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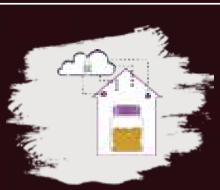
Presenting the last of the Seven **Retail Gold Investment Principles**



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EDITORIAL

Dear Readers,

Inflation is here to stay. As far as India is concerned, the middle class have always been gold-centric and a major driver of gold jewellery demand. With the increase in inflation and the middle class feeling the pinch of it, most of the retail jewellery industry is witnessing a slowdown in jewellery sales. World Gold Council has vouched for the slowing demand with its statement Retail gold jewellery demand would be subdued in the second half of 2022. Credit rating agency ICRA has also come out with an industry study indicating that the retail jewellery demand to contract in Q2 and Q3 of the current year.

Currently, we are passing through lean seasons and there are no major triggers for jewellery demand to pick up. The industry would get a demand push during Navaratri and Deepawali seasons. With good southwest monsoon and good agricultural activities, higer rural spending would review the demand for jewellery post-October once the harvests are on.

Retail jewellers are reporting increased sales and preference in terms of lightweight jewellery. This may be attributed to increased preference by millenniums. At the same time, we can't rule out the influence of the growing middle class on lightweight jewellery.

Customers are now sticking to their budget and are not prepared to extend their spending on jewellery purchases. The result is that they are preferring lower gold content/grammage in the jewellery. Apart from this mindset, post-pandemic consumers are now left with more options to spend.

According to BIS, about 3.7 crore jewellery articles have been hallmarked during April–July 2022. Recognised assaying and hallmarking centres have also increased from 948 to 1,220 during the same period.

Exports of plain gold jewellery have witnessed a significant boost post-India – UAE CEPA. July 2022 witnessed INR 2,591.67 crore valued plain gold jewellery exports compared to INR 2,086.41 crore during July 2021. For the first four months of the current FY, plain gold jewellery export stood at INR 10,293.55 crore compared to INR 7,961.63 crore during the corresponding period last year.

Do you have any interesting stories to share? Please write to us at editor@bullionworld.in It can be on the Indian or global precious metals market and jewellery industry.

Best wishes,
G Srivatsava
Editor

PUBLISHING OFFICE
Bullion World
#146, 1-2 Floor, Gopal Towers
Ramaiah Street, HAL Airport Road, Kodihalli
Bangalore - 560008

Tel: + 91-80-41535476
Email: editor@bullionworld.in
Web: www.bullionworld.in

Jewellery demand to contract in Q2 and Q3; FY2023 growth seen at ~10% YoY

Mr Vipin Jindal
Assistant Vice President &
Sector Head, ICRA

ICRA estimates jewellery demand in India to contract in Q2 and Q3 of FY2023 on the back of tepid demand conditions due to factors including the recent hike in import duty on gold, high volatility in prices and lower disposable incomes in the hands of the consumers due to inflationary pressures. While demand is likely to contract by ~8% YoY in in the second quarter of the current fiscal year 2022-23 (Q2 FY2023), the contraction is expected to be higher at ~15% in Q3 FY2022 due to the extraordinarily high base of Q3 FY2022, following the post-pandemic reopening of the economy and the substantially high demand in the wedding and festive seasons in FY2022. Nonetheless, overall industry is expected to grow by a moderate ~10% YoY in FY2023 on the back of strong performance in Q1 FY2023 and steady demand in wedding and festive season in the current fiscal. Within the jewellery retail industry, the revenue of organised retailers is likely to grow at a higher pace of ~14% YoY in FY2023, driven by continued store

Mr Raunak Modi
Senior Analyst, ICRA

expansions and increasing share of organised retailers.

In addition to the aforementioned factors, an increase in other discretionary spending on things like travel due to lower restrictions and a likely reduction in the share of jewellery purchases in overall wedding expenditure, which was higher last year due to restrictions around gatherings, are also factors that can affect demand. Rural demand for gold is also likely to be impacted by uncertain monsoons in the current year and higher interest rates on agricultural loans which could dent disposable incomes. The jewellery retail sector is estimated to have grown by a robust ~88% YoY in Q1 FY2023, higher than ICRA's earlier expectations of 45% growth, driven by the strong demand during the Akshaya Tritiya season and continued momentum in wedding purchases. This strong growth comes on a relatively low base of Q1 FY2022. The industry consumption surpassed pre-pandemic levels in Q1 FY2023, given the sharp recovery following the pandemic-induced disruptions witnessed during Q1 of the last two fiscals. Banking on the robust growth in Q1, demand in FY2023 is likely to be ~30% higher than the pre-Covid levels seen in FY2020.

Upon considering a sample of 14 major organised retailers, the estimated revenue growth for these organised players is expected to be healthy at ~14% YoY in FY2023, higher than the expected industry growth of ~10% YoY, driven primarily by anticipated store expansions and a gradual shift from the unorganised segment to the organised players. Post the healthy levels of operating profitability seen in FY2021 and FY2022 on the back of inventory gains, profitability in FY2023 is estimated to witness some moderation because of an increase in operating costs. Nevertheless, margins of organised retailers are likely to remain higher than the average levels seen over the last decade and are expected to stabilise at around 7-7.5% over the medium term.

With the stable jewellery demand witnessed in the recent past, organised players had re-initiated their expansion plans in FY2022. The pace of addition is likely to gain further momentum in the coming quarters, with the total store count for ICRA's sample set of 14 major organised retailers likely to increase by more than 10% in the next 12 months. Despite the expected increase in debt levels to fuel store expansions, the debt protection metrics for the larger market players is expected to remain comfortable, as reflected by an estimated interest coverage of 4.8 times expected in FY2023 (against an estimated 5.0 times in FY2022). Similarly, total outside liabilities to tangible net worth is expected to be at a comfortable 1.4 times in FY2023, in line with that estimated for FY2022.

Facilitating Gems and Jewellery Exports Through Trade Agreements: India-UAE Comprehensive Economic Partnership Agreement (CEPA)

Arpita Mukherjee and Eshana Mukherjee

Mrs Arpita Mukherjee
Professor, ICRIER

As India embarks on the path of signing trade agreements with its key export markets, exporters are optimistic about the benefits of tariff reduction on enhancing their export competitiveness in markets such as the United Arab Emirates (UAE). After the India-UAE Comprehensive Economic Partnership Agreement (CEPA) came into effect on May 01, 2022, there has been a surge in gems and jewellery exports to the UAE. For example, exports of 'gold jewellery' saw an increase of 17 percent, from April to June 2022, compared to a fall of 37 percent between April and June in 2021. The CEPA agreement reduced the import duty on jewellery, including 'gold jewellery' and 'cut and polished diamonds,' exported from India to the UAE, from five percent to zero. This seems to have helped the Indian exporters who have been facing a tough time due to the COVID-19 pandemic related supply chain disruption and growing competition from certain countries like the Turkey in light weight gold jewellery.

While there seems to be an immediate gain, an impact of any trade agreement must be looked in the context of rise in exports, imports, development of value chains and in attracting investment. In the case of gems and jewellery, India does not have the key raw materials, and is a net importer of gold and diamond. India is among the top global processing hubs. Under the India-UAE CEPA, India has given phased tariff elimination and specified tariff rate quota for imports from UAE. 'Gold jewellery' imports are now allowed, up to 2.5 tonnes, at one percent duty less than applicable, over 10 years. For other jewellery items such as 'cut and polished diamonds', select 'coloured

Authors can be reached at
Arpita@icrier.res.in and **Emukherjee@icrier.res.in** respectively. Views are personal.

