the same in jewellery sector.

present, but we are keeping our fingers crossed at the same time.

As an industry we should promote our export as it brings precious foreign currency. What kind of infrastructure are you looking at to make export better?

As a council, we always look at upgrading the infrastructure. As you know, in diamond, we already reached at saturated position and gold jewellery is the next one to promote. Studded jewellery started very well in SEEPZ, but of course SEZ is also facing a lot of challenges. We have understood that we have to change the way we function. One of the things that we are promoting is jewellery parks. We are advocating that where there is jewellery cluster, there is opportunity to build jewellery park. At the same time, as

a council, we are promoting common facility centre. In effect, we are trying to say that we have to reform the back-end. The classic example of this 'back end reform' is diamond industry in Surat – they have created very efficient and modern manufacturing setup. We would like to developing the same in jewellery sector. It can only happen if we could put those clusters into the park upgrading the technology, working condition etc. On the regulation side, we can also work out 'one window' scheme with the help of the government as these parks remain in closed territory.

Secondly, we are trying to promote jewellery throughout the world. I can share here one of the promotions that the council has successfully made into cracking

Compared to last year, this year we have been seeing sluggish export. What is the reason and how are we going to end this year?

The basic problem with export is that our main market, Middle East, has been facing lot of challenges. One of the main reasons for sluggish Middle East market is low oil price, which eventually leads to less disposable income. At the same time, other parts of the world also are not doing well. On domestic side, GST has affected the market direly. In July, we have seen 30% fall in gold jewellery export. These are looking grim at

generic promotion of diamond jewellery. It is happening in USA and next year it will happen in China and India. GJEPC has contributed USD 2 million to that generic promotion; rest of the fund, i.e. around, 55 million dollars, has come from diamond mining companies. This itself will provide lot of fillip to the studded jewellery export. Of course, next in line is plain gold jewellery. We have already started a new show in Dubai. We have started the show keeping in mind that lot of countries might not be able to do trading with India, but find it convenient to do in Dubai. The bigger issue is India must transform itself into a jewellery hub; however, for this to happen, lot of policy changes are required. We are trying to bring those policy changes. In nutshell, these are the areas where we are working to making a turn around of jewellery export of the country. Our next focus is specifically on hand-made jewellery.

Can we compete with global players with our handmade jewellery who are basically making machine made jewellery because cost might be the issue?

Historically, handmade iconic brands like Cartier, Boucheron etc, have sourced lot of their jewellery from India. It is not that in India we do not have skills to manufacture world class jewellery. However, what is missing here is the entire orientation. What we are talking about that whatever the handmade

jewellery is confined to some poor part of the country or which is not being used through efficient mechanism, we have to change it through designs and brand building. If you combine these three, you will be able to reach world class level of brands. If you look at costliest jewelry of the world, all are hand-made. You have to concentrate on the value addition and if you get the value addition then only you can generate or sustain that kind of infrastructure. One needs money to sustain that kind of quality, technology and working standard.

Your council is also establishing training centres to help local artisans. Tell us about this initiative.

We are currently doing in two areas – one in Varanasi to revive the 'pink meena'. If you see the tradition all over the world, there were two types of 'mennakari', viz, Indian and French. But over a period of time, French superseded India through better marketing. So 'pink meena' is about to get launched and we want to promote it abroad.

We are also coming out with a training school on jewellery in Udupi. We chose Udupi because temple jewellery is a recent phenomenon that is getting famous and Udupi is a temple town and lot of artisans are there who are trained in making temple jewellery. We would like to mix their skill with modern

technological skill and then look forward to promoting it.

Lot of discussions is happening in building infrastructure like spot exchange, Indian gold standard and so on. According to you, how will it help the domestic industry which eventually leads to grow our export?

India needs a comprehensive gold policy which could have been started 20 years back. Nevertheless, the initiative has started to make a comprehensive gold policy. Instead of talking in parts and pieces, it is better we concentrate on formulating comprehensive structure so as to transform the industry from unorganized to organized. At present, lot of players is controlling lot of silos; for the betterment of the industry, everything should be integrated into one. It will certainly help export, because, sometimes our exporters do not get gold properly as a result of so many regulations. One body must regulate and distribution system should follow. Secondly, we need to work on 'reputation' front. We import gold and we should source everything 'responsibly'. Jewelers make jewellery out of bullion supplied to them and if the standard is not maintained properly, our jewelers will suffer which would directly impact the end consumers.

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

GST is Welcome Move by Government

R Satish, CEO, Manoj Vaibhav Gems N Jewellery Pvt. Ltd., feels GST will make entire gems and jewellery industry better compliant. He also feels that organized sector will benefit maximum as they are better equipped. Excerpts...



What is your observation on Goods and Services Tax for the jewellery industry?

GST has been long awaited and it is a welcome move by the government. It is very easy, transparent and in the long run, everybody will be benefitted. From the customers' side, it is only 0.8% increase in tax from the earlier VAT rate. Customers do not find it much of a difference; they are happy and are willing to pay the tax. Appetite for gold in India will never come down, and anything comes in its way is temporary. So in short, it is a smooth transition for both jewellers and customers.

Do you think new generation customers are same way attracted to gold or jewellery itself the way

Jewellers in the organized sector definitely are going to take a lead. It is because they are better equipped and they know exactly how to deal with; unorganized sector on the other hand is rather unprepared to take advantage of this biggest transition in indirect tax system.

the tradition of our society is built over years where gold is considered as store of value along with other purposes like adornment or sacred metal etc?

Of course the mindset of the 'millennia' customers is changing nowadays. New generation wants more of fashionable products. As long as we continue to serve their requirements, they will not turn away from gold. The new generation loves best of clothes and jewellery must complement it same way! What is needed that our manufacturers and retailers should continuously think how they could develop new designs and satisfy them; it is about reinvention of our thinking process and improving upon it.

Who will be benefitting most from GST as there are different categories of jewellers in the country?

Jewelers in the organized sector definitely are going to take a lead. It is because they are better equipped and they know exactly how to deal

with; unorganized sector on the other hand is rather unprepared to take advantage of this biggest transition in indirect tax system. So, I feel, organized sector will acquire bigger slice of the market unless unorganized sector quickly adopts highest compliance norms.

Will you happy to give any suggestion to industry?

What we discussed in the panel that there is need for uniform gold rate across the country. It will make our task easy and customers will have clear idea about the price of gold they are going to pay when they are purchasing. It is obvious that millennia customers will dominate the market in days to come and they will ask all possible questions before purchasing. The making charge can be different based on the design or item etc., but uniform gold rate across the country will be a good policy to implement.

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

There is Need to Insert 'Traceability' Mark in Hallmarking

Harshad Ajmera, President, Indian Association of Hallmarking Centre, feels inserting 'traceability' mark in hallmarking will benefit customers to be ensured with purity of jewellery of highest standard. He also feels that BIS must take one sample in a year from each registered jeweller to ensure quality standard. Excerpts...



Indian Association of Hallmarking Centre has proposed to insert the traceability clause to BIS. The association has also developed a software with IBM and presented to BIS. The proposal is under review. If it is passed, then every piece of jewellery that the customer is buying will bear a guarantee card which will specify the purity, weight, photograph of jewellery, name of the jeweller and the centre that has done the hallmarking.

What is your view on anticipated mandatory hallmarking? Should 'traceability' be inserted under new rule?

Government has not made hallmarking mandatory, yet there is possibility that BIS may decide to make it mandatory at some point in time as BIS Act has been passed in the parliament.

Before I answer the 'traceability' factor in Indian hallmarking system, I would like to take example of London, where hallmarking system

exists for over 700 years and four centres are operational. Like in India, four stamps are used in London on hallmarking. However, they use fifth stamp which shows the 'traceability'. This stamp shows which jeweller has given the material for testing and which hallmarking centre has done the test. This concept of traceability has not come to India yet. Only 20,000 jewellers have taken the licence yet in India. Hallmarking is done in 500 odd centres. It is not possible to find out the name of the jeweller and hallmarking centre seeing the marking in jewellery. Indian Association of Hallmarking Centre has proposed to insert the 'traceability' clause to BIS. The association has also developed a software with IBM and presented to BIS. The proposal is under review.

If it is passed, then every piece of jewellery that the customer is buying will bear a guarantee card which will specify the purity, weight, photograph of jewellery, name of the jeweller and the centre that has done the hallmarking. Not only that, it will also consist of PNR number which is unique. Customer can insert the PNR number in common website of BIS or the association to check the description of the piece of jewellery for authentication purpose.

As per one survey, 65% of population in the country is below 35 years and they are not keen to buy jewellery from the same store where their parents used to buy; young generation wants proof of authentication. So, if the concept of 'traceability' is passed by



**Batik Series - The Intangible Heritage
of Indonesia now stamped on
Logam Mulia's Minted Bars**

THE LEADING PRECIOUS METALS REFINERY

For more information,
please contact us at : www.logammulia.com



LOGAM MULIA
Purity is reliable

government, then customers will get 100% pure jewellery.

What are the measures taken by BIS on quality check?

BIS is in charge of maintaining the quality check in the country. Every BIS recognized hallmarking centres has to do periodic audits compulsorily. Apart from that, BIS also does surprise audits. Last year BIS had undertaken 126 audits and out of that 76 centre were de-recognized. Whenever BIS finds any error in a hallmarking centre, it takes action immediately so that other centres will not commit the same mistakes.

Another point needs to be highlighted here. BIS takes sample from the market to verify if the hallmarking is done appropriately. Unless, this cross-verification takes place, it is not possible to determine on the part of BIS if the hallmarking centre is adhering the rules. BIS takes the sample to its laboratory and tests. If it finds error, hallmarking centre is notified and if BIS finds error in sample of the same centre three times, it de-recognises the centre. Last year BIS had taken 3056 samples throughout India. it is a very robust process, still we request BIS at least take one sample from each of the licensed jeweller every year so that it could be determined if the jeweller's sold by that jeweller is pure and hallmarking centre has done the correct job. At present, sample is taken once in every five years from a jeweller.

BIS had made BIS-licence mandatory to refiners to eligible for importing dore. How will it affect the refiners?

