

Bullion Markets in 2022: A Review

The year 2022 has been remarkable and phenomenal for the Indian bullion and jewellery industry. The industry witnessed several key initiatives and policy support, which has boosted the morale of the industry participants. The following are the highlights of the key happenings in the industry.



January 2022

ICICI Pru Mutual Fund launched India's First Silver ETF

Nippon India Mutual Fund and Aditya Birla Sun Life AMC launched silver ETFs and Silver FOF.

February 2022:

India and the UAE signed the Comprehensive Economic Partnership Agreement (CEPA):

The Gulf nation will also get greater access to the Indian Gold market as India would offer duty concession on gold bullion imports up to 200 tonnes a year. In this agreement, India has given UAE a Tariff Rate Quota of 200 tonnes where the tariff (or import duty) will be 1% lesser than the tariff charged for the rest of the World. Thus, bullion bars from UAE would have a 1% of price advantage up to 200 tonnes. Earlier, there was a 5% duty on Indian Jewellery in UAE; now, it will be zero. With this, the trade between the two countries will boost employment and skill development opportunities in the manufacturing side of the Gold supply chain.

Electronic gold receipts (EGR): Market regulator SEBI gave permission to the BSE to launch trading in electronic gold receipts (EGR),

March 2022:

At the India International Bullion Summit, NSE and IBSA signed an MoU to create Domestic Bullion

Spot Exchange; the domestic bullion spot exchange is a very important institution for seamlessly connecting international bullion exchange at GIFT City IFSC (IIBX) and the domestic users of bullion- be it, jewellery manufacturers or industrial users.

London Bullion Market Association (LBMA) and the World Gold Council (WGC) launched gold bar integrity programme.

April 2022:

The Securities and Exchange Board of India (SEBI) granted approval to Sequel Logistics Private Limited for carrying out activities as a Vault Manager for the domestic gold spot exchange. The certificate of registration provides recognition to 18 High-Grade Vaults of Sequel to provide vaulting services as defined in SEBI (Vault Managers) Regulations, 2021.

Eventell Global Advisory Private Limited organised trade talk series titled Discussion on Chapter -71 of HS code of India – UAE CEPA, which featured Mr Prithviraj Kothari, IBSA | Mr K Srinivasan, Emerald Jewels | Mr Pramod Mohan, FinMet Pte Ltd. | Mr Bhargava Vaidya, B N Vaidya & Associate | Mr Chandu Siroya, Siroya Jewellers LLC as participants.

May 2022:

Comprehensive Economic Partnership Agreement (CEPA)

between UAE and India came into effect from May 1, 2022. DGFT opened an online registration process for those willing to avail import of gold bullion under TRQ.

The Eid celebration further complemented gold jewellery buying for Akshaya Tritiya. Significant investments were seen in bullion apart from jewellery. The value of business done during the 2022 Akshaya Tritiya season was estimated at around INR 15,000 crores, well above INR 10,000 crores done during the 2019 (pre-pandemic) season.

MCX launched Gold Mini Options Contract with Gold Mini (100 grams) Futures as the underlying.

June 2022

Asia Pacific Precious Metals Conference was jointly hosted by SBMA and Eventell in Singapore. The key topics of discussion were Asia Pacific precious metals markets, strategies to increase accessibility of precious metals and Linking regional and global marketplace in precious metals.

The second phase of mandatory hallmarking of gold jewellery and artefacts came into force on June 1. The second phase of the mandatory hallmarking covers additional three caratages of gold jewellery/artefacts (ie 20, 23 and 24 carats) and 32 new districts.

RBI launched first tranche of Sovereign Gold Bond, which was open for subscription from June 20–24, 2022. The issue price was Rs 5,091 per gram

July 2022:

On 1 July, the Government of India increased gold import duty by 4.25%, BCD on refined gold bars and gold doré increased to 12.5% and 11.85%, from previous levels of 7.5% and 6.9%, respectively. The total custom duties on the gold bar and gold doré now stood at 15% and 14.35%, respectively.

India Gold Conference (IGC) was held in Chennai. The conference witnessed the highest-ever delegation attendance since the launch of the conference.

Shri Narendra Modi, Honourable Prime Minister of India inaugurated the India International Bullion Exchange at GIFT City IFSC, Gujarat.

A report on the “Self-Regulatory Organisation (SRO) for Indian Gold Industry” was released by World Gold Council, which supports the Swarna Adarsh Abhiyan initiative.

August 2022

On 04-08-2022, the Reserve of India ('RBI') amended the RBI (Gold Monetization Scheme, 2015). The amendment inserts guidelines on Renewal/ Redemption of Medium and Long-Term Government Deposit Guidelines for Renewal/ Redemption of Medium and Long-Term Government Deposits ('MLTGD')

RBI launched Sovereign Gold Bond Scheme tranche two 2022–23, which was open for subscription from August 22–26, 2022. The issue price was Rs 5,197 per gram

Edelweiss Asset Management Limited launched The Edelweiss Gold and Silver ETF Fund of Fund.

September 2022

Axis Mutual Fund launched two silver investment schemes – an exchange-traded fund (ETF), and a fund of funds (FoF).

HDFC Mutual Fund launched Silver ETFs

October 2022:

At the LBMA/LPPM Global Precious Metals Conference organised by LBMA, the gold industry came together to sign a Declaration of Responsibility and Sustainability Principles which formally expresses a responsibly and sustainably responsible and sustainable way based on a clear set of shared goals.

India’s leading stock exchange, BSE, successfully created, transacted, and settled electronic gold receipts (EGRs).

Deepawali 2022 was truly glittering for the Indian retail jewellery industry. The value of gold jewellery sales during Dhanteeras was estimated to be close to INR 25,000 crore (USD 3 billion). Of the overall sales, about 20% was bullion in the form of coins and the rest 80% jewellery. Within the jewellery segment, 15% to 20% was contributed by diamond jewellery and the rest by pure gold jewellery.

HDFC AMC launched HDFC Silver ETF Fund of Fund

November 2022

The Hanoi Gold Forum, organised by the Vietnam Gold Traders Association (VGTA) and the World Gold Council (WGC) and supported by the Singapore Bullion Market Association (SBMA)

The first annual general meeting of the Hallmarking Federation of India was held on 6 and 7 November 2022 in New Delhi.

Dubai Precious Metals Conference: Key themes discussed were the future of precious metals trade, stepping up sourcing integrity, financialisation of the precious metals trade and resetting global price benchmarks.

Kerala becomes the First State to Introduce Uniform Gold Price based on Bank Rate

Kotak Mahindra Asset Management Company Ltd (KMAMC) launched an open-ended silver exchange-traded fund (ETF).

December 2022

Reserve Bank of India launched Central Bank Digital Currency. RBI permitted resident entities to hedge gold price risks at IFSC

India – Australia Free trade agreement came into effect. The agreement provides preferential access for Indian gems and jewellery exports. The deal is expected to boost bilateral gem and jewellery trade from USD 1.3 billion to USD 2 billion.

Revenue Dept. Issued notification for Simplifying Jewellery E-Commerce by Post

The Gem & Jewellery Export Promotion Council (GJEPC) and Santacruz Electronics Export Processing Zone (SEEPZ), Mumbai, signed an MoU for developing, executing, and running the Mega Common Facility Centre (CFC) at SEEPZ Mumbai.

RBI launched Series III of the Sovereign Gold Bond Scheme 2022–23, which was open for subscription from December 19–23, 2022. The issue price was Rs 5,409 per gram. ■■■