Ms Eshana Mukherjee
Research Associate, ICRIER

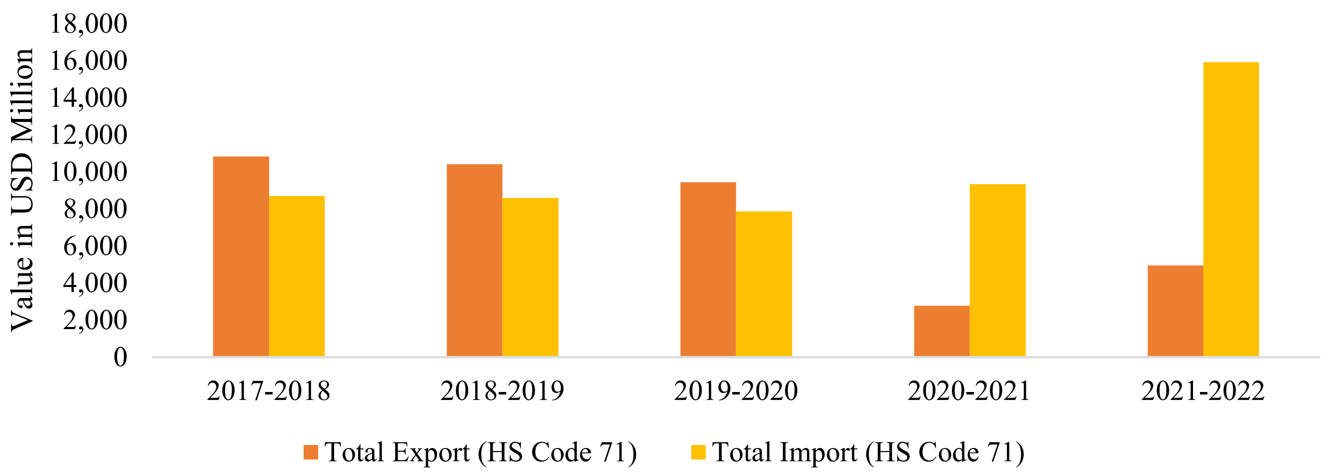
gemstones', India has offered phased tariff reduction. Over a 10-year period, the current effective rate of 7.5 percent will be reduced to 0 percent, for these subcategories of jewellery. Being a major importer of 'unwrought gold' (HS code 71081200) and 'unset/unworked diamonds' (HS code 71023100), India reduced the tariff imposed on these goods. While for 'unwrought gold' imports, India offered tariff relief of one percent in absolute percentage terms and imposed a tariff rate quota of 200 tonnes over 5 years. The lower import duties on raw materials are expected to help in lowering the cost of production, improve the competitiveness of manufacturing and boost exports. The UAE can be used as a base to cater to third country markets like Africa. However, the overall benefits of this agreement will depend upon enhancing export competitiveness and value addition in the country.

India's Gems and Jewellery Trade and the UAE

To understand the benefits of the CEPA with the UAE for the gems and jewellery sector, it is important to examine India's global trade, trade with the UAE, strength of our competitors, and how India can enhance its export competitiveness. India is a key player in global gems and jewellery trade. With a rank of 6 globally and exports worth USD38.16 billion in 2021, India accounted for 5.31 percent of the total global exports of gems and jewellery. By product categories, in the same year, India was the top most exporter of 'cut and polished diamonds' (HS code 710239), with a share of 35.7 percent in the global exports, second-largest exporter of 'plain and studded silver jewellery' (HS code 711311), with share of 24.7 percent, and the fourth largest exporter of 'plain and studded gold jewellery' (HS code 711319) with a share of 10.7 percent. There has been an overall increase in exports as global trade recovers from the pandemic induced disruptions - the export value increased by 50 percent between 2020-21 to 2021-22. Over 84 percent of the exports from India were accounted by five export destinations namely, the United States of America (USA), Hong Kong, UAE, Belgium and Israel. India is a net importer of gems and jewellery and had a negative trade balance of USD42395 million in 2021-22. The top five destination for imports were Switzerland, UAE, USA, Hong Kong, and Belgium, which together accounted for 67.8 percent of the total jewellery import in 2021-22.

The share of UAE in India's gems and jewellery trade (exports and imports) is thus significant. With a share of 12.61 percent in India's jewellery exports, UAE was the third largest export destination of India in 2021-22. Exports increased from USD2773.7 million in 2020-21 to USD4953.11 million in 2021-22. Of the total jewellery exported to UAE, 'gold jewellery' (HS code 711319) accounted for over 55 percent of the exports, followed by 'cut and polished diamonds' (HS code 710239), at 33 percent. The jewellery exports to the UAE have seen a decline in 2020-21 (see Figure 1). Apart from supply chain disruptions, high import duty in the UAE, increasing competition from Turkey, in the 'light weight gold jewellery' segment, withdrawal of fiscal incentives given to SEZs and uncertainty of the SEZ policy has been cited as some of the reasons for fall in exports by Indian firms, during a survey conducted by the authors in 2021.

Figure 1: India's Export and Import of Gems and Jewellery with UAE over 5 Years



Source: Extracted and Compiled from Export-Import Data Bank, Department of Commerce, Ministry of Commerce and Industry, Government of India. Available at https://tradestat.commerce.gov.in/ (last accessed September 1, 2022)

Note: HS Code 71: Natural or cultured pearls, precious or semi-precious stones, precious metals, metals clad with precious metal, and articles thereof; imitation jewellery; coin

Almost 91 percent of the gems and jewellery imports from UAE comprised of raw material/intermediate goods for manufacturing jewellery. 'Diamonds, not mounted/set, unworked (HS code 710231)', accounted for 57 percent of the imports, and 'gold, other unwrought forms (HS code 710812)' accounted for 34 percent of imports from UAE in 2021-22. The 'gold jewellery (HS code 711319)' constituted only 1.10 percent of imports in 2021-22. Thus, the negative trade balance and rise in imports from the UAE may not be a cause for concern for policymakers as raw material and intermediate imports may facilitate more value addition in the country.

The Way Forward

While tariff reduction under the trade agreement seems to have helped to enhance the export competitiveness, there are certain concerns. First, firms located in special economic zones in countries like China, Philippines and Turkey are cushioned against the seasonality in export demand as the policy allow them to cater to the domestic tariff area (DTA). Unlike them, at present, there is no policy on reverse job work in the existing SEZ regulation in India. In reverse job work, a unit in SEZ can undertake job work for the DTA, including after sales services. The Development of Enterprise and Service Hubs (DESH) Bill 2022, which is expected to be tabled at the winter session of the Parliament, proposes to allow reverse job work, which will benefit the industry.

Second, as India sign trade agreements, units in Indian SEZs are not in an equal position vis-à-vis the units located in our FTA partner countries as the units in FTA partner countries enjoy zero duty exports to India, while the units in SEZs have to pay autonomous tariff on sales to the DTA. This should be addressed to ensure more value addition in the country. Third, there has been significant innovation in design and use of technology in competing countries like Turkey due to which Turkey has become a dominant player in the global gold jewellery market, taking away the export competitiveness of India. Indian firms need to innovate and upgrade to meet such competition. There is need for brand-building, marketing and promotion. All these factors together will help to enhance the future exports from India.

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Excerpts of Memorandum submitted to Govt. of India by AGRM on Reviving GMS

Mr James Jose
Past Secretary, Association of Gold Refineries and Mints

To
Smt. Nirmala Sitharaman
Hon Minister for Finance
Govt of india

Sub: suggestions to reduce annual import of 750 tonnes of gold and CAD

Ref: our earlier letters on policy tweekings to make GMS operational, to collect domestic gold deposits

Respected madam

We appreciate and respect your concern in the words -"India does not produce much gold. In fact the production is almost zilch, so you are importing by paying foreign exchange. So, you want to see whether you can at least try to discourage the extend to which people are importing gold"

However the ground realty is that the consumption and demand for gold in india is highly inelastic, vis a vis import duty, gold price or supply side constraints – the country has been importing around 700-800 tonnes of gold for domestic consumption for the past 2 decades and this steady demand and affinity for gold jewellery is arising from religious, cultural, social and economical factors, irrespective of gold prices, which fluctuate 10% intra year.

