

# *Proceedings*

Hybrid



12-14 Nov 2021

Marriott Jaipur

[www.goldconference.in](http://www.goldconference.in)

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## MMTC-PAMP IS INDIA'S MOST TRUSTED PRECIOUS METALS ECOSYSTEM



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# AN UNPARALLELED FIRST FROM MCX!

**GOOD DELIVERY OF 465 KG (213 CRORE)  
GOLD FROM LOCAL REFINERS EMPANELED AS PER  
MCX GOOD DELIVERY NORMS FOR BIS-STANDARD GOLD**

- ★ In pursuit of the **Atmanirbhar Bharat mission**, MCX has embarked upon the path of recognizing domestic bullion refiners for the first time for good delivery of gold on Exchange platform.
- ★ MCX empaneled two domestic refiners as per “**MCX Good Delivery Norms for BIS-Standard Gold/Silver**” effective from March 6, 2021.
- ★ Some more leading refiners are to be empaneled shortly.
- ★ Recorded the first delivery of **190 kg** Indian refined Gold from MCX empanelled domestic refiners via Gold Mini April 2021 futures contract.
- ★ Witnessed deliveries of **465 kg** of local refined gold valued at ₹**213 crore** till date.

## SNAPSHOT OF DELIVERY ACROSS BULLION CONTRACTS

| Gold Contracts | Unit    | Deliveries CY 2021 | Silver Contracts | Unit  | Deliveries CY 2021 |
|----------------|---------|--------------------|------------------|-------|--------------------|
| Gold           | 1 kg    | 3187 kg            | Silver           | 30 kg | 288 MT             |
| Gold Mini      | 100 gms | 4242 kg            | Silver Mini      | 5 kg  | 40 MT              |
| Gold Guinea    | 8 gms   | 15 kg              | Silver Micro     | 1 kg  | 19 MT              |
| Gold Petal     | 1 gm    | 25 kg              |                  |       |                    |

Gold and Silver deliveries were 126 MT and 4078 MT respectively since inception.

Note: Till December 3, 2021

To know more, please email us at: [pmtbullion@mcxindia.com](mailto:pmtbullion@mcxindia.com); [info@mcxindia.com](mailto:info@mcxindia.com)

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Multi Commodity Exchange of India Limited

Exchange Square, Suren Road, Andheri (East), Mumbai 400 093; India, [www.mcxindia.com](http://www.mcxindia.com)

**MCX**  
METAL & ENERGY  
Trade with Trust





## Rising together, with principles. Isi Mey Faida Hai.

Principles – they're tough to follow – but only when we're asked to do it alone. If we follow them together, principles become richer. They transform into tradition, create culture. And in the long run, they benefit everyone, and every business.

Introducing **Seven Retail Gold Investment Principles**, for the industry, by the industry; that we must follow together.



Fairness  
and integrity



Transparency



Protection of  
client assets



Responsible  
gold sourcing



Regulatory  
compliance



Commercial  
prudence



Operational  
professionalism

Remember, those who own the principle earn the interest! Isi Mey Faida Hai.

**Swarna Adarsh  
Abhiyaan**

An industry initiative

Inspired by the Retail Gold Investment Principles

Supported by





**RAND REFINERY**  
RESHAPING VALUE

# WE'RE NOT JUST MEETING GLOBAL STANDARDS; WE'RE RESHAPING THEM.



**RESHAPING VALUE,  
FOR A CENTURY AND BEYOND.**

There was a time when value in the industry was measured only in purity, and weight, but today provenance and ethical background play an important part in value. Which is why we are always evolving how we source our metal. Our commitment to responsible business practices and sourcing, allow us to not only preserve our business, but our people, product and planet.



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GOOD DELIVERY  
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# SOVEREIGN METALS LIMITED

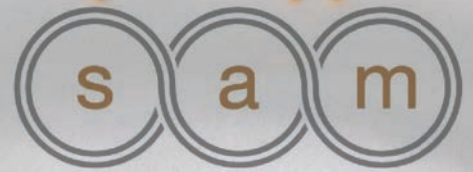
Sovereign Metals Limited is in the business of refining precious metals (gold and silver) and supplying highest and most consistent quality products and related services and solution to customers at their place of convenience by leveraging its competent and customer-focused human resources, industry-leading 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](http://www.sovereignmetals.in)







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## **IFSCA appoints SEQUEL LOGISTICS as its First Vault Manager at IIBX, GIFT City**

Sequel's Warehouse at GIFT City

**As a Vault Manager, SEQUEL will play a pivotal role  
in the SEBI regulated bullion exchange, which is the  
"Gateway of Bullion Imports into India".**

**"The appointment is a testimony to SEQUEL's impeccable track record, strong financials,  
vast experience and expertise in managing critical vaulting and logistics operations,  
with highest standards of security, integrity and compliance".**

IFSCA - International Financial  
Services Centres Authority

IIBX - India International  
Bullion Exchange

GIFT City - Gujarat International  
Finance Tec-City

**Contact, to partner with us at GIFT City:**

---

**Manish Vaze | +91 99300 01239 | [ftwz.giftcity@sequel.co.in](mailto:ftwz.giftcity@sequel.co.in)**



# BRINKS



## Brink's Global Services Secure solutions for Precious Metals and High Value Goods include

- International and Domestic Secure Door-to-Door logistics
- Customs clearance
- Vaulting services
- Inventory management systems
- Bonded warehousing and Free Trade Zone storage solutions
- Storage and Distribution of Base Metals and High Value Goods

Brink's India Private Limited  
Unit 1, Jetha Compound II  
Opposite Byculia Railway Station, (East)  
Dr. Babasaheb Ambedkar Road, Byculia  
(East), Mumbai 400027

Email Address: [IN\\_BGSSALES@brinks.com](mailto:IN_BGSSALES@brinks.com)  
Tel No: +91 72080 51875/ +91 91364 41836  
+91 84509 67168/ +91 84509 67145





# Introduction of 1 gram Gold contract with delivery-based settlement on NSE Commodity Derivatives segment.



In addition to the Gold Futures (1 Kg) contracts and Gold Mini (100 gms) contracts, NSE is pleased to launch 1 gram Gold contracts w.e.f. June 07, 2021, on its NSE Commodity Derivatives segment.

## Key Highlights

- Assured delivery of 999.0 purity gold
- Competitive making charges
- Delivery only from NSE approved Domestic Refiners or London Bullion Market Association (LBMA) certified Refiners
- One step closer to Atmanirbhar Bharat

## List of NSE Approved Refiners

- M/s Augmont Enterprises Pvt. Ltd.
- M/s GGC Gujarat Gold Centre Pvt. Ltd.
- M/s Kundan Care Products Ltd.
- M/s M. D. Overseas Ltd.

For more details, log onto [www.nseindia.com](http://www.nseindia.com) or contact your **SEBI registered broker**

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## Program Schedule

### Day - 1: Friday, November 12, 2021

12:00 noon onwards

Registration opens

2:00 pm to 3:30 pm

Networking Lunch Sponsored by Parker Precious Metals

4:00 pm - 4:30 pm

Masterclass

IIBX - Gateway to India's Gold



**Shivanshu Mehta**

MCX



**Nagendra Kumar**

NSE



**Ranjith Singh**

BSE

4:30 pm - 5:45 pm

Inaugural session

#### Chief Guest:



**Shri Injeti Srinivas**

Chairman, International  
Financial Services Centres  
Authority (IFSCA)



**Prithviraj Kothari**

IBJA



**Vikas Singh**

MMTC-PAMP



**P S Reddy**

MCX



**Ruth Crowell**

LBMA



**David Tait**

WGC



## Program Schedule

5:45 pm - 6:45 pm

Round Table: India Bullion Markets - Recovery, Reforms and Response

**Chair:**



**P R Somasundaram**  
World Gold Council

**Panellists:**



**Manoj Kumar**  
International Financial  
Services Centres Authority  
(IFSCA)



**Prithviraj Kothari**  
IBJA

4:30 pm - 5:45 pm

Inaugural session



**Ashish Pethe**  
GJC



**James Jose**  
Hallmarking  
Federation of India



**Shivanshu Mehta**  
MCX



**Amar Singh**  
J P Morgan



**K Mahendran**  
Karur Vysya Bank



**Manish Goel**  
ICICI Bank

6:45 pm - 7:30 pm

IGC Excellence Award Ceremony

7:30 pm - 10:00 pm

Networking Cocktail Dinner

## Program Schedule

**Day - 2: Saturday, November 13, 2021**

9:30 am - 10:00 am

**Special address**



**Shri V S Sundaresan**  
SEBI

10:00 am - 11:00 am

**Discussion 1: India Gold / Silver Bullion Trade and Market Opportunities**

**Chair:**



**Surendra Mehta**  
IBJA

**Panellists:**



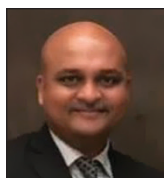
**Anshuman Sharma**  
StoneX



**Vipin Raina**  
MMTC PAMP



**Chirag Thakkar**  
Amrapali



**Nagendra Kumar**  
NSE



**Vikas Nagpal**  
ICICI Bank



**Chanda Venkatesh**  
CapsGold



**Gambhir Singh**  
HDFC Bank



**Ranjith Singh**  
BSE



## Program Schedule

11:00 am - 11:15 am

Networking break

11:15 am - 11:30 am

**Presentation:** MMTC PAMP on

“Recent trends in refining through electrolytic and chemical methods”



**Ankur Goyal**  
MMTC-PAMP

11:30 am - 12:15 pm

**Discussion 2:** Gold Refining & Responsible sourcing -  
Trends and Opportunities

**Chair:**



**Sudheesh Nambiath**  
IGPC, IIM

**Panellists:**



**Praveen Baijnath**  
Rand Refinery



**Haresh Acharya**  
Parker Precious Metals LLC



**Karthik Kuppuraj**  
Tamil Nadu - IBJA



**David Gornall**  
LBMA



**Bimal Julka**  
IBJA

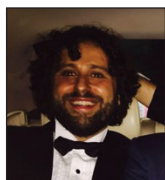


**Marianna Smirnova**  
Responsible Business Alliance

## Program Schedule

12:15 pm - 12:25 pm

**Presentation:**



**Jacepo Monteforte**  
Specchi, Certiline S.r.l.

12:25 pm - 1:15 pm

**Discussion 3:** Paper gold / Digital gold / Silver –  
Strategies to expand the market

**Chair:**



**Bhargava Vaidya, B N**  
Vaidya & Associate

**Panellists:**



**Anika Agarwal**  
MMTC-PAMP



**Gaurav Mathur**  
SafeGold



**Vikram Dhawan**  
Nippon Life India AMC



**Renisha Chainani**  
Augmont - Gold For All



**Keyur Shah**  
Muthoot Pappachan Group

1:15 pm - 3:00 pm

Networking Lunch Sponsored by Lawat Jewellers & PMR

3:00 pm - 3:15 pm

**Presentation** "Swarna Adarsh Abhiyaan"



**P R Somasundaram**  
World Gold Council



## Program Schedule

3:15 pm - 3:30 pm

**Presentation** "Understanding India Gold Consumers -  
A Presentation based on nationwide survey of households"



**Prof. A Sahay**  
Chairperson, IGPC-IIMA

3:30 pm - 4:00 pm

**Discussion 4:** Price outlook on gold and silver

**Gold:**



**Kunal Shah**  
Nirmal Bang

**Silver:**



**Chirag Sheth**  
Metals Focus

4:00 pm onwards

Networking break

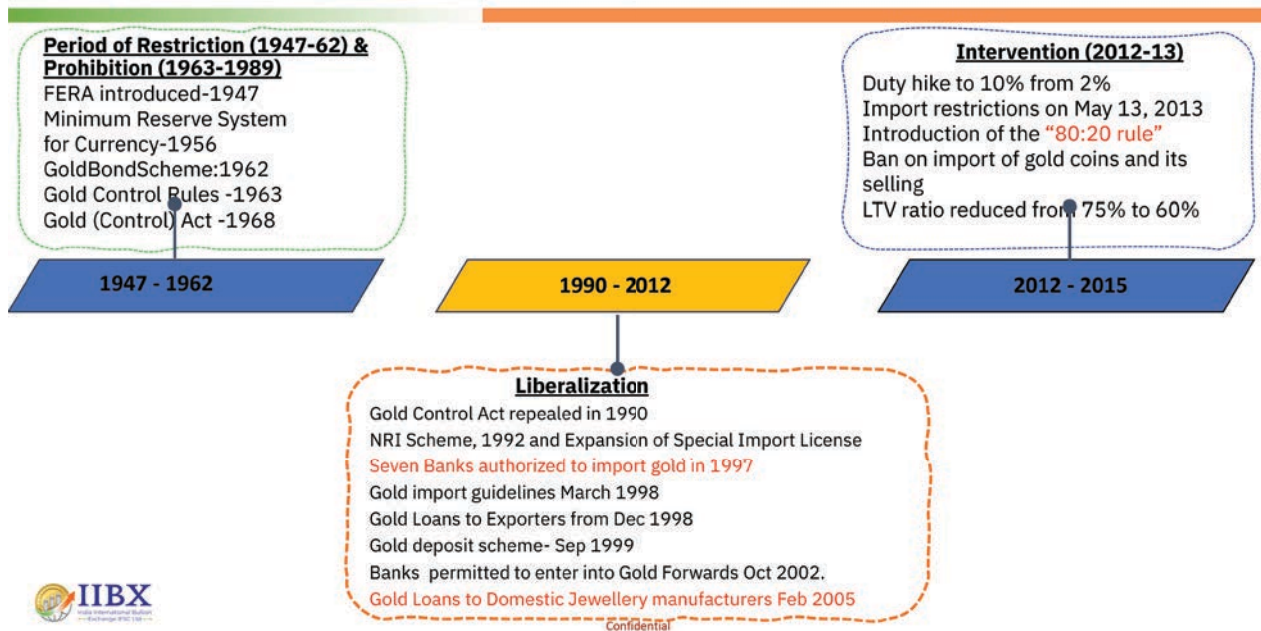
7:30 pm onwards

Rajasthani Theme Cocktail Dinner Sponsored by Shreeji & Ariplutus Metals

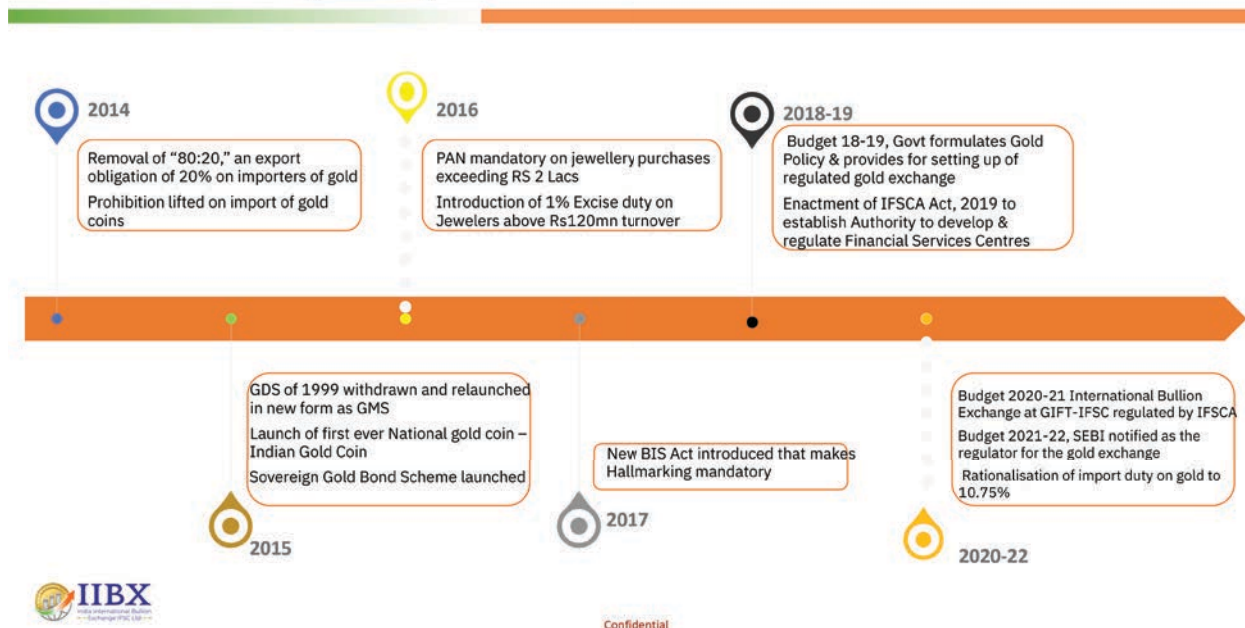
# Masterclass

## IIBX - Gateway to India's Gold

### Policy Timeline



### Phase of Transparency-2014 onwards





## Evolution of IIBX



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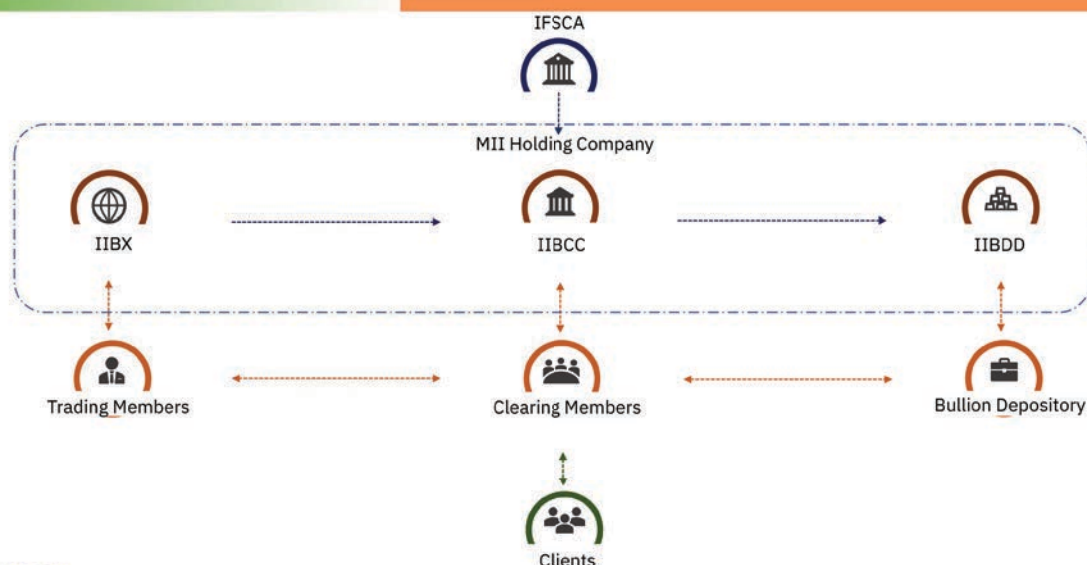
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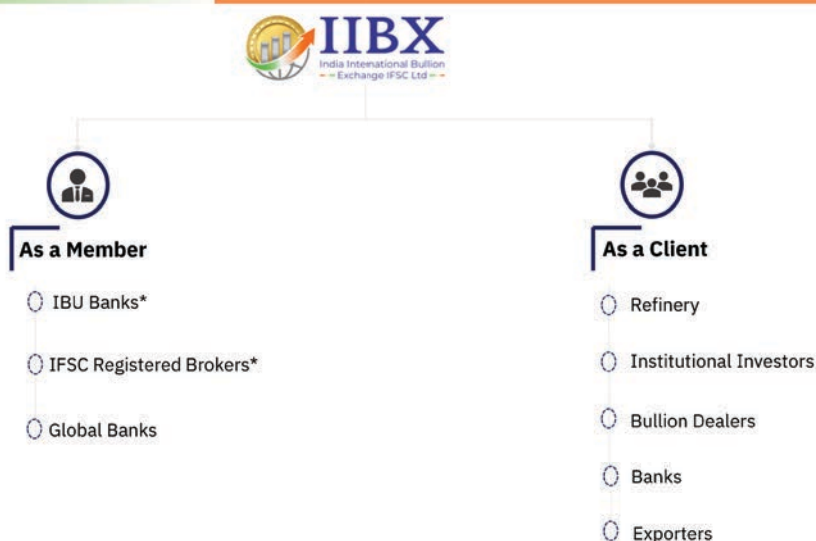
## Objective



## Building The Global Market Infrastructure



## Market Participants



## Market Participants - Eligibility & Requirement

**As a Trading Member**

**Eligibility**

- Banking Units at IFSC
- Subsidiaries/Branches of entities dealing with financial products, set up in an IFSC
- Banks authorized by RBI and Nominated Agencies authorized by Directorate General of Foreign Trade (DGFT) to deal in bullion

**Requirement**

- Trading members shall have at least 1 employee having experience of minimum 3 years and sound knowledge in precious metals industry
- Trading members shall have professional competence and general reputation of fairness and integrity in business transactions

**As a Client**

**Eligibility & Requirement**

- A Qualified individual who is a person resident outside India having net worth not less than \$ 250,000 or any other equivalent foreign currency
- Person's resident outside India who are corporate or institutional entities having net worth not less than \$ 500,000 or any other equivalent foreign currency
- Person's resident in India, who are Qualified Resident Individual, corporate or institutional entities (Including Banking Entities) who are customers of Nominated Banks/Agencies
- Member shall enter into Brokerage agreement with customers and on-board the customers based on the eligibility norms specified

