

ELECTRONIC GOLD RECEIPT (EGR)

INDIA'S NEW WAY TO OWN GOLD

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Gold has always meant more to Indians than just an investment - it is jewellery for a wedding, a coin gifted at a festival, a bar tucked away in a locker for a rainy day. But this deep attachment has come at a cost: most of that gold just sits idle, locked away, earning nothing, while India spends tens of billions of dollars every year importing fresh gold from abroad.

The Electronic Gold Receipt (EGR) is an attempt to fix this contradiction. In simple terms, an EGR is a digital certificate that represents real, physical gold sitting safely in a vault - a certificate you can buy, sell, or trade on a stock exchange, just like a share, and convert back into gold whenever you want. It is India's first serious attempt at building a proper "spot" gold market: regulated, transparent, and tradeable.



Figure 1: Why EGR matters now — India's gold import bill and idle household gold

Background: How We Got Here

The idea of EGRs isn't brand new. The BSE first launched EGRs back in October 2022, during Diwali's Muhurat trading, after getting SEBI's in-principle approval. But for nearly four years, adoption stayed limited - most investors simply didn't know the product existed, and structural hiccups discouraged serious use.

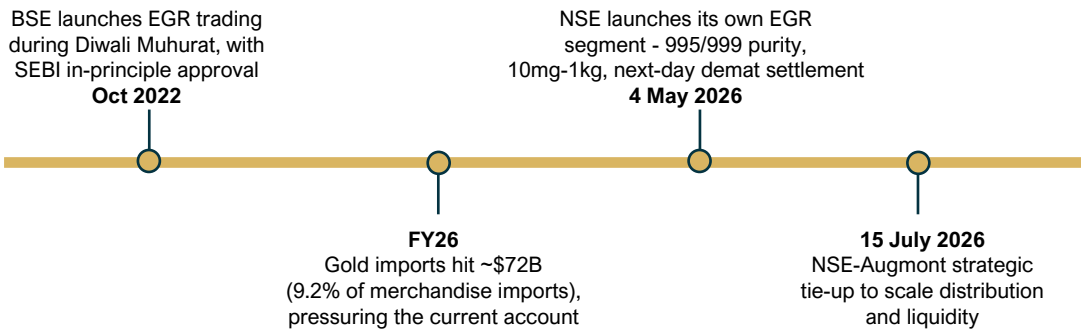


Figure 2: Key milestones in the rise of EGR

The picture began changing in 2026. On 4 May 2026, the National Stock Exchange (NSE) - India's largest exchange - launched its own EGR segment, offering gold in 995 and 999 purity, in denominations as small as 10 milligrams and going up to 1 kilogram, tradable Monday to Friday, with settlement into a demat account the very next day. This gave EGR the scale and credibility it had been missing.

The timing mattered too: gold imports had touched an all-time high of nearly \$72 billion in FY26, close to 9.2% of India's total merchandise imports, putting real pressure on the country's current account. Meanwhile, Indian households are estimated to be sitting on 30,000–35,000 tonnes of physical gold - most of it doing nothing but gathering dust. EGR was designed precisely to connect these two facts: idle household gold on one side, and a nation that keeps importing more gold on the other.

How EGR Works — A Simple Example

Think of it like a locker-to-ledger conversion. Suppose you have 100 grams of gold bars sitting at home.

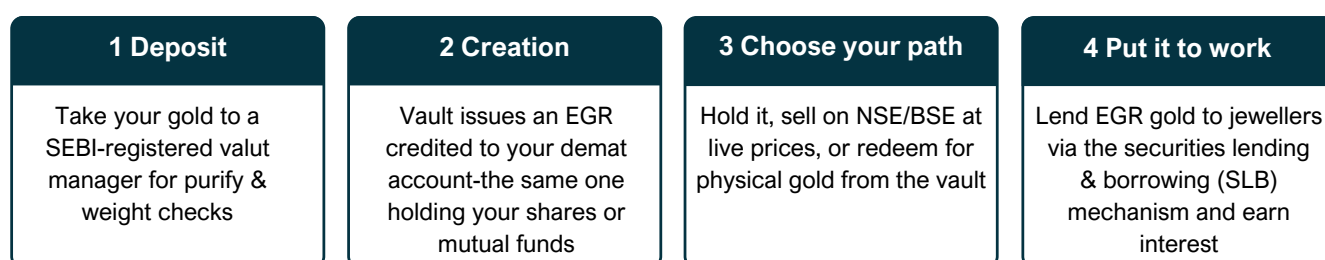


Figure 3: The four-step EGR journey — from home locker to demat ledger

EGR vs Gold ETF, SGB, and Digital Gold

Instrument	Key Traits	How EGR Compares
Gold ETF	Mutual-fund units backed by gold, exchange-traded, but cannot be converted into physical gold; carries fund-management costs.	Offers actual physical redemption while still being exchange-traded - combining ETF liquidity with real metal.
Sovereign Gold Bond (SGB)	Interest plus price appreciation, but an 8-year lock-in with limited early-exit windows; the scheme has effectively been discontinued.	Offers same-day liquidity on the exchange with no lock-in at all.
Digital Gold (fintech apps)	Unregulated by SEBI; has faced credibility concerns and recent controversies around some providers.	Sits inside a formal SEBI-regulated framework, with accredited vaults, standardised purity, and depository-backed ownership.