<u>An increase in import duty per se, need not bring down the demand for gold, as illustrated from past experience</u>

Gold imported in tonnes and import duty structure of the past 10 years – from 2011 to 2021

No	Period	Import duty structure for gold	Yearly import in tonnes For domestic consum	Gold Import for export purpose	Total import tonnes / annum
1	**2011**	Notional duty of Rs.300 for 10 gms	767 tonnes gold seized Rs.17crores	238 tonnes	1005 tonnes
2	**2012** 17.1 .2012 28.2.2012	2% ad velorum Duty hiked to 4%	690 tonnes	214 tonnes	904 tonnes
3	**2013** 21.1.2013 13.8.2013	duty hiked to 6% duty hiked to 10%	604 tonnes	136 tonnes	740 tonnes
4	**2014**	Duty at 10%	569 tonnes	187 tonnes	756 tonnes
5	**2015**	Duty at 10%	743 tonnes	196 tonnes	939 tonnes
6	**2016**	Duty at 10%	350 tonnes. Gold seized 858 crores	174 tonnes	524 tonnes
7	**2017**	Duty at 10%	642 tonnes	225 tonnes	867 tonnes
8	**2018**	Duty at 10%	528 tonnes	236 tonnes	767 tonnes
9	**2019**	Duty hiked to12.5%	464 tonnes	245 tonnes	709 tonnes
10	**2020**	duty at 12.5%	283 tonnes. Covid pandemic	94 tonnes	377 tonnes Covid lockdown
11	**2021**	duty at 12.5%	832 tonnes	152 tonnes	984 tonnes
12	April &May 2022	Duty @12.5 % Festival of Akshaya thruthiya	232 tonnes Highest bimonthly Volume	32 tonnes	264 tonnes akshya thruthiya festival
13	5 july 2022	Import duty + cess hiked to 15%	Aimed to reduce imports		Low demand July High demand Aug

1. Gold demand is always inelastic- The average monthly import of gold for domestic consumption is around 60-70 tonnes and another 15-20 tonnes of import for export purposes Often, during the 6 months of festival and marriage season - of April –May, Sept – October &, December –January, the import of gold goes upto above 100 tonnes per month, whereas in the remaining 6 off season months, import comes down to 10-20 tonnes per month, taking the monthly average imports to 60-70 tonnes per month. Such being the case, extrapolating or interpreting a particular months high gold imports as a quantum jump in gold consumption is a wrong inference and shall not be a plank / reasoning / criteria to raise import duty, aimed at curbing gold imports

2. Gold supply is always elastic-if there are supply side restrictions like 80:20 rule for gold imports, logistic constraints etc, domestic gold price premiums may go up, and the shortage in supply is offset by higher supply from unofficial channels and grey market, that is to say, supply is always elastic, shortages are taken care of by non official channels as well, to meet the highly inelastic demand of 750 tonnes of gold per annum.

3. High import duties incentivize smuggling, also depreciates the INR-When the official import duties are increased to curb gold imports or to arrest the dollar outflow for gold and worsening CAD, as a corollary, these high import duties incentivize gold smuggling, leading to additional demand for USD in the hawala market, resulting in the appreciation of USD/ depreciation of INR, arising from the higher demand for dollar from unofficial channels.

4. The only practical solution to bring down gold imports and forex payments is to encourage recirculation of domestic/ house hold gold holdings estimated to be more than 25,000 tonnes.
Out of this 25,000 tonnes, atleast 1/3rd is of investment type coins, bars and jewellery that can easily be mobilized for GMS deposits, provided there is a comfortable ecosystem for monetizing / depositing this old gold, which is listed as below:

GMS 2015 - problem areas in mobilizing domestic gold for recirculation /deposits /gold metal loans

No	Problem areas in GMS gold deposits	Suggestions to incentivize GMS deposits
1	**Depositors are ready for deposits under the GMS 2015. But banks are not ready to accept GMS deposits, even after 7 years** There is no software for GMS portal. Govt has entrusted State Bank to develop the Gms portal software, but there seems to be no updates about the GMS software. Even now one bank is comfortably mobilizing old gold deposits from temples and institutions under the old GDS of 1998, and hence not bothered about the new GMS 2015. They bypass / avoid the GMS agents of multiple banks, gold refineries, Cptcs and BIS licensed jewellers, whose vast net work could have collected several hundred tonnes of old gold, as against the 16 tonnes mobilized by this bank in all these 24 years	**Govt shall fix a deadline to develop and operate the GMS portal;** without an inter bank gold transfer mechanism under the GMS portal, GMS cannot be operated, nor can the collected gold from a bank be deployed by another bank at another location **Govt shall fix a deadline for the banks to appoint nodal officer in every state to operate the GMS :** Presently none of the bank staff in local branches is aware of GMS, there is no contact person in the bank to arrange the execution of biparty / triparty agreements with gold refineries, cptcs and jewellers, let alone giving information to willing GMS gold depositors **Govt shall instruct that each bank shall have tie up/ executive agreement with minimum 3 gold refineries 10 cptcs and 50 licensed jewellers in every state:** presently these stake holders are chasing the banks for tie up, but banks are ignoring /leaving them in the lurch., unaware that only such a vast network of collection agents can mobilize gold deposits from the public.

2	**The capital gains tax on sale of old gold is a major factor that hinder the monetizing of old gold holdings.** Gold price in 1994 was Rs.250 per gm, after 28 years in 2022, it is Rs. 5200 per gm, inclusive of 18% govt levies. Selling the old gold purchased decades ago, to the GMS scheme incurs huge capital gain tax.	**The capital gains tax on old gold sales shall be withdrawn, so as to incentivize more gold holders to deposit and monetize their old gold under the GMS.** The tax recovery /revenue foregone from capital gains tax shall be more than compensated by the savings in precious foreign exchange, CAD and rupee depreciation.
3	**The 3% GST deduction by registered dealers while buying old gold is huge money loss for the customer and is a major negative factor/ deterrent for depositing / monetizing domestic old gold in the GMS** To evade the burden of capital gains tax and GST, old gold is often sold to unregistered jewellers and other grey market operators. Every year around 200 tonnes of old gold is getting monetized in this parallel economy, mostly to evade capital gains tax, cheque payment and deduction of 3% GST	The 3% GST for gold, shall be offset / compensated with credit note /pass book or voucher ,which they can utilize while buying their next lot of new jewellery from gst registered dealers **Another option to offset the 3% GST impact on old gold purchase is to reduce the GST to 1%, and shifting the 2% of GST to the basic import duty.** **Reducing the GST on gold to 1% will also reduce the gst refund burden for gold sales to the spot gold exchanges and gold sale under demat form**
4	**The banks are not having enough gold loan products to deploy the medium and long term GMS gold deposits in a profitable manner** The existing gold metal loans (GML) offered by banks have a short tenure of 180 days – such short term GML is not useful for the jewellery trade, because of the frequent fluctuations in gold price, and hence banks may find it difficult to deploy the long tenure GMS gold deposits as GML to the jewellery trade.	**To make GML from GMS deposits attractive for the banks and jewellery trade, the tenure of GML from GMS shall be extended to 1 year period,** similar to CCOL working capital loans from banks to jewellery shops ,with a provision for renewal every year, similar to CCOL annual renewal facility **We thankfully acknowledge that the Govt and RBI has permitted gold to gold settlement of GML in the case of GMS gold, which is very positive for GMS deposits**

Malabar Gold - “Local International Brand”

Mr M.P. Ahamed
Chairman, Malabar Gold and Diamonds

Your company was conferred the Most Preferred Workplace Award-2022-23 by Team Marksmen. What are the initiatives at Malabar that stand out and are appreciated by employees

Malabar Group has over 15,000 workforces around the globe. They have been our support and impetus for our growth, In short, they have been our pillar of strength. We in Malabar Group term our workforce as “MTM (Management Team Members)”, this is so because every MTM’s provided with an Investor/ Management opportunity gathered with an employee engagement programme. Cultural diversity and function-specified training, make it even more conducive for a healthy working atmosphere.

Can you elaborate on Malabar’s group vision of the 'Make in India, Market to the World’ initiative?

We have always claimed ourselves to be a “Local International Brand”, why so you may ask? Our roots are from a country filled with rich culture, history and diversity. As jewellers, we can showcase our very rich cultural assortment through the various jewellery artefacts we produce. The more we reach out to the world outside our security zones, the more we can contribute to the country and to society altogether. By and large, our concept will foster job growth, innovation, and skill development in the country. It would be prudent to say our Analogy of “Local

International Brand" goes hand in hand with the government's "Make in India" programme.

Malabar has announced huge investments of around 9500 crores. Where and how the investments would be distributed?
The investments are panned out to be utilised (a) Set up of a state-of-the-art manufacturing plant (b) Retail expansions-In India and Globally (c) Workforce Investment

You had planned for investments for establishing gold jewellery manufacturing units in Telangana? What motivated Malabar to invest in such a facility when most retail jewellers prefer asset-light models?
For us the end justifies the means. By that we imply, that when a state government is forthcoming in terms of (a) ease of doing business, (b) exemptions/incentives conducive to our industry and business (c) job creativity (d) Infrastructure support, then why not? These factors play a vital role in ascertaining the business models one needs to undertake.

Can you tell me about the 'One India One Rate' initiative for gold?
"One India One Price" for Gold rate has been and will always remain to be a pressing need of the hour for the second largest jewellery-consuming country, such as India. When the international spot rate required to arrive at the gold rate is uniform, the customs duty is the same in the country, and GST also being consistent, we thought, why can't the gold rate also be uniform, in the country? This gave birth to the Malabar Gold's "One India One Gold rate".