## Fees, Deposit and Net Worth

| Net worth Requirements for IFSCA Incorporated Entities/Applicant |                   |                      |               |                         |
|------------------------------------------------------------------|-------------------|----------------------|---------------|-------------------------|
| Applicant                                                        | Deposit Structure |                      | Total Deposit | Net Worth               |
|                                                                  | Exchange          | Clearing Corporation |               |                         |
| TM                                                               | 15,000            | -                    | 15,000        | 150,000 <sup>^</sup>    |
| TM & SCM                                                         | 15,000            | 75,000               | 90,000        | 10,000,000 <sup>*</sup> |
| TM & CM                                                          | 15,000            | 85,000               | 100,000       | 10,000,000 <sup>*</sup> |
| PCM                                                              | -                 | 100,000              | 100,000       | 10,000,000 <sup>*</sup> |

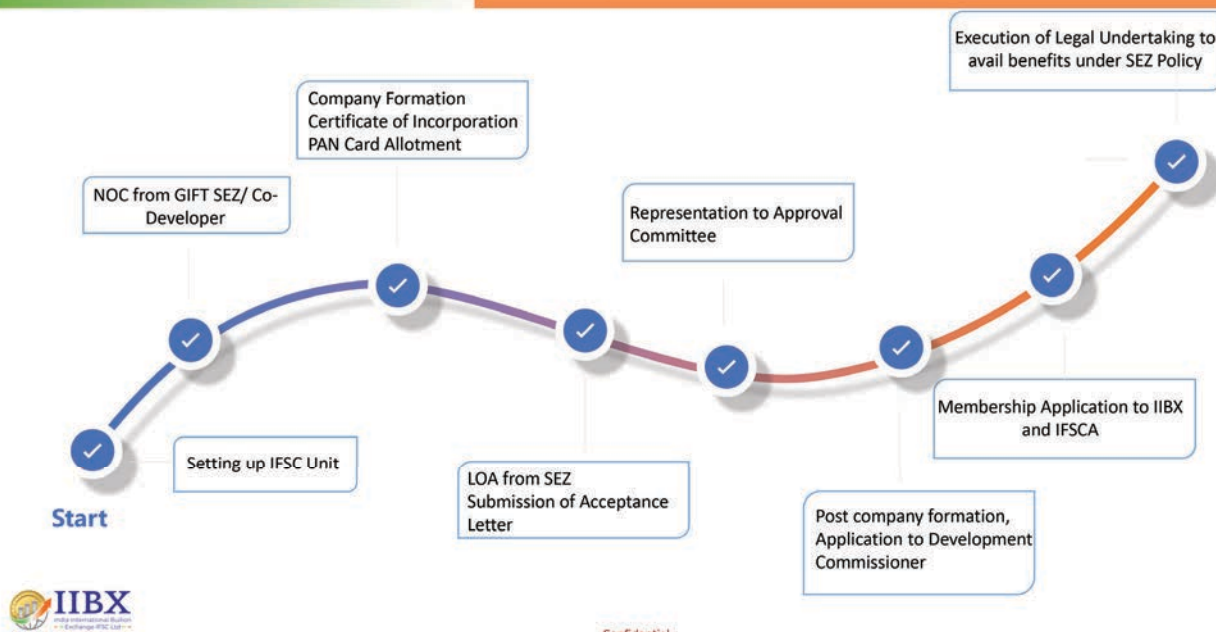
<sup>^</sup> IIBX defined ; <sup>\*</sup> IFSCA defined  
IFSCA registration fees, annual membership fees, processing fees will be charge as applicable

| Base Minimum Capital Requirement                                                |                      |
|---------------------------------------------------------------------------------|----------------------|
| Particular                                                                      | Clearing Corporation |
| Only Proprietary trading without Algorithmic trading                            | 75,000               |
| Trading only on behalf of Client (without Proprietary trading) and without Algo | 75,000               |
| Proprietary trading and trading on behalf of Client without Algo                | 75,000               |
| All Trading Members/Brokers with Algo                                           | 75,000               |



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## Membership Process



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## Proposed Product, Market Hours and Settlement Type

|                               |                                                                                                                    |                                                                                                                                   |                                                                                                                     |                                                                                                        |                                                                                                                                                                            |
|-------------------------------|--------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>PHASE – 1<br/>PROPOSAL</b> | <b>Products</b>                                                                                                    |                                                                                                                                   |                                                                                                                     |  <b>Market Hours*</b> | 9.00 AM to 3.30 PM / 4.30 PM (IST)                                                                                                                                         |
|                               |  <b>GOLD 1 KG</b><br>GOLD 995 T+0 |  <b>GOLD MINI 100 GRAMS</b><br>GOLD MINI 999 T+0 |  <b>SILVER 30 KG</b><br>SILVER T+0 |  <b>Settlement</b>    | T+0 Settlement<br>100% Margin<br>Compulsory in Bullion Depository Receipts<br><small>* depending on day light savings</small>                                              |
| <b>PHASE – 2<br/>PROPOSAL</b> | <b>Products</b>                                                                                                    |                                                                                                                                   |                                                                                                                     |  <b>Market Hours</b>  | 4.30 AM to 2.30 AM^ (IST)                                                                                                                                                  |
|                               |  <b>GOLD 1 KG</b><br>GOLD 995 T+2 |  <b>GOLD MINI 100 GRAMS</b><br>GOLD MINI 999 T+2 |  <b>SILVER 30 KG</b><br>SILVER T+2 |  <b>Settlement</b>    | T+2 Settlement<br>Volatility Based Margin; Extreme Loss Margin;<br>Mark To Market Margin<br>Compulsory in Bullion Depository Receipts<br><small>^next calendar day</small> |



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## IIBX Block Window (Phase 1)

|                                                                                                                                                                         |                                 |                                 |                                                                                                                                                                             |            |               |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------|---------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------|---------------|
|   |                                 |                                 |   |            |               |
| <b>Timing</b>                                                                                                                                                           |                                 | 3.00 PM-4.15PM                  | <b>Timing</b>                                                                                                                                                               |            | 7.30PM-8.45PM |
| <b>Funding</b>                                                                                                                                                          | Pre-funded with metal and funds | Pre-funded with metal and funds | <b>Funding</b>                                                                                                                                                              | Pre-funded | Pre-funded    |
| <b>Settlement</b>                                                                                                                                                       | T+0                             | T+0                             | <b>Settlement</b>                                                                                                                                                           | T+1        | T+1           |

- ☐ Two daily Fixings, aligned with London AM & PM fix timings
- ☐ Block window
- ☐ Quoted and conducted in US Dollars

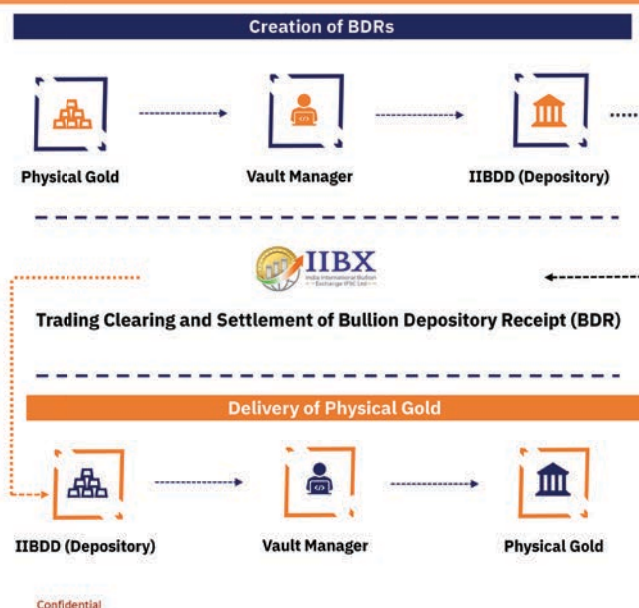


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## Common Interface – Flow of Transactions

**Common interface between Bullion Exchange, Clearing Corporation, Depositories, Vault Manager and the participants**

- Delivery of physical gold to Vault manager to create Bullion Deposit Receipts (BDRs)
- IIBDD shall assign ISIN to BDRs to make it tradeable on IIBX
- IIBCC informs IIBX and IIBDD for any changes in the beneficial owner of BDRs at the end of the trading day
- Beneficial owner intend to obtain physical delivery against BDRs required to surrender BDRs



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## IIBX – Bullion Movement

### Bullion Movement



### Exchange Platform



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## IIBX – Trading Activities Eco-system

| Trading Activities                          |                           |                     |              |                          |
|---------------------------------------------|---------------------------|---------------------|--------------|--------------------------|
| Activity                                    | QI Resident Outside India | QI Indian Resident* | Global Banks | Nominated Agencies/Banks |
| Trade on Exchange                           | ✓                         | ✓                   | ✓            | ✓                        |
| Handling BDR Delivery                       | ✓                         | ✓                   | ✓            | ✓                        |
| SEZ Imports and BDR Creation                | ✓                         | ✗                   | ✓            | NA                       |
| BDR Extinguishment and Export               | ✓                         | ✗                   | ✓            | NA                       |
| BDR Extinguishment and Import to Indian DTA | ✗                         | ✗                   | ✗            | ✓                        |

\* Includes Indian resident Bullion Dealers and jewelers etc.

## Value for Industry Stakeholders

### Tranche 1

- T+0 Settlement
- Bullion Depository Receipts
- Block Deal Window

### Tranche 2

- T+2 Settlement

### Way Forward

- Deferred Contracts
- Gold on Lease/ Loan
- Other Bullion products

### Value for Indian Jewellers, Traders & Supplier Banks

- 1 Proximity to Indian DTA and important bullion trading hubs
- 2 A well-connected distribution network – Logistics, Transportation & Warehousing
- 3 Availability and trade of all financial instruments linked to standard import benchmark
- 4 A well functioning transaction and holding eco system - Bullion Deposit Receipts
- 5 FX transaction alongside in IFSC Exchanges
- 6 Electronic trading platform available around-the-clock



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## Bullion Deposit

### Due Diligence Process & BDR Issuance

On the request of the depositor, the depository will inform Vault for bullion deposit

For risk mitigation, Depository to allow access of BO ID, personal detail, authorized person and signatory detail before deposit

BO shall upload documents at depository to capture BO ID, ISIN, Units etc. before deposit of bullion; Checker at depository will verify

Depositor will deposit bullion with the identified vault & Vault Manager shall ensure completion of the documentation

Maker will upload details on refiner, serial number, purity, weight, packing etc in the depository system

Checker to verify details and confirm the receipt of physical bullion and relay the information to the Depository

On verification, the depository may issue Bullion Depository Receipts in Dematerialize form with underlying bullion, bearing a unique identifier

Units will be credited to BO account of the depositor & Obtain the signature of the depositor on BDR for the records



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### SOPs for Vault Manager

1. Ensure technical specification before accepting from the depositor
2. Vault Manager to be liable for any damages caused by willful omission of BDR Particulars
3. No BDR shall, by reason of the omission only of any of the particulars set forth in sub-regulation (1), be deemed to be invalid for the purpose of settlement of disputes or claims
4. With the approval of the authority, Vault manager shall employ an assayer for the purpose of good delivery standard
5. To ensure the bullion deposited shall meets the good delivery standard

### SOP for Vault Manager for Storage

1. Demarcate storage area for vaulting services for bullion in respect of which the BDR is issued
2. The physical storage of BDR shall be separate from other vaulting activities
3. To ensure maintaining the quality and quantity of physical bullion stored in the vault
4. To ensure physical inventory matches with the record daily

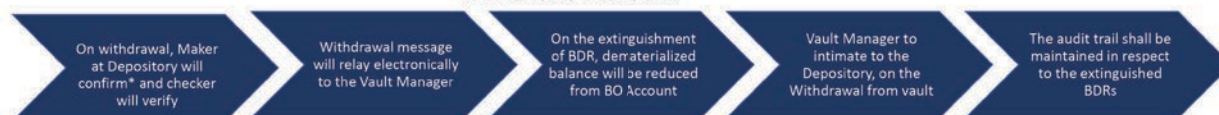
## Bullion Withdrawal

### Verification / Due Diligence Process



- ❖ For Gold, maker at vault will capture the necessary details including Bar serial number to be delivered to BO
- ❖ For Silver, maker at Vault will confirm the bars identified by the depository as to be withdrawn to deliver to BO

### Withdrawal Procedure



\*For silver, identify the bar that is to be delivered against a withdrawal request

\*For Gold, Bar Serial Number to be delivered to BO

### Possible Withdrawal Scenarios

- I. Domestic Requirement – Bill of entry to be filed for home consumption
- II. Requirement in another SEZ – Zone to Zone bill of entry to be filed
- III. Intent to Export – Shipping bill to be filed

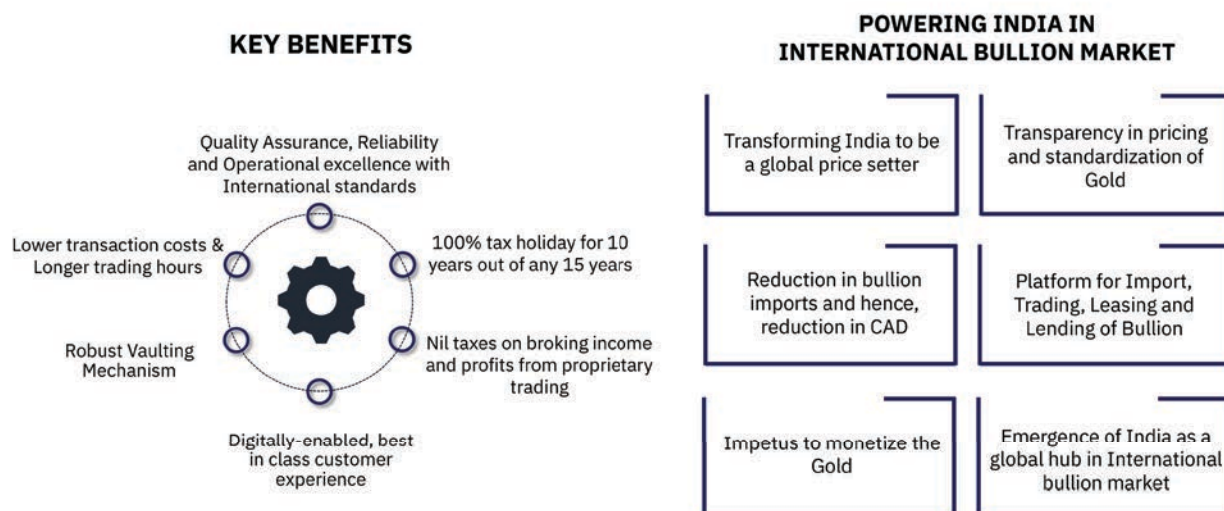


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## SOP - Reconciliation between the Vault / Vault Manager and the Bullion Depository

- For reconciliation, the depository to electronically provide total balances in the system to the Vault/Vault Manager on daily basis
- The Bullion Depository and Vault Manager shall reconcile active BDRs daily -
  - At EOD, Bullion Depository shall provide details on active BDR, ISINs, bar numbers etc to the Vault Manager
  - On the next business day, at the start of day, Vault Manager shall confirm Units and other information
- Any reconciliation issues, shall be reported to the Authority, Bullion Exchange, Bullion Depository and Bullion Clearing Corporation and temporarily stopped the fresh deposits/withdrawal
  - The Vault manager shall be liable for such discrepancy to the extent of his failure/fault being liable for a disciplinary action by the Authority
- Fresh deposit and withdrawal shall be resumed with the Authority approval, post the reconciliation issues resolved
- The Vault manager shall submit periodic reports on discrepancies and actions to the Authority and the Depository
- If the Vault / Vault Manager stores multiple/same Bullion with different package sizes, such records should be shown in different line item
- Physical stock reconciliation will be “as on date and time” report, data up to report generation time will be displayed
- For any disputes on quality of physical bullion during the withdrawal, shall be dealt by obtaining a quality report from an independent assayer recognized by the Bullion Depository

## Strengthening India as a Global Hub



Thank You



# Highlights of the keynote speakers from the Inaugural session of India Gold Conference 2021

Hybrid India Gold Conference 2021 was held between 12 and 13 November 2021, the conference was organized by Eventell Global Advisory Private Limited and presented by India Bullion and Jewellers Association Ltd. Over 270 delegates participated physically while about 130 joined virtually in the two-day annual conference that saw over 23 sponsors and 44 speakers express their views around the theme “Reforms Shaping India Bullion Markets”. The conference witnessed a large number of pioneer speakers and delegates who shared their valuable thoughts and options which enriched the event and helped in a successful conclusion. Here are some spotlights of that:



**Shri Injeti Srinivas, Chairperson, International Financial Services Centres Authority (IFSCA):**

“Gold is a part of India’s culture and a way of life of every Indian”. Even at the policy level, we need to consider the huge public sensitivity toward gold and often follow a calibrated approach. The sector provides employment to 6 million people and contributes 1.5% of GDP. India accounts for 25% of global gold consumption. Above-the-ground stock held by Indian citizen is estimated at 25,000 tons. On the supply side, 1% is mined, 10% is recycled while about 90% is imported. On the demand side, 75% goes for jewellery making, about 7% goes to coins and 2-3% for the financial product. Thus, despite strong demand, India is still passive in the global market.



The government has come up with a comprehensive policy reform for the gold sector. It's time for the financialisation of gold. Bullion as a financial product was notified under the IFSC Act to unleash the full potential of gold and silver bullion. Gold is important from a macro and micro perspective. Demand is insatiable. India is leading the global digitalisation wave. Gold can be abused. So, the system should be a fool-proof system, gold has to be responsibly sourced and ESG compliant. In 2019, our PM, Shri. Narendra Modi released national guidelines on Responsible Business Conduct. One of the principles in that is Business with Integrity that is transparent, and accountable. As a full member of FATF, we are fully committed. In 2020, BIS released guidelines on India Good Delivery standards. A comprehensive programme on responsible sourcing accreditation programme that is fully aligned with OECD guidelines and FATF guidelines is being prepared. We are happy to take suggestions from LBMA on these.

International Bullion Exchange (IIBX) can trigger a lot of reforms. It can help in price discovery, supply-chain integrity enforcement and in promoting the financialisation of gold in a big way. Soon, there will be major liberalisation in foreign trade policy in so far as gold is concerned, as I see it. We would like to promote IFSC as a hub for refineries and vaults as well. Our vision is to develop IFSC as one of the most competitive ecosystem for gold. Everyone has to progress for the world to progress and for progress to be sustainable.



**Shri Prithviraj Kothari, National President, IBJA,**

IBJA has an ambitious plan of digitalization of the entire ecosystem of gold through its platform. IBJA has made a number of representations to the Finance ministry, Commerce ministry and RBI to further develop the Sovereign Gold bond and GMS scheme. IBJA believes that bank-based Gold products could expand the scope of financializing of Gold immediately. Indian market has a strong appetite for products like Gold saving account, Gold recurring account and Gold being insurance product. It would help in channelizing the demand for investment gold through the banking system thereby reducing pressure on physical gold.

IBJA has started Multiple GOLD SIP and Digital gold options for benefit of the final consumer. Soon, IBJA plans to add jewellery loans, jewellery insurance, coin sale, jewellery sale and various other gold financial product on the platform. IBJA is also all set to launch its own refinery in GIFT City. India has 718 districts and IBJA intends to launch five IBJA accredited Jewellery stores in each district taking a total to almost 3600 stores in the next 10-15 years. This would be the largest branded chain of stores catering to mid-size jewellery segment and consumers."

The success of IIBX depends largely on the participation of buyers and sellers in exchange, it is essential that we create a robust mechanism for the participation of the international community. It is also essential for the domestic player to participate in the exchange within

the permitted capital control regulation. IBJA would work closely with IFSCA in creating a world-class global exchange.

Opening the up in mining sector and setting up the bullion bank is the need of the hour which matches the government dream for a vocal for local and Atma nirbhar Bharat. IBJA can play a major role in playing the FDI for the exploration of the Gold mining sector.

India should look at a world-class Jewellery Park which will not only create an opportunity but will also increase the export revenue. IBJA will set up its own refinery inside the premises of GIFT city.

#### **40 KEY INITIATIVES/ ACHIEVEMENTS BY IBJA**

1. Approval of IBJA Gold rate for Scheduled /rural/ urban bank against Jewellery loan.
2. Approval of IBJA Gold rate for NBFC against Jewellery loan
3. Approval of IBJA Gold rate for Sovereign Gold Bond
4. Free Membership
5. Free entry for all IBJA Seminar
6. IBJA Times Magazine
7. Approval of India Good delivery
8. Approval of International Bullion exchange
9. Approval of Domestic Bullion exchange
10. Approval of Launch of Option on Goods thru exchange
11. Approval of Revamped Gold Monetisation Scheme
12. Approval of Revamped Gold Metal Loan scheme
13. Highest Number of Members in industry
14. Part of all Gold meeting and committee of Gold of Govt
15. IBJA Offices in 29 states
16. Approval of IBJA rates for all Govt agency like GST, Income tax, custom, DRI
17. IBJA Missed called Service for Retail rates
18. IBJA's Maximum Presence on Media
19. IBJA's Unique Low cost Zaveri Bazaar festival
20. 20)IBJA on all major social Media platform along with various website
21. IBJA's Free India International Bullion summit (IIBS)
22. IBJA's Bullion & Jewellery awards

23. IBJA fashion Show
24. IBJA's unique Buyer seller Meet
25. IBJA's coffee table book
26. IBJA appointed as Auditor of Refiners by exchanges
27. IBJA's CSR activities like Jewellers Fight Corona, Ambulance services, etc
28. IBJA's camera security system in Asia's largest market Zaveri bazaar
29. IBJA common facility centre at lowest possible cost
30. IBJA Recommended Retail price
31. IBJA's Daily Bullion Report
32. IBJA Digital online platform with jewellery
33. IBJA Skill development classes approved by Govt with IIG
34. RBI approval for Bank acceptance of India Good delivery Gold
35. Approval of Silver ETF by SEBI
36. IBJA bulletin every 15 days
37. IBJA Digital Gold/Silver platform
38. IBJA Gold SIP platform
39. IBJA jewel bazaar
40. IBJA Accredited Insurance Policy for jeweller

#### **APPROVAL FOR INTERNATIONAL BULLION EXCH**

- IBJA has always been requesting Govt for ease of export of Gold bar. We have always felt that there is ample scope in Asian region for India to become world leader for gold.
- IBJA worked closely with regulators and WGC for initiating these exchange. India will become major hub for vaulting of gold due to very low cost.