Refiners have to take the licence of BIS to import dore and after refining the same, BIS hallmark logo has to be inserted into the bars and coins. It will authenticate the purity, which customers are being deprived of on products being produced in India. Public has already showed confidence on BIS hallmark jewellery and now, when the same will be available now in gold bars, it will further cement the public's confidence on BIS. Indian refiners are fully capable of supplying required quantity of gold to the market, but what is needed the quality control to match the standard of 'good delivery gold bars' produced in various refineries accredited by LBMA. It is good step taken by government.

To get licence from BIS, every refiner has to get NABL accreditation for its laboratory. Often it takes time to get the clearance from NABL. What is your view on this?

NABL laboratory accreditation is at par with global standard and if a refiner gets NABL clearance of its laboratory, it means that the refiners is fully capable of testing any sample and produce the highest quality report. My own centre has NABL accreditation laboratory for last ten years. It may take some time for getting the accreditation, but it will ensure end customers or jewelers are getting highest quality goods.

Do you think BIS needs to become little more vigilant on hallmarking centres' activity?

BIS is very proactive on any complaint that it receives. BIS takes help of local police to crack down on fake hallmarking centres, and at the same time, there is information that de-recognised hallmarking centres are continuing their activities. I would like to request jewelers please do not deal with any such centres and periodically verify if the centre's registration is renewed. Do not get your work done in any such de-recognised hallmarking centres or whose registration is not renewed. Of any jeweler does its work done in any such centres, and BIS gets the information, BIS has the authority to cease its jewellery.

How did you enjoy the conference?

This is premiere conference and I would like to thank the organizer on behalf of our hallmarking association and of course my personal good wishes. In this conference, stakeholders across the value chain assemble – bullion dealers, refiners, foreign suppliers, hallmarking centres, jewelers and so on and we are able to interact with each other on various issues.

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

The Team for Precious Metals Analysis

Elemental Analysis Solutions for Precious Metals

X-ray fluorescence (XRF)

Optical Emission (OES)



Portable XRF



**Small-spot XRF
with automation**



**ICP - OES
spectrometer**



**Arc/Spark OES
spectrometer**

Contact Us:

Nucleus Analytics Private Limited

No. 30C, 3rd Floor, 6th Main, J.C. Industrial Layout, Kanakapura Main Road,
Yelachenahalli, Bengaluru - 560 062, INDIA

Tel.: +91 80 2686 1120, 49540648, Fax: +91 80 26761121, Email: nucleus@ntindia.co.in

Money Laundering for Gem & Jewellery

CA Surendra Mehta, National Secretary, IBJA



PMLA refers to Prevention of money laundering act, 2002.

The prevention of money laundering act, 2002 came into force with effect from 1st July, 2005. The act was amended by the prevention of money laundering (amendment) act 2009 w.e.f. 01.06.2009. The act was further amended by the prevention of money laundering (amendment) act, 2012 w.e.f. 15.02.2013.

As stated in the preamble of the act, it is an act to prevent money-laundering and to provide for confiscation of property derived from, or involved in, money-laundering and to punish those who commit the offence of money laundering.

The goal of a large number of criminal activities is to generate profit for an individual or a group. Money

laundering is the processing of these criminal proceeds to disguise their illegal origin.

Illegal arms sales, smuggling and other organized crime, including drug trafficking and prostitution rings, can generate huge amount of money. Embezzlement, insider trading, bribery and computer fraud schemes can also produce large profits and create the incentives to “legitimate” the ill-gotten gains through money laundering. The money so generated is tainted and is in the nature of ‘dirty money’. **Money laundering is the process of conversion of such proceeds of crime, the ‘dirty money’ to make it appear as ‘legitimate’ money.**

In the PMLA, 2002, money laundering has been defined as “any process or activity connected with proceeds of crime including its concealment, possession, acquisition or use and projecting or claiming it as untainted property”.

The process of money laundering generally involves the following three stages:

Placement: The money launderer, who is holding the money generated from criminal activities, introduces the illegal funds into the financial system. This might be done by breaking up large amount of cash into less conspicuous smaller sums which are deposited directly into a bank

account or by purchasing a series of instruments such as cheques, bank drafts etc. Which are then collected and deposited into one or more accounts at another location.

Layering: The second stage of money laundering is layering. In this stage, the money launderer typically engages in a series of continuous conversions or movements of funds, within the financial or banking system by way of numerous accounts, so as to hide their true origin and to distance them from their criminal source. The money launderer may use various channels for movement of funds, like a series of bank accounts, sometimes spread across the globe, especially in those jurisdictions which do not co-operate in anti-money laundering investigation.

Integration: Having successfully processed his criminal profits through the first two stages of money laundering, the launderer then moves to this third stage in which the funds reach the legitimate economy, after getting inseparably mixed with the legitimate money earned through legal source of income. The money launderer might then choose to invest the funds into real estate, business ventures & luxury assets, etc. so that he can enjoy the laundered money, without any fear of law enforcement agencies.

The above three steps may not always follow each other. At times,

illegal money may be mixed with legitimate money, even prior to placement in the financial system. In certain cash rich businesses, like casino (Gambling) and real estate, the proceeds of crime may be invested without entering the mainstream financial system at all.

Following actions can be taken against the person involved in money laundering:-

Attachment of property under section 5, seizure/ freezing of property and records under section 17 or section 18. Property also includes property of any kind used in the commission of an offence under PMLA, 2002 or any of the scheduled offences.

Person found guilty of an offence of money laundering are punishable with imprisonment for a term which shall not be less than three years but may be extended up to seven years and shall also be liable to fine [section 4].

When the scheduled offence committed is under the Narcotics and Psychotropic substances Act, 1985 the punishment shall be imprisonment for a term which shall not be less than three years but which may extend up to ten years and shall also be liable to fine.

The prosecution or conviction of any legal juridical person is not contingent on the prosecution or conviction of any individual.

What does it stand for precious metals industry?

Government of India on 23rd August, 2017 has notified that dealer in precious metal, precious stones and other high value goods

having turnover of Rs. 2 crore in a financial year as a person carrying on designated business or profession. In any year for the purpose of this notification the turnover of previous financial year shall be taken into account.

This notification makes all bullion dealer and jewellers as "Reporting Entities". Following are the responsibilities of "Reporting Entities".

- I. Every reporting entity has to maintain a record of all transaction covered as per the nature and value of which may be prescribed, in such manner as to enable it to reconstruct individual transaction.
- II. They shall furnish to the Director (Finance Intelligence Unit) within such time as may be prescribed information relating to such transactions, whether attempted or executed, the nature and value of which may be prescribed.
- III. They shall verify the identity of its client in such a manner and subject to such conditions as may be prescribed;
- IV. They shall identify the beneficial owner, if any, of such of its clients, as may be prescribed;
- V. They shall maintain record of documents evidencing identity of its clients and beneficial owners as well as account files and business correspondence relating to its client for a period of five years in case of record and information relating to transactions; and
- VI. They shall maintain the same for a period of five years after the business relationship between a client and the reporting entity has ended or the account has been closed, whichever is late.

This means that now all bullion dealers and jewellers must keep KYC of all transactions of Rs. 50,000/- or more. All bullion dealers and jewellers must ensure that record of all transaction covered as above are prepared and reported as required. The gems and jewellery industry's negative & opportunistic image continues to hamper this trade through various measures taken by government and PMLA is one amongst them. While I feel that turnover limit of Rs. 2 crore is too low for this sector, I personally don't think there is any chance of review or back tracking the same by government.

It is always stated that bullion dealers enter in money laundering transaction. I wish to clarify that money laundering starts with dirty money. The consumer with dirty money buys jewellery through jewellers by splitting into small cash memo's. This cash is deposited by jewellers into the bank and then bullion is purchased through cheque/ RTGS/ NEFT/ Draft.

So let me clarify that the source of money laundering is always first dealer who helps dirty money to launder. Some industry leaders may not like my argument, but whenever a crime is committed, the source of fund and movement of funds are checked.

It's time once again for bullion dealers and jewellers to fasten your seat belts as system may throw out some of them who don't follow pilot's directions.

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

More Corporate must Enter into Scrap Business

Keyur Shah, CEO, Precious Metals Business, Muthoot Pappachan Group, opines that gold scrap market is a huge opportunity for formal players to get in as it is dominated mostly by unorganized players and there is no credible data how this gold is getting recycled into the system. Formalization of this sector could reduce India's dependency on import substantially. He has also expressed his view why GMS did not take off and what could be the possible solution. Excerpts...



Scrap market in India, as per GFMS and World Gold Council estimate, is roughly of 150 to 200 tons per annum. This just disappears and never comes into the formal form. This is a huge opportunity and hopefully, with GST now in place, most of the industry will get organized. I am quite confident that with government schemes and players like us, industry will get organized and around 20 to 30 percent of industry demand can be met through scrap form.

You have started a new business in which you are dealing with lot of scrap. Tell us your experience till today and your future expansion plan.

Muthoot Pappachan Group is mainly into gold loan business. What I started four years back creating jewellery business consists of manufacturing bullion bars, coins etc and retailing through 35 branches. Since last two years, this whole issue of current account deficit and too much dependency on import of gold, the only way forward is recycle. That is why we have launched this Muthoot Gold Point, creating end touch points for consumers where they have a very good platform to sell the gold. (Till now I have ten

branches, and I have started one pilot mobile van in Mumbai. What it does is when customers come, we do the free testing and tell the value of the jewellery. It is done through XRF machine). I think this is best way for Indian gold industry to decrease dependency on import and government is also pushing the same. In my view, many more organized players should get into it because entire scrap market is unorganized. Scrap market in India, as per GFMS and World Gold Council estimate, is roughly of 150 to 200 tons per annum. This just disappears and never comes into the formal form. This is a huge opportunity and hopefully, with GST now in place, most of the industry will get

organized. I am quite confident that with government schemes and players like us, industry will get organized and around 20 to 30 percent of industry demand can be met through scrap form.

Lot of complaints came from refiners when GMS was introduced by government that scraps contain PGMs which is difficult to remove through normal assaying process. Do you not find any difficulty when collecting the scrap?

