INDIA'S EGR MARKET Enters a New Phase

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Can exchange and bullion partnerships build a deeper national gold market?

BSE's agreement with MMTC-PAMP India and NSE's collaboration with Augmont bring renewed attention to Electronic Gold Receipts.

Their success will depend on whether reliable physical conversion, competitive pricing and sustained participation can make EGRs useful in everyday bullion commerce.

Connecting bullion with financial markets

India's ambition to develop an organised spot gold market rests on a practical requirement: investors must trust the electronic receipt, while jewellers and dealers must find the underlying metal accessible at a competitive cost.

Recent partnerships involving India's two major stock exchanges address this connection between financial infrastructure and physical bullion. On 22 October 2026, BSE announced an agreement with MMTC-PAMP India to expand the Electronic Gold Receipts market. The collaboration covers wider participation, contracts in multiple denominations and smoother conversion between physical gold and EGRs, supported by MMTC-PAMP's refining, assaying, storage and redemption capabilities.



NSE's collaboration with Augmont Enterprises, announced on 15 July 2026, focuses on EGR creation, redemption, liquidity provision, delivery and price discovery. It seeks broader adoption among investors, jewellers and other participants. Both arrangements recognise that exchange technology needs dependable physical services to become commercially relevant.

An EGR represents physical gold within the prescribed vaulting system and is held electronically in a demat account. SEBI's framework covers creation against eligible deposited metal, exchange trading and conversion back into physical gold. It requires physical backing and reconciliation between receipts and vault holdings. The proposition extends beyond convenient ownership. Electronic transferability can allow gold to change hands without repeated physical movement, while preserving a defined withdrawal route.

However, the complete product includes custody, settlement, delivery and associated charges. For a manufacturer, a competitive screen price has limited value if obtaining usable bullion is expensive or unpredictable. The partnerships therefore create an opportunity to strengthen the entire transaction, from depositing acceptable gold to receiving metal after withdrawal.

Liquidity will determine commercial relevance

The latest agreements build on an established regulatory framework. BSE began EGR trading in October 2022. NSE launched its segment on 4 May 2026, followed by live trading on 18 May.

The next challenge is sustained participation.

A market can display a price without providing enough volume for a meaningful transaction. Investors need competitive execution; dealers require dependable opportunities to quote and replenish inventory; jewellers need procurement channels that remain reliable during strong demand.

Accordingly, bid–offer spreads, order-book depth and trading continuity deserve as much attention as turnover. Broad participation also matters: activity concentrated among a few entities provides a weaker foundation than recurring business across different users. Initial incentives may attract transactions. Durable liquidity requires an economic reason to return.

Efficient physical conversion is essential to that calculation. When exchange prices exceed comparable physical prices sufficiently, participants may deposit eligible bullion and sell receipts. When receipts become relatively inexpensive, buyers may purchase them and seek withdrawal.These transactions can help connect exchange prices with physical-market conditions. Their viability depends on refining, assaying, logistics, storage, financing and applicable taxes. If conversion is costly or slow, price differences may persist. If it is predictable and economical, arbitrage can support closer alignment.

For jewellers, adoption will depend on comparison with existing suppliers. Established relationships may already provide credit, flexible delivery and administrative convenience. EGRs must offer identifiable benefits, whether through pricing, transferable ownership or access to additional counterparties.

Clear disclosure is crucial. NSE specifies T+1 securities settlement, while physical withdrawal follows the prescribed process. Users must distinguish settlement of a receipt from receipt of physical metal. Trading denominations and withdrawal requirements must also be understood separately.

Mobilising gold requires trust and measurable outcomes

Domestically held gold represents an opportunity, but household holdings cannot be treated as immediately available exchange inventory. Jewellery varies in purity and carries workmanship and sentimental value. Before entering the bullion system, it may require verification, refining and recasting. Owners must first decide whether surrendering an article is worthwhile. EGRs can provide a destination for standardised metal emerging from recycling. They do not automatically create willingness to recycle.

Similarly, converting imported bullion into receipts changes its trading format without necessarily reducing imports. Import substitution requires additional domestic supply to replace metal that would otherwise come from abroad. Receipt issuance, recycling and import reduction should therefore be measured separately. Trust also extends beyond fineness. Participants need dependable sourcing controls, custody records, reconciliation and withdrawal procedures.

LBMA's Responsible Sourcing Programme demonstrates the importance of these wider safeguards: Good Delivery refiners must implement relevant sourcing guidance and undergo annual independent assurance. For EGRs, operational confidence must continue across every institution handling the metal or its electronic representation. Competition between BSE and NSE could improve distribution and services. However, activity spread across venues and specifications must still produce sufficient depth for users. Progress should be assessed through active participants, executable spreads, outstanding gold backing, creation and withdrawal volumes, delivery times and total costs. Domestic recycled supply entering the system would provide a separate measure of mobilisation.

The agreements address an essential requirement: connecting exchanges with businesses that handle bullion daily. Their lasting significance will depend on whether participants can convert, trade and obtain gold reliably enough to make EGRs a recurring commercial choice.