#### **APPROVAL FOR DOMESTIC EXCHANGE**

- The idea of Domestic exchange was addressed by Shri Shaktikanta Das, current RBI governor at IBJA's IIBS conference at Mumbai in 2015
- IBJA is part of various committee including SEBI and WGC for setting up of exchange

#### **INDIA GOOD DELIVERY**

- IBJA initiated India good delivery with number of meeting with MMTC, Exchange, WGC and bankers and submitted its IGD rules to BIS.
- In 2020, finally BIS notified IGD and now all exchanges are accepting the IGD gold in their exchanges.

### SILVER ETF

- IBJA has been pushing for Silver ETF and our Silver market was never matching world market ETF.
- IBJA worked closely with Mutual Fund to ensure that Silver ETF is approved by SEBI.
- We are sure that very soon Silver ETF will see light of the day in India.

### REVEAMPED GOLD MONETIZATION

- With number of meeting with DEA during lockdown , IBJA could finally convince government that jewelers needs to be part of GMS and incentive also needs to be given to promote GMS at grass root level.
- Finally Revised GMS scheme was announced by RBI on 28th October 2021.

### BULLION TRADING PLATFORM

- IBJA has ambitious plan of digitalization of entire eco system of gold thru its platform.
- To begin with we have started Multiple GOLD SIP and Digital gold option for benefit of final consumer.
- We intend to soon add Jewellery Loan, jewellery insurance , coin sale, jewellery sale and various other gold financial product on these platform

### REFINERY IN GIFT CITY

- IBJA is all set to launch its own refinery in the GIFT city.
- This would be world class refinery and will ensure that gold refined in this refinery is not only delivered in domestic market but also exported.

### IBJA ACCREDITED STORE

- India has 718 district and we intend to launch 5 IBJA accredited Jewelry stores in each district taking total to almost 3600 stores in next 10-15 years.
- This would be largest branded chain of stores specially catering to mid size jewelry segment and consumers.



**Mr Vikas Singh, MD & CEO MMTC PAMP:**

“The time of pandemic was the time to introspect and ask some basic questions to ourselves on how we are doing our business and what is the course we should be charting for ourselves, how do we redefine our purpose and how do we redefine what we our values, our principles”. Never before the World has come out so strongly with an endorsement in the favour of precious metals in our portfolio. I don’t think to see we will see a world in the future that doesn’t have the presence of precious metals in a much more integrated way for all of us. We saw, how the millennials and Gen Z is engaging in this category. And given the fact that the entire digitalization of the world has changed the way the customers are engaging. In MMTC PAMP we have taken a host of new initiatives especially in the digital space and we are delighted to share that they have really borne fruit.”



**Mr P S Reddy, MD & CEO, MCX:**

“While there was complete lockdown in the country, MCX as an exchange stood as the exchange of last resort and helped many players to continue their business as usual. Almost 4.5 tons and 5.7 tons of Gold was delivered



at the exchange in 2020 and 2021 (till date) respectively. We have introduced a new product by the name Bulldex, which is a combination of silver and gold futures as underlying. This product is aimed at serving the needs of portfolio investors who are keen on taking exposure to precious metals. Under Atma Nirbhar Bharat, we have empanelled two refiners under India Good Delivery guidelines. Our platform would continue to support IGD accredited refiners. We will engage with AMCs to consider taking exposure in silver through futures, as a part of the silver ETF holding up to the permitted 10% level. As far as IIBX, a consortium approach is being followed for the first time and we are committed to making it a success. We eagerly await gold spot exchange for the domestic market from SEBI.”



**Ms Ruth Crowell, CEO, LBMA**

During my address at an IBCA conference three years ago, I suggested, “India should make a business case that works for India and also brings the world to India. So, I am very happy to see so many developments during the last three years leading up to the setting up of the International Exchange for Bullion in India. I congratulate all of you on this achievement.

When we meet at next year IGC, I hope to congratulate you on two developments. First, a second LBMA accredited Gold refiner in India. Second, a Bullion Bank that participates in LBMA gold price. It’s long overdue for India to have a seat at the LBMA table. LGD was developed for the loco London market, but it is also considered a global gold standard for quality and integrity. In 2022, LBMA would do a review of non-technical eligibility criteria of LGD applicants. We would review if any other measure can be considered in place of the tangible net worth criteria. Also, we would look at the case of a 10 tonnes threshold for gold refining for a refiner that is already doing substantial silver refining.

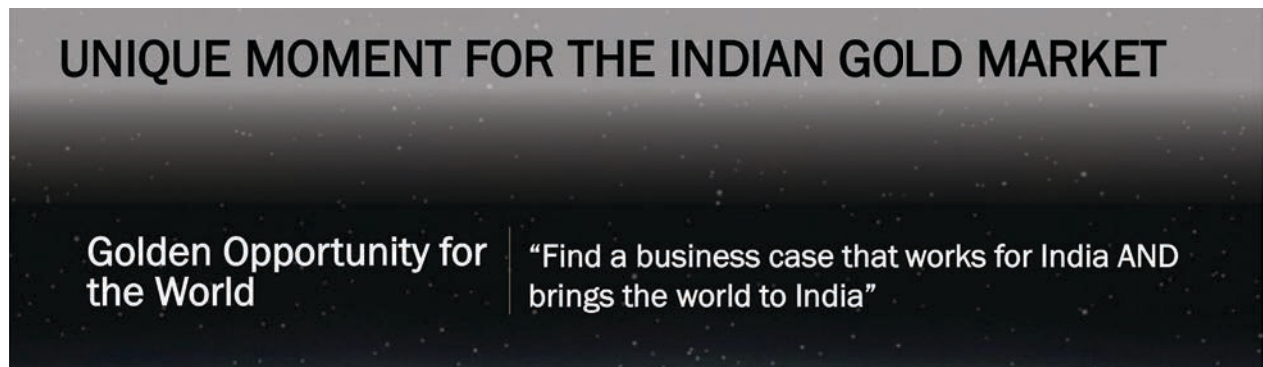


**01** Historic Moment for India

**03** Responsible Sourcing

**02** India & LBMA Good Delivery

**04** India – International Bullion Cer





## GOOD DELIVERY ACCREDITATION

Average Application Time: Six Months

**Non-technical criteria that must be satisfied before accepting an application for assessment**

Details of Owners and Directors

In business for 5 years

Operating History – 3 years

Tangible net worth – £15 m

Refined production – 10 tpa for gold (50 tpa for silver)

Responsible Sourcing Policy & Audit

**Technical assessment – two parts**

**Bar test**

11 bars inspected in London;

5 bars tested by each of two referees (double blind)

**Assaying test**

24 gold reference samples

(10 for silver)

## ADVANCING ETHICAL SOURCING STANDARDS

### LBMA Responsible Sourcing Programme



Mandatory for ALL LBMA Good Delivery List Refiners



Annual Independent Auditing and Public Reporting



Building Global Demand for Responsible Sourcing

## RESPONSIBLE GOLD GUIDANCE, VERSION 9: KEY CHANGES



The responsible sourcing of **recycled gold**: clarity on due diligence expectations



The **elimination of cash** transactions except for ASM where transactions will require approvals.



Provision of support for **responsible ASM** measures to create economic & development opportunities.



Clarity on **Origin of material**. Integrated approach to risk assessment & strengthened due diligence process.



Further detail on **ESG risk assessment**



**Risk mitigation** requirements clarified & aligned with OECD due diligence guidance.



Auditor independence & **audit quality**: rotation of auditors every 10 years & annual assurance checks.



Mandatory conformance with **Disclosure guidance** to promote better reporting practices.





- **Security feature:** addresses counterfeit & acts as a digital passport
  - Characteristics include; Robustness, Readability and Longevity.
- **Database:** tracks who trades it & verifies the passport



IBC Information Sharing & Gap Analysis

LBMA review of the developments in each centre.  
Developing a methodology



LBMA are engaging with the IBC to assess their progress with the five key recommendations.



in



YouTube

**You Tube LBMA**



**Mr David Tait, CEO, WGC**

I come from a Hedge fund and investment banking background. Comparing the gold sector with these, I notice five key differences. First, Interest Rate and FX markets introduced fundamental changes in the last decade that increased transparency and decreased the credit-risks participants faced. These resulted in wider and active participation and growth. The forex and interest rate markets faced challenges from regulators in early 2000 and had to go for serious self-regulation. Over the last two years, the gold market has gone into for similar process of self-examination and self-improvements. I chair the FMSB- Gold Task Force which comprises members from across the gold value-chain, including bullion banks and LBMA. One of the recent things that we decided on was to move the gold market from one of the opaque bilateral systems to a more transparent semi-cleared model.

Secondly, investors awareness about the role of gold, especially in investment portfolios. WGC has initiated a massive education programme on the role of gold in investment portfolios. Positive and differentiated cases of gold vis-à-vis other recent fads such as cryptos are being covered.

Thirdly, 48% of those intending to invest in gold expressed lack of trust on the quality of gold products offered to them and on the supplier of such services. There is a serious Trust Deficit. After extensive consultation, WGC launched the Retail Gold Investment Principle (RGIPs).

The aim of RGIP is to increase trust in gold as an asset class. In India, with the support of stakeholders, we have launched Swarna Adarsh Abhiyaan. We have introduced a highly emotional TV campaign - "You are Gold"- to connect with the younger generation.

Responsible sourcing is the fourth aspect. Responsible Gold Mining Principle is one of the crucial aspects of it. It is an open-standard. It is also being adopted by non-member. WGC members are committed to reporting their efforts on climate change mitigation measures. Gold mining company's ESG commitment is crucial to enhancing trust, participation and demand.

Finally, unifying the efforts of all stakeholders. In this context, WGC and LBMA are working together on "The Gold 247 Plan". The key aspect of this plan are (1) Gold needs to uphold integrity; (2) physical gold should be fully accessible; and lastly, gold should be fully fungible and be freely traded across the global markets.

I propose industry unifies and works towards building trust, transparency, providing provenance and building demand."



**Mr. V S Sundaresan, Executive Director, SEBI**

"Gold is the oldest precious metal known to mankind for thousands of years. It has been valued as a global currency, a commodity and an investment as well" Most specifically as an investment banker Gold is typically viewed as an asset class that maintains its values and purchasing power during inflationary periods.



The introduction of options on futures has expanded the choice of instruments of market participants. The introduction of futures on commodity indexes is a major developmental initiative as it gives access to a basket of related commodities. Markets are already showing interest in these new products and the turnover is on the rise from the inception of the respective commodity exchanges.

The Honourable Finance Minister in the budget speech of FY21-22 announced that SEBI will be the regulator of the Gold spot exchange. Subsequently, it has been decided that SEBI will regulate the entire ecosystem of the Gold exchange including the vault manager.

The basics of the framework of the Gold spot exchange is as follows. The entire transaction flow has been framed into three tranches. The first tranche, is a deposit of physical Gold into the vaults and the creation of Electronic Gold Receipts (EGR). The second tranche will involve trading of the EGR and the third tranche will be Conversion from Electronic Gold Receipt to Physical Gold. The framework includes the fungibility with the

vault managers in terms of giving the Physical gold on showing the EGR. These processes will come with their own challenges but as a whole, it will reduce the cost for the buyers.

Coming to the liquidity of the commodity, with a view to bringing large client base and especially the retail investor to this platform the concept of a smaller denomination of EGR has been proposed. The investors will be allowed to buy or sell smaller units of EGR. SEBI will regulate the vault managers as, the vault managers will play as a custodian of gold and provide, storage, safekeeping service to the Gold industry.

The real work is implementation. The introduction of new products will enhance and be market efficient if they appeal to a large number of market participants. There is need to emphasise awareness programmes by harnessing social and electronic media. As a regulator we are always open to new ideas, its request for feedback from the industry with discussing the various aspect of the industry and make appropriate suggestions to the regulator through exchanges.”





# Round Table: India Bullion Markets- Recovery, Reforms and Response

The session was chaired by **Mr P R Somasundaram**, World Gold Council joined with panellists: **Mr Manoj Kumar**, International Financial Services Centres Authority (IFSCA), **Mr. Prithviraj Kothari**, IBCA, **Mr Ashish Pethe**, GJC, **Mr James Jose**, Hallmarking Federation of India, **Mr Shivanshu Mehta**, MCX, **Mr Amar Singh**, J P Morgan, **Mr K Mahendran**, Karur Vysya Bank, **Mr Manish Goel**, ICICI Bank



**Mr P R Somasundaram:** We had a panel discussion in Dubai just a month ago. It was the first discussion of the International Bullion exchange. It's a massive transformative move for India. Whatever we get, Gold comes from some other market and then you will trade in the exchange. So the question is, how do you become a price influencer? It's not an easy thing. If you look at China, they have a Shanghai exchange. They mine 150 tons of Gold, and they consume 1000 tons of Gold. There are various other complexities; it will be an exciting conversation.

**PR:** Many of us in this room had years and years of work with the Government, and when it comes to Gold, the needle doesn't move very fast. It has been our experience. Take Hallmarking, We started as WGC in 2000, and it took us 20 years to make it mandatory. But this Bullion exchange was announced first in 2018, and now it is getting into the implementation stage. What

**changed in the Government that you acted so fast?**

**A) Mr Manoj Kumar:** As you rightly said that, Government and regulators move quite slowly. That is probably not true because, often from our side, we feel that Government is not according to the industry's expectations. The same goes with the regulator, but they speak less and work more. Answering to your question, the entire credit goes to the consortium partners. While we are a unified regulator, the same unique experiment is getting extended where we have created that unified exchange. And as you know, all five keen players of the Indian industries have led many reforms in the past; they have come together and had hand passed this excellent infrastructure. The whole credit goes to them we should not forget to mention as many of us present in the conference today.

**PR:** As an International bank, how many will participate in IIBX? Are you clear about it? Will it not dilute your

### **OTC route, your role where you are a big player?**

A) Mr Amar Singh: The opportunity is enormous as we open up the economy and reform the Gold and this we have seen not necessarily and based on my experience, whether we talk about China or Singapore, reform will bring more product, more participants, more activities. And we think to be honest as Bullion bank we are right now, in India is relying on one universal product. And to be successful in the market in which you operate, you need diversity. As a large bullion bank, we can assure you the product we offer globally, whether producer, trader or refiner. If this reform gets going, the opportunity for us will be enormous. This will lead to the financialisation of Gold which means more opportunities for a bank that is well established. Since we have invested in India for the last ten years, we will be interested further too.

Since we are an integral part of the Gold community and as a bank, we would like to have more clarity. We are in touch with the IIBX core committee, and we are continuously updating what we need as a bank. We are participating, just waiting for some clarity. We have a branch in GIFT City, and our definite intention is to include Gold in our key activities.

### **PR: MCX, what do you think IIBX need to do to get Global recognition?**

A) One pretty clear thing is that the vision is clear; whether we are a late entrant or not as early entrant as Shanghai Gold Exchange should not make much of a difference. What will make a difference is what kind of need gap we will address. Are we going to make it a gateway to Gold of India? And once we create the standards, which we are already creating internationally recognised guidelines under responsible sourcing, we will have a World standard logistics and vaulting presence and the convenience of the EGR.

India is the second-largest consumer of Gold, as a single platform as IIBX visions to it, the rules and regulations, the ease of those processes, and the market to boot. I think it's a reasonably optimistic view.

**PR: To Mr Manish Goel and Mr K Mahendran, You talked about India Good delivery and LBMA. Clearly, what do you think like a banker? Would you be comfortable driving India Good delivery? Are we ready for it to advocate a Good delivery system?**

A) Mr Manish Goel: Since it's a very debatable point as there is no right or wrong to it, neither there is yes nor no to this. However, we have seen development and progress in this field, and the local exchanges have introduced the India good delivery standard bars as standard settlement for their futures. It can be extended to the IIBX also. But there will be one particular aspect we need to look into: when we talk about IIBX, international suppliers will be selling Gold into IIBX. Still, at the same time, we emphasise that the purchase will be made by them so that a two-way flow market can happen more than the Indian fraternity accepting good delivery. From IIBX point of view, that is more important than trust and confidence comes into the Global players who are ready to have two way flows in the exchange.

A) Mr K Mahendran: I want to initially make two comments on behalf of the Indian Bullion Banks Association. RBI has permitted Bullion banks to import Gold and supply it to the manufacturers across India. This license is given to us on an annual basis and is renewed. We are subjected to audits and various other things. And primary responsibility of the bullion banks is to facilitate the import of Gold to India. And see that the guidelines which re provided to us according to that it goes. It's in the existing model or the consignment model that we are doing or how we are going through the spot market in IIBX, and it will take some time to be accepted in the market.

Currently, there are a lot of gaps, so basically, what is happening is we have got into a system where the banks are facilitating the flow of Gold across India, and the Banks will do that. We are there to support whatever is initiatives to be taken.

**PR: Mr James Jose, Since we are talking about India Good delivery and you have worked closely with BIS on the technical specifications, etc., you saw Ruth also put up what they are attempting to do and why we are doing it? Even a 15 million dollar refinery for LBMA because you have to be a Global player, you can be a small player and say I want to be Global. Whats your view on the standards? Do we have enough gravitas to push India Good delivery with the regulator convincingly?**

A)Mr. James Jose: We have the standards in place, but unfortunately, we don't have a regulatory mechanism



similar to an LBMA. Because RBI has mandated SEBI to take care of the commodity exchanges, all these commodity exchanges are working like a consortium that will lead to better empanelment of Gold refineries for the commodity exchanges. But empanelling Gold refinery based on their financial capability and technical competencies is part of the Good delivery ecosystem. There are other factors like responsible sourcing, and it's a continuous process. In contrast, this empanelment is a one time process. We need to have responsible sourcing and continuous monitoring, and then proactive monitoring is a continuous process for which we need a regulator. We need an LBMA type of regulator to take the Indian Good delivery standard forward with LBMA standards. If you look into Dubai's case, even after 10-15 years, they have the teething problem of responsible sourcing, as you know the recent incidences of responsible sourcing issues. This is one area where banks and commodity exchanges need to have a comfort level. We need to have a regulator under SEBI that proactively takes care of the technical parameters in terms of product quality, responsible sourcing, etc.

In India, we have the HUID hallmarking, which goes through a unique process. And jewellery comes to around ten crore pieces annually. It is unique across the World; nowhere in Globe, they have the traceability of every article. A similar mechanism can be thought of for Bullion also. For Bullion, the quantity will be less compared to jewellery.

**PR: Mr Prithviraj Kothari:** As we know that there is one domestic exchanges and International exchanges, on the domestic exchanges, I can understand, as a when EGR is

done, GST issues are sorted out India Good delivery may be a workable phenomenon, but when we talk about international Bullion exchange, this IIBX is expected to make India a trading hub for the Global dollar trading. Initially, domestic India also being an importer, it should provide some volumes for the industry, so any time we talk about IIBX, only the Indian industry goes and talks as is the IIBX is mended for us. From the start, is that a wrong approach?

A) Mr Prithviraj Kothari: Last month, we were called by the ministry and talked about how to run the IIBX and how to make it successful. One thing is there that if there is no benefit, no one will come under GIFT City. So in Spot exchange, there is always the OTC platform. In an exchange world other than Turkey, there is no exchange. The benefit here is that there is no need for a canalised agency for anyone from India whose net worth is above 25 crores in the last three years. You can directly buy from IIBX. The banks get consignment on behalf of customers, so if we open this way of canalising, whatever will be imported through GIFT city will be route through IIBX. So any jewellers who want to purchase anything can go to the stockbrokers or create a subsidy company and approach. The second best thing is Financing. In the GIFT, city finance will be available the vaulting facility will be available with the BDR. So you can trade the BDR in the exchanges and convert it into physical form paying IGST.

We also proposed one more thing: give some benefit on the customs duty so that almost all of them will buy Gold from IIBX.

**PR: Mr Ashish Pethe:** From the jeweller's point of view, how do you see these developments on the Bullion



**exchanges? What do you expect out of this? Do you think it is needed, or you are dragged into this?**

A) Mr. Ashish Pethe: Jewellers: There are three levels of jewellers, one is PAN Indian jewellers. And international jewellers who are large size who can independently import and work on IIBX and get the best rates and everything, and there are BPL jewellers who debt Gold loans and import but are not sure of the pricing they are getting. The middle tier will have an open pricing mechanism to get the right price through these exchanges. The middle tier one will be able to use the brokers to get the right quantity or, often, the availability of Gold through the regular channels is a problem.

The domestic and the spot exchange is coming, as soon as the fungibility comes very soon. Most of the people in the domestic industry, including the retail industry, would be more than happy to get involved in the exchanges because getting right price of Gold is the main issue of all the jewellers and secondly, the distribution in the vaulting part.

**Mr P R Somasundaram:** If disintermediation happens, how will it work out in the ecosystem? How will the authorised agency and importers react to this change?

**Mr. Prithviraj Kothari:** There are no spot exchanges in the World, only OTC platforms, one in Turkey. So every trade should be through spot exchange above 1 kg. If it's an off-market trade, you have to put it in the system. We can do a tradable option between EGR and BDR.