It is a concern certainly; PGM content can not be detected before the refining stage. However, at this stage, my view is that most consumers are not aware of and when I am collecting and later selling it, I am like B2B. Onus is finally to the refinery. I feel that needs to be worked out; standardization of any formula should be ascertained. For example, when I am collecting gold from the end consumer, upfront we have to tell them 2% is the fee to detect the purity. Customers are actually happy because when they are dealing with unorganized sector, they don't know what percentage the scrap collector is deducting. My conversion rate in our branches is 97%. Once they come in, they find our system better because they realize that system is fully transparent. Same way, when I am selling that scrap to refinery, they will probably would take it at say 1% less, because they will try to take care of PGM content. It is a process

of evolution and it will go on.

In case of gold monetization scheme, in my view why it is not taken off, it is because end touch points are not consumer friendly. Hallmarking centres are so far B2B and customers never knew them only. I think government may consider players like us or some good jewelers who are well organized, maintaining good business practices, because gold loan companies have been face for customers for generations. It is about trust factor which is required. In my view, government should widen the touchpoints because intermediaries are many. This will kick-start the success of GMS.

With introduction of GST can we anticipate becoming more organised?

I hope so. For us, we have been following rules and regulations strictly; however, the challenges that we have faced that there are still people offering cash. I can not do the same and we let go that business. Customers come to us to sell their jewellery or other items and ask for cash. We can not do that; we can give only Rs. 10,000 cash and balance will be transferred to your account instantly. I am hoping with GST in place, players who are doing business through cash have to stop this eventually, and only then it will be a level playing field for us. We as a group recognize the potential of this business because this is the

way government has laid out for the gold industry. So following that line, we are the first player who has the advantage of being corporate.

Is GST applicable while collecting scrap?

It is applicable because customers whom we are buying from are unregistered players. But, government has clarified for scrap buying we need not to pay. However, as a corporate, we will do because how could I identify the customer if he is registered or unregistered. I will get the input credit in any case; the cash flow is the only thing that matters.

You have also tied up with World Platinum Investment Council. What is your plan?

WPIC's main objective is to sell platinum as savings or investment product. Platinum jewellery is already available, but they are looking for mass channel like ours who has direct contact with end consumers to see if platinum can also become a savings product. We launched Ganpati idle in three denominations, viz. 3gms, 6gms and 9gms as a pilot and now we are hopefully introducing platinum coins also. We are hopeful that probably in next few months we will get to know how Indians are accepting this product.

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

Recommendations and outcome of IIGC - 2017

IIGC 2017 Highlights:

The 14th edition of India International Gold Convention 2017 was organised from 11 -- 13 August, 2017 in Goa by Foretell Business Solutions in association with India Bullion and Jewellers Association (IBJA). The key outcome and recommendations of the convention are given below.

Outcome

Ministry of Finance along with Ministry of Commerce, Reserve Bank of India, Ministry of Consumer Affairs and other stakeholders are coming out with a comprehensive gold policy.

It is proposed that while forming policies, the industry consultation be done on a regular basis. All the associations and federations (IBJA, GJF, GJEPC, AGRM, IAHC along with other stakeholders such as World Gold Council, FICCI, Assocham and Exchanges) have agreed to work together to present their suggestions periodically. Mr. Manoj Dwivedi, IAS, joint secretary, Ministry of Commerce and Industry, Government of India welcomed the suggestion and kindly agreed to schedule a stakeholder meeting twice a month.

Key recommendations that emerged from the conference.

1. Import of gold articles from FTA countries under concessional customs duty:
Since July 1, 2017 about 21 tons of gold coins and articles valued at approx US\$800 million have come in at NIL BCD under India – South Korea Comprehensive Economic

Agreement, with the following impact:

- Govt. has already lost revenue of approx. US\$80 million due to under-collection of BCD and is now incurring a revenue loss of approx. US\$ 4 million per day. The importers have benefitted by a similar sum.
- Banks and Nominated Agencies have stopped importing gold bullion.
- Domestic refining industry has become inoperative since the import is sold in the domestic market at highly discounted prices of more than the 0.65% refining margin.
- Refiners that have the ability to divert contracted mine Dore supply have commenced doing so. Smaller refineries that buy Dore on spot basis have stopped buying Dore.
- Economic activity in India in this sector has come to a standstill.
- Refineries are saddled with refined output that they are unable to sell; a default in payment obligation for mine Dore received is merely a matter of time.
- The country is experiencing grave reputational risk, which will discourage its ability to attract foreign investment in the value-add manufacturing sector.
- Employment generation is under grave threat.
- Govt. needs to move swiftly to address this matter and going forward, assure that the items do not feature in the list of permissible items under any FTA.

2. Refund of GST on gold exports

Gold and gold articles are placed at 3% GST. Considering the high value nature of the product and narrow margins, it is proposed that government may consider refund of 90% of the duty paid on the imported gold within 7 days of export of gold article or 80% of the duty paid against the shipping bill at the time of exports. This would greatly relieve the industry from locking capital and increase competitiveness in the export market. Where record of duty paid is not specifically available, the duty refund be computed basis the BCD prevailing on the date of export.

3. Options in Gold:

Government may permit nominated banks and financial institutions having exposure to gold bullion to participate and hedge their risks in Indian commodity derivatives markets. Other banks and financial institutions with no exposure to gold and silver may also be permitted to participate in the Indian commodity derivatives market as service providers.

4. Spot exchange in gold:

Banks' participation in spot exchange is must to lend credibility, provide liquidity, ensure compliance with KYC norms and also to reach out to customers in remote locations. Hence, Government may permit banks and financial institutions to be an integral part of the spot exchange eco-system.

5. India Good Delivery:

The industry has come out with a draft guideline on India good delivery standards in consultation with various stakeholders. The guidelines are modelled along the LBMA guidelines on technical and responsible sourcing guidance parameters. However, on other parameters, the guidelines have been modified to suit the local needs and market conditions. The draft is placed in IBJA website (www.ibja.in) for stakeholder consultation and has also been presented to various ministries for their views. The second draft incorporating the suggestions would be released by end of September 2017. The industry appeals to the government to encourage and support the initiative by recognising the final set of guidelines and also by advising regulatory bodies (such as Reserve Bank of India and Securities Exchange Board of India) to accept 'India good delivery' bars amongst their constituents such as banks and commodity exchanges.

6. Gold mining India:

Based on exploration and prospecting, it is estimated that from 20+ mines, an annual dore of about 100 tons could be mined from India. It is appealed to the government to come out with specific guidelines on gold mining in India.

Other developments:

Mrs. Barbara Oteng-Gyasi, Deputy Minister of Land and Natural Resources, Ghana

"Ghana, the second largest dore

producer in Africa, is an important supplier of dore to India with an annual volume of about 40 tons. To facilitate and streamline the trade further, Ghana has brought out specific traceability guidance for artisanal miners in June 2017. The government is also taking initiatives on upgrading quality assurance and assaying processes. I appeal to the Indian importers to deal only with government-recognised exporters of Ghana for sustainable business. Ghana is also looking at investments into its large scale mining sector. With favourable investment policies, stable government and strong cultural links between Ghana and India, I also appeal to India bullion stakeholders to take advantage of the opportunity. Finally, we invite research institutions and organisations which can work with us to reclaim degraded artisanal mine fields".

Message from DRC delegation comprising Ms. Yamba, Director, CEEC and Mr. Bulindi Apollinaire, minister of mines, south kivu, DRC

1. Gold dore coming out of Congo and the Great lakes region must be accompanied by the ICGLR certificate issued by CEEC. This certificate ensures that all responsible sourcing norms are complied with.
2. Congo is open to foreign investments into its gold mining sector. Gold exported against such investments in mines would be free from taxes up to the amount invested. Post that a central levy of 3% of the value of export would be levied. A provincial levy would also become applicable.

Technical Advisory Committee:

Mr. Mohit Kamboj

Immediate past president, IBJA

Mr. Rajesh Khosla, MD

MMTC Pamp India Private Limited

Mr. Pradeep Garg, MD

Kundan Group

Mr. Satish Bansal, MD

M D Overseas Limited

Mr. S K Jindal, Chairman

Jindal Group

Mr. Mayank Khemka, MD

Khemka Industries

Mr. Prithviraj Kothari

RSBL

Mr. P R Somasundaram, MD

World Gold Council

Mr. Bhargava N Vaidya

B N Vaidya & Associates

Mr. Shekhar Bhandari

Sr. VP, Kotak Bank

Mr. Amar Singh, ED

J P Morgan

Mr. Johnson Lewis, MD

Scotiabank India

Mr. Surendra Mehta

Secretary, IBJA

Mr. G Srivatsava

President, Foretell

(Convener)

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





India's Total Demand may Remain around 800 Tons this Year

Chirag Sheth, Research Consultant – South Asia, Metals Focus, expects gold price will remain strong for the rest of the year on account of geo-political tension between USA and North Korea and other macro-economic factors. He also feels that GST will put a stop in seepages in our trading system and the transition has been smooth so far. Full year demand will remain around 750 to 800 tons. Excerpts...



After implementation of GST, we have seen slowdown in market in first few weeks, but I feel the transition phase is over and we will see gradual increase in demand in coming days. Rising of gold price will also play a positive role in recovering the demand in the market.

What is your observation on implementation of GST? How will it affect the demand?

Few points need to understand about GST for the industry. First, 3% rate that has been decided by government for gold is highly positive for the industry. Earlier traceability was one of the issues. It is often said that lot of unaccounted money does come to gold industry; lot of cash transactions also takes

place. After implementation of GST, this will be stopped, because GST is supply based tax. Because of this nature, when gold changes hand, under GST, traceability is easy. Until now, transition is overall smooth – no hiccup has been felt till date except few issues on the implementation level. But this is very common while changing the entire taxation system and in my view, it will take at least six to nine months to resolve all the issues.

Regarding your second point about the demand in the market, in our view, what we have seen this year the usual demand of July in an average year comes to June this year. In our report submitted to World Gold Council, we have seen

41% y-o-y jump in demand in Q2. So, demand of Q2 is very good, but a bigger part of July demand, as I already told, added in June.