Though India has come a long way in regulating certain aspects of this industry such as single Taxation on Gold (Pan India), Quality Standards of Jewellery (to compete in the International Markets), we are still far away from being regulated and having a standardised trading platform

Role of e-commerce growing in complementing Brick and Mortar Jewellery Retailing?
It is an undoubted fact that the craze for online shopping is at an all-time high in the jewellery industry and is trending upward. Many consumers opt to shop online today not only because of the time convenience but also due to the variety of options they can get. There is a general sense of saving money while shopping online. An Online store is Pandora's Box of Collections, combined.

If a potential customer visiting the online store does not make any purchases immediately, an online brand can still influence their buying decisions in the future. The concept of driving quality traffic to one's store cannot be overlooked with the amount of competition in the retail jewellery industry. In view of the above, Malabar Gold and Diamonds' has engaged with the likes of IBM, Deloitte and Accenture to explore and exploit this avenue.

What are the factors you think accelerate the growth of Organized Jewellery Retail in India?
The answer is in the very question, having unorganised players in the market is the first and foremost incumbent that needs to be done away with, for the organised sectors to accelerate growth, amongst others. The gems and jewellery sector plays a significant role in the Indian economy, contributing around 7% to the country's GDP and 15% to India's total merchandise export. It employs over 4.64 million people and is expected to grow exponentially. One of the fastest growing sectors, it is extremely export-oriented and labour-intensive. But even as Indians prefer to invest in the yellow metal, a battle between the organised and unorganised players is intense and is picking up pace. At present 5%–10% of India's gold manufacturing sector could be deemed as being "organised" large-scale facilities; 10 years ago these would have barely existed. The government needs to lay emphasis on (a) the reduction of import duty – amongst the highest in the world (b) a Curb on Smuggling via the introduction of various e-governance norms and procedures (c) the Utilisation of house-held jewellery for cheaper material sourcing (d)Government intervention on robust pricing methodologies/ introduction pricing platforms like Gold Exchanges, to mention a few.

BVC® LOGISTICS

Established in 1960, BVC Logistics is India's largest secure logistics enterprise, securing over 50% of India's international & domestic trade of diamond and jewellery. BVC has carved a niche within high-value goods logistics and is acknowledged as a stalwart in valuable asset movement solutions & is the most preferred logistics partner for the industry. It is on a mission to scale rapidly and set global benchmarks in high value logistics.

BVC has grown exponentially, expanding their offices, team, solutions and customers and are now trusted by over 30,000 businesses through the jewellery value chain consisting of miners, manufacturers, wholesalers, retailers & e-tailers. BVC has grown from 8 cities in 2013 to over 500 cities, servicing over 10,000 pin codes in India and across 130 countries for secure logistics. Today, the company today has become synonymous with logistics and security in the jewellery industry covering end-to-end logistics, security, investments and technology under its wings. From having a team of less than 200, BVC has grown to more than 1500 individuals across India, Singapore and Hong Kong. BVC has also expanded its verticals to secure solutions for luxury goods & Fine Art.

With the sheer size of customers across the globe and the volume of high value goods being handled, it was highly imperative to create a seamless interface for customer interaction. For this, the integration of technology and continued digital transformation within the company was key. Hence, BVC introduced WhatsApp as a primary medium of communication with its customers. The pilot project was successfully completed and today is used by over 500 customers globally to interact with BVC on a daily basis. These 500 customers have switched to WhatsApp completely and have eliminated email as a medium of communication with the company.

The BVC bot on WhatsApp has increased the efficiency of jewellers for their pickups, pricing and service information. Pickups are automated for existing customers via BVC Bot and jewellers who seek secure logistics solutions are guided through by BVC's automated bot to connect to the right person in 3 clicks which converts several hours & days of waiting time to seconds. It took a total of 4 weeks for the company to roll out this pilot project and completely integrate WhatsApp into the system, communicate it to customers and onboard them.

The Whatsapp bot has enabled customers with the ability to communicate with BVC anytime, anyday. Book pickups, register complaints, make changes to their bookings, know the status of their shipment and so much more. Most of all, it has allowed BVC and its customers to come closer to each other and ensure seamless communication, especially when a custom shipping solution is required.

BVC will also add multiple features to its WhatsApp channel and will eventually become a channel for the industry to know more about government policy changes, import duty related changes, logistics real-time information and much more. BVC aims to continue on its path of digital transformation and will roll out many such features that are directly connected to customer happiness in the coming days. The Brand aims to ensure that shipping remains the competitive advantage for its 30,000 customers globally.

- BVC Logistics

Discussion on Tech-backed gold products

Moderator:
Mr Sudheesh Nambiath, IGPC, IIMA

Panellists:
Mr Gaurav Mathur, Managing Director, Safe Gold
Mr Ketan Kothari, Director, Augmont
Mr Ritesh Singh, CTO, Bright Metal Refiners
Mr Aditya Gupta, Rupeek
Ms Saroja Yeramilli, Founder & CEO, Melorra

Mr Sudheesh Nambiath, IGPC, IIMA: We have entrepreneurs with us here. To start off, it has been 12 to 15 years since the launch of jewellery retailing. Many retailers are moving into brick and mortar also. We have seen valuations of some of these companies exceed some of the traditional jewellers. What is the way forward for the sector?

Second, Digital gold is five years old. It had good growth until last year when certain regulatory provisions slowed down its progress. We have three speakers from digital gold. So let me start with them.

Gaurav, are you running a fin-tech company or a tech-fin company?

Mr Gaurav Mathur, Managing Director, Safe Gold: About 70% of our employees are computer science graduates. So, we are a technology company. Digital gold is one of the financial products that plugin very neatly with technology platforms such as Paytm, Phonepe, etc., each of which has over 100 million customer base. With UPI and other payment enablement, growth opportunities are immense.

Mr Sudheesh Nambiath: Ketan, what is the gap you have noticed that pushed you into digital gold?

Mr Ketan Kothari, Director, Augmont: There is a problem in the market that is unaddressed. During festivals such as Diwali, Akshaya Tritiya etc, there is a sudden rush of customers wanting to buy. We have also noticed a lot of these customers were not able to buy standard products such as 5 gm and 10gm coins due to the ticket size. They were keen on investing at regular intervals, but they could not locate any platform which can enable them to do so. ETFs were there but ETFs do not offer physical gold.

We were always bullion traders. We had the Spot platform, which was B2B with a pan-India presence and network. Through the spot platform, we were offering 100 gm and 1kg gold as well as one kg silver products. We do purchase gold, and leverage gold through lending and monetisations against GMS or outright sale. Having a successful B2B platform and a refinery, enabled us to offer digital gold to retail customers and thereby complete the life cycle. The products that we launched in the digital gold space are (a) loans against gold during covid and (b) deposits under GMS. Given our experience in this space and our network, we could scale in digital space.
http://goldconference.in/presentation/Day2/Ketan_Kothari.pdf

Mr Sudheesh Nambiath: Ritesh, what is the USP of your digital gold product?

Mr Ritesh Singh, CTO, Bright Metal Refiners: We are directly backed by a refinery- Bright Metal Refinery. We offer investments starting from Rs. 10. We also offer gifting options. We have made the platform very easy for people to use. So, people with no prior knowledge of tech can use our platform. Being a refiner-back proposition, it is cheaper for the customer. These are our USPs.

Mr Sudheesh Nambiath: Gaurav, what new things do you offer to your customers, being one of the oldest players in the industry?

Mr Gaurav Mathur: In the digital gold space, there are a bunch of companies that offer standard products- smaller investment options, delivery of physical metal, 24/7 operation, buy-sell option and so on. Moving beyond these takes a lot of time and effort. We tied up with a lot of jewellers so that your balance in Safe Gold can be redeemed against jewellery purchases or you can pay a part of your purchase through digital

gold and so on. Recently, we tied up with a credit card company where your Safe Gold balance can be used as collateral. There are six fintech companies that issue credit cards. These card companies are ok with giving a limit against your gold as collateral.

In enabling the client to lend his gold and earn interest, we are awaiting regulatory clarity on certain issues.

Mr Sudheesh Nambiath: Aditya, what is the connection between digital gold and what your company Rupeek does? Which regions are more comfortable or tech-savvy?