**Mr Manoj Kumar:** You should see this as the first stage of evolution of an exchange mechanism, and it will also happen in the security market. People were worried when electronic trading was started by SEBI in 1998, what will happen to the brokers. Brokers are still working, and in this covid scenario, they are the most prosperous community because they were the only community working during the entire covid period. The entire system, slightly non-transparent and opaque, would become more transparent. And once the system becomes transparent, all the stakeholders will be going to gain.

**To Mr Amar Singh:** Do you think we have a proper PR strategy? Whenever China does something, the first thing they put across is the PR strategy, and then they

look at the proposition? We have done lots of work, but our things are still online. Do you think this panel should have only people outside India apart from the regulator, of course? Do you think we should have a PR strategy? If yes, then who should do that?

**Mr Amar Singh:** In my view, India is very well covered in the international arena, mainly this industry is very well covered. It may not be a price influencer until now, but everyone looks at the import figures, government doing, and policy reforms coming extremely closely. So, PR is always more to do, but my simple answer is the industry is looking very carefully, and for me, the most critical thing is the people behind this exchange and are the best in class. Clearly, the government has the best intention to make this happen and be successful. Hopefully, some of the dreams that people talk about influencers will start playing the role as in the last twenty years, liquidity of Gold in Asia has become prominent as we wait for London to quote prices. Let's say the right policies and our experience people sitting on the dice are involved will make it happen soon.

**To Mr Shivanshu Mehta:** Regarding compliance for trading into IIBX, have you all thought about it? What kind of KYC's would be there? Do you see KYC as a big impediment here?

**Mr Shivanshu Mehta:** So in net worth terms and whatever are the qualifying norms assigned in the operating guidelines are internationally benchmarked with the context to India. IFSC has the benefit of very experienced regulators. Here the compliances will be whatever is required and that is the way they are. We are trying to make things easy, keeping in mind the risk is mitigated.

**To Mr. Manish Goel;** What kind of Global collaboration should IIBX have or can think of?

**Mr. Manish Goel:** Talking on the compliance part, when we talk about compliance on the spot exchange, what is important as compliance as KYC for members, equally and more important is to put proper procedure and add compliance angle to the Gold movement or Gold delivery system so that to ensure there are no gap or leakages for the purest metal to enter the ecosystem.

Regarding Global collaboration, once the exchange comes to place and we get some pseudo- mandate, it becomes the gateway for Gold to enter India. The kind of liquidity that will come I think is, one side of players who provide liquidity on one side will automatically get a transparent and open view of prevailing prices. And that would broaden the supplier base into the country. The second set of collaboration, somewhere we need to closely work with the exchanges to some kind of location swap for arrangements of settlement in regards to future vs spots.

**To Mr. K Mahendran:** Do you think, in terms of IIBX itself, what would you expect in one year as a banker? As the domestic exchange its going to change the way you are supplying Gold, will it affect your margins?

**Mr. K Mahendran:** Whatever transaction we do in terms of trade, we see that they are adequately covered. So in part of the collaboration, we see a lot of overseas suppliers who are already supplying in the Indian context. I don't think anything is additionally required and will change anything. There are specific points, which I want to make from a broader perspective is; there are different parameters we need to look at and different priorities which we have. Are we trying to shift the existing system to IIBX to have some sort of ease in transactions? Are we trying to promote the India Good delivery bars so that the inflow of Gold to India is reduced. These things need to be focused on so that what happens in IIBX in one year will be a greener picture.

**Mr P R Somasundaram:** As an ecosystem, do you think the Indian market is ready for the changes?

**Mr. Prithviraj Kothari:** As the Spot exchange comes into the picture, there will be price determination, so the liquidity will come within the option. Since India has a lot of liquidity, everyone is waiting for the EGR to come because they want the instrument. So after 25 years of being in the market on thing is clear that the regulations should be very strong. So I think the spot exchange should run very well and well organised.

**Mr Manish Goel:** I would say that industry is doing it, may be not in an organised form, we need a couple of policy changes to make it organised. One policy reform in my suggestion is that dore refining should get a custom subsidy. Secondly is the bank support in terms of the

inventory in the recycling.

**Mr. P R Somasundaram:** What we should do to make it successful?

**Mr Prithviraj Kothari:** We want a single-window clearance.

**Mr Amar Singh:** we need one regulator who can make those changes.

**Mr Ashish Pethe:** Accelerate the domestic spot exchange.

**Mr James Jose:** Remove the capital gain tax on the sale of old Gold.

**Mr Manish Goel:** World-class financial system to focus on this system. GML should be refined with Gold not getting lost with a product like a gold savings account. Bring the custom duty back to Jan 2012 level, which was 1% of the total Gold value.

Mr. K Mahendran: One drawing table to conclude what is to be done.

Final Words by Mr. Manoj Kumar: From a regulatory perspective, we are very conscious that any changes which are brought should be non-disruptive. We are open to dialogues and discussions.

# V S Sundaresan

## Executive Director, SEBI



India Gold Conference – 13 November, 2021 – 09:30 AM

1. Good morning to all the dignitaries and participants.
2. It is heartening to note that this Conference has been organized by IBJA along with Eventell in a Hybrid manner, bringing the leaders of world bullion industry under one platform, both physically and virtually. I consider it as a great privilege to participate in the Conference and address the participants.

### Back Ground

3. Gold is the oldest precious metal known to man for thousands of years. It has been valued as a global currency, a commodity and an investment. More specifically, as an investment vehicle, gold is typically viewed as an asset class that maintains its value and purchasing power during inflationary periods.
4. India ranks among the biggest consumers of the Gold in the world and most of this consumption is catered through imports. Though India has negligible gold production, India does export significant gold jewelry and medallion.

5. As important as the commodity appears in terms of its diverse uses, there are myriad global and local factors influencing the price of gold. While the global factors include above ground supply of gold, global macroeconomic factors like economic events, potency of the dollar and movements in interest rates especially that of the US Federal Reserve, local factors include marriages, harvesting, etc. Thus, market based hedging instruments and strategies, such as, gold derivatives form an indispensable element of Gold ecosystem for the entire value chain participants.

### Trends during Covid-19 times

6. The global macros surrounding the current pandemic situation have brought precious metals back in focus for their role as a safe haven asset class, a portfolio diversifier and a true store of value.
7. In international markets (COMEX futures), Gold Price moved from 1458.80 USD per troy ounce on March 16, 2020 and touched a high at 1802.90 USD on October 29, 2021. Silver prices which edged lower at 11.68 USD per troy ounce on March 18, 2020, also scaled a high of 24.14 USD on October 29, 2021.



8. In line with the same, Gold futures prices at MCX moved from Rs. 38,650/- per 10 gram on March 17, 2020 to a high of Rs. 47,944/- on October 29, 2021, whereas Silver futures prices moved from Rs. 33,580/- per kg on March 18, 2020 to a high of Rs. 64,872/- on October 29, 2021.
9. Bullion complex trading in India have held a fair share of commodity trading at the commodity exchanges and **currently enjoys a share of approx. 25 %** in the total turnover and has potential for much higher growth.

#### The development agenda

10. SEBI's objective, as you all are aware, is to protect the interest of investors in securities and promote the development of and to regulate the securities market. SEBI has been widely recognized as a watchful and efficient regulator and its systems are among the best in the world. It is our constant endeavor to make all segments of securities market, whether its equity or debt or mutual funds or commodity derivatives, deeper, broader and more liquid.
11. In an endeavor to develop the commodity derivatives market including the bullion derivatives, SEBI has embarked on the policy initiatives touching upon **3 'Ps' i.e. Products, Processes and the Participants.**
12. **Let me talk about the developments brought out by SEBI on 'Products,** more particularly, relevant to bullion derivatives'. The introduction of options on futures and on goods has expanded the choice of instruments for market participants. The introduction of futures on commodity indices is a major developmental initiative as it gives access to a basket of related commodities in the form of a neatly structured index with appropriate weights for its components - such as that of **MCX Bullion Index-MCXBULDEX.**
13. Markets are already showing enthusiasm in these new products and the turnover in these two categories have been on the rise since their inception at the respective commodity exchanges.

#### Proposed Gold Exchange

14. Hon'ble Finance Minister, in her budget speech for FY 2021-22 has announced that SEBI will be the regulator for gold exchange and subsequently, it has been decided that SEBI would regulate the entire ecosystem of the gold exchange.
15. It is only natural that India has its spot exchange or a separate segment for gold because of our ever increasing affinity with the yellow metal. India is the second largest consumer of gold globally, with annual gold demand of approximately 800-900 tonnes, and holds an important position in the global markets. This important position, however, is restricted currently to India being a "consumer of gold" and not the "price-setter" of gold.
16. It is expected that the proposed gold exchange would bring in both the large and retail players to the regulated market and thus, bring in transparency in the price-setting of gold, providing assurance to investors of the quality of the gold along with giving a boost to the India good delivery standard.
17. After consulting all the relevant stakeholders, a framework for gold exchange has been devised, with the approval of SEBI Board. The details of the framework are in the Board Memorandum available on the SEBI website. I must say here that a very good response on the proposed framework was received from the market participants and it helped SEBI in finalizing the framework.
18. The entire transaction flow has been divided into three tranches. In first tranche, physical gold deposited in the vaults will be converted into "electronic gold receipt (EGR)". Second tranche will involve trading of EGR on stock exchanges. In third tranche, the EGR can be converted into physical gold to be delivered by the vault manager to the beneficial owner. The framework includes the concept of fungibility and inter-operability between vault managers. This measure, though, comes with its own challenges in implementation, but it holds promise to reduce the cost for buyers (at the time of withdrawal of gold). Fungibility means gold deposited against EGR 1 can be delivered against EGR

2, provided both the EGRs had the same contract specifications. It is expected that this measure would help to de-centralize the demand and supply of gold from few locations to Pan-India. Additionally, interoperability concept means that gold deposited with Vault A can be delivered by Vault B, to the extent possible. These steps may greatly reduce the need and cost of movement of the metal.

19. Coming to liquidity of the instrument. With a view to bring large client base and especially retail investors to this platform, the concept of smaller denomination for trading of EGR has been approved. It means that investor will be allowed to trade in i.e., buy or sell, smaller unit of EGR such as 5 grams or 1 gram, depending on the tradable lot decided by the stock exchanges. The investors can accumulate these smaller units and convert the same into gold of standardized denomination i.e., higher denomination.

20. This new policy development in the commodity market ecosystem also requires SEBI to regulate Vault Managers as they will play an important role as custodians of gold and will provide storage, safekeeping and delivery services in the gold exchange. Till now, Vault Managers were not under the direct regulatory purview of SEBI and were only accredited by stock exchanges. With gold exchange, SEBI will be regulating the EGR related business of Vault Managers. To bring effect to this, regulatory framework for Vault Managers is being framed which provides for registration, net worth criteria, duties and obligations and other responsibilities of Vault Managers.

## Way Forward

21. To have a vision is one thing, but to be able to translate that vision into reality is everything. The real work of implementation and giving it a proper shape for the Gold Exchange has just began.

22. The introduction of new products can enhance market efficiency and depth only if they are accessible and available to a large and diverse set of participants. There is a need, therefore, to lay greater emphasis on awareness programs by harnessing social and electronic media, besides greater physical outreach.

In this direction, as you all may be aware, SEBI along with IOSCO is celebrating World Investor Week, from November 22-28, 2021. Relevant programs need to be conducted to bring awareness amongst the investors during this occasion.

23. Of course, there is no need to reiterate the crucial role that the industry leaders who are participating in this conference can play in this endeavor. The industry leaders can aid the regulator and the commodity derivatives exchanges in market research, efficient contract design, give valuable feedback during stakeholder consultation, product awareness and innovation. This will facilitate introduction of new products to meet the demands of the varied stakeholders, impart adequate liquidity, deepening of participation, thus, leading to the exchange prices becoming benchmarks and lodestars in their own right.

## Concluding remarks

24. I want to emphasize that the commodity derivatives market can enrich itself and progress only by keeping the stakeholders and value chain participants at its very core, without which it shall not be able to fulfil its fundamental purpose of serving the real economy.

25. It is apparent that the ultimate objective of the Commodity Derivatives Market is not only to achieve manifold increase in trade volumes and liquidity, but also to ensure that the liquidity so generated serves as a channel for percolation of benefits to the real sector, which indeed is the entire value chain of the commodity complex and the economy at large. It is the fulfilment of this objective that shall be the true test of not only the performance but also the very relevance of the Commodity Derivatives Market.

26. As a regulator we are open to new ideas. I, therefore, request all the participants to do a deep dive and deliberate on various issues concerning the bullion market and share the takeaways from this Conference, both with the exchanges and the regulator. This would enable to take further appropriate reforms to deepen the Commodity Derivatives Market in India and buttress its global stature and repute.

27. Thank you once again.

# Discussion-1: India Bullion Market & Trade: Trends & Opportunities

**Mr Surender Mehta**, National Secretary, IBA (SM): In 2015, in our conference, **Shri Shaktikanta Das**, the current Governor RBI, referred to Gold Exchange for the first time. Since then, we have been working with the government on the same. It is very glad to see **Shri Injeti Srinivas**, chief guest of the conference, elaborately on the upcoming International Bullion Exchange. This morning, **Shri V S Sundaresan**, Executive Director, SEBI, discusses the domestic spot gold exchange details. All these reforms are towards making the bullion markets more transparent and efficient.



The year 2020 saw a huge disruption in the market. Many reinvented their businesses. As an LBMA refiner, what disruptions have you seen in the bullion market? Would they stay on post-covid?

**Mr. Vipin Raina, MMTC PAMP (VR):** Physical bullion trade has not seen many disruptions. Buyers have changed. The market has improved. Since September 2020, exchanges have done well, and the physical market has done well. More fund-houses have started participating in the exchange.

Online order was picked up during a brief window of complete lockdown. But post that period, momentum in online ordering did not continue in physical bullion trade. So, the physical bullion market did not see much innovation.

**SM: Normal annual gold import into India is 600 to 700 tons. Why are gold imports going up now?**

**Mr. Chanda Venkatesh, Caps Gold (CV):** There was no consumption in 2020. In 2021, we see an upswing in demand. This could partly be due to pent-up demand. Also, please note that the venues for spending are limited. The equity / Share market is limited to only 5% of the population. Bank fixed deposit rate is very low. Buying land or house requires huge capital. So, people do not have many other viable options to invest in outside of gold. Gold demand is expected to increase in India in the coming years.

Customs duty on gold should come down further to prevent smuggling. GST can be hiked to comfort ensure the loss in customs duty.





**SM: What is happening globally? Do you see an increase in demand for gold?**

**Mr. Anshuman Sharma, StoneX (AS):** Retail sales shot up steeply last year in the developed world. Comex trade was at an all-time high. LBMA bars getting accepted as deliverables against Comex positions is a great innovation. It is a positive step in integrating the global gold market. In this context, IIBX is an excellent development in India. In the next 3 to 4 years, IIBX would link global markets to India through delivery, vaulting and swap.

We are seeing a lot of interest in gold, the rom portfolio manager. A lot of gold products are being structured. Gold demand is not going anywhere.

**Mr. Vikas Nagpal, ICICI Bank (VN):** Just to add to the point, Sovereign Gold Bond (SGB) indicates the direction of demand for gold in India. It has mopped up Rs. 16,000 cr in 2020-21 and about Rs. 9900 cr so far in 2021-22. In the first five years (2015 till 2020), SGBs accumulated only Rs. 9600 cr. So, it is a substantial jump. Like-wise, digital gold has tripled in the last 12 to 18 months.

**SM: Silver demand. What is your take?**

Mr Chirag Thakkar, Amrapali (CT): Silver prices went up steeply during covid. So, all silver bought at elevated

prices during 2011-12, came back to market as investors wanted to exit. However, all three segments- industrial, jewellery, and silverware- have seen an increase in demand.

Silver imports were around 5000 tons prior to covid. It would remain at those levels for this year.

**SM: Bullion industry is very much concentrated. Two refiners account for 90% of volumes; like-wise, two banks account for more than 80% share and so on. Why is it so? Will it change after spot exchange?**

VN: Credit plays a significant role in this business. The ecosystem plays another vital role. A customer looks at whether a bank can satisfy multiple requirements- supply, loan products, digital interface etc.

Post-spot exchange, one may see some distribution of volumes in the consignment business. Gold leasing would remain with the bank as it involves credit appraisal and so on. However, the market itself would expand multiple times and would provide opportunities to new players.

**SM: Gold Metal Loan market is estimated at 130 - 140 tons. If that does not come into the exchange, what would be the scenario?**



**Mr. Gambhir Singh, HDFC Bank (GS):** Bullion business is operation and service-centric. Banks have invested a lot of time and effort to create teams that know the requirement of bullion dealers and jewellers. Some banks may not do well, as they may not have the orientation for the business.

On GML, my thoughts are these. Consignment is a stable model. However, there are issues around price and credit risk in a GML. How the exchange system would provide solutions to these in the new circumstances, need to be seen.

**SM: NSE and other exchanges have introduced a lot of new contracts and products. What will be the future of these products post-spot exchange?**

**Mr. Nagendra Kumar, NSE (NK):** Let me share a point on your earlier question. Entire GML can be handled in a sophisticated manner without increasing the cost on the exchange platform. People should be flexible and open to change.

Unfortunately, on the domestic front, unfortunately success of any innovation is measured on liquidity that

such innovation brings to the marketplace. The reason why people are not delivering on NSE is - "the process is very stringent". We are open to listening to the issues, but we cannot dilute processes.

On gold options, NSE is the largest options exchange in the world. We understand the options business. We have been clocking an average open interest of 3000 contracts in the gold options contract. My humble suggestion to all stakeholders is to engage with us; we will work out a specific price risk management solution for your business. It would be cost-effective for you.

**Mr. Pinakin Dave, BSE (PD):** I fully agree. The cost of hedging is much lower for a participant if he uses options. We have participants here who have even delivered against BSE gold options contracts in the first expiry cycle itself. So, the industry is open to change and quick to learn.

**SM: Will you participate in IIBX and domestic exchange? If so, why? Are you looking for some tangible benefits?**

**AS:** Product offering (that meets the requirement of the local market or is guided by the vision of the regulator) and liquidity are the two reasons why participants come to an exchange. International players are keen, as India is a big market opportunity. Regulations look business-enabling. In my opinion, a lot of work needs to be done on the domestic side.

On specific benefits, we want is exit options. That is already in place.

**SM: One benefit that you need to participate in the exchange.**

**GS:** We look for liquidity and transparency. The cost would increase under the Exchange model as seen in China and Turkey vis-à-vis the consignment model.

**VN:** In a short time, there may be a slight increase in cost. But over a period, volumes would increase. In that scenario, it would be competitive.

**VR:** Today, there is a fight between banks and refinery in the consignment system. The inventory that is with banks determines the premium in the market. Post-exchange,

there would be not inventory. So, it would be a fair play.

Secondly, cost on the exchange. Shanghai always trades at a premium, yet it is successful. So, people would prefer exchanges.

**CT:** Exchange would provide liquidity and new opportunity for players.

**CV:** Cost may go up. Taking the gold back is a big challenge for international suppliers in the present system. Post-ILBX, two-way movement is easy. The exchange will also take away the risks faced by the dealers in the current method of trade. Overall, it is beneficial for everyone.

**AS:** Exchange may not increase cost; going forward, the regulator should allow export when the domestic market is at a discount. This would open up new possibilities.