After implementation of GST, we have seen slowdown in market in first few weeks, but I feel the transition phase is over and we will see gradual increase in demand in coming days. Rising of gold price will also play a positive role in recovering the demand in the market.

India imported more gold this year than last at the same time. How do you look at this figure?

This is absolutely correct as for the first six months of the year India already imported around 550 tons as per the customs data, whereas



Developing, Driving and Connecting ASEAN'S Bullion Market

The SBMA is the principal market development agency for the precious metals trade in Singapore.

Our mission is to develop Singapore as ASEAN's precious metals trading hub.

As the first touch point between governmental/regulatory bodies and market participants, we maintain good links and relationships with fellow associations in ASEAN countries and beyond, further connecting our market participants through networking events and outgoing business missions to these countries.

We are also a source of industry knowledge and information, and can share best practices and industry know-how.

For direct enquiries, please email

Albert Cheng, CEO
albert.cheng@sbma.org.sg

Hidetaka Hawk Namiki, Executive Director
hawk.namiki@sbma.org.sg

For more information, please visit our website at www.sbma.org.sg

Singapore Bullion Market Association

9 Raffles Place, Level 17, Republic Plaza II, Singapore 048619, Telephone: +65 6823 1341

Digital investment is most simplified and easiest means of investing and so, I believe, our entrepreneurs should look at how they could offer gold through digital means to customers. Customers have lot of advantages like they could buy through mobile phone; they do not have to worry about storing the gold etc. Younger generation is basically going towards this and it is very small in number at present, but I am sure, demand for digital investment will increase over a period of time.

the same time last year, the country imported around 280 tons. In my view it happened because of (1) the condition of the market has been improved tremendously this year. Last year during the same time, strike was on and jewellery shops were closed in protest against imposition of the excise duty on jewellery. Secondly, because of GST, lot of advance buying has been taken place by the dealers. Out of 550 tons of gold, in our view, demand might remain around 350 to 400 tons. Rest of the stock is lying with dealers which are getting floated in the market at present. In our estimate, we may see by the end of this year, India may end up with import of 750 to 800 tons of gold.

How are you looking at concept of digital gold in Indian market?

As our Prime Minister says, country is changing. It is true that country is changing fast. Nobody has ever expected some years back that online investment is possible, or if we look at mutual fund, nowadays crores of rupees are getting invested through Systematic Investment

Plan (SIP) in secondary market. It is happening because peoples' acceptance of digital investment. Digital investment is most simplified and easiest means of investing and so, I believe, our entrepreneurs should look at how they could offer gold through digital means to customers. Customers have lot of advantages like they could buy through mobile phone; they do not have to worry about storing the gold etc. Younger generation is basically going towards this and it is very small in number at present, but I am sure, demand for digital investment will increase over a period of time.

What is your outlook on price?

We are very bullish at present. We believe that in next two to three months time, we may see gold price is touching \$1320/oz. In slightly longer term, say six to eight months, we are expecting price to touch \$1400/oz and above. If we look at geopolitical tension going on between United States and North Korea, it has given a new direction to gold price already. So, the earlier macro-economic sentiment has been

shifted to geo-political sentiment and if the problem escalates further, we would definitely see professional investors will turn to gold. In our view, professional investors are little away from gold at present. So, in nutshell, according to our view, gold has already touched its bottom – we are not anticipating much of downside from the current level and expecting around 100 to 125 dollar rally in coming months.

Gold entering India through FTA route is disrupting the normal trade. What is your view on this?

FTA by design is meant for better trade-flow between two states. In our case, gold is entering into market without paying any import duty, which is disrupting the market as those are importing gold through normal route, are paying 10% BCD. To stop this disruption, we have given a suggestion to trade bodies. For example, there is very low tax base in gold in Sri Lanka. But when gold is entering the country, the authority levies clearance tax. In the same manner, even if gold is entering the market through FTA route in India at zero duty, government may levy high clearance tax to get it cleared from customs.

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

Subdued Demand Threatens to Pull Gold Prices Down

G. Chandrashekhar, Commodities Market Specialist, and Consulting Editor, Bullion Bulletin



As for the US Federal Reserve, it is likely that September will see one more rate hike and the beginning of the process of what is called balance sheet normalization. Of course, Fed decision will be data driven and the nature of recent data suggests support for a move towards rate hike.

After briefly breaching the psychological \$ 1300 an ounce barrier recently, gold has continued to struggle; and indeed, it is facing strong headwinds in the form of sluggish global demand conditions and thereby downward price pressure. However, incurable gold bulls will recognize none of this and continue to argue for price move upwards.

At this point in time, many of the supportive factors have already been priced in, especially the geopolitical tension involving North Korea and the US. History shows

that more often than not, such tensions fade as fast as they appear, quickly robbing the yellow metals of its safe-haven sheen.

As for the US Federal Reserve, it is likely that September will see one more rate hike and the beginning of the process of what is called balance sheet normalization. Of course, Fed decision will be data driven and the nature of recent data suggests support for a move towards rate hike. If it doesn't happen next month, the chance of it happening in December increases markedly.

This can potentially lend strength to the dollar and pressure gold down. Also, the equity markets have been doing well, encouraging less-committed punters to exit the

yellow metal and move towards equities. Of course, one cannot ignore the emerging and growing disillusionment over President's Trump's policies and the potential impact on the economy and markets if he is unable to keep his promises.

That should bring us to the demand side. The portends are ominous as the latest data from China and India are revealing. Global demand in the first half of 2017 slowed 14 percent as compared with same period last year. What's more, the preliminary third quarter numbers are not healthy either. Import and jewellery demand data suggest demand is subdued and softer than expected.

According to reports, China's imports via Hong Kong and Switzerland

While rural incomes are under pressure, urban retail investors see a greater opportunity for investment in the stock markets that are booming. Gold therefore is not a favourite investment any more in India, at least for the time being. It is not the supply, but enervated demand conditions that will impact gold prices.

slumped by a staggering 20 percent year-on-year in July which point to subdued demand for the yellow metal; and it is exacerbated by sluggish jewellery sales so far this year.

Indian market is no exception. While there has been definite recovery from the lows of 2016, this year demand has remained rather subdued by historical standards. The reasons are not far to seek. Rural incomes have not risen as expected despite normal rains in 2016.

Farmers' price expectations have been belied resulting in widespread protests.

2017 may be no different. The crop conditions – Kharif or autumn crops harvested in September/October - are impacted by moisture stress in different parts of the country. Add to this the government's crackdown on unaccounted cash that usually goes into gold purchase and tracking methods employed by policymakers. This discourages purchases.

Currently, local prices hovering around Rs 29,500 per 10 grams are really seen as not consumer-friendly. Under Indian conditions, Rs 30,000 per 10 grams is seen a real 'biting point' where demand begins to melt rapidly. Prices have to move down to more affordable levels for

households to purchase the yellow metal.

While rural incomes are under pressure, urban retail investors see a greater opportunity for investment in the stock markets that are booming. Gold therefore is not a favourite investment any more in India, at least for the time being. It is not the supply, but enervated demand conditions that will impact gold prices. The only saving grace would be the upcoming festival season followed by wedding season.

Gold prices have risen by over a tenth since the beginning of the year and by about 3 percent in the past month due to geopolitical tensions. In other words, the upside price potential for the yellow metal is extremely limited; while downside risks abound. It should come as no surprise if prices begin to rapidly decline in the weeks ahead and by the end of the year a move below \$ 1200 an ounce looks a real possibility on current reckoning.

(G. Chandrashekhar can be reached at +91 9821147594 and gchandrashekhar@gmail.com)
Views are personal.

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

italtec
GHANA LTD



10 Anum Yemoh Loop East Legon Accra
Direction: Follow sign post, opposite the Mensvic
Grand Hotel, off Lagos Ave
office: + 233 302544094 | cell: +233 244 418922
SKPE: Anas641

Hotline:
+ 233 200946425
info@italtecgold.com/italtecgh@yahoo.com
www.italtecgold.com

TRADE NOTICE- No. 1. | 2017

F. No. NSEZ/Cus/16/PN/03/17

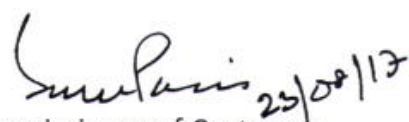
DATED- AUG. 23, 2017

The issue of import of gold on loan basis, by SEZ units, has been examined by Department of Commerce, Ministry of Commerce & Industry. Department of Commerce has clarified as follows:-

“ Rule 27(6) states that “ A gem and jewellery unit may also source on outright purchase basis or loan basis, gold or silver or platinum through the Nominated Agencies and where such sourcing is on loan basis, the same shall be subjected to the conditions applicable to such transaction under the provisions of the Foreign Trade Policy in force.....” It was mentioned that certain units were directly importing gold on loan basis and not through Nominated Agency.” Hence it has been decided by the Deptt. of Commerce that since the Rules are clear, all DCs must take steps to stop this practice of import of gold on loan basis.

In view of the above, all units of the Gems & Jewellery Sector involved in such practice are hereby informed that w.e.f. 24.08.2016, Gold/Silver/Platinum can not be imported on loan basis. Unit can procure on loan basis through the nominated agency only in accordance with Rule 27(6) of the SEZ Rules, 2006.

This issues in accordance with the decision taken by Department of Commerce and with the approval of the Development Commissioner, NSEZ, Noida.


Dy. Commissioner of Customs
NSEZ, Noida

Copy for information to:-

1. The Development Commissioner, NSEZ, Noida
2. The Joint Development Commissioner, NSEZ, Noida
3. Notice Board.
- A. J.C. Gupta (S.O), Jaipur SEZ

Government of India
Ministry of Commerce and Industry
Department of Commerce
Directorate General of Foreign Trade

24th August, 2017

TRADE NOTICE NO. 14/(2015-2020)

To

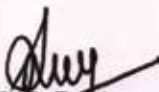
1. All RA's of DGFT
2. Members of Trade
3. G&JEPC

Subject: Consideration of applications for grant of authorization for import of gold-dore - reg.

Reference is invited to Trade Notice No.04 dated 21.04.2017 on the above subject laying down the condition that w.e.f 01.06.2017 only those applications for grant of gold-dore shall be considered where applicant refinery holds a valid license from BIS. In light of representations seeking extension of the time limit as stipulated in the aforementioned Trade notice, the matter has been reconsidered.