Mr Aditya Gupta, Rupeek: There is a bridge. Both digital gold as well as companies such as Rupeek seem to be focusing on building and setting up the gold monetisation infrastructure for the country in a holistic manner. Rupeek is the pioneer in the fintech space in asset back lending. Innovation in asset back lending has been our focus since our inception. Doorstep gold loan was our first product. Gold-backed credit card is another innovation. GTM, Digilocker and BMPL schemes are coming up. There is a strong synergy between what we try to achieve - formalising credit access and monetising the asset and objectives of digital gold.

In India, only about 10% of gold assets are leveraged for credit. The adoption of gold-backed lending is still nascent and growing. Rupeek is proud to say that we convert 60% of 'new to gold loan' category of customers. South is more amenable to asset-backed lending in terms of tech-savviness and readiness to monetise gold. North and West are showing a strong upward trend. Some pockets of the East also are growing. But the baseline case is different for different regions.

Mr Sudheesh Nambiath: Saroja, how has the journey been for you at Melorra, being an e-commerce jewellery player?

Ms Saroja Yeramilli, Founder & CEO, Melorra: Thank you for the invitation. We are one of India's top jewellery companies online. We started Mellora seven years ago. E-commerce started in 2008 in India. Over a period of time, despite challenges, it grew from strength to strength. Today, we have 300 million online shoppers. By 2026, we will have 600 – 700 million online shoppers. Covid was an unexpected boon from an e-com perspective, although it was a humanitarian disaster. Covid saw large-scale adoption of e-commerce, especially in smaller towns and cities.

The young demographic plus high gold consumption lead to Mellora's journey. We may be called the only true pan India jewellery company as we have delivered jewellery to customers in over 3000 towns and cities across the length and breadth of the country in the last seven years. Beyond retailing, we deploy technology extensively at the manufacturing end, at the design and at the pricing end and across our value chain.

We follow the 'zero inventory model'. We manufacture as per customer order. So, in a way, every piece of jewellery that we sell is custom-made. Also, while hallmarking is mandatory only in 290 districts, we deliver hallmarked jewellery to every part of India, even though it is not mandatory in some places. So, we believe we are truly disrupting the jewellery retailing industry that we serve using technology and customer insights.
http://goldconference.in/presentation/Day2/Saroja_Yeramilli.pdf

Mr Sudheesh Nambiath: Digital gold has been facing regulatory challenges in the last two years. What do you plan to do in these situations?

Mr Ketan Kothari: Regulation has been different when it comes to gold. Some consider it as currency, some consider it as a commodity. Regulations increase business, as it increases trust. With Electronic Gold Receipt, the way gold will be traded will change decisively.

Mr Gaurav Mathur: We have to engage with the regulator. We have to be flexible, be able to change with regulation. Also, have an active dialogue with the regulator and have an open mind.

Aditya, do you face regulatory hurdles? How do you manage risks especially when the space is not-regulated?

Mr Aditya Gupta: Regulations have enabled innovations at Rupeek. Regulations around lending against gold in banks have been extremely enabling in the space, for not only Rupeek but also for other companies. Regulations evolve to make it easier for the customers.

Mr Sudheesh Nambiath: Saroja, as a tech company, Melorra is into AR/VR tech as well. In the process, companies are gathering a lot of private information about customers, do you see a regulatory challenge going forward?

Ms Saroja Yeramilli: We are a tech company. We take customer-privacy laws very seriously. For every action that a customer takes, we have to take consent. We take it very seriously. No AR/VR tech can be deployed without customer consent. These solutions are, in general, good and helpful for consumers. All privacy laws are strictly followed by consumers.

Presentation by Mr Philip Newman, Managing Director, Metals Focus

Of the total global gold production, about 2123 tonnes (as on 2021) are non-captive gold, that is, gold mined in countries that permit the export of gold dore. We expect the non-captive gold to increase from 116 tonnes to 2239 tonnes by 2023, mainly from North America (+34), Oceania (+36), Central and South America (+34) and Africa (+10).

Artisanal and small-scale gold mining (ASGM) accounts for roughly 35% (about 734 tonnes) of the non-captive dore market. Africa with 471 tonnes (62%), C&S America with 197 tonnes (27%), Asia with 62 tonnes (8%), and Oceania with 4 tonnes (1%).

ESG in dore supply chain: ESG reporting is a practice in large-scale mines. Major jewellery retailers in the developed world are moving towards ESG-compliant companies with carbon neutral bars. India cannot escape some of these broader trends.
http://goldconference.in/presentation/Day2/Philip_Newman.pdf

Discussion on Attracting Dore Flows into India

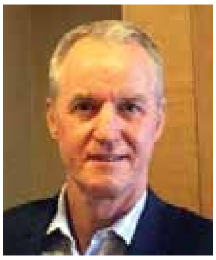
Moderator: Mr Philip Newman, Managing Director, Metals Focus

Panellists:

1. **Hon. Dr Kwabena Okyere-Darko Mensah, Government of Ghana (online)**
2. **Mr Nick Spencer, Galaxy Goldmines (online)**
3. **Mr Ramkumar Chandrasekharan, Gold Storm DMCC**

Hon. Dr Kwabena Okyere, Darko Mensah: Happy to be a part of the panel. Ghana is the largest gold producer in Africa. The gold sector has a lot of social and economic impact. The sector creates employment and reduces poverty. ASM sector is an important part of the Ghana gold sector. ASM sector has been developed since 1983. In 2017, a community mining scheme was launched. We are also bringing in a responsible sourcing program to formalize ASM and community mining.

Bank of Ghana has the first right to purchase gold through its arm Precious Minerals and Metals Corporation (PMMC). If an Indian company wants to get gold from Ghana, I urge them to consider partnering with the Bank of Ghana. Secondly, we are also looking at adding value through refining. The government of Ghana along with PMMC is considering setting up a refinery and adding value. This could be another opportunity.



Mr Nick Spencer, Galaxy Goldmines: India has a potential reserve of 500 tonnes of gold from its own mines. From 20 mines, India can produce about 100 tonnes of gold dore per year. So, try to explore this option.

Second, how do mines choose their refiners? The key is a long-term partnership that can help a mine to develop, grow and prosper together. There has to be an understanding, strong professionalism, and cultural connection. Spending time and money on the ground with miners is critical. Refiners have to be of international standards. LBMA is desirable.
http://goldconference.in/presentation/Day2/Nick_Spencer.pdf

Mr Ramkumar Chandrasekharan, Gold Storm DMCC: We are Singapore's headquartered company with a full-fledged office in Ghana to source and export gold dore. Regulatory requirements are stringent in Ghana. We do undertake regular mine visits and have a complete traceability system. Ghana's market is moving in an organized way. Small-scale miners have their own challenges mainly in poor cash management and book-keeping. They need financial support. Besides some require technical and operational support. Together, these could lead to a sustainable supply of gold dore. The key is “financial and technical partnerships”. In a way, we are bringing LSM practices to the ASM sector.
http://goldconference.in/presentation/Day2/Ramkumar_Chandrasekharan.pdf

Mr Philip Newman: Can you please explain about Gold Strom FATE model?

Mr Ramkumar Chandrasekharan: Foundry, Analysis, Trade, and Export (FATE). We have a formal onboarding process for any mine. It involves KYC, mine-site visits, and an analysis of the challenges faced. It is not only for mines but also for aggregators and export licensed holders. It can be adapted for refiners and also for miners from other countries.

We plan to expand the model to the rest of west Africa. We plan to move to Indonesia in 2023.

Mr Philip Newman: Minister, you mentioned about Minerals Commission and Alternative Livelihood project. Could you please elaborate?

Hon. Dr Kwabena Okyere-Darko Mensah: Minerals Commission is responsible for the regulation and management of mineral resources. Alternative livelihood projects are programs to support small-scale miners. There is a lot of informality in the ASM sector. As a result, traceability is a challenge. Bank of Ghana's gold purchase program is one of the formalization programs to support ASM. As you are aware, there are illegal mining activities in Ghana. When we banned illegal gold mining, we had to provide an alternative mechanism for these people to support their livelihood. So, we help them with opportunities in other sectors such as afforestation, and so on. The University of Mines Technology trains Some of these people on the safe mining process, mercury-free mining, and so on.

Mr Philip Newman: Nick, where do you think the industry would be five years from now?

Mr Nick Spencer: At the moment there is only one mine. Five years from now, five mines each with a production of two tonnes each per year is a possibility. Execution is very challenging in India. India could move to 100 tonnes per year from 20 mines 15 years down the line.

Mr Philip Newman: Minister, could you share some of the challenges faced in organizing the sector?