# Presentation: MMTC PAMP on "Recent trends in refining through electrolytic and chemical methods"

Ankur Goyal, MMTC-PAMP



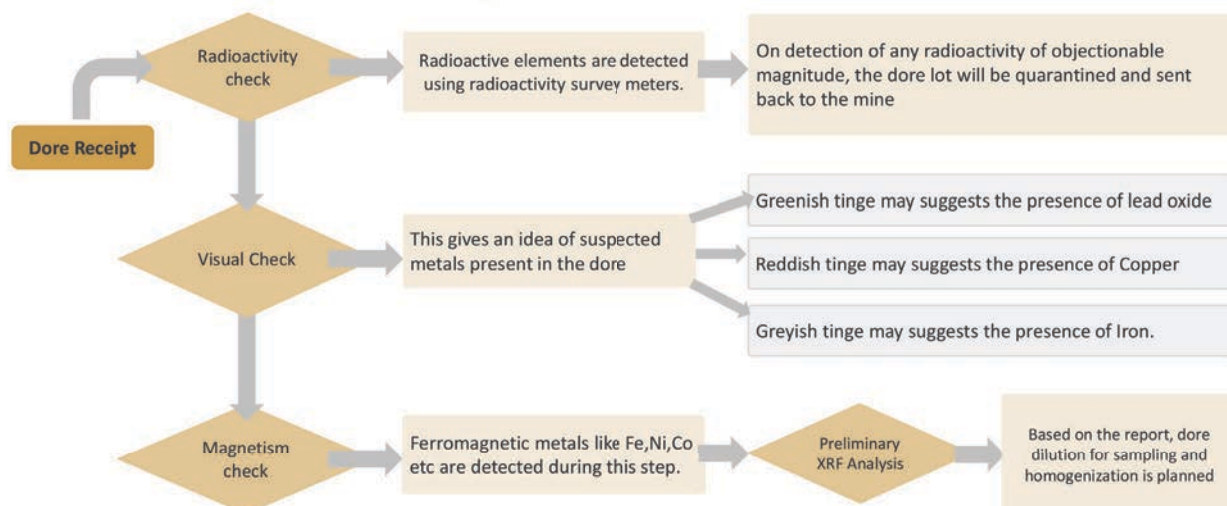
Recent Trends in refining through chemical & electrolytic method

**MMTC-PAMP**  
Refinery

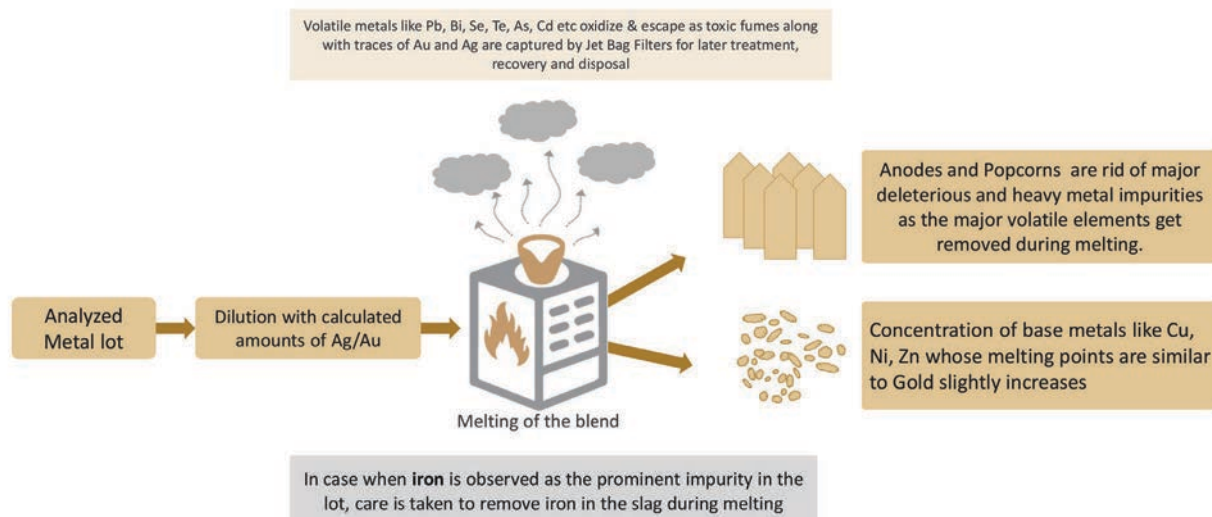


Swiss Excellence.  
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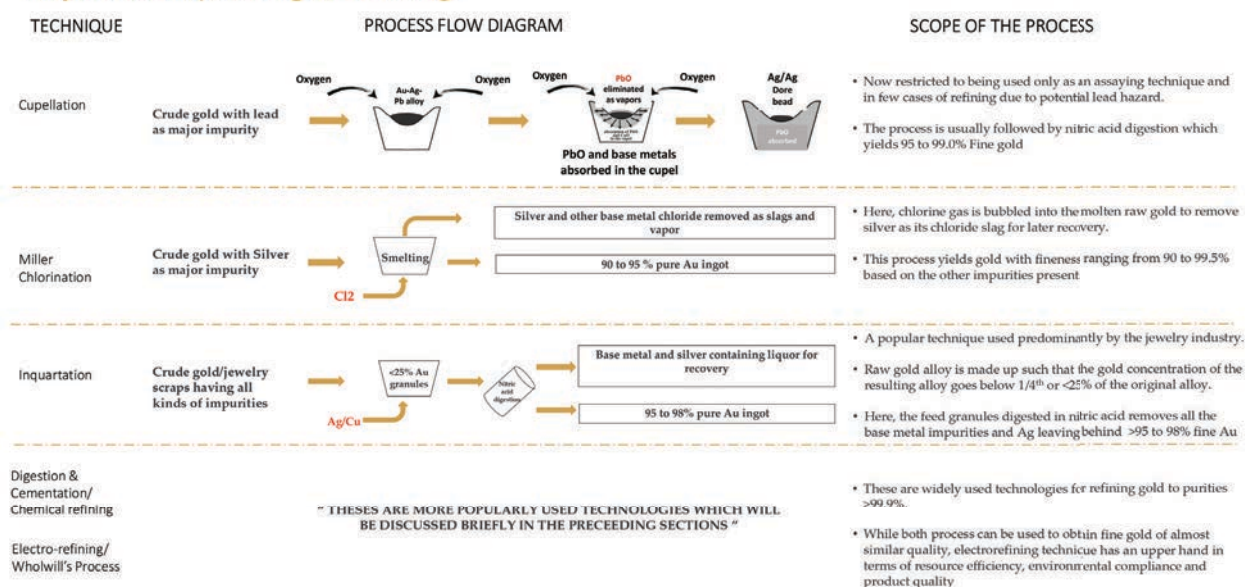
## Base metal – Status at Receipt

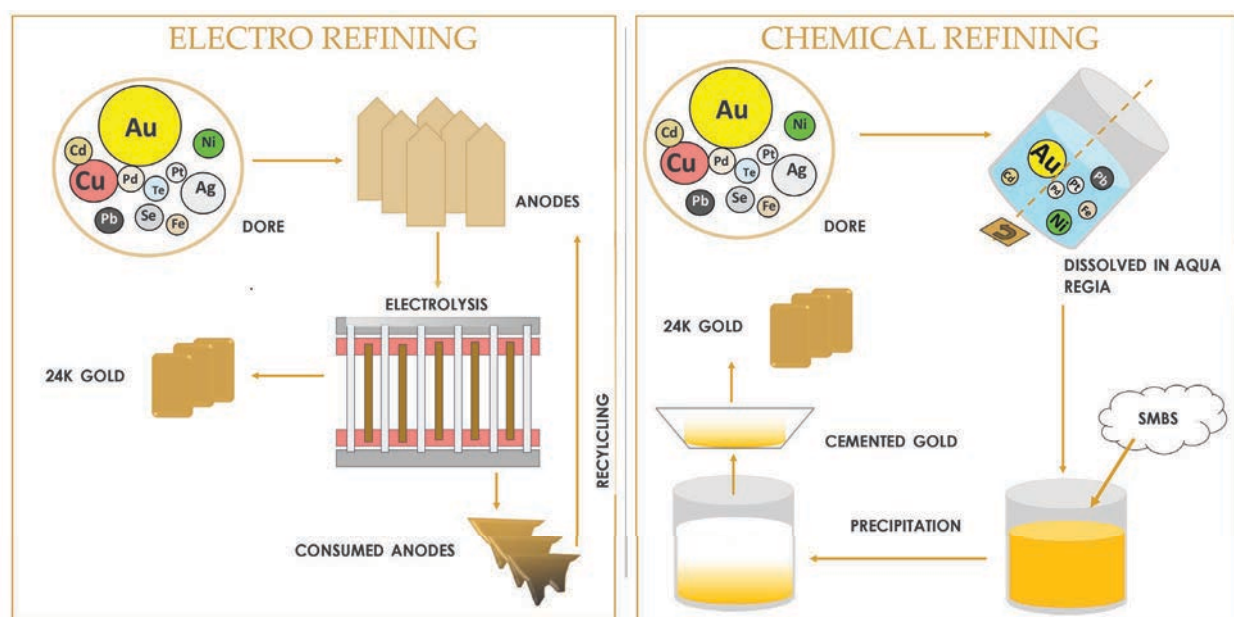


## Base metal – Status in Melting operation

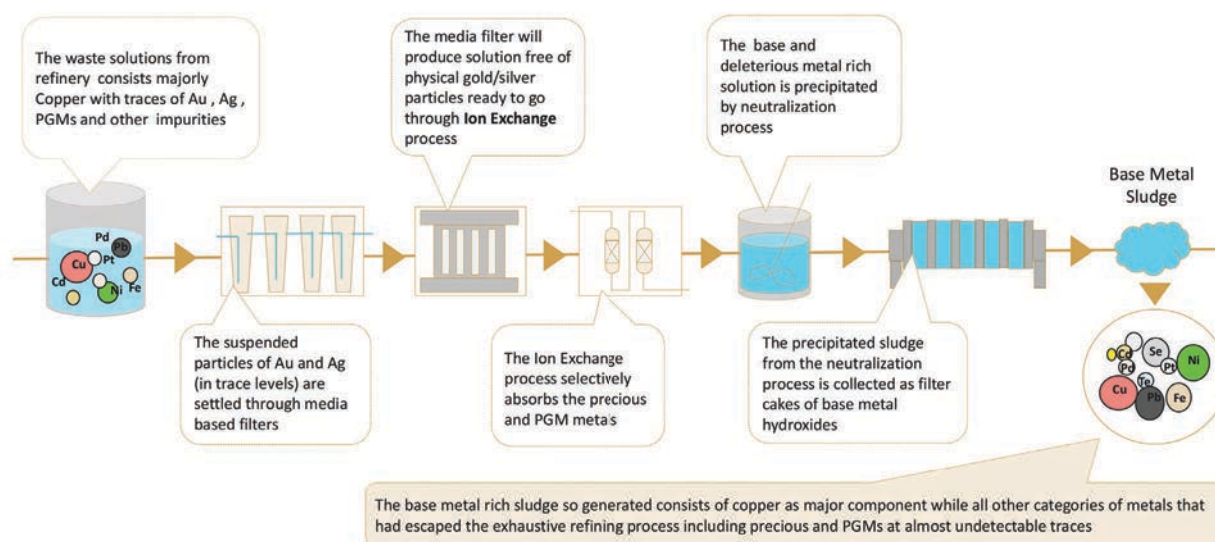


## Major techniques in gold refining





## Base metal – Status in Ecology operation



## What are the advantages & disadvantages of both processes?

| Parameters                    | Electro Refining                                                                   | Chemical Refining                                                                                                                       |
|-------------------------------|------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|
| Scale of Operation            | Suitable for large scale                                                           | Suitable for small scale as large scale requires big reactors                                                                           |
| Fineness of Refined Gold      | 99.99% & above                                                                     | 99.95% maximum                                                                                                                          |
| Impurities in Refined Gold    | Adhering to limits                                                                 | Presence of deleterious elements is common                                                                                              |
| Operating cost                | Low labour and chemical cost per unit of production; electricity cost is higher    | Higher operating unit ; electricity cost is lower                                                                                       |
| Inventory in Process          | High inventory carrying cost                                                       | Cost of inventory in WIP is much lower                                                                                                  |
| Effluent Generation           | Controlled generation                                                              | Consumption of chemicals is more; generates more effluent during washing and final effluent per unit of production is higher            |
| Quality of Jewellery produced | Higher productivity and lower rejection rate due to absence of deleterious element | Manual intervention leads to presence of impurities like Fe, Pb, Cu which lead to hard spots , oxidation , brittleness in final product |



## Resource and energy consumption comparison (basis 200 Kg per day)

| Particulars             |      | Electro Refining                                     |                                                                     | Chemical Refining       |                                                                                                    |
|-------------------------|------|------------------------------------------------------|---------------------------------------------------------------------|-------------------------|----------------------------------------------------------------------------------------------------|
| Gold inventory required |      | 600 Kg                                               | 3 Times greater                                                     | 200 Kg                  | As per output requirement                                                                          |
| Chemical consumption    | HCl  | 2.7 L/Kg                                             | "approx. 350 – 400 L chemicals required to produce 200 kg of gold " | 2.7 L/Kg                | "As per stoichiometric requirement, 800 – 900 L chemicals are consumed to produce 200 kg of gold." |
|                         | HNO3 | 0.7 L/Kg                                             |                                                                     | 0.7 L/Kg                |                                                                                                    |
|                         | NaOH | NA                                                   |                                                                     | 0.5 l/Kg                |                                                                                                    |
|                         | SMBS | NA                                                   |                                                                     | 1 Kg/Kg                 |                                                                                                    |
| Equipment               |      | 1000 L, rectangular tank ; 24 V, 1000 A DC Rectifier |                                                                     | 1500 L capacity reactor |                                                                                                    |
| Manpower requirement    |      | 5                                                    |                                                                     | 6                       |                                                                                                    |
| Effluent generated      |      | 2.5 L/Kg raw material                                |                                                                     | 11 L/Kg raw material    | 4.4 times greater                                                                                  |
| Power cost              |      | 22 Rs/Kg                                             | 3.6 Times greater                                                   | 6 Rs/Kg                 |                                                                                                    |

## What are the different hazards & mitigation associated with both processes?

### Toxic Emissions

|            |                                                                                                                                                                    |
|------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Nox</b> | Untreated Nitric oxide and Nitrogen dioxide fumes , contribute to the formation of smog and acid rain.                                                             |
| <b>Sox</b> | Sulfuric acid, is the main component of acid rain. Sulfur dioxide irritates the respiratory tract and aggravates conditions such as asthma and chronic bronchitis. |

### Mitigation

- Use of efficient fume condensers to aid acid recovery from liberated fumes.
- Use of high efficiency multistage scrubbers.
- Use of selective catalytic reduction to convert the NO<sub>x</sub> fumes to harmless N<sub>2</sub> and H<sub>2</sub>O (Experimental technology).

### Liquid Effluents

The effluent generated from above processes are highly acidic (ph. 1 or less) and also contain large quantity of deleterious metals in form of their soluble salts e.g. chlorides, nitrates, sulphates etc.

- A series of chemical processes involving media filtration, ion absorption, neutralization and precipitation are adopted prior to sending the process effluent to ETP ensures that all the heavy metals are removed completely.

### Solid Wastes

Solid waste generated from the treatment of the above effluents contains Copper and traces of gold and silver

- The solid waste generated are a rich source of base metals and must be treated for recovery .

## Impurity difference

| Element           | ELECTRO REFINING  |                  |                  | CHEMICAL REFINING |           |           |           |
|-------------------|-------------------|------------------|------------------|-------------------|-----------|-----------|-----------|
|                   | MMTC-PAMP Bullion | Indian Refiners  |                  |                   |           |           |           |
|                   | 999.9 (Sponge)    | 999 (Conversion) | 995 (Conversion) | Refiner 1         | Refiner 2 | Refiner 3 | Refiner 4 |
| Gold (Au) %       | 999.96            | 999.08           | 995.08           | 994.92            | 995.05    | 995.05    | 995.00    |
| Silver (Ag) (ppm) | 29                | 900              | 4903             | 4747.6            | 4791      | 4584      | 4872      |
| Palladium (Pd)    |                   |                  |                  |                   | 5         | 38        | 35.5      |
| Platinum (Pt)     |                   |                  |                  |                   |           | 11        |           |
| Aluminium (Al)    |                   |                  |                  |                   | 2         |           |           |
| Antimony (Sb)     |                   |                  |                  | 5.5               |           |           |           |
| Arsenic (As)      |                   |                  |                  | 6                 |           |           |           |
| Copper (Cu)       | 11.6              | 14.9             | 13.2             | 161.4             | 98        | 40        | 14        |
| Iron ( Fe)        |                   |                  |                  | 42                | 15        |           | 27        |
| Lead (Pb)         |                   |                  |                  |                   |           | 11.5      | 42        |
| Manganese (Mn)    |                   |                  |                  |                   |           | 2         |           |
| Silicon (Si)      |                   |                  |                  |                   | 3         | 4         |           |
| Tin ( Sn)         |                   |                  |                  | 89.5              | 15        |           | 5.8       |
| Tellurium (Te)    |                   |                  |                  |                   | 5         | 14        | 3.7       |
| Zinc (Zn)         |                   |                  |                  | 20.8              |           |           |           |



Impurities lead to poor finish and higher rejection



Chemical method if not controlled will add impurities to the Metal

**Periodic Table of the Elements**

Common base metal elements

Heavy and deleterious metal elements

PGM metal elements

Alkali Metal, Alkaline Earth, Transition Metal, Basic Metal, Semimetal, Nonmetal, Halogen, Noble Gas, Lanthanide, Actinide

Image courtesy <https://google.com>

## Effects of Base metal and PGM impurities in various stages of refining

| Sr No | BM/PGM                 | Melting                                                                                                                                      | Chemical/Electrochemical refining                                                                  | Ecology                                                                                 | ASTM limits in PPM for 999.9 fine Au | Bullion                                              |
|-------|------------------------|----------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------|--------------------------------------|------------------------------------------------------|
| 1     | Silver                 | No effect in melting process                                                                                                                 | When in excess causes passivation of anodes/popcorns arresting the reaction.                       | No notable effect                                                                       | 90                                   | Sulfur tarnishing, bleaches only low caratage alloys |
| 2     | Platinum and Palladium | No effect in melting process                                                                                                                 | Selective precipitation or ion exchange to separate this from Gold and Silver at suitable stage    | Traces of this metal goes into the filter press sludge and to be recovered by recycling | Pt- Not Specified<br>Pd - 50         | Comply ASTM                                          |
| 3     | Aluminium              | May oxidize and separate out as dross                                                                                                        | May precipitate as its hydroxide and accumulate on cathode if the electrolyte pH is not controlled | Precipitated as its hydroxide during effluent neutralization process                    | Not Specified                        | Strong oxide former. Results in brittleness          |
| 4     | As/Sb                  | Generates toxic fumes that are captured by jet bag filters which are later on collected carefully and treated for recovery and safe disposal | The traces that makes its way into the electrolyte are tapped out by bleeding the spent solution   | The accumulated As in the effluent concentrates into the base metal sludge              | 30/Not Specified                     | Rarely manifest in final product                     |

## Effects of Base Metals in various stages of refining

| Sr No | Base Metal | Melting                                                                                                                                       | Chemical/Electrochemical Refining                                                                                                                                                               | Ecology                                                              | ASTM Limits in PPM for 999.9 fine Au | Bullion                                                                                 |
|-------|------------|-----------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------|--------------------------------------|-----------------------------------------------------------------------------------------|
| 5     | Copper     | No severe impact on melting due to its lower toxicity and miscibility with gold                                                               | Cu helps in electrolysis as it improves ionic conductivity. Excess Cu built up in electrolyte affects gold purity through co-deposition. Its removed periodically by bleeding and replenishment | Copper gets precipitated as hydroxide which is sent for recycling    | 50                                   | Cu may manifest into to finished product as trace impurity                              |
| 6     | Iron       | Iron primarily gets removed as slags from the molten metal, generates a lot precious metal containing metallic slags that are hard to process | Its removed periodically by bleeding and replenishment                                                                                                                                          | Iron joins the final base metal sludge stream as chloride or nitrate | Not Specified                        | Trace Iron levels in the product may results in hardness & brittleness in cast products |
| 7     | Lead       | Lead primarily gets removed as oxides during various melting stages                                                                           | Removed as chlorides and nitrates with help of chemicals                                                                                                                                        | The Lead also reach base metal sludge                                | 20                                   | Not allowed in Bullion product                                                          |
| 8     | Manganese  | Has highly reducing effect when present in metallic form.                                                                                     | The oxides formed by the action of acids tend to precipitate and collect along with silver chloride slimes.                                                                                     | May escape in the effluents as permanganate salts                    | 3                                    | May cause stress corrosion in the final product.                                        |



## Effects of Heavy & Deleterious Metals in various stages of refining

| Sr No | H & D Metals | Melting                                                                                                                                | Chemical/Electrochemical refining                                                                                                       | Ecology                                                                                                             | ASTM Limits in PPM for 999.9 fine Au | Bullion                                                                                |
|-------|--------------|----------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------|---------------------------------------------------------------------------------------------------------------------|--------------------------------------|----------------------------------------------------------------------------------------|
| 9     | Silicon      | When present in large quantities can be slagged out by the addition of borax                                                           | May passivate the anodes/popcorns if present in large quantities.                                                                       | No significant impact                                                                                               | 50                                   | Major causative of surface defects in the finished good, promotes cracking.            |
| 10    | Tin          | May separate out as slag when in minor quantities, when present in excess often forms alloys with gold.                                | Major threat in both chemical as well as electro refining, forms insoluble complexes that co-precipitates/accumulates over the product. | Precipitates and forms sludge batches that are very hard to filter.                                                 | 10                                   | May cause brittleness of the finished good.                                            |
| 11    | Te           | Generates a peculiar fume smelling like garlic toxic when inhaled                                                                      | The traces that makes its way into the electrolyte are tapped out by bleeding the spent solution                                        | The tellurium may reach the base metal sludges. Complete removal of tellurium in final discharge water is difficult | Not Specified                        | Rarely manifest in final product, if present may lead to embrittlement of the product. |
| 12    | Zn           | Zinc is oxidized and removed as ZnO <sub>2</sub> fumes that are collected by the jet bag filters along with other deleterious elements | Zinc does not co-deposit due to its high reduction potential. Its easily get removed in the impaired electrolyte                        | It gets removed as chlorides, nitrates and hydroxide in the sludge                                                  | Not Specified                        | Rarely manifests in final bullion, if present may cause fire cracking of the product.  |

### PRODUCT COMPARISON

#### Electrolytic refined gold

18 Y Cast tree with gold free from impurities



#### Chemical refined gold

Poor 18 Y tree casted using locally refined gold with high impurity



Smooth, oxidation free 18 K pink gold strip casted with gold having no impurity



18 K Strip with local gold having oxidized surface finish due to high impurity content



### PRODUCT COMPARISON

#### Electrolytic refined gold

22 K Finished ring having high lustre and finish



#### Chemical refined gold

22 K ring from local gold having broken shank due to impurities



Bullion bar

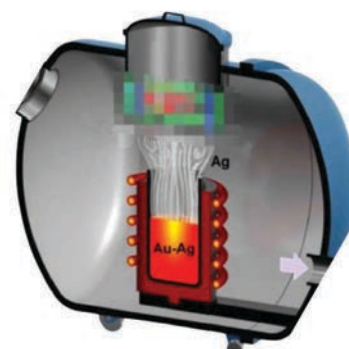


Slags on bullion bar with local gold





## New Technology – Acidless Separation (ALS)



Acidless Separation Machine (ALS)

## Consumer Testimonials

“We prefer to use MMTC-PAMP 999 gold only in our jewellery manufacturing. It has remarkable consistency in weight and purity. Due to its electrolytic origin, the gold is impurity free and when used helps us to achieve very low repairs in manufacturing compared to local gold. It is always free from Iron and we could eliminate hard spots by using this gold. On the contrary, all local gold have to be refined first to make it free which adds to the production cost.”