2. It is brought to notice of the trade that the time period for obtaining BIS registration is hereby extended by one year and accordingly, refineries holding authorizations from DGFT for importing gold-dore may obtain BIS registration/license latest by 31.5.2018. With effect from 01.06.2018, only those applications will be considered for grant of authorization for import of gold-dore where applicant refinery holds a valid license from BIS.

3. Applicant refineries seeking authorization for the first time, may submit valid document of their accreditation with NABL to DGFT for consideration of grant of authorization for importing gold-dore. Such applicants may obtain BIS license within a period of one year, from the date of authorization granted by DGFT.


(S. P. Roy)

Joint Director General of Foreign Trade
E-mail: shyama.roy@nic.in

[Issued from File No. 1/53/162/Misc./AM-17/PMO/M-4/IC]

भारत का राजपत्र
The Gazette of India

असाधारण

EXTRAORDINARY

भाग II—खण्ड 3—उप-खण्ड (i)

PART II—Section 3—Sub-section (i)

प्राधिकार से प्रकाशित

PUBLISHED BY AUTHORITY

सं. 720]

नई दिल्ली, बुधवार, अगस्त 23, 2017/भाद्र 1, 1939

No. 720]

NEW DELHI, WEDNESDAY, AUGUST 23, 2017/BHADRA 1, 1939

वित्त मंत्रालय

(राजस्व विभाग)

अधिसूचना

नई दिल्ली, 23 अगस्त, 2017

सा.का.नि.1057(अ).—केन्द्रीय सरकार, धन शोधन निवारण अधिनियम, 2002 (2003 का 15) की धारा 73 की उप-धारा (2) के खंड (ज), खंड (झ), खंड (ञ) और खंड (ट) के साथ पठित उप-धारा (1) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, धन शोधन निवारण (अभिलेखों का रख-रखाव) नियम, 2005 में निम्नलिखित और संशोधन करती है, अर्थात् :-

1. (1) इन नियमों का संक्षिप्त नाम धन शोधन निवारण (अभिलेखों का रख-रखाव) चौथा संशोधन नियम, 2017 है।
(2) ये राजपत्र में उनके प्रकाशन की तारीख को प्रवृत्त होंगे।
2. धन शोधन निवारण (अभिलेखों का रख-रखाव) नियम, 2005 के नियम 2 के उप-नियम (1) के खंड (चक) में, उप-खंड (ii) के पश्चात् निम्नलिखित उप-खंड अन्तःस्थापित किया जाएगा,-

“(iii) रत्न और आभूषण सेक्टर से सम्बन्धित माल और सेवा कर आसूचना महानिदेशालय।”

[अधिसूचना सं. 5/2017/फा.सं. पी-12011/4/2015-ईएस सेल-डीओआर]

विप्लव कुमार नस्कर, अवर सचिव

टिप्पण : मूल नियम भारत के राजपत्र, असाधारण, भाग II, खंड 3, उप-खंड (i) में सा.का.नि. सं. 444(अ), तारीख 1 जुलाई, 2005 द्वारा प्रकाशित किए गए थे और तत्पश्चात् उनमें सा.का.नि. 717(अ),

तारीख 13 दिसम्बर, 2005, सा.का.नि. 389(अ), तारीख 24 मई, 2007, सा.का.नि. 816(अ), तारीख 12 नवम्बर, 2009, सा.का.नि. 76(अ), तारीख 12 फरवरी, 2010, सा.का.नि. 508(अ), तारीख 16 जून, 2010, सा.का.नि. 980(अ), तारीख 16 दिसम्बर, 2010, सा.का.नि. 481(अ), तारीख 24 जून, 2011, सा.का.नि. 576(अ), तारीख 27 अगस्त, 2013, सा.का.नि. 288(अ), तारीख 15 अप्रैल, 2015, सा.का.नि. 544, तारीख 7 जुलाई, 2015, सा.का.नि. 693(अ), तारीख 11 सितम्बर, 2015, सा.का.नि. 730(अ), तारीख 22 सितम्बर, 2015, सा.का.नि. 882(अ), तारीख 18 नवम्बर, 2015, सा.का.नि. 347(अ), तारीख 12 अप्रैल, 2017, सा.का.नि. 538(अ), तारीख 1 जून, 2017 और सा.का.नि. 1038(अ), तारीख 21 अगस्त, 2017 द्वारा संशोधन किए गए थे।

MINISTRY OF FINANCE

(Department of Revenue)

NOTIFICATION

New Delhi, the 23rd August, 2017

G.S.R. 1057 E.—In exercise of the powers conferred by sub-section (1) read with clauses (h), (i), (j) and (k) of sub-section (2) of section 73 of the Prevention of Money-laundering Act, 2002 (15 of 2003), the Central Government hereby makes the following further amendments to the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, namely:—

1. (1) These rules may be called the Prevention of Money-laundering (Maintenance of Records) Fourth Amendment Rules, 2017.

(2) They shall come into force on the date of their publication in the Official Gazette.

2. In the Prevention of Money-laundering (Maintenance of Records) Rules, 2005, in rule 2, in sub-rule (1), in clause (fa), after sub-clause (ii), following sub-clause shall be inserted, -

“(iii) the Directorate General of Goods and Service Tax Intelligence with respect to Gems and Jewellery Sector.”

[Notification No. 5/2017/F.No. P-12011/4/2015-ES Cell-DoR]

BIPLAB KUMAR NASKAR, Under Secy.

Note : The principal rules were published in Gazette of India, Extraordinary, Part-II, Section 3, Sub-Section (i) vide number G.S.R. 444 (E), dated the 1st July, 2005 and subsequently amended by number G.S.R. 717 (E), dated the 13th December, 2005, number G.S.R. 389 (E), dated the 24th May, 2007, number G.S.R.816 (E), dated the 12th November, 2009, number G.S.R. 76 (E), dated the 12th February, 2010, number G.S.R. 508 (E), dated the 16th June, 2010, number G.S.R. 980 (E), dated the 16th December, 2010, number G.S.R. 481 (E), dated the 24th June, 2011 and number G.S.R. 576 (E), dated the 27th August, 2013, number G.S.R. 288 (E), dated the 15th April, 2015, number G.S.R. 544 (E), dated the 7th July, 2015, number G.S.R. 693 (E), dated the 11th September, 2015, number G.S.R. 730 (E), dated the 22nd September, 2015, number G.S.R. 882 (E), dated the 18th November, 2015, number G.S.R. 347 (E), dated the 12th April, 2017, number G.S.R. 538 (E), dated the 1st June, 2017 and number G.S.R. 1038 (E), dated the 21st August, 2017.

अधिसूचना

नई दिल्ली, 23 अगस्त, 2017

सं. 4/2017

सा.का.नि.1058(अ).—केन्द्रीय सरकार धन शोधन निवारण, 2002 (2003 का 15) की धारा 2 की उप-धारा (1) के खंड (धक) के उप-खंड (iv) द्वारा प्रदत्त शक्तियों का प्रयोग करते हुए, किसी वित्तीय वर्ष में दो करोड़

[भाग II—खण्ड 3(i)]

भारत का राजपत्र : असाधारण

3

रुपये का आवर्त वाले बहुमूल्य धातु, बहुमूल्य रत्नों और अन्य उच्च मूल के माल के व्याहारी को पदाभिहित कारबार या वृत्ति करने वाले व्यक्ति के रूप में अधिसूचित करती है।

स्पष्टीकरण – किसी वर्ष में इस अधिसूचना के प्रयोजन के लिए पूर्ववर्ती वर्ष के आवर्त को हिसाब में लिया जाएगा।

[फा. सं. पी-12011/4/2015- ईएस सेल-डीओआर]

बिप्लव कुमार नस्कर, अवर सचिव

NOTIFICATION

New Delhi, the 23rd August, 2017

No. 4/2017

G.S.R. 1058(E).—In exercise of powers conferred by sub-clause (iv) of clause (sa) of sub-section (1) of section 2 of the Prevention of Money-laundering Act, 2002 (15 of 2003), the Central Government hereby notifies the dealer in precious metals, precious stones and other high value goods having a turnover of rupees two crore in a financial year as a person carrying on designated business or profession.

Explanation: In any year for the purpose of this notification the turnover of previous financial year shall be taken into account.

[F. No. P-12011/4/2015-ES Cell-DoR]

BIPLAB KUMAR NASKAR, Under Secy.

To be published in the Gazette of India Extraordinary Part-II, Section - 3, Sub-Section (ii)

Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade
Udyog Bhawan

Notification No. 21/2015-2020
New Delhi, Dated: 14 August, 2017

Subject: Amendment in Para 4.32 (i) of Chapter 4 and in Para 6.01 (a) of Chapter 6 of the Foreign Trade Policy 2015-20.

S.O. (E): In exercise of powers conferred by Section 5 of FT (D&R) Act, 1992, read with paragraph 1.02 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby makes following amendment in Para 4.32 (i) of Chapter 4 and in Para 6.01 (a) of Chapter 6 of Foreign Trade Policy 2015-20.

2. Existing Para 4.32 (i) of FTP 2015-20:-

"Gold jewellery, including partly processed jewellery and articles including medallions and coins (excluding legal tender coins), whether plain or studded, containing gold of 8 carats and above;"

The amended Para 4.32 (i) of FTP 2015-20:-

"Gold jewellery, including partly processed jewellery and articles including medallions and coins (excluding legal tender coins), whether plain or studded, containing gold of 8 carats and above up to a maximum limit of 22 carats;"

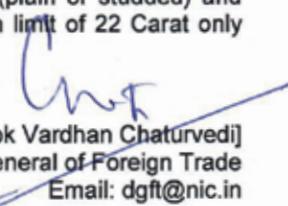
3. Existing Para 6.01 (a) of FTP 2015-20:-

"An EOU / EHTP / STP / BTP unit may export all kinds of goods and services except items that are prohibited in ITC (HS)."