Hon. Dr Kwabena Okyere-Darko Mensah: The main goal of ASM, which contributes 43% of gold production in Ghana, is to create jobs. ASM creates between one million to 2 million jobs. Community mining has created 50,000 jobs.

Challenges- Some of the mines do not follow sound mining practices. The government has banned mining in riverbeds and mining in forest areas. This is to protect the environment and ensure sustainability. Investment in the ASM sector is another challenge.

Excerpts of Online Speech by Mr David Gornall
Senior Consultant, LBMA

Congratulations to all the stakeholders for making IIBX go live. The launch of the exchange marks an important milestone which reinforces India's position as the major consumer of gold apart from providing greater and wider market access. Bringing the consumer and suppliers under the regulated exchange framework would transform IIBX as an official marketplace.

It is worth mentioning that this is the first time that any gold exchange has introduced pre-funded metal and currency accounts in order to bring about the idea of the same day based settlements. LBMA hopes to have a second London Good Delivery refiner along with a bullion bank that participates in gold auctions which is yet to be realized. After receiving and reviewing the feedback from potential refiners on non-technical eligibility criteria for LBMA London Good Delivery Status a review of these criteria would be conducted in the coming months that will include the current £15 million total net worth level. Alongside the annual ten metric ton production floor for those gold refiners who also produce a significant tonnage of silver would be looked into. To make LBMA membership more relevant in global precious metal space membership criteria would also be looked into.

Three months pilot scheme of the Gold Bar Integrity Programme jointly implemented by LBMA and WGC which aims at increasing transparency, accessibility, and fungibility of gold across the industry has been completed involvement of a selected group of mines, refiners, mints, banks, and vaults, as well as one exchange and a retailer in order to test the attributes of the two block chain-based systems being trialed. Gold Bar Integrity Programme would not be limited to just London large bars but will also be extended to all production from LBMA good delivery refiners

Another initiative between LBMA and WGC is to establish a working group with key industry participants to help define and align the definition of sustainability for the industry. The association would like to see more of you within the membership and the good delivery list as you are and will remain a hugely important part of the market. Thank you and all the best to you

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METALS LIMITED

Sovereign Metals Limited is in the business of refining precious metals (gold and silver) and supplying highest and most consistent quality products and related services and solution to customers at their place of convenience by leveraging its competent and customer-focused human resources, industry-leading technology infrastructure and transparent and globally compliant-sourcing practices.

Sovereign Metals Limited would pursue environmentally sustainable manufacturing practices and would strive to be a world leader in its chosen segment from India.

www.sovereignmetals.in

Comex Inventories Plummet - Is A 'Vault-Run' Underway?

Source: SchiffGold

Summary

While Comex deliveries have been very elevated for over two years, most of the metal was going back and forth within the Comex vaults.

The past few months have seen a major acceleration of gold leaving the Comex.

Unlike gold, silver has not yet started leaving the Comex system in droves, but the amount of Registered has fallen off a cliff.

Gold and silver deliveries on the Comex have surged since March 2020. While delivery volume in 2021 and 2022 are below the massive amount seen in 2020, overall volume is very elevated compared to pre-COVID levels.

This analysis focuses on gold and silver within the Comex/CME futures exchange. The charts and tables below specifically analyze the physical stock/inventory data at the Comex to show the physical movement of metal into and out of Comex vaults.

Current Trends

While Comex deliveries have been very elevated for over two years, most of the metal was going back and forth within the Comex vaults. There was not a major extraction of metal. In fact, at the beginning of COVID, a dislocation in the market brought a massive surge of inventory into Comex gold vaults (see figure below), even while delivery volume was breaking records.

In 2021, gold did start physically moving out of the vault, albeit from much higher stock levels. After a decent amount was extracted, there was then an inventory surge during the Ukraine/Russia crisis to replenish stock.

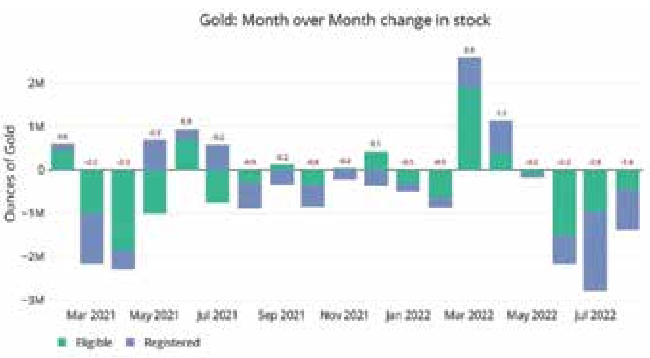
However, that surge has been completely undone and inventories are now well below where they were before May, though well above pre-COVID levels. Since May 2022, total inventories are down 17.7% and down 24.9% since February 2021. The past few months have seen a major acceleration of gold leaving the Comex. This is shown below with the big spike down on the right side.

Silver is also seeing a major change in inventory. Unlike gold, the metal has not yet started leaving the Comex system in droves, but the amount of Registered has fallen off a cliff (Registered is metal available for delivery). Silver Registered is down 41% since March 15, 2022, and down 65.7% since Feb 4, 2021, which was the start of the Reddit Silver Squeeze last year.

This is a massive drawdown in metal available for delivery. For now, the metal is staying in the Comex vaults, but if gold is a leading indicator, metal might start leaving Eligible in a big way. As can be seen below, the amount of Registered has fallen to 16.6%, down from 40% in 2020. This is the lowest ratio since June 2017.

Gold

Zooming in on the month-over-month change shows the acceleration in metal leaving the vault. 3.7M ounces were added in March and April. Since then, 6.6M ounces have left the Comex system. Current outflows have exceeded the outflows during the height of the squeeze in 2021.



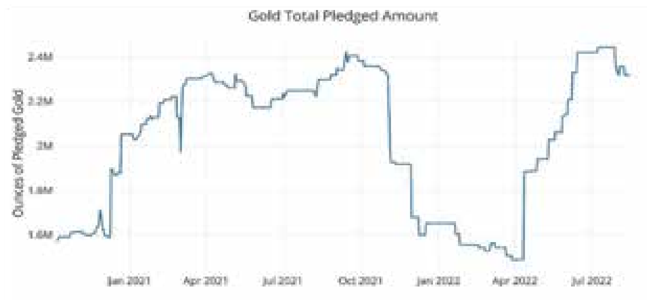
The daily activity since the last stock report shows a very steady outflow of metal from both Registered and Eligible. This has not been one or two days of big outflows; it has been a relentless removal day after day. Last Friday was the only day of net inflows over the last month.

Silver

Again, the action in silver is a bit more nuanced. Investors are taking delivery and then moving registered metal to Eligible. They are taking it out of the available supply for delivery but are still keeping it in the Comex system. If the current pace keeps up, eventually that silver will start to leave the system.

The daily activity is a bit more erratic in silver than in gold. July saw a very continuous outflow of Registered, but since August started the outflows have been in Eligible with Registered remaining fairly flat.

Pledged gold (a subset of Registered) has come down some after setting a new record back in July. Pledged is Registered but not available for delivery, which means gold has lost an additional 900K ounces of available delivery supply since March when you include Registered.



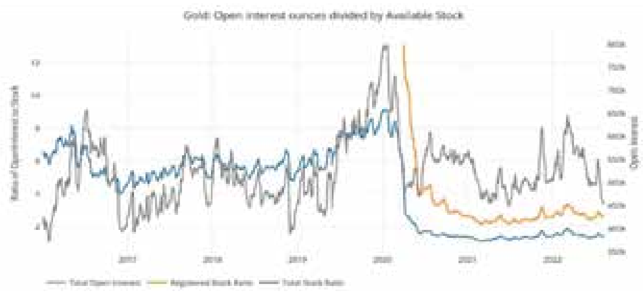
Gold entered backwardation last month for three consecutive weeks until the August contract was replaced with the December contract. It has now entered the strongest contango since September 2020. In 2021, the conversion from August to December resulted in a spread increase less than $1. In 2022, that same contract conversion flipped the price almost $20!