Mr. Priyanshu Gupta, Director,  
Shri Daksh Designer Jewels Pvt Ltd

\*\*\*\*\*

We at Tanvi prefer to use MMTC-PAMP 999 gold for manufacturing jewellery. MMTC-PAMP gold has amazing consistency in its weight, purity and finish. By using MMTC-PAMP gold which is electrolytically refined defects such as hard spot, colour variation, cracks etc are greatly reduced. Our productivity improves significantly when we use MMTC-PAMP 999 gold.

Mr. Bipin Viradiya, Founder and Chairman,  
Tanvi Goldcast

“We prefer to use MMTC-PAMP 999 gold only for our jewellery manufacturing. The product has remarkable consistency in weight and purity. By using this gold, we get less defects and higher productivity compared to locally refined gold.”

Mr. Amit Korat, Partner  
Design Creation, Surat

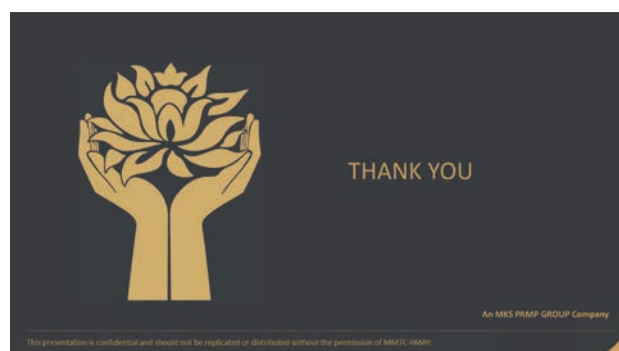
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“The gold refined from local market turns black when they melt it to make ingot while MMTC-PAMP gold is shiny. MMTC-PAMP gold is soft as mainly silver is used instead of copper and there is no problem of cracking. The gold is also higher in purity and weight.”

Mr. Ravi Khandelwal  
Gold Wholesaler

## Research team

- **Conceptualization of the paper**
- Ankur Goyal : Metallurgist
- Debasish Bhattacharjee : Metallurgist
- Praveen Kumar – Chemical Engineer
- Vishal Jodhani - Metallurgist



## Discussion-2: Gold Refining & Responsible Sourcing: Trends and Opportunities

**Mr. Sudheesh Nambiath, IGPC (SN):** Good day to all. Rand Refinery is celebrating its 100 glorious years of refining and service to the global gold industry. Congratulations!



**Would like to invite Mr. Praveen Baijnath, CEO, Rand Refinery to place important developments along the 100-year journey of Rand.**

**Mr. Praveen Baijnath, Rand Refinery (PB):** Rand has been in the business of refining for 100 years. Responsible gold and silver has been at the heart of everything that we have been doing in all these years. Currently, Rand sources 99% of its dore from our shareholder mines which are typically large-scale mines such as AngloGold Ashanti, Goldfield etc. Recycled gold is very small % of our raw material. Provenance has been a part of our DNA for many years and it continues to be so. The fact that our business has withstood the shocks of two world wars and many other calamities including the most recent pandemic speaks of the value of Rand as a brand. We work closely with LBMA in development of standards. We are also one of the five referees for LBMA and through that we provide our expertise in technical aspects.

**SN:** Thank you **Mr. Praveen.** To set the context, let's look at key developments in India during the last few years.

We have been discussion with OECD on responsible sourcing sometime in 2016. In 2019, NSE started working on a standard for accreditation of refiners. Subsequently, MCX and BSE also launched its own standards. Currently, eight refiners have agreed to go through third party audit to comply with responsible sourcing. There are deliveries happening at BSE of non-LBMA bars. RBI also accepts India Good Delivery for GMS.

First, lets discuss issues around dore imports and responsible sourcing. Then we go to scrap recycling. If we look at dore imports into India, there are variations in imports from Ghana and Guinea, while imports from Peru is stable. One good thing is Ghana has been moved out of high-risk region by FATF in 2021. India sources about 10% of its dore from Ghana. Dore from Tanzania has also come down, as it entails sourcing from tail mines and associated risks.

**I move to Mr. Harsh Acharya of Parker Precious to help us understand in simple terms how has he gone about five-step risk assessment process at his new refinery.**



**Mr. Hareesh Acharya, Parker Precious Metals (HA):** I thank WGC and IGPC for starting a programme on Responsible Sourcing with OECD in 2018. Dore import was permitted in 2013-14. Initially, we were not knowing how to source dore. Slowly, we understood the process, thanks to some good teachers within the industry. There are five must and critical steps. First, know who are you buying the dore from. This is called Know Your Customer (KYC) Secondly, where is he getting the dore. That is knowing the supplier's supplier. Third, Dore has to be accompanied by a mine certificate or export certificate and country of origin certificate. Fourth, all payment to the dore supplier should be made only through the banking channel. Fifth, please ensure that the seller has paid all statutory dues and royalty dues to his government.

Of the 32 BIS accredited refineries, 7 to 8 refiners import dore. Others don't. They need good teachers who would guide them.

We have just finished RJC audit and in the process of completing RMI audit. It is not as tough as it appears. So, please remove the fear. Yes, there may be gaps in your process. You can always work on it and improve them. I encourage all small refiners to go for RMI and RJC audits. It is a very fruitful process.

**SN: Mr. Praveen, how do you manage responsible sourcing? What is the secret?**

**PB:** We deal with shareholder mines which are large-scale mines. It is much easier to conduct due diligence on them. LBMA Guidance document has helped us to develop our processes. No gram of gold is as important as the reputation that we hold. Our audit team visits the mine site, and does the due diligence. Self-audit is an important first step in the process to give confidence.

**SN: How do you audit supplier's supplier? How do you manage costs?**

**PB:** For us, historically all our suppliers are from South Africa. Yes, during the last two decades, we are sourcing from other countries in Africa. Yes, there are additional costs. Where it is not possible for us to go, then we appoint third party for audit for verification based on the parameters that we specify. Yes, these audits cost money. However, it is a part of business practice and has to be built into the costs and recover the costs.

**SN: Government in India is giving 0.65 % incentive for refiners. Can you manage all these costs within that?**

**HA:** It is not enough. Operation cost and consumables at a refinery cost around 0.30% to 0.35%. So, we are left with very little money for due diligence.

**SN: Mr. Bimal Julka, what is your thoughts on the way forward for Indian refiners on the path of responsible sourcing?**

**Mr. Bimal Julka, IBA (BJ):** I speak from my administrative experience of over 40 years. We need to clearly understand "transparency" and "accountability", the two pillars of our democracy.

As far as the OECD guidelines on due diligence is concerned, just one issue. Red flag supply-chain. We need to be concerned about on-the-ground assessment of mines, producers and traders for serious offence of tax evasion, money-laundering and human rights abuses. I was the leader of delegation from India when India signed Financial Action Task Force (FATF) mandate and attained membership in the past. We modified many laws during that time. Refiners need to conduct thorough risk assessment, while sourcing from high-risk areas.

Value-chains comprising upstream and downstream players are integral part of all business. I feel, Mapping of





value-chain, Privatizing core element of the value chain partners, Setting the policy framework, Facilitation of adoption of National Guidelines for Responsible Business Conduct (NGRBC) across the value-chain partners and establishing an engagement process (within the value-chain partners and between the industry and government) are critical.

**SN:** Thank you sir. The nine principles put forth in NGRBC are aligned to goals put forth in the international guidelines. So, when representing to the government it is better to talk that language. Let me go to Karthik, how do we go about implementing responsible sourcing for scrap gold, which is 400 tons per year market for India?

**Mr Karthik Kuppuraj, Surabi Bullion (KK):** Domestic scrap refining is much bigger than dore refining, estimated at 400 tons per year. Some of the pledged gold comes for auction. We purchase the auctioned gold (mainly jewellery), refine and circulate it back to the system. The KYC of the auctioned gold is already done by the gold loan provider.

**SN:** What document do you collect while collecting scrap?

**PB:** Scrap recycle is susceptible to ingress of illicit gold.

So, we need to be very careful. From Rand Refinery point, we seldom buy recycled gold. When we buy it, we collect kyc at source. Photographic evidence of the material so that we can trace the source.

**VA:** When buying recycled gold, basic KYC such as GST, PAN, receipt related to purchase etc is collected. Also, we understand the source so that it is not stolen gold.

When a jeweller brings scrap gold, we homogenise the gold jewellery, take photograph and give a case report to the seller. Basis the content, we supply them pure material.

**SN:** Given the difference between duty paid gold, exports and gold imports, the issue of scrap recycle is very important and urgent one to deal with. So, due diligence is equally important for gold recycled. Refineries involved in that system should apply kyc, suppliers supply and other checks. India is facing FATF review in 2022. It should not be that certain discrepancies found in gold value-chain affect country's overall achievements. The industry should be mindful of this.

**BJ:** It is a pertinent point. There needs to be close dialogue between industry, civil society and government on challenges and difficulties faced, so that we prepare a common uniform code and present it to the government.

**SN:** Mr. Prithviraj Kothari, what efforts IBAJ plans to take on due diligence of scrap recycle?

**Mr. Prithviraj Kothari, IBAJ:** I agree with the points mentioned by Mr. Haresh Acharya. We collect KYC, proof of purchase etc from a seller. Also, please note when it comes to recycle gold, refiners mainly transact with jewellers. Even in that, it is usually gold for gold, where refiner gets the scrap jewellery along with voucher from jeweller and gives equivalent refined gold against it. Refiner only takes refining charges. As a general practice, refiners do not deal with unknown person. When refiners sell, they indicate the bar number in the invoice. Also, all transactions are done through banking channel. However, operationally there are challenges, especially when goods are seized while in transit and proof of corresponding jewellery purchase is demanded, it becomes very difficult to prove it. We need to sit together and evolve an acceptable SOP for recycle gold.

**SN: Challenges faced by refiner while importing dore. It is believed that about 0.4% out of the 0.65% incentive given by the government, goes for complying with various processes and procedures prescribed by the government. Can you elaborate them and suggest solution?**

**HA:** When dore arrives, customs collect about 9 gm sample per parcel. Customs have to return the sample after testing. Many of us have not got the samples back since 2020. Since gold is a high value product, the value of such samples is very high.

Secondly, other than Delhi and Ahmedabad, dore parcels in other centres take six to seven days to clear. It exposes a refiner to huge risks due to price changes. Ideally, clearance should be done in 4 to 6 hours. We discussed this issue at IFSC and resolved them. IBJA should take a representation to the customs and resolve these issues.

**SN: Opportunities ahead for India**

**KK:** We should get duty deferred product for gold dore imports. We should be permitted to export coins from India. It has huge opportunity to earn foreign exchange for the country. IBJA should start dore gold importer's association, to represent the issues of dore gold importers with regulators and government. There should be more thrust on starting more mines in India.

**SN: With IIBX coming, what are the opportunities do you see in the refining space?**

**HA:** IIBX is a regulated space. Large mining companies would be open to supplying dore to refiners through such systems. IIBX should facilitate a mechanism for buying and selling dore. It would be very useful for all refiners.

**PB:** Transparency and accountability are the most important aspects for any refinery. It starts with the sourcing of gold dore, then processing efficiencies and technology for value-added products and enabling role played by regulator and the government.

**BJ:** We should prepare a uniform code of ethics and engage with government. Government is for ease of doing business. Through IBJA, we had dialogue with ministry of consumer affairs and RBI. They are very open. We should move in that direction and resolve issues collectively.

# Gold Refining & Responsible sourcing - Trends and Opportunities

Sudheesh Nambiath

India Gold Policy Centre, IIMA

November 12-13, 2021



INDIA  
GOLD POLICY  
CENTRE

## Key Developments in two years

NSE takes the initiative to integrate responsible sourcing with India Good Delivery, leading to launch of NSE-Refiner Standards

Consecutively MCX and BSE launched their standards. That said on technical and governance parameters it is all same, just the financial criteria differs.

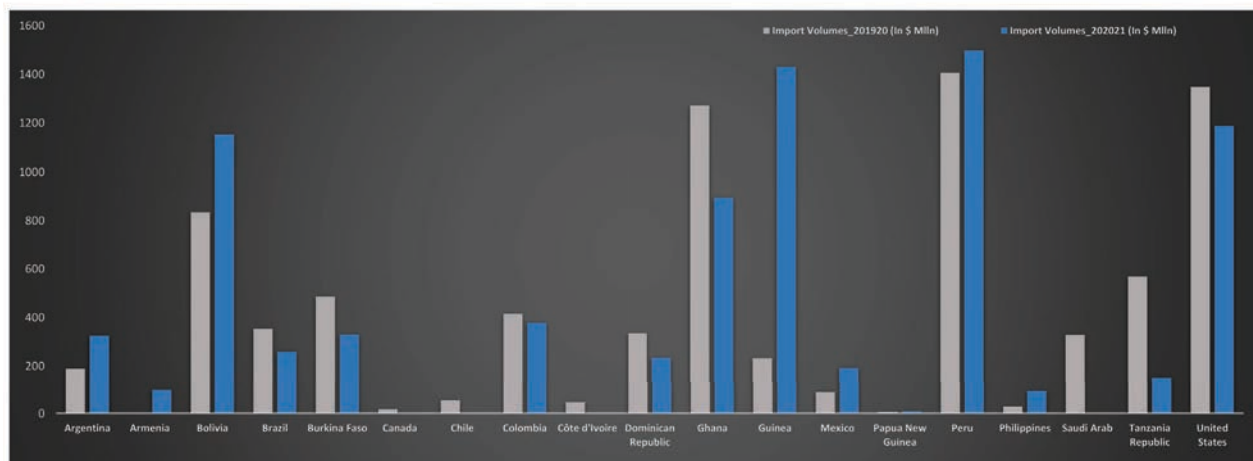
Keeping aside the financial criteria, the responsible sourcing component adapted was RMI and RJC's Chain of Custody by all the exchanges.

Eight refiners in India have signed up for the responsible sourcing audit, yet any to be certified.

BSE was first to get the deliveries from Indian refiners, followed by MCX

RBI allows banks to accept IGD for GMS (GML)

## Dore Import Values (In \$ Mln)





## Five Step Framework For Ensuring Responsible Sourcing Practices



Establish internal management systems on supply chain due diligence

Establish traceability or chain of custody to point of origin

For red flagged supply chains, undertake or review on-the-ground assessments of mines, producers, and traders for conflict, serious abuses, bribery, tax evasion, fraud, money laundering

Refiners are expected to undergo an independent third party audit on due diligence management systems

Report publicly on due diligence efforts

## Ministry of corporate affairs releases National Guidelines for Responsible Business Conduct (NGRBC)

Business Responsibility Reporting Framework for reporting of actions taken by businesses vis-à-vis the eight Principles and corresponding Core Elements.

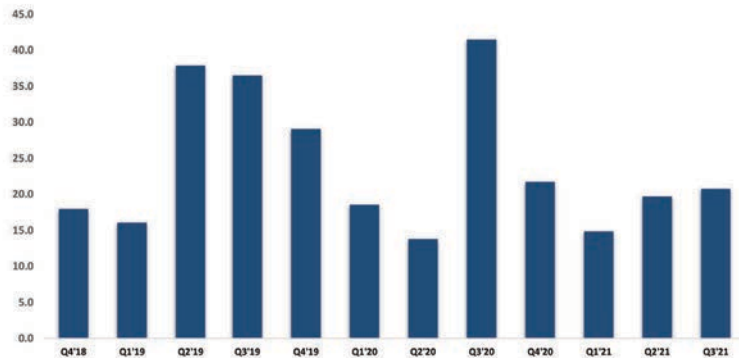
Creates a case for MSME to consider NGRBC with following benefits outlined, it is significant for Indian refiners as well:

- Increased access to markets and customers
- Better preparedness for compliance
- De-risking operations
- Cost savings and increase in productivity
- Access to funds



INDIA  
GOLD POLICY  
CENTRE

### Scrap Flow (In tons)



Source: WGC

## Deferred exports

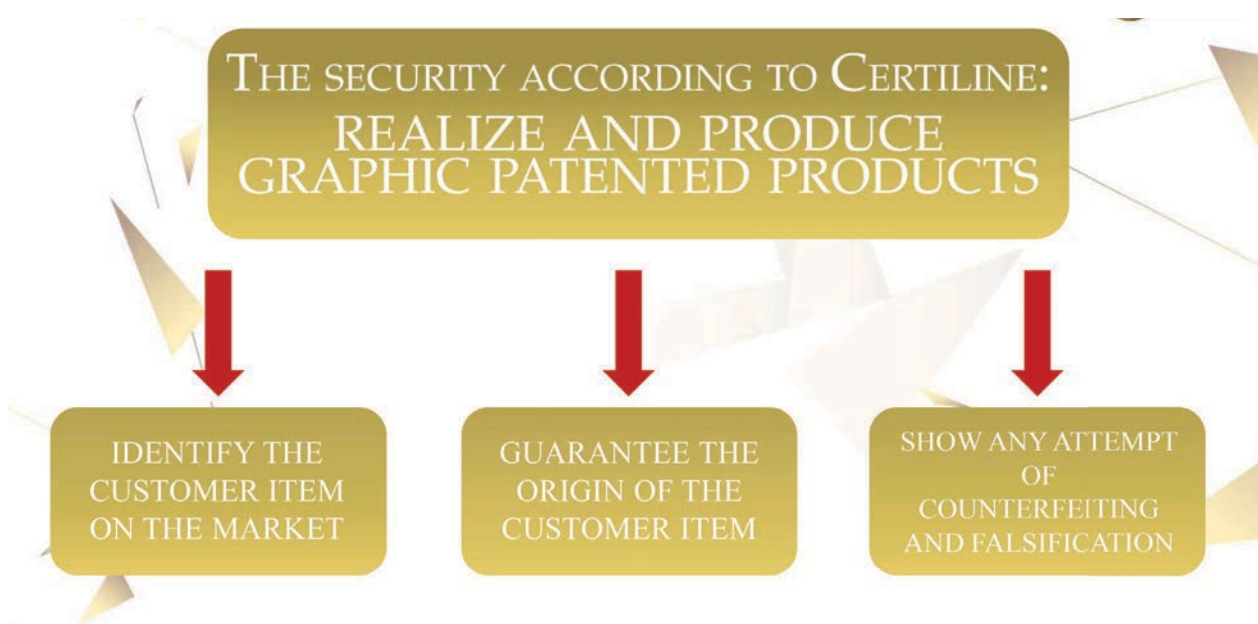
- Risk of diversion of metal for domestic consumption
- Smuggling through Air, land, sea are getting riskier
- Gets diverted as scrap and creates sourcing risks.

|          | UNITS RS. IN CRORES                                                                 | 2017-18  | 2018-19  | 2019-20  | 2020-21  |
|----------|-------------------------------------------------------------------------------------|----------|----------|----------|----------|
| <b>A</b> | Total value of gold imported includes duty and duty free (source: DGCIS)            | 2,93,001 | 3,11,934 | 1,99,250 | 2,54,289 |
| <b>B</b> | Customs duty (actual- 2017-19 & Estimates- 2019-21)*                                | 13,625   | 10,570   | 8,200    | ~14,000  |
| <b>C</b> | Derived value of duty paid imports                                                  | 1,36,255 | 1,05,705 | 65,600   | 1,12,000 |
| <b>D</b> | Actual gold and jewellery exports reported by GJEPC (value addition not discounted) | 74,796   | 90,126   | 93,818   | 37,945   |
|          | Excess not exported (A-D) or deferred                                               | 1,56,746 | 2,06,229 | 1,33,650 | 1,42,289 |

# The Safety on Gold Coins, Ingots and Precious StonesMarket

Presentation:

Jacepo Monteforte Specchi, Certiline S.r.l.





# HOW?

## USING THE PATENTED PRODUCTS

### *CertiCard*® & *BarCard*®



UV luminescent  
pattern on  
the protective  
security film  
Under U.V.A. light



Cryptoprint®  
warnings of  
invalidation  
after opening

## WHICH ADVANTAGES FOR THE CUSTOMER?



**INCREASE**  
THE ITEM VALUE ON THE MARKET



**PROTECT**  
THE MARKET



**FACILITATE**  
THE TRADE EXCHANGE







## CertiCard®



www.nationalbank.kz



www.nationalbank.kz

Inspection of the card back side under UV light, with transparent membrane impressed with security pattern

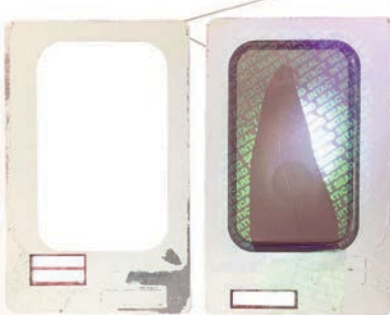
Inspection of the card back side in day light, after partial opening with loosening of the membrane transparency and "FOG EFFECT"



## CertiCard®







Inspection of the two elements composing the card after complete opening of the case in day light, with intact membrane still protecting the ingot

Inspection of the two elements composing the card after complete opening of the case under UV light, with intact membrane still protecting the ingot

Inspection of the two elements composing the card after complete opening of the case under UV light, with broken membrane no restorable



## *CertiCard® & BarCard®*



ARE MADE OF POLYESTER  
ENVIRONMENT FRIEND

MATERIAL ADVANTAGES:  
THE BEST OPTICAL CLEARNESS AND QUALITY

FULLY  
RECYCABLE

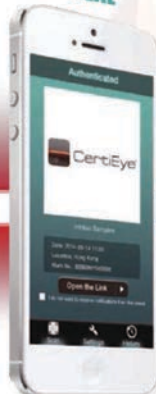
NOT TOXIC  
FOR HUMAN  
HEALTH

BEST  
PROTECTION FOR  
METALS AGAINST  
CHEMICAL  
OXIDATION

ABSOLUTE  
CHEMICAL  
STABILITY ALSO  
UNDER UV  
RADIATION



CertiEye App



Our code scanned  
with CertiEye App on  
a Smartphone.