Amended Para 6.01 (a) of FTP 2015-20:-

"An EOU / EHTP / STP / BTP unit may export all kinds of goods and services except items that are prohibited in ITC (HS)". However export of gold jewellery, including partly processed jewellery, whether plain or studded, and articles, containing gold of 8 carats and above upto a maximum limit of 22 carats only shall be permitted."

4. Effect of this Notification: Para 4.32(i) and Para 6.01(a) of Foreign Trade Policy 2015-20 are amended to allow export of gold jewellery (plain or studded) and articles containing gold of 8 Carats and above upto a maximum limit of 22 Carat only from domestic tariff area and EOU/EHTP/STP/BTP Units.


[Alok Vardhan Chaturvedi]
Director General of Foreign Trade
Email: dgft@nic.in

(Issued from File No 01/94/180/215/AM17/PC-4)

F.No. 225/270/2017/ITA.II
Government of India
Ministry of Finance
Department of Revenue
Central Board of Direct Taxes

North-Block, ITA.II Division
New Delhi dated the 31st of August, 2017

Order under Section 119 of the Income-tax Act, 1961 ('Act')

The Goods and Services Tax ('GST') has come into effect on 01.07.2017. In recent days, dates for filing various returns and forms under GST have been extended by the Government. In this backdrop, representations have been filed by various stakeholders requesting for extending the 'due date' for filing various reports of audit as well as tax-returns under the Income-tax Act from 30th September, 2017 so as to allow sufficient time to the assesseees' and tax professionals, and thus, facilitate their ease of compliance with statutory responsibilities under various fiscal laws.

On consideration of the matter, the Central Board of Direct Taxes, in exercise of powers conferred under section 119 of the Act, in respect of all assesseees' covered under clause (a) of Explanation 2 to sub-section (1) of section 139 of the Act, hereby extends the 'due-date' prescribed therein for filing the return of income as well as various reports of audit prescribed under the Income-tax Act which are required to be filed by the said 'due date' from 30th September, 2017 to 31st October, 2017.



(Rohit Garg)
Director-ITA.II

Copy to:-

1. PS to FM/OSD to FM/PS to MoS(F)/OSD to MoS(F)
2. PS to Secretary (Revenue)
3. Chairman, CBDT
4. All Members, CBDT
5. All Pr.DsGIT /Pr.CCsIT
6. All Joint Secretaries/CsIT, CBDT
7. Directors/Deputy Secretaries/Under Secretaries of CBDT
8. DIT (RSP&PR)/Systems, New Delhi
9. The C&AG of India (30 copies)
10. The JS & Legal Advisor, Min. of Law & Justice, New Delhi
11. The Institute of Chartered Accountants of India
12. All Chambers of Commerce
13. CIT (M&TP), Official Spokesperson of CBDT
14. O/o Pr. DGIT(Systems) for uploading on official website
15. JCIT (Database Cell) for uploading on departmental website



(Rohit Garg)
Director-ITA.II

To be published in the Gazette of India Extraordinary Part-II, Section - 3, Sub-Section (ii)

Government of India
Ministry of Commerce & Industry
Department of Commerce
Directorate General of Foreign Trade
Udyog Bhawan

Notification No. 21/2015-2020
New Delhi, Dated: 14 August, 2017

Subject: Amendment in Para 4.32 (i) of Chapter 4 and in Para 6.01 (a) of Chapter 6 of the Foreign Trade Policy 2015-20.

S.O. (E): In exercise of powers conferred by Section 5 of FT (D&R) Act, 1992, read with paragraph 1.02 of the Foreign Trade Policy, 2015-2020, as amended from time to time, the Central Government hereby makes following amendment in Para 4.32 (i) of Chapter 4 and in Para 6.01 (a) of Chapter 6 of Foreign Trade Policy 2015-20.

2. Existing Para 4.32 (i) of FTP 2015-20:-

"Gold jewellery, including partly processed jewellery and articles including medallions and coins (excluding legal tender coins), whether plain or studded, containing gold of 8 carats and above;"

The amended Para 4.32 (i) of FTP 2015-20:-

"Gold jewellery, including partly processed jewellery and articles including medallions and coins (excluding legal tender coins), whether plain or studded, containing gold of 8 carats and above up to a maximum limit of 22 carats;"

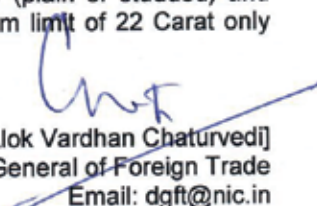
3. Existing Para 6.01 (a) of FTP 2015-20:-

"An EOU / EHTP / STP / BTP unit may export all kinds of goods and services except items that are prohibited in ITC (HS)."

Amended Para 6.01 (a) of FTP 2015-20:-

"An EOU / EHTP / STP / BTP unit may export all kinds of goods and services except items that are prohibited in ITC (HS)". However export of gold jewellery, including partly processed jewellery, whether plain or studded, and articles, containing gold of 8 carats and above upto a maximum limit of 22 carats only shall be permitted."

4. Effect of this Notification: Para 4.32(i) and Para 6.01(a) of Foreign Trade Policy 2015-20 are amended to allow export of gold jewellery (plain or studded) and articles containing gold of 8 Carats and above upto a maximum limit of 22 Carat only from domestic tariff area and EOU/EHTP/STP/BTP Units.


[Alok Vardhan Chaturvedi]
Director General of Foreign Trade
Email: dgft@nic.in

(Issued from File No 01/94/180/215/AM17/PC-4)

Australia's largest precious metals event

PMIS 2017 | NOV 9-10 | MELBOURNE



PRECIOUS METALS INVESTMENT SYMPOSIUM



500+
ATTENDEES



50+
SPEAKERS



40+
EXHIBITORS



20+
SPONSORS



ENDLESS
OPPORTUNITIES

Symposium proudly presents the 8th Annual
Precious Metals Investment Symposium.

SEE INTERNATIONAL KEYNOTE SPEAKERS

ERIC SPROTT & DAVID MORGAN

November 9-10th, 2017 | Pullman On The Park Hotel | Melbourne

REGISTER NOW
www.goldevent.com.au

SPONSORS





Gems & jewellery exports to decline over 30% in FY18

India's gems and jewellery exports is likely to decline by a staggering 30 per cent in the financial year 2017-18 due to unfavourable government regulations and trade restriction from the Gulf countries.

The signals of the steep decline in exports were already visible in July with over 26 per cent fall in India's gems and jewellery shipment. The Gems and Jewellery Export Promotion Council (GJEPC) data shows 26.21 per cent slump in India's net exports of the precious metal's jewellery and stones to \$1894.58 million in July 2017.'

Gold jewellery exports have declined by a staggering 31.67 per cent (worth \$411.37 million) in dollar term and 34.47 per cent (valued Rs 2651.70 crore) in July 2017 compared to their respective categories in the corresponding month of last year. Indian exporters were using UAE not only as a trading hub but also as a re-packaging centre for re-routing of jewellery to the developed countries, including the European Union.

Contributing around 13 per cent to India's overall merchandised exports until last year, gems and jewellery sector holds immense potential for growth. The sector employs around 1 million skilled and unskilled workers directly and indirectly and decline in exports is a major worry for participants in the value chain.

"The basic reason for the decline in exports is the goods and services tax (GST). Because of this levy, the nominated agencies stopped importing gold in the beginning of its implementation. Gold importers first need to deposit the applicable I-GST and then they need to remit that. This system of tax levy is a huge blow for them due to the low value addition or profit of just 4 per cent. They require to deposit the amount (applicable tax

levy) more than the profit. The jewellery manufacturers have huge fix expenses like office, workman etc. So, diamond processors are finding difficult in continuing with their business. Along with domestic challenges, the government of the United States Emirates (UAE) levied 5 per cent of import duty effective January 1, 2017. These factors worked together to bring down India's overall gems and jewellery exports drastically which would continue to witness over 30 per cent decline for the full financial year of 2017-18," said Sabyasachi Ray, executive director, GJEPC.

Source: www.business-standard.com



Niti Aayog panel to help revamp gold market

India's gold market could be in for a major overhaul. Policy think

tank Niti Aayog is forming a 'Committee to Transform India's Gold Market' under the chairmanship of Ratan P Watal, its principal advisor, trade sources told ET. The committee will meet shortly in Delhi to take stock of the global gold market and how India can leverage its status of a leading consumer of gold, possibly revamp the Gold Monetisation Scheme, analyse growth drivers of gold and industries related to it and explore methods to incentivise trade to fully report financial transactions to facilitate curtailment of black money. It will also examine the duty structure on gold, currently at 10 per cent, and suggest changes. It will also explore the benefits of launching a bullion exchange where gold lying with households and other residents can be sold to traders, thus reducing imports.

Source: economictimes.indiatimes.com

FinMin rejects Commerce Ministry pitch for lower gold import duty

The Finance Ministry has turned down the Commerce Ministry's pitch for a reduction in import duty on gold, citing improved data in respect of the current account



deficit (CAD), official sources said.

Backing demands by gold traders, the Commerce Ministry had been keen on a 2-percentage point

cut in gold import duty, either in phases, or in one go.

The Ministry had argued that since August 2013, when a runaway CAD led to the import duty being raised to 10 per cent — where it has remained ever since — the situation had improved, and there was a case for paring the levy. Moreover, such a move could lead to a drop in gold smuggling, it claimed.

Source: www.thehindubusinessline.com



Photocards for hallmarked jewellery, says BIS

The Bureau of Indian Standards (BIS) plans to make hallmarking of gold jewellery compulsory and, as a first step, it has proposed photocards for

hallmarked jewellery. Currently, the hallmark logos on jewellery are very small and difficult to decipher. The authenticity of these logos also remains suspect.

To address this problem, the BIS has proposed to introduce a photocard, of the size of a credit card, with each hallmarked jewellery. This photocard will carry all the details of the product, including a magnified picture of the four hallmark logos, the caratage of the jewellery, the name of the jewellery shop, and the name of the hallmarking centre.

According to the India Bullion and Jewellers Association (IBJA), the BIS has proposed two options: First, the hallmarking centre should issue the card at the time of hallmarking, following all the parameters specified;

second, the hallmarking centre or a group of centres should develop an online system individually or collectively and should either upload the details of the card online or issue the card following all the specified parameters of the card.