In short: EGR tries to combine the best features of all three - exchange liquidity, physical convertibility, and regulatory safety - into one instrument.

The Augmont–NSE Strategic Tie-Up

On 15 July 2026, NSE entered a strategic partnership with Augmont Enterprises Ltd, one of India's largest integrated gold platforms, to give the EGR ecosystem real muscle. Augmont brings scale that few players can match:

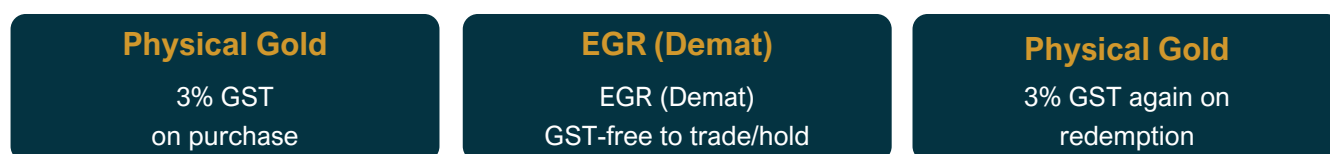
42M+	~5,000	4,600+	80+	\$3B
Registered users	Jeweller Network	Retail touchpoints	"Gold for All" stores	Assets on Augmont's tokenised gold platform

Figure 4: Augmont's on-ground distribution scale

Under the partnership, Augmont will support EGR creation, redemption, liquidity provisioning, delivery, and price discovery - essentially acting as the bridge between millions of ordinary gold buyers and the formal exchange ecosystem. Augmont's leadership has pointed out that its own tokenised gold platform already manages close to \$3 billion in assets, and expects EGR-linked assets to grow far larger over the coming years as the lending and jeweller-financing use case scales up.

Way Forward — and the One Speedbump

The biggest hurdle EGR still faces is tax-related, not technological.



Net effect: Retail investors who cycle gold in and out of EGR form pay GST twice

Figure 5: The GST speedbump on gold-to-EGR-to-gold conversion

For registered jewellers, the redemption GST can partly be offset through input tax credit, but ordinary retail investors get no such relief - effectively paying GST twice if they cycle gold in and out of EGR form.

Industry outlook on the GST fix

Industry bodies, including the India Bullion and Jewellers Association, have been in talks with SEBI, RBI, and the finance ministry, and are hopeful the GST Council will address this soon by treating gold-to-EGR conversion as a commodity transfer rather than a fresh taxable sale.

Beyond the tax fix, the road ahead includes expanding vault infrastructure to more cities, building investor awareness (most Indians still haven't heard of EGR), integrating more brokers and depository participants, and linking EGR more closely with jewellery manufacturing supply chains through the SLB mechanism.

How India Stands to Benefit

If EGR genuinely succeeds at scale, the gains for India could be substantial:

- **Lower import dependence:** Even mobilising a small fraction of the 30,000–35,000 tonnes of gold lying idle in Indian homes could meaningfully cut the need for fresh imports.
- **A healthier current account:** Gold imports have been a major drag on India's trade balance; reduced imports ease pressure on the current account deficit and the rupee.
- **Better price discovery:** A formal, exchange-based gold market means transparent, uniform pricing - buyers in smaller towns get the same fair price as those in Mumbai.
- **Formalisation of the gold trade:** It brings unorganised, cash-heavy gold trade into a regulated, traceable system, improving tax compliance and investor protection.
- **Productive household wealth:** "Dead" gold becomes an income-generating asset through lending, without forcing anyone to give up their emotional attachment to owning real metal.
- **Deeper financial market infrastructure:** It strengthens India's commodity-securities ecosystem, positioning NSE and BSE alongside established global bullion exchanges.

To Sum Up

EGR is not just another gold product - it is India building the missing piece of its bullion market: a transparent, regulated, exchange-traded link between the metal Indians already own and the capital markets they increasingly trust.

The building blocks are now in place - SEBI's regulatory framework, NSE's exchange infrastructure, and Augmont's on-ground distribution reach. What remains is execution: resolving the GST anomaly on redemption, deepening vault capacity, and - most importantly - convincing millions of gold-owning households that this isn't a compromise on tradition but an upgrade to it.

Bottom line

If this shift in mindset happens, EGR could do for India's gold market what dematerialisation did for equities: turn a fragmented, trust-based system into a liquid, transparent one, while keeping the gold itself exactly where Indians have always wanted it - within reach.