Scan result retrieved  
instantly on your  
phone.



### Geolocalization of a specific CertiEye



## Discussion- 3: Paper Gold/Digital Gold/ Silver- Strategies to expand the market

**Chair: Mr Bhargava Vaidya, B N Vaidya & Associates**

**Ms Anika Agarwal, MMTC-PAMP, Mr Gaurav Mathur, SafeGold, Mr Vikram Dhawan, Nippon Life India AMC, Ms Renisha Chainani, Augmont - Gold For All, Mr Keyur Shah, Muthoot Pappachan Group**



Mr Bhargava Vaidya If I have to look out paper products, I will look to paper gold and silver debentures. At present, lease rates and international interest rates have been in negative territory for a long time and add to the international exchange being opened with an organized free trade zone. Something interesting is coming over. In some time in the financial markets, we have seen perpetual bonds, So may be many jewellers can look at it and they can issue perpetual bonds and debentures in Gold and Silver.

Digital Gold present size may be different but prospect is larger. We have a gold deposit, we have GMS which is promoted by the Government, we have a Gold saving account, another very popular product is Sovereign Gold bond. Currently it is working fine, with this expert pannel can we tweak on to the product so that there is a mass participation on the product. It is not an easily subscribed product for a general population. So if we talk

about digital Gold do we need a self reugalory body or Government regulated body. Even if it's a unregulated product at present, do we follow a particular guidelines which will be beneficial for the industry? What are the strategies that should be put for masses and what for B2B investors.

**Mr Vikram Dhawan:** I would like to talk about, Why Mutual funds will be a very able partner in developing the Gold and Silver markets in India? It may appear that mutual fund is not going so great in AUM sector in India but if you look at the Global perspective today we have 3 crores unique folios in India which is less than 2-3% of the population. In terms of GDP the penetration is only 10-12% and if we compare it to the penetration globally, specially to the Western countries, here we are talking about a pentration of 60-80%. So we if see here, In India we have not yet started the journey as far as the mutual funds are concerned. Though the journey has started





and the industry has identified the problems with a collective effort to ensure that we complete this journey as fast as possible time, which will not only show on the equity or debt side, but will also show on the commodity side. With regards to investment to the products other than physical Gold, the mandate for the mutual fund is to provide investors, safety security and liquidity. Any product which does not have direct relation to physical Gold or physical silver dilutes it. From the mutual funds point of view the regulations are very clear, that our mandate is not to provide the derivative of the actual product but we can be the underline for that.

**Mr Keyur Shah:** In my view, strongly, In India any product has to work, it needs to be adopted should be made easy for the mass public to be adopted. For eg, Digital Gold, this is the most democratic product which we could have in the market, in which the consumers can buy and sell in the lowest ticket size, redeem it any time, but there has to be element of credible physical redemption. The physical gold is purchased more in India due to cultural reasons. Since SEBI has nudged the exchanges not to sell the digital Gold to sell it in their platform, it's a good thing because I think if the regulation comes it will benefit will come to all of us. Since Muthoot has also launched a digital Gold, we have not yet advertised it yet, our idea is to make digital gold much more mass driven. I would recommend this product to become really big, of course,

there are these regulation issues but can the digital gold players come together and regulate a list, and all of us follow that and that gives a lot more confidence to the regulators, SEBI, RBI and also gives us a better way to fast track this. Because we don't want something uneven happening and we have to abruptly stop. It will be fair to the common people who are genuinely saving in it. ETF is there, SGB is there, all of them have to imitate the existing cultural reasons and the behaviour on how the masses are buying. If we talk about Gold ETF, it is still not reachable to the most of the people in India, so can the ticket size be lowered and something else can be done or can SGB and Gold ETF which can be sold to the end face to the customer, say it jewellers or gold loan NBFC's, to which I think we will get a lot more subscribers to it. A lot of paper Gold products gets limited to the top cream and it does not percolated down and then it is not truly digitizing the entire sector.

**Mr Gaurav Mathur:** To my knowledge there is no digital gold players sell their products to non- Indian investors. This is because people in most cases have taken the conservative approach in which kyc and getting pan card is easy. There is a huge market and huge potential if we talk about selling it to NRI and overseas players. But everyone is waiting for the regulatory clarity to go down that path. As the industry gets scaled, as of now digital gold segment is too small specifically, its only around 15%



of the total Gold segment. Let's put all together, the Gold ETF, SGB and Digital Gold, it will all relatively be a small share for the over all demand in the Gold of India. It's quite clear that the regulators are not comfortable with certain products going on and it's incompetent of us. So our first step is to get self-regulated and the second step is to be formally regulated of the overall industry. We need to proactively reach out to the government for this because the benefits are there which will be visible. So when there is demand for this, there is a demand in the mass market. So if we can provide regulated and high quality product for the common man which is easily accessible.

**Ms Anika Agarwal:** We are speaking about two parts of investors here, when we talk about paper products, the penetration itself of mutual funds is low, so if you look at the Gold segments, the over all portfolio, in which Gold consists of 4-5%. So when we talk about paper products the ETF's have come up with big way, the SGB's have multiplied in the last two years but if we have a common regulatory framework we will have a lot of use cases of the past two years, EGR, Gold Saving schemes and debentures are such products which come along.

The other part is, which is the segment which digital gold operates largely, I think we are talking about regular middle class and lower class households who

are investing in Gold in small ticket sizes. So most of the digital Gold players are operating with fintech companies in absence of regulation. Once the product gets regulated and then it will get democratized and all these use cases can come along. For both we need regulatory guidance to move forward.

**Ms Renisha Chainani:** First of all I will throw some light on, what is driving this market? So the growth in working age population and participation in labor force has led to increase in demand of Gold particularly the paper gold products and digital Gold and as you can see that, like many other countries India has very less young population compared to other countries and as per the UNPP the median age population is around 27 and expected to remain below 35 till one decade. As per the World bank data, in 1960's only 19% of the population was living in cities and now this has doubled to 34%. Talking about the income as per the economic survey 2021, the per capita income in 1990's it was around Rs7000 and now it has grown to Rs1.34 lakhs in FY 20. There is almost 10% CAGR increase in income in Indians as per the WGC estimates with a 1% increase in income there is a 0.9% increase in Gold demand. So if we go by this formula in coming 10 years the gold demand will rise by 9%. Rising income is the main driver for demand in Gold products be it paper Gold or digital gold going forward.





Talking about Silver ETF, if you look at the silver markets, the total silver produces each year in the World is around 1 billion ounces. Total Gold produces in a year is around 120 ounces. So if you look at the World ETF holdings of Gold and Silver, For Gold ETF it is around 100 million ounces and for silver we have 900 million ounces, which shows silver market is 8-9 times bigger Gold market in production and also in the ETF terms. With Silver portfolio coming in there will be portfolio diversification and we will have one more product in our portfolio and when Gold ETF started in 2007, by 2010 it has accumulated around 10 tons, by 2013 it had around 40 tons. So if we look at Silver ETF'S we are expecting that it will 8-9 times more market than Gold.

**To Mr Surendra Mehta, In the GIFT city set up so you think the exchanges proposed, we could list any of the Gold related product which will lead to the fungibility of that product?**

We are still in the first league of getting in the GIFT city, its definitely a great idea, we should look at the various financial product. So the Chairman of GIFT city mentioned the word Financialization multiple time plus Mr. Sudareshan too used this word specifically the Gold market. So I think once we have multiple products in the

GIFT city including some products which are fungible from the GIFT City to the domestic area, I think the Gold market in our country can grow very well. Also the FDI would love to invest in India only if the market is growing or it has already grown up. So our consumption is going to remain as 800-1000 tons. But this financial product is definitely going to change. So in SGE , China also has a consumption of 1000 tons but the the exchange the turnover is 79 tons. So, I think in my opinion it makes a lot of sense.

**To Mr. Rajesh from SEQUEL, the cost of storing Silver in London or New York is exorbitant, so if any one our friends launches the Silver ETF and also in the International market, say it GIFT City, so think the storage cost will be much more viable or workable even in the delivery market?**

The cost will be definitely reasonable and competitive, and we do have the infrastructure because we are doing it for quite number of years now both for storage and distribution service. It will definitely bring down a huge percentage of the transaction cost.

30 mins



# Presentation "Understanding India Gold Consumers - A Presentation based on nationwide survey of households"

Prof. A Sahay, Chairperson, IGPC-IIMA



INDIA  
GOLD POLICY  
CENTRE



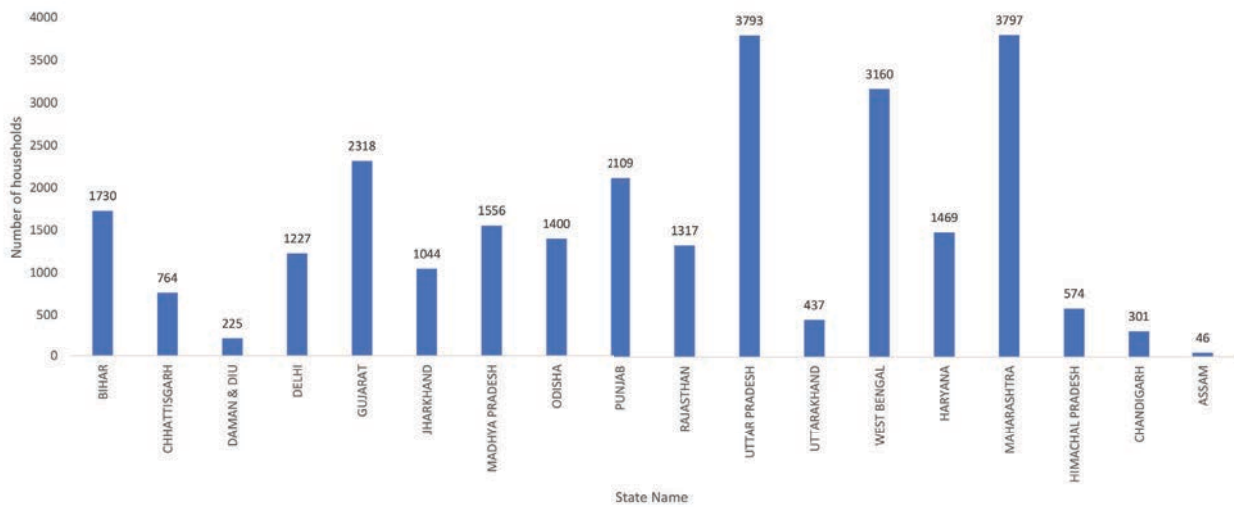
## Household Survey of Gold Consumption

IGPC-PRICE Survey

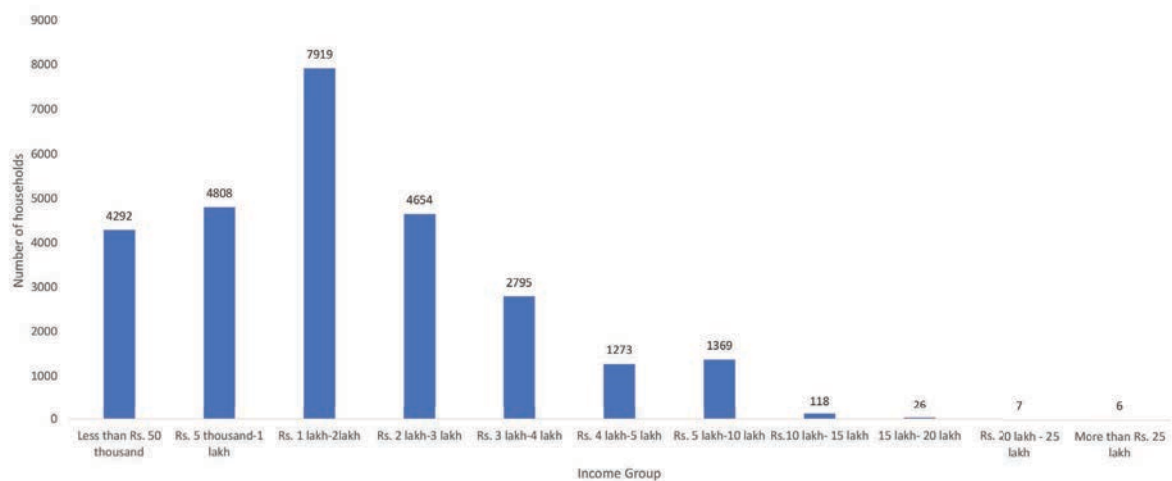
### About the Survey

|                     |                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                       |
|---------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Duration of Survey  | August 2020 to October 2021                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                           |
| Sample Size         | 27,267 (out of 40,000) from a sample frame of ~175000 households                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                                      |
| Dimensions Captured | <ol style="list-style-type: none"> <li>I. Identity: State, Sector, District, Sub-district, etc.</li> <li>II. Demographic and Other Particulars of Households Members</li> <li>III. Information about respondent: Age, Gender, etc.</li> <li>IV. COVID Related Damage and Indian Consumer Sentiment</li> <li>V. Household Occupation and Ownership of Agricultural Land</li> <li>VI. Household Income and Expenditure</li> <li>VII. Household Saving/Investment Portfolio</li> <li>VIII. Gold Investment/purchase of Gold and Gold Related Products (All households) <ol style="list-style-type: none"> <li>A. Physical Gold Investment/Purchase</li> <li>B. Paper Gold Investment/Purchase</li> <li>C. Gold Investment/deposit to Gold Monetisation Scheme</li> <li>D. Gold Investment/Deposit to Sovereign Gold Bond/Exchange Traded ETFs/Digital Gold</li> <li>E. Future Intention to buy gold and gold products</li> <li>F. Gold Sale Behaviour</li> <li>G. Gold as a security against loan</li> </ol> </li> </ol> |

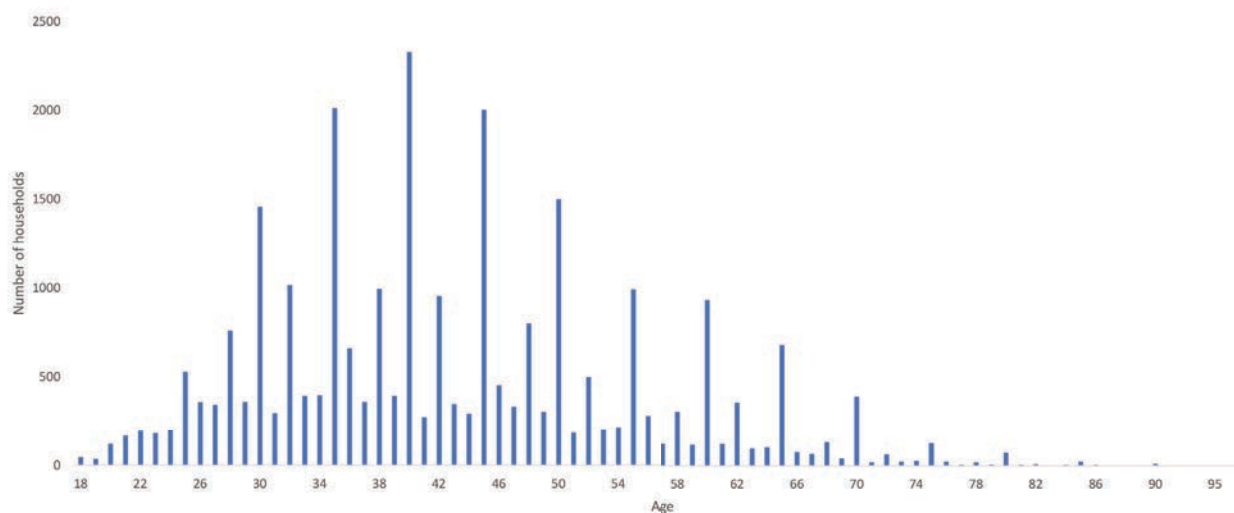
## Demographic Distribution of Sample Households



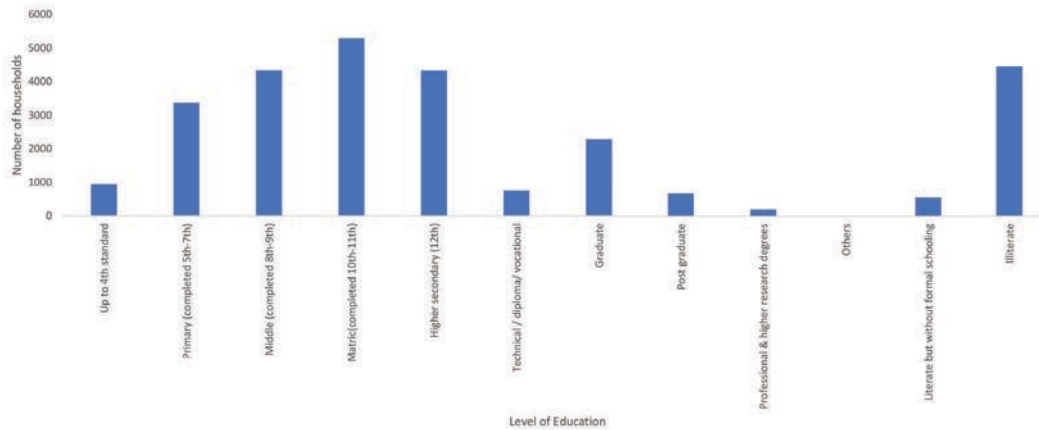
## Income-wise Distribution of Sample Households



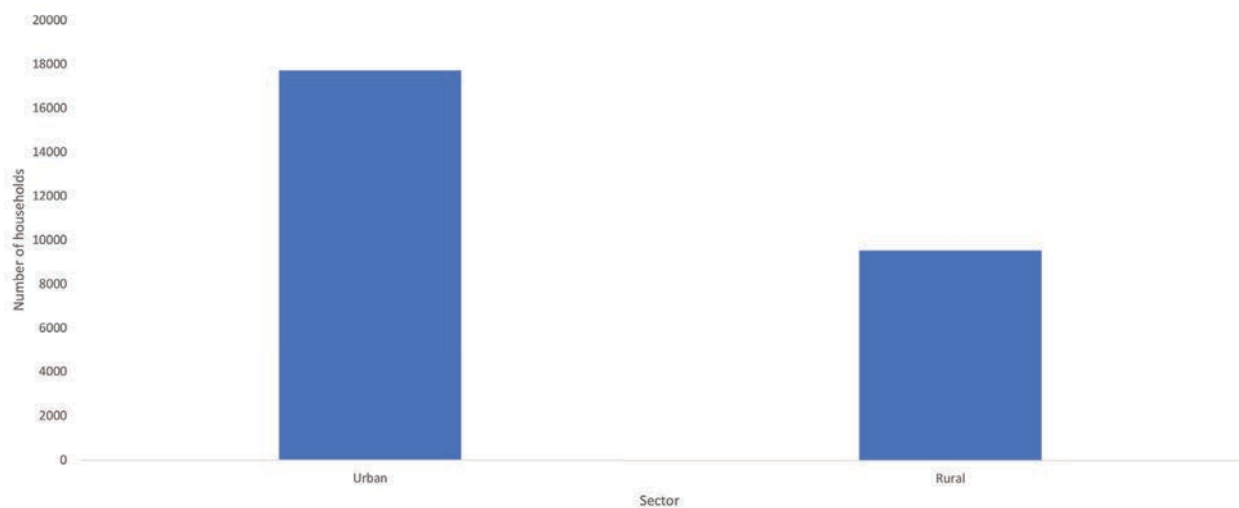
## Households



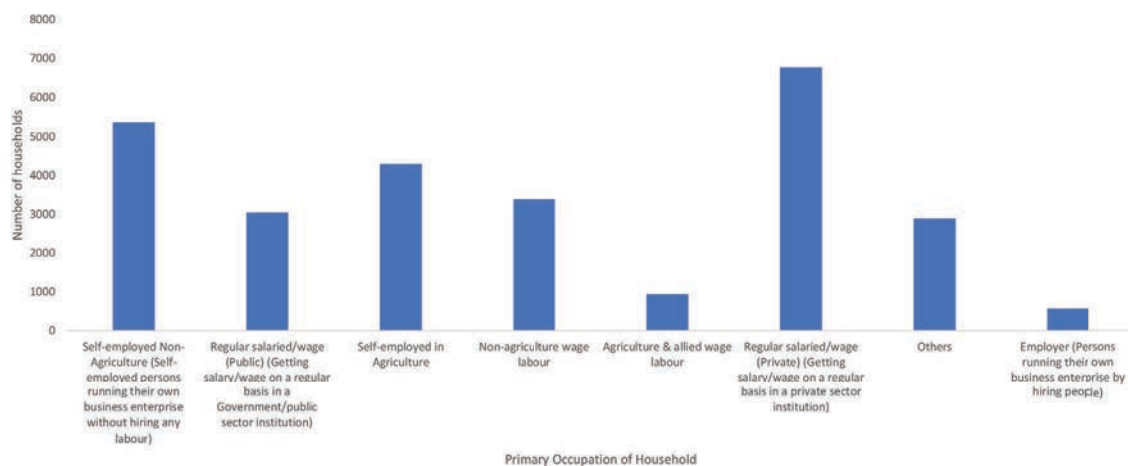
## Education level-wise Distribution of Sample Households