“It is necessary that the Industry gears up to win the confidence of the government as well as customers,” IBJA said in a statement.

Source: www.business-standard.com



Govt restricts imports of gold, silver from South Korea

The Centre has restricted imports

of gold and silver from South Korea. The move comes as traders have been taking advantage of a recent tax change that enabled them to avoid customs duty.

India, the world's biggest gold consumer after China, imposes a 10 per cent import duty on gold and silver, but this does not apply to countries with which it has Free Trade Agreements (FTAs), like South Korea.

After implementation of the GST, some trading houses started importing gold from South Korea without paying import tax, industry officials said.

The protection given under FTA will not be applicable for imports of silver and gold from South Korea, the government said in a notice, but did not say how it would restrict imports.

Source: www.business-standard.com

जेम्स व ज्वैलरी क्षेत्र के लिये अर्थ-शोधन (मनी लॉन्ड्री)

सीए सुरेन्द्र मेहता, नैशनल सेक्रेटरी, आईबीजेए



पीएमएलए का अर्थ प्रिवेन्शन ऑफ मनी लॉन्ड्रिंग एक्ट (अर्थ-शोधन निवारण अधिनियम), 2002 है।

प्रिवेन्शन ऑफ मनी लॉन्ड्रिंग एक्ट, 2002 जूलाई 1, 2005 से प्रभाव में आया। इस अधिनियम का संशोधन प्रिवेन्शन ऑफ मनी लॉन्ड्रिंग (संशोधित) 2009 के रूप में 1 जून 2009 से प्रभाव में आया। इस अधिनियम को एक बार से संशोधित कर प्रिवेन्शन ऑफ मनी लॉन्ड्रिंग एक्ट, 2012 के रूप में 15 फरवरी 2013 से लागू किया गया।

जैसा कि इस अधिनियम के परिचय में कहा गया है कि यह अधिनियम अर्थ-शोधन या हवाला या मनी लॉन्ड्रिंग का निवारण के लिये लाया गया है जिसके अंतर्गत मनी लॉन्ड्रिंग से अर्जित या शामिल संपत्ति को जब्त करने तथा ऐसा करने वाले व्यक्ति को सजा देने का प्रावधान है।

बड़ी संख्या में अपराधिक गतिविधियों का लक्ष्य किसी व्यक्ति या समूह के लिये लाभ अर्जित करना है। मनी लॉन्ड्रिंग एक ऐसी प्रक्रिया है जिससे पीछे अपराधी अपने वास्तविकता से छिपे रहते हैं।

अवैध हथियार बिक्री, तस्करी तथा अन्य संगठित अपराध जैसे कि नशीले पदार्थों की बिक्री, वेश्यावृत्त इत्यादि से भारी मात्रा में धन संग्रहित होता है। गबन, आंतरिक लेनदेन, घूसखोरी, कम्प्यूटर से धोखाधड़ी से भी बड़ी मात्रा में धन एकत्रित होता है जिसे कि मनी लॉन्ड्रिंग या हवाला के माध्यम से वैध में बदला जाता है। इस तरह से प्राप्त धन दागी होता है और इसे डर्टी मनी कहा जाता है। मनी लॉन्ड्रिंग एक ऐसी प्रक्रिया है जिसके माध्यम से डर्टी मनी या अवैध धन को वैध धन के रूप में बदला जाता है।

पीएमएलए, 2002 के अंतर्गत मनीलॉन्ड्रिंग की परिभाषा है कि- मनी लॉन्ड्रिंग एक अपराधिक गतिविधि या प्रक्रिया है जिसकि आड़ में या साथ मिलकर या माध्यम से बेदाग संपत्ति के रूप में दिखाने का प्रयास किया जाता है।

मनी लॉन्ड्रिंग या हवाला निम्न प्रक्रियाओं से गुजरती है।

नियोजन/व्यवस्था- मनी लॉन्ड्रिंग करने वाला जिसके पास अपराधिक गतिविधियों से उपजा धन होता है, वह इसे वित्त व्यवस्था में पहुंचाता है। इसके लिये बड़ी रकम को छोटे-छोटे टुकड़ों में बाटा जाता

है और उसे बैंक से सीधे जमा या फिर चेक या बैंक ड्राफ्ट जैसे उत्पाद लिये जाते हैं। बाद में इन्हे भिन्न खातों में अलग-अलग स्थानों पर जमा किया जाता है।

लेयरिंग- यह दूसरा चरण है जिसमें मनी लॉन्ड्रिंग करने वाला नियमित रूप से वित्त प्रणाली में विभिन्न बैंक खातों के माध्यम से धन का बदला या मूवमेंट करता रहता है ताकि इसके वास्तविक स्रोत का पता नहीं लग सके, इसके ऐसे विभिन्न स्थानों के बैंक यहां तक कि अंतर्राष्ट्रीय बैंक भी उपयोग में लाये जाते हैं जो कि मनी लॉन्ड्रिंग जैसे छानबीन के लिये सहयोग नहीं करते हैं।

इन्टिग्रेशन/एकीकरण- मनी लॉन्ड्रिंग के उपरोक्त दो अपराधिक गतिविधियों के पूरा होने के बाद काला धन वैध रूप में अर्थव्यवस्था में शामिल हो जाता है। मनी लॉन्ड्रिंग करने वाला इस रकम या धन को रीयल स्टेट, व्यवसायिक या विलासित संपत्तियों में निवेश करता है। इस तरह से वह बिना किसी कानूनी अड़चनों के काले धन का पूरा उपभोग करता है।

उपरोक्त तीन चरण आवश्यक रूप से क्रमानुसार नहीं होते हैं। कई बार वित्त प्रणाली में डाले बिना ही अवैध धन अर्थव्यवस्था में पहुंच जाता है। अत्यधिक नगद वाले व्यवसाय जैसे कि केसिनो या रीयल स्टेट में इस अपराधिक धन को बिना वित्त प्रणाली में लाये वैध रूप से उपयोग किया जा सकता है।

मनी लॉन्ड्रिंग गतिविधि में शामिल व्यक्ति के विरुद्ध निम्न कारवाई की जा सकती है-

सेक्शन 5 के तहत संपत्ति की कुर्की, सेक्शन 17 या सेक्शन 18 के तहत संपत्तियों तथा रिकार्डों का अधिग्रहण या रोक। संपत्ति में वे संपत्तिया भी शामिल होगी जो कि पीएमएलए 2002, अपराध के लिये या अन्य अनुसूचित अपराध में शामिल हो।

मनी लॉन्ड्रिंग अपराध में अपराधी व्यक्ति को कम से कम तीन साल की सजा का प्रावधान है जो कि सात सालों तक बढ़ाया भी जा सकता है, साथ ही जुर्माने का भी प्रावधान है। (सेक्शन 4)

यदि अनुसूचित अपराध नशीले या मनोवैज्ञानिक पदार्थ अधिनियम 1985 के तहत पाया जाता है तो इस दशा में अपराधी व्यक्ति को कम से कम तीन साल सजा का प्रावधान है जो कि बढ़कर दस साल तक किया जा सकता है। इसके साथ ही जुर्माना भी लगाया जा सकता है।

प्रिंशियस मेटल्स उद्योग पर इसका प्रभाव

- भारत सरकार ने 23 जूलाई 2017 को एक अधिसूचना में माध्यम से कहा है कि कोई डीलर जो कि प्रिंशियस मेटल्स या जेम्स में कारोबार करता है तथा उसका वित्त वर्ष में टर्नओवर 2 करोड़ रुपया है वह इसका व्यवसायी या पेशेवर माना जायेगा। किसी भी साल में इस अधिसूचना के लिये पिछले वित्त वर्ष का टर्नओवर को संदर्भ माना जायेगा।
- इस अधिसूचना से सभी बुलियन डीलर व ज्वैलर "रिपोर्टिंग एन्टिटी" बन गये

है जिनका दायित्व निम्न है-

- प्रत्येक एन्टिटी को सभी लेनदेनों का रिकार्ड उसकी प्रकृति तथा मूल्य के आधार पर निर्दिष्ट प्रकार से इस तरह से रखना होगा कि इसके सभी एकल लेनदेन का पता लगाया जा सके।
- इन्हे डायरेक्टर (फायनान्स इन्टेलिजेन्स युनिट) को निश्चित समय अवधि के भीतर निर्दिष्ट लेनदेन, चाहे प्रयासरत हो या पूर्ण, की प्रकृति तथा मूल्य के अनुसार प्रदान करना होगा।
- इन्हे अपने ग्राहकों की पहचान का सत्यापन दिये गये शर्तों के अनुरूप करना होगा।
- इन्हे अपने ग्राहकों की पूरी पहचान का ब्योरा तथा लाभग्राही स्वामी तथा उक्त लेनदेन के संबंध में किये गये सूचना आदान-प्रदान की पूरी जानकारी दस्तावेजों सहित कम से कम पांच वर्षों के लिये सुरक्षित रखना होगा। तथा

इन्हे ग्राहकों व रिपोर्टिंग एन्टिटी के मध्य व्यवसायिक संबंध खत्म हो जाने के पांच वर्षों, जो भी विलंब हो, तक दस्तावेजों को सुरक्षित रखना होगा।

इसका अर्थ यह है कि सभी बुलियन व्यवसायियों को 50 हजार रुपये या इससे अधिक के लेनदेन का केवायसी रिकार्ड पांच वर्षों तक सुरक्षित रखना होगा। सभी बुलियन व ज्वेलरी व्यवसायियों को यह सुनिश्चित करना होगा कि सभी लेनदेनों का रिकार्ड आवश्यकतानुसार बनाया तथा रिपोर्ट किया गया है। जेम्स व ज्वैलरी उद्योग की नकारात्मक तथा अवसरवादी छवि ने इस कारोबार को काफी क्षति पहुंचाई है, हालांकि सरकार ने इसकी सुधार की दिशा में अनेक कदम उठाये हैं

जिसमें एक पीएमएलए है। मुझे लगता है कि इस उद्योग के 2 करोड़ रुपये की टर्नओवर सीमा काफी कम है लेकिन मैं निजी रूप से यह मानता हूं कि सरकार के पास इसकी समीक्षा या बैंक ट्रैक का अवसर मिलेगा।