While gold is back in contango, silver remains in heavy backwardation. This is the longest such period of continual weekly backwardation since 2013

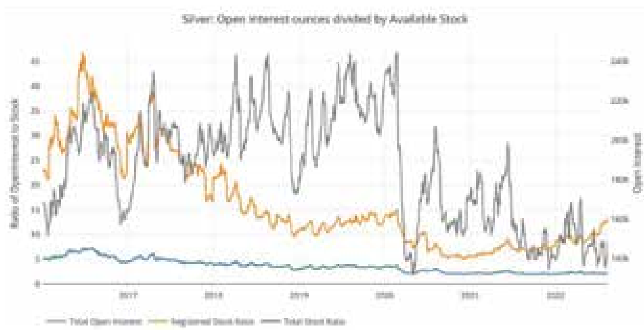
Historical Perspective

Available supply for potential demand

As can be seen in the chart below, the ratio of open interest to total stock has fallen from over 8 to 1.45. In terms of Registered (available for delivery against open interest), the ratio collapsed from nose bleed levels (think Nov 2019 where 100% stood for delivery) down to 2.7 in the latest month. The recent fall in the ratio is from open interest falling faster than the physical supply. This is not unexpected though; it is much easier for the paper supply to fluctuate compared to the physical supply.



Coverage in silver is weaker than in gold with 13.45 open interest contracts to each available physical supply of Registered (up from 8.2 at the end of April). The ratio has been driven up by a recent increase in open interest, along with the continued movement out of Registered.



Wrapping Up

Comex deliveries should not be confused with load-outs where metal actually leaves the vaults. For perspective, the August gold contract has seen 3.25M ounces of gold delivered. Ironically, this is close to the 3M ounces that have left the vault over the last month. Over time, the divergence is greater with 17.2M ounces being delivered since December and only 4.2M ounces leaving the vault during the same period.

That being said, the increased delivery volume over the last 2+ years has translated to a lot more metal leaving the Comex. While Delivery volume is still close to near-term averages, the amount of gold leaving vaults has accelerated rapidly in recent weeks. With total gold inventories down almost 20% since May, this could be the early stages of a bank run, or in this case, a “vault-run”.

If someone were to describe the early stages of a collapse in Comex confidence, it would look exactly like this. A few years of elevated deliveries back and forth sloshing around. Metal starts leaving the vault slowly but steadily. Inventories get thin, and the banks restock but not enough. Then a little more fear sets in and the exodus accelerates.

Everyone knows there is more paper gold than physical gold, but most traders are fine with this as long as they can get the USD exposure to the gold they want through margins and futures. However, there is clearly a second set of actors in the market who are not after highly leveraged bets on short-term future gold prices. These actors understand the value of gold and silver as the true wealth and currency of the world. The data shows that these investors may be losing confidence in the system and are extracting their metal while they still can.

As paper trading continues, the price of gold and silver remains suppressed in a fractional reserve system. With an infinite supply of paper shorts available, true price discovery is much harder. The real investors are taking advantage of the artificial suppression in prices, and cashing in their paper for metal.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The best time to buy a
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Regulatory News

Premature redemption under Gold Monetisation Scheme payable only in rupees: RBI

The Reserve Bank said premature redemption under the Gold Monetisation Scheme will be payable in rupees, while on maturity the depositor may choose to opt for physical gold. The Gold Monetisation Scheme (GMS) was launched in November 2015 with an aim to mobilise gold held by households and institutions and facilitate its use for productive purposes, and in the long run, reduce the countries on imports of the yellow metal.

"The redemption of principal at maturity shall, at the option of the depositor, be either in Indian Rupee equivalent of the value of deposited gold at the time of redemption, or in gold," said an RBI circular modifying the scheme.

However, any premature redemption of Medium and Long Term Government Deposit (MLTGD) would be only in Indian rupee, it added.

As per the scheme, the Medium Term Government Deposit (MTGD) can be made for 5-7 years and Long Term Government Deposit (LTGD) for 12-15 years or for such a period as may be decided by the Centre from time to time. The circular further said banks should seek the option of collecting maturing proceeds in gold or in Indian Rupee equivalent from the depositor at the time of initial deposit.

The GMS is implemented through banks.

Source: https://economictimes.indiatimes.com

Jewellery News

India Gold Jewellery Exports Recorded Upward Trend

According to the Gems and Jewellery Export Promotion Council (GJEPC), the exports of plain gold jewellery gained traction in India ever since the India-UAE Comprehensive Economic Partnership Agreement (CEPA) came into force in May 2022.

The gross export of plain gold jewellery were valued at $325.59 million in July this year, compared with $280.02 million recorded in the same month a year before. Meantime, the overall gem and jewellery exports witnessed a marginal dip by 7.28% in dollar terms to $3,129.91 million.

For the period from April to July 2022, provisional gross export of plain gold jewellery recorded growth of 22.98% in dollar terms to $1,321.68 million. This compares with $1,074.67 million for the same period in 2021. The overall gross exports witnessed a growth of 5.63% from $12,655.55 million in April-July’21 to $13,367.91 million in the same period this year.

Colin Shah, Chairman, GJEPC noted that it hoped to see successful completion of similar free trade agreements (FTAs) with the UK and Canada soon, which in turn will further boost gold jewellery exports from India. The next few months will be a crucial period for exporters, he added.

Source: https://www.scrapmonster.com

BIS

BIS: Gold Jewellery Hallmarking Recorded Notable Surge

The Bureau of Indian Standards (BIS) announced that the mandatory hallmarking requirement which came into force in mid-June this year has witnessed huge success. There has been a notable surge in the volume of hallmarked jewellery items, it said.

Around 3.7 crore jewellery articles were hallmarked during the initial quarter (April-June '22) of the current fiscal year. Also, nearly 8.68 crore jewellery articles were hallmarked in the previous fiscal year ended 30th March, 2022. The statement further noted that the number of BIS registered jewellers have surged higher significantly from 43,153 in July last year to as many as 1.43 lakhs in August this year. Over the same period, the count of BIS-recognized Assaying and Hallmarking Centres have increased from 948 to 1,201.

The first phase of mandatory hallmarking had covered 14 carat, 18 carat and 22 carat gold jewellery articles. The second phase covered additional cartages-20carat, 23 carat and 24 carat. Also, it covered more number of districts. Several more districts would be covered under the mandatory gold hallmarking order in future.

The mandatory hallmarking ensures purity of gold purchased by customers. It also offers them higher resale or exchange value for gold jewellery and artefacts.

Source: https://www.scrapmonster.com

ETF News

Gold ETFs Log Rs 457 Crore Outflow in July

Gold Exchange Traded Funds (ETFs) witnessed a net outflow of Rs 457 crore in July as investors parked their money in other asset classes as part of their portfolio rebalancing strategy. This was in comparison to a net inflow of Rs 135 crore in June, data with the Association of Mutual Funds in India (Amfi) showed.

Kavitha Krishnan, Senior Analyst Manager Research at Morningstar India, said that significant outflows seem to have risen out of investors' expectations of a rising interest rate cycle leading to a fall in gold prices, thus impacting the net flows into the gold ETFs. Also, a falling rupee is another factor that has likely impacted the demand and supply dynamics of gold. This trend has been witnessed globally too, with gold ETF's posting significant outflows on the back of lower gold prices, she added.

"This outflow could be directed toward money being diverted from gold to other asset classes as a part of a portfolio rebalancing strategy," Priti Rathi Gupta, Founder of LXME, said. The outflow has pulled down the asset under management of the category to Rs 20,038 crore last month from Rs 20,249 crore in June.

However, the category saw a slight increase in the number of folios by over 37,500 to 46.43 lakh during the period under review. This suggests that investors are likely continuing to invest in gold ETF's as a means to diversify their portfolio and hold the financial instruments a hedge against market risks, Krishnan said.

So far in the current fiscal (till July) 2022-23, the segment attracted Rs 982 crore. Gold ETF, which aims to track the domestic physical gold price, are passive investment instruments that are based on gold prices and invest in gold bullion.

In short, gold ETFs are units representing physical gold which may be in paper or dematerialised form. One gold ETF unit is equal to 1 gram of gold and is backed by physical gold of very high purity. They combine the flexibility of stock investment and the simplicity of gold investments.