## Sector-wise Distribution of Sample Households

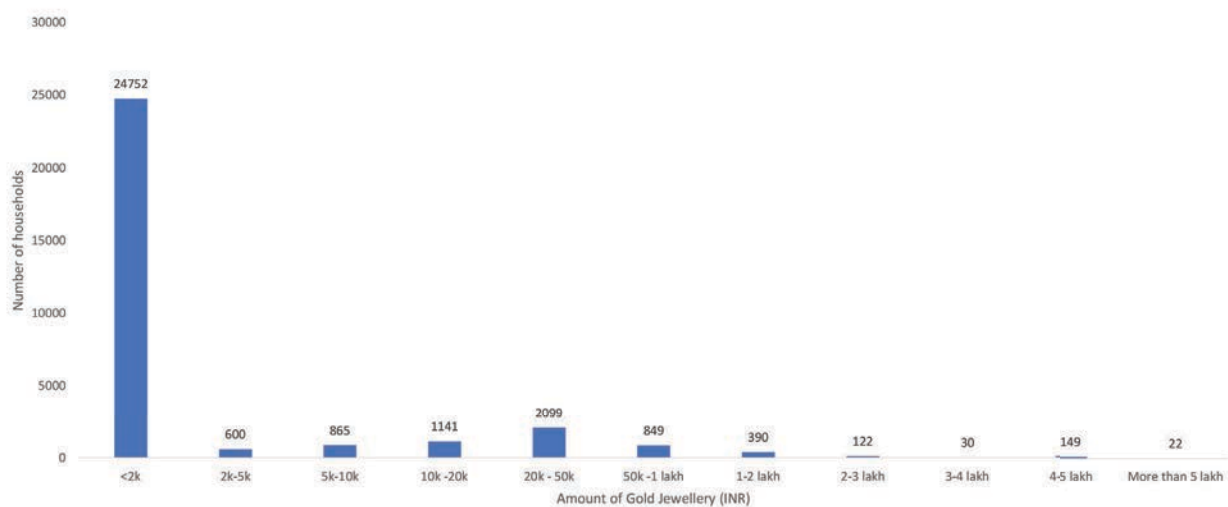


## Occupation-wise Distribution of Sample Households

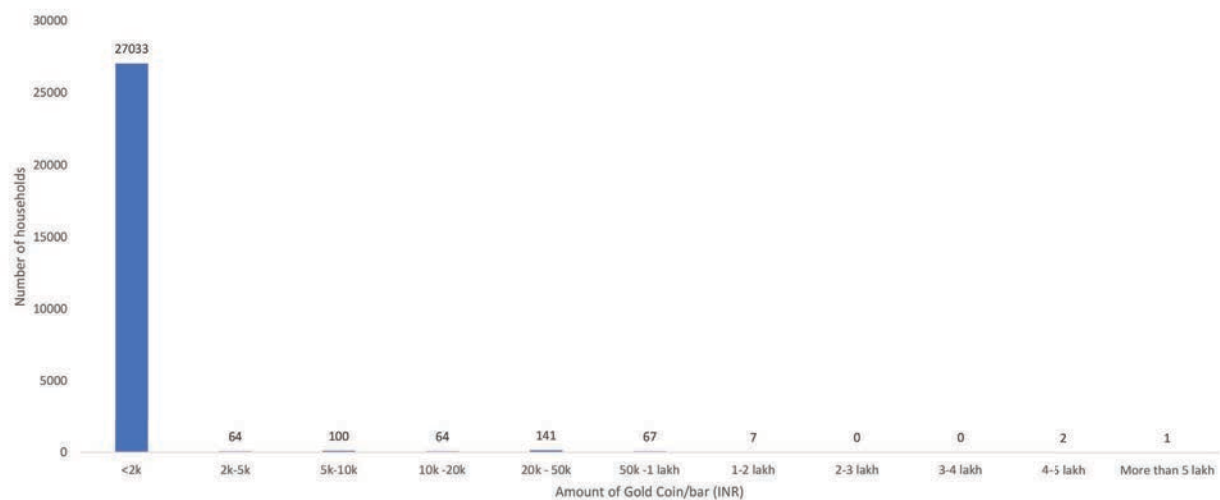




# Amount of Gold Jewellery purchased by households in 2020



# Amount of Gold Coin/Bars purchased by households in 2020



# Introduction

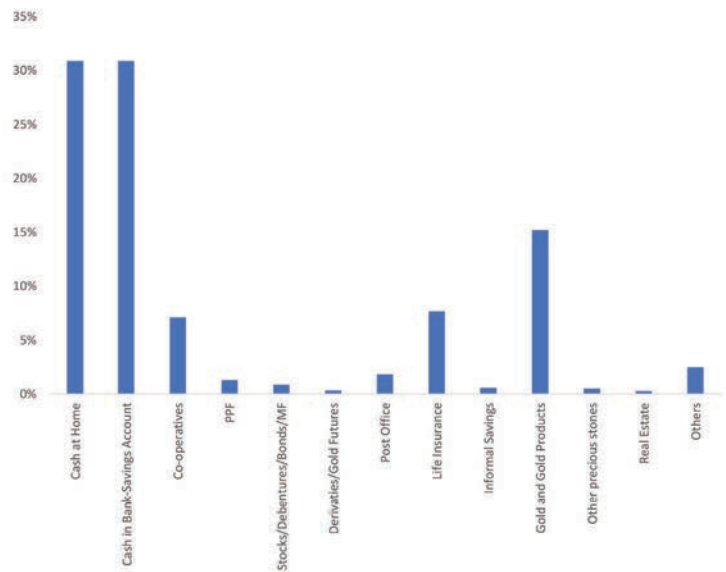
Consumer Preferences and Sectoral-Distribution

## Savings/Investment Portfolio of the Average Consumer

~31% is taken up by cash at home

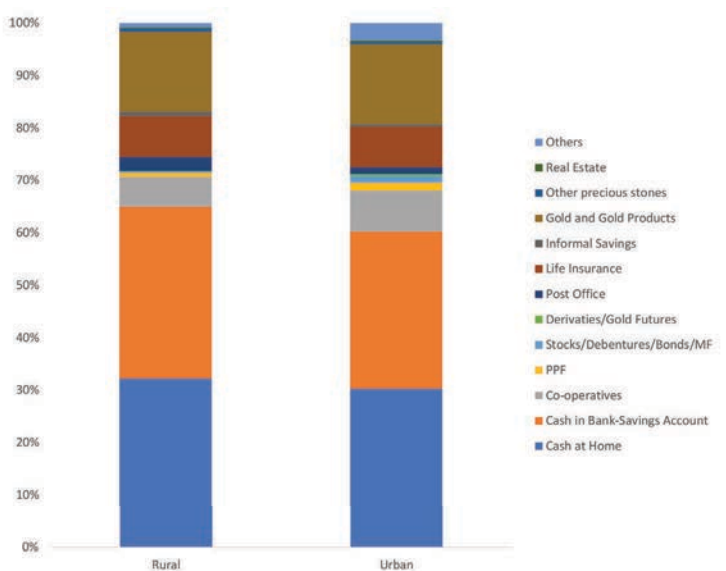
~31% in cash in bank

~15% in gold and gold products



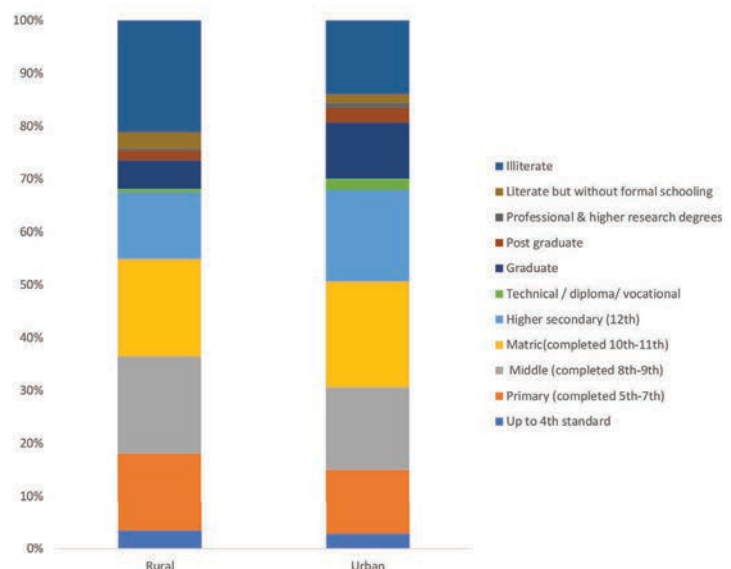
## Sectoral Distribution

Urban consumer is more likely to invest alternate financial instruments such as co-operatives and stocks, but the proportion of gold and gold products remains comparable



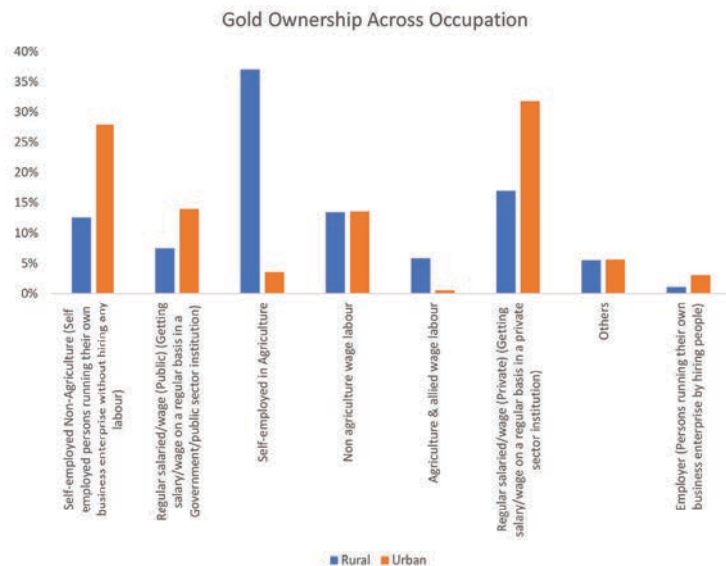
## Gold Ownership across education levels

Lower incidence of gold possession among urban households with higher degrees of education



## Gold Ownership across Occupation

Natural inclination for households who are self employed in agriculture or non-agriculture and other regular salaried occupations to own gold



## Factors Driving Purchase

Purpose and Motivation

## State Wise Distribution of Gold Purchases

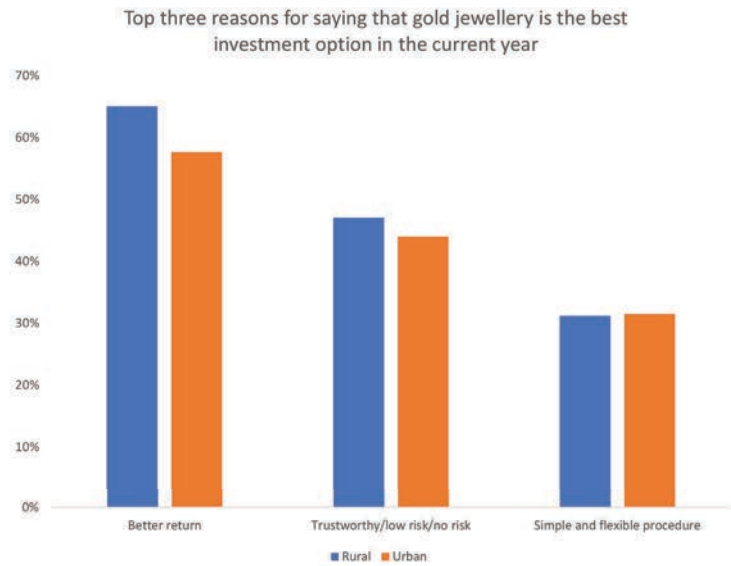
Within the limitations of the available sample, Uttar Pradesh is leading in terms of gold purchase volumes, however, this trend might change after including data from all available states





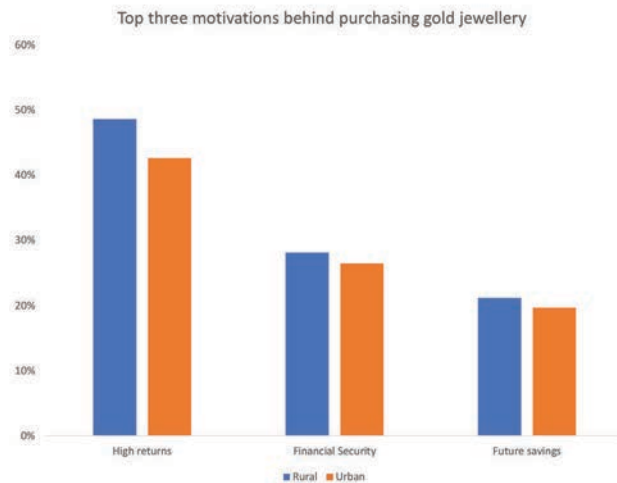
## Best Investment Option in the Current Year

Both rural as well as urban households unanimously cited three reasons



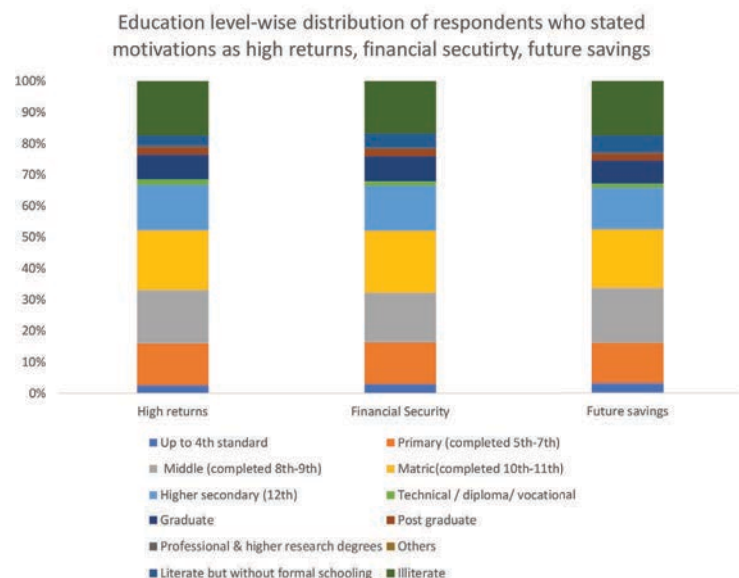
## Motivation

Both urban and rural households perceive higher returns, financial security and future savings from gold jewellery investments



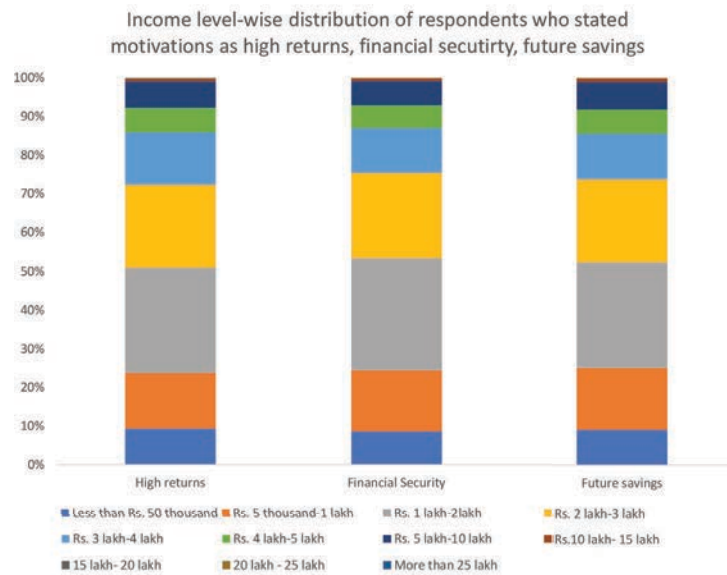
## Education level-wise distribution of respondents

Majority of these households report education levels of not more than higher secondary, with a small fraction having received no form of formal education



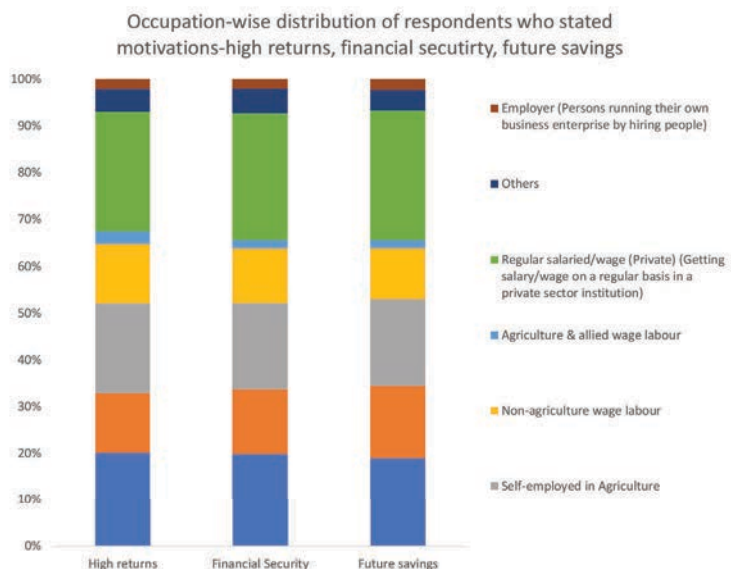
## Income level-wise distribution of respondents

No distinguishable impact of income levels on motivating factors



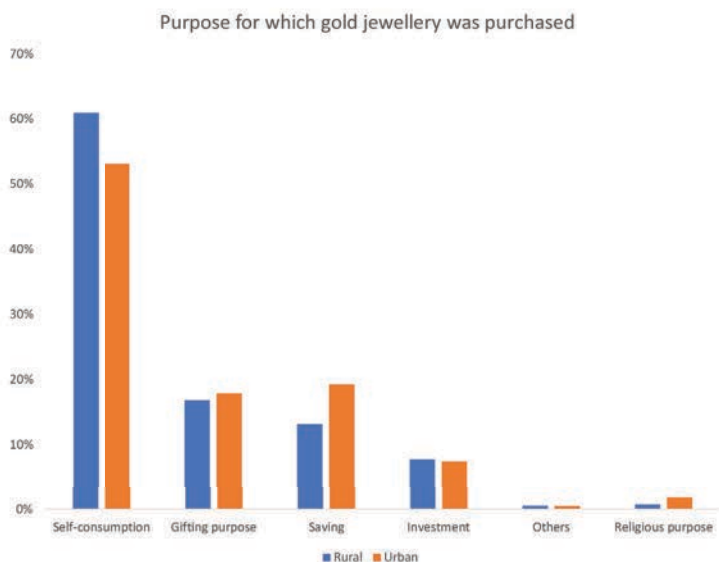
## Occupation-wise distribution of respondents

No distinguishable impact of occupation on motivating factors



## Purpose

Self-Consumption is the most cited reason for gold purchase

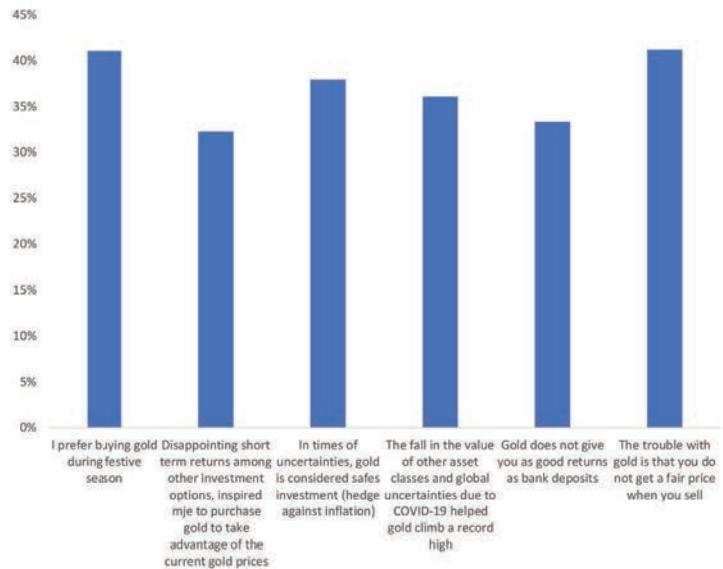


# Gold Purchase behaviour

More than just a hedge against inflation

## Pre-Planned Gold Expenditure

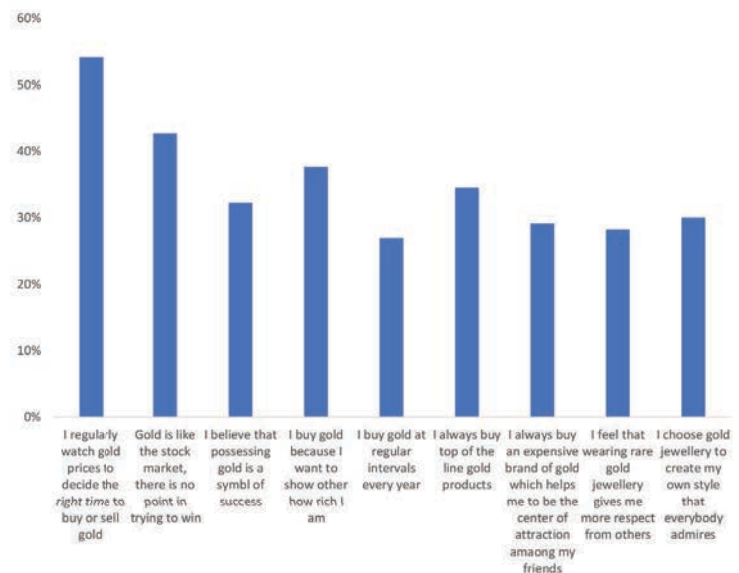
Households prefer buying gold during festive seasons



## Gold Purchase Behaviour