ऐसा हमेशा कहा जाता है कि बुलियन डीलर हवाला या मनी लॉन्ड्रिंग में ज्यादातर शामिल होते हैं। मैं यह बात स्पष्ट करना चाहता हूं कि मनी लॉन्ड्रिंग डर्टी मनी से शुरू होता है। डर्टी मनी धारक ग्राहक ज्वेलरी की खरीदी इसे छोटे-छोटे कैश मेमो के रूप में टुकड़ों में करता है। ज्वैलर के द्वारा बैंक में नगद जमा कराया जाता है तथा बाद में बुलियन की खरीदी बैंक ट्रान्सफर या चेक इत्यादि के माध्यम होता है।

मैं यहां पर यह बात स्पष्ट करना चाहता हूं कि मनी लॉन्ड्रिंग का स्रोत हमेशा ही डीलर होता है जो डर्टी मनी के बाजार में प्रवेश का रास्ता देता है। कुछ उद्योग प्रतिनिधि मेरी इस बात के साथ सहमत नहीं होंगे, लेकिन जब भी अपराध होता है तो उसके लिये फंड के स्रोत तथा मूवमेन्ट की जांच करता है।

अब यह बात स्पष्ट कर देनी चाहिये कि बुलियन डीलरों तथा ज्वैलरियों को तैयारी पूरी कर लेनी चाहिये क्योंकि यदि हम निर्दिष्ट सूचनाओं का पालन नहीं करेंगे तो उनमें से कुछ को उद्योग से बाहर जाना पड़ सकता है।

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

Bullion - Data & Statistics

Gold Spot Market, International (Per Troy Ounce)			
Spot gold	01 st Aug	30 th Aug	% Change
Australia (AUD)	1593.07	1653.42	-3.79
Britain (GBP)	959.72	1011.59	-5.40
Canada (CAD)	1590.52	1650.90	-3.80
Europe (Euro)	1073.23	1099.23	-2.42
Japan (Yen)	139984.60	144404.70	-3.16
Switzerland (CHF)	1223.76	1259.64	-2.93
USA (USD)	1267.40	1307.09	-3.13

Silver Spot Market, International (Per Troy Ounce)			
Spot Silver	01 st Aug	30 th Aug	% Change
Australia (AUD)	20.93	21.99	-5.04
Britain (GBP)	12.61	13.45	-6.67
Canada (CAD)	20.90	21.95	-5.03
Europe (Euro)	14.10	14.62	-3.64
Japan (Yen)	1839.53	1905.57	-3.59
Switzerland (CHF)	16.08	16.76	-4.19
USA (USD)	16.64	17.37	-4.36

Monthly Exchange Data (Gold) (From Aug 01-30)						
Exchange	Commodity	Open	High	Low	Close	% Ch.
COMEX ²	Gold Oct'17	1272.40	1328.20	1254.00	1310.40	3.08
SHANGHAI –SHFE ⁴	Gold Oct'17	277.25	282.85	274.10	280.50	1.16
Singapore- ICE (ICESA) ⁵	Gold Oct'17	40.88	42.54	40.52	42.11	2.92
MCX ¹	Gold Oct'17	28775.00	29937.00	28300.00	29555.00	2.70
NCDEX HEDGE	Gold Nov'17	26543.00	27456.00	26229.00	27246.00	2.57
TOCOM ³	Gold Oct'17	4488.00	4631.00	4454.00	4618.00	2.60

1- Rs/10 gms, 2- \$/oz, 3- Jpy/gm 4 (RMB) Yuan/gram 5 - \$/gram

Monthly Exchange Data (Silver) (From Aug 01-30)						
Exchange	Commodity	Open	High	Low	Close	% Ch.
COMEX ²	Silver Dec'17	16.91	17.755	16.19	17.503	3.54
MCX ¹	Silver Dec'17	39201.00	40937.00	37511.00	40453.00	3.22
TOCOM ³	Silver Oct'17	59.40	61.00	58.90	61.00	2.62

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

Gold Spot Market, India			Rs/10gm
Spot Gold	01 st Aug	30 th Aug	% chg
Ahmedabad	28544.00	29601.00	-3.70
Bangalore	28560.00	29410.00	-2.98
Chennai	29200.00	30470.00	-4.35
Delhi	29530.00	30100.00	-1.93
Mumbai	30090.00	30670.00	-1.93
Hyderabad	29260.00	30280.00	-3.49
Kolkata	30130.00	30650.00	-1.73

Currency Change (Monthly)		
	01 st Aug	30 th Aug
EUR/USD	1.1801	1.1891
USD/AUD	1.2550	1.2648
USD/GBP	1.3203	1.292
USD/INR	64.07	64.02
USD/JPY	110.36	110.47

Silver Spot Market, India			Rs/kg
Spot Silver	01 st Aug	30 th Aug	% chg
Mumbai	41000.00	42000.00	-2.44

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
08-01-2017	1267.05	957.76	1072.30	1270.95	960.84	1075.22	08-01-2017	16.74	12.67	14.17
08-02-2017	1266.65	956.83	1069.56	1269.60	959.69	1072.56	08-02-2017	16.67	12.60	14.09
08-03-2017	1261.80	952.41	1064.96	1268.10	966.93	1069.90	08-03-2017	16.47	12.50	13.91
08-04-2017	1269.30	964.92	1068.37	1257.70	963.78	1067.41	08-04-2017	16.70	12.71	14.07
08-07-2017	1257.55	963.41	1065.90	1258.00	965.52	1066.78	08-07-2017	16.13	12.35	13.67
08-08-2017	1261.45	967.78	1068.20	1261.80	970.58	1068.24	08-08-2017	16.39	12.57	13.87
08-09-2017	1267.95	974.80	1079.79	1271.05	979.34	1085.10	08-09-2017	16.59	12.76	14.14
08-10-2017	1278.90	985.39	1091.67	1284.40	987.45	1093.80	08-10-2017	17.08	13.14	14.57
08-11-2017	1288.30	993.67	1096.47	1286.10	991.58	1089.71	08-11-2017	17.09	13.18	14.53
08-14-2017	1281.10	987.34	1085.48	1282.30	988.65	1087.65	08-14-2017	16.97	13.09	14.39
08-15-2017	1274.60	986.92	1084.05	1270.30	987.91	1085.34	08-15-2017	16.89	13.12	14.38
08-16-2017	1270.15	985.13	1082.29	1272.75	989.69	1087.56	08-16-2017	16.68	12.96	14.25
08-17-2017	1285.90	998.12	1096.74	1285.15	996.76	1095.08	08-17-2017	17.02	13.23	14.55
08-18-2017	1295.25	1004.34	1102.65	1295.80	1005.93	1102.60	08-18-2017	17.15	13.30	14.60
08-21-2017	1287.60	999.82	1096.52	1292.90	1002.39	1095.60	08-21-2017	17.02	13.20	14.48
08-22-2017	1285.10	1000.71	1091.95	1284.20	1001.55	1092.73	08-22-2017	17.02	13.27	14.48
08-23-2017	1286.45	1004.33	1091.68	1286.65	1005.65	1090.05	08-23-2017	17.06	13.32	14.48
08-24-2017	1285.90	1003.26	1090.44	1289.00	1005.68	1092.04	08-24-2017	16.93	13.20	14.36
08-25-2017	1287.05	1003.90	1090.90	1285.30	1000.99	1085.18	08-25-2017	17.02	13.26	14.40
08-29-2017	1323.40	1020.34	1097.36	1318.65	1018.92	1096.59	08-29-2017	17.60	13.59	14.62
08-30-2017	1310.60	1014.93	1096.71	1308.50	1012.78	1097.83	08-30-2017	17.44	13.49	14.60

Disclaimer: All references to LBMA Gold Price are used with the permission of ICE Benchmark Administration Limited and have been provided for informational purposes only. ICE Benchmark Administration Limited accepts no liability or responsibility for the accuracy of the prices or the underlying product to which the prices may be referenced.

LBMA Silver Price ("Benchmark") is owned by The London Bullion Market Association ("LBMA"), calculated by CME Benchmark Europe Ltd. ("CMEBEL") and administered by Thomson Reuters Benchmark Services Ltd. ("TRBSL").

None of LBMA, CMEBEL, TRBSL, their group companies, nor any of their or their group companies' respective directors, officers, employees or agents (collectively the "Disclaiming Parties") shall be liable in respect of the accuracy or the completeness of the Benchmark or the market data related thereto ("Market Data") and none of the disclaiming parties shall have any liability for any errors, omissions, delays or interruptions in providing the Benchmark or market data.

Sources:

www.mcxindia.com
 www.Ncdex.com
 www.cmegroup.com
 www.tocom.or.jp/Indian
 www.barchart.com

www.forexpros.com
 Domestic Spot precious metals prices Newspaper
 www.lbma.org.uk/index.html
 www.netdania.com



2ND GLOBAL GOLD DORE FORUM 2018

16 - 17 January 2018, Accra, Ghana

Organised by



in Association with



Host Country Partner



Global Platform on Dore!

If you are in the business of gold mining and refining, Global Gold Dore Forum is your last stop to sell & source dore. GGDF aims at creating a truly global platform to enable selling and sourcing of gold dore.

For more details visit www.golddoreforum.com

Call: +91 9343734140 | Email: abhinaya@fbspl.com

Foretell Business Solutions Private Limited

: #146, Gopal Towers, 1st & 2nd Floor, Ramaiah Street, Near Anjenaya Tech Park, HAL Airport Road, Kodihalli, Bangalore - 560 008, India.

The conference by the industry for the industry

The LBMA/LPPM Precious Metals Conference 2017



Hotel Arts
Barcelona

15-17 October, 2017

An excellent speaker programme has recently been published.

See the LBMA website for more details.

REGISTER NOW
at www.lbma.org.uk



LBMA
GOOD DELIVERY
REFINER

**India's Only Good Delivery
Gold and Silver Refinery**



LBMA Independently Audited and Certified Responsible Gold Compliant Refinery

Follow us on



Visit us at www.mmtcpamp.com

An MKS PAMP GROUP Company



Refining | Minting | Distribution