Source: https://www.news18.com

IBJA Opening & Closing Rates for Gold and Silver

(All rates in INR)

	Gold 999		Gold 995		Gold 916		Gold 750		Gold 585		Silver 999	
Date	(AM Price)	(PM Price)	(AM Price)	(PM Price)	(AM Price)	(PM Price)	(AM Price)	(PM Price)	(AM Price)	(PM Price)	(AM Price)	(PM Price)
	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	10 Gms	1 Kg	1 Kg
01-08-2022	51405	51668	51199	51461	47087	47328	38554	38751	30072	30226	57912	58379
02-08-2022	51437	51549	51231	51343	47116	47219	38578	38662	30091	30156	57522	57904
03-08-2022	51437	51566	51231	51360	47116	45235	38578	38675	30091	30166	57622	57309
04-08-2022	51815	52039	51608	51831	47463	47668	38861	39029	30312	30443	57598	58057
05-08-2022	52140	52019	51931	51811	47760	47649	39105	39014	30502	30431	57838	57362
08-08-2022	51968	52184	51760	51975	47603	47801	38976	39138	30401	30528	57380	58106
10-08-2022	52297	52348	52088	52138	47904	47951	39223	39261	30594	30624	58191	58444
11-08-2022	52224	52460	52015	52250	47837	48053	39168	39345	30551	30689	58436	58700
12-08-2022	52481	52461	52271	52251	48073	48054	39361	39346	30701	30690	58490	58352
16-08-2022	52180	52061	51971	51853	47797	47688	39135	39046	30525	30456	57905	57721
17-08-2022	2180	52061	51971	51853	47797	47688	39135	39046	30525	30456	57905	57721
18-08-2022	51974	52081	51766	51872	47608	47706	38981	39061	30405	30467	56650	57100
19-08-2022	51868	51802	51660	51595	47511	47451	38901	38852	30343	30304	56064	55881
22-08-2022	1550	51396	51344	51190	47220	47079	38663	38547	30157	30067	55166	55110
23-08-2022	51430	51421	51224	51215	47110	47102	38573	38566	30087	30081	54829	55000
24-08-2022	51578	51630	51371	51423	47245	47293	38684	38723	30173	30204	55166	55224
25-08-2022	51958	52094	51750	51885	47594	47718	38969	39071	30395	30475	55758	55883
26-08-2022	51908	51668	51700	51461	47548	47328	38931	38751	30366	30226	55697	55607
29-08-2022	51231	51265	51026	51060	46928	46959	38423	38449	29970	29990	54205	54316
30-08-2022	51325	51188	51120	50983	47014	46888	38494	38391	30025	29945	54365	54350

The above rates are exclusive of GST/VAT

Bullion - Data & Statistics

Gold Spot Market International (Per Troy Ounce)			
Spot Gold	01st Aug	31st Aug	% Change
Australia (AUD)	2522.12	2501.94	-0.80
Britain (GBP)	1445.03	1474.8	2.06
Canada (CAD)	2273.25	2247.02	-1.15
Europe (Euro)	1726.34	1705.69	-1.20
Japan (Yen)	233597.00	241168.00	3.24
Switzerland (CHF)	1683.45	1671.77	-0.69
USA (USD)	1772.58	1708.46	-3.62

Silver Spot Market International (Per Troy Ounce)			
Spot Silver	01st Aug	31st Aug	% Change
Australia (AUD)	29.02	26.34	-9.24
Britain (GBP)	16.63	15.52	-6.67
Canada (CAD)	26.16	23.65	-9.59
Europe (Euro)	19.87	17.95	-9.66
Japan (Yen)	2689.00	2502.00	-6.95
Switzerland (CHF)	19.38	17.59	-9.24
USA (USD)	20.34	17.92	-11.90

Monthly Exchange Data (Gold) (From Aug 01-31)						
Exchange	**Commodity**	**Open**	**High**	**Low**	**Close**	**% Ch.**
COMEX[2]	Gold Dec 22	1735.50	1824.60	1720.60	1798.10	0.91
SHANGHAI –SHFE[4]	Gold Dec 22	384.06	393.24	383.70	387.86	1.08
MCX[1]	Gold Dec 22	51609.00	52860.00	50600.00	50749.00	-2.19
TOCOM[3]	Gold Dec 22	7519.00	7783.00	7425.00	7667.00	1.78

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

Monthly Exchange Data (Silver) (From Aug 01-31)						
Exchange	**Commodity**	**Open**	**High**	**Low**	**Close**	**% Ch.**
COMEX[2]	Silver Dec 22	20.50	21.02	17.80	17.88	-12.10
MCX[1]	Silver Dec 22	59109.00	60510.00	52935.00	53151.00	-10.57
TOCOM[3]	Silver Dec 22	78.60	84.90	78.60	81.00	3.05

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

Gold Spot Market, India			Rs/10gm
Spot Gold	**01st Aug**	**31st Aug**	**% chg**
Ahmedabad	51520.00	50986.00	-1.04
Bangalore	50612.00	50622.00	0.02
Chennai	50417.00	49997.00	-0.83
Delhi	50630.00	46500.00	-8.16
Mumbai	51461.00	50983.00	-0.93
Hyderabad	50415.00	46500.00	-7.77
Kolkata	51157.00	51053.00	-0.20

Currency Change (Monthly)		
	01st Aug	**31st Aug**
EUR/USD	1.0261	1.0057
USD/AUD	1.4235	1.4618
USD/GBP	1.2248	1.1622
USD/INR	78.96	79.49
USD/JPY	131.61	138.96

Silver Spot Market, India			Rs/kg
Spot Silver	**01st Aug**	**31st Aug**	**% chg**
Mumbai	58379.00	54350.00	-6.90

Bullion - Data & Statistics

LBMA Gold & Silver Price (Per Troy Ounce)										
	GOLD AM			GOLD PM				SILVER		
DATE	USD AM	GBP AM	EUR AM	USD PM	GBP PM	EUR PM	DATE	USD	GBP	EUR
08-01-2022	1766.75	1443.26	1722.23	1772.40	1444.86	1727.91	08-01-2022	20.41	16.66	19.90
08-02-2022	1772.90	1452.36	1732.30	1779.75	1457.26	1743.62	08-02-2022	20.34	16.67	19.88
08-03-2022	1766.60	1450.03	1734.09	1761.25	1451.62	1735.54	08-03-2022	19.92	16.35	19.55
08-04-2022	1777.90	1460.90	1744.48	1783.20	1473.28	1749.85	08-04-2022	20.27	16.64	19.88
08-05-2022	1786.75	1472.82	1747.26	1773.25	1473.04	1744.35	08-05-2022	20.06	16.52	19.60
08-08-2022	1775.70	1469.92	1744.09	1784.05	1471.48	1748.90	08-08-2022	20.20	16.68	19.82
08-09-2022	1790.60	1477.42	1748.88	1795.25	1482.34	1753.60	08-09-2022	20.60	17.01	20.14
08-10-2022	1793.50	1482.15	1753.33	1795.05	1468.17	1739.22	08-10-2022	20.44	16.89	19.95
08-11-2022	1789.70	1464.15	1732.07	1796.70	1467.54	1734.35	08-11-2022	20.54	16.83	19.87
08-12-2022	1788.45	1472.61	1735.87	1792.10	1480.63	1746.76	08-12-2022	20.27	16.71	19.70
08-15-2022	1781.45	1478.07	1748.67	1776.60	1469.78	1742.13	08-15-2022	20.33	16.82	19.93
08-16-2022	1776.15	1476.16	1752.70	1774.85	1469.22	1745.92	08-16-2022	20.13	16.74	19.87
08-17-2022	1773.65	1465.92	1742.97	1767.20	1463.77	1737.16	08-17-2022	19.91	16.45	19.57
08-18-2022	1765.60	1466.15	1737.53	1765.55	1470.53	1744.36	08-18-2022	19.83	16.45	19.49
08-19-2022	1752.90	1476.12	1738.53	1750.75	1480.96	1742.00	08-19-2022	19.23	16.24	19.12
08-22-2022	1732.80	1467.34	1731.24	1733.25	1471.01	1737.93	08-22-2022	18.90	16.00	18.87
08-23-2022	1739.45	1479.05	1752.84	1746.55	1473.04	1744.80	08-23-2022	18.99	16.14	19.13
08-24-2022	1752.00	1483.59	1760.41	1745.65	1483.10	1759.79	08-24-2022	19.00	16.14	19.15
08-25-2022	1762.40	1489.23	1763.81	1753.55	1485.26	1760.04	08-25-2022	19.33	16.34	19.37
08-26-2022	1752.10	1480.52	1751.05	1751.25	1475.95	1741.09	08-26-2022	19.22	16.24	19.19
08-30-2022	1734.00	1475.81	1726.37	1730.30	1481.31	1727.36	08-30-2022	18.70	15.95	18.64
08-31-2022	1712.40	1472.15	1713.60	1715.90	1478.08	1715.21	08-31-2022	17.95	15.44	17.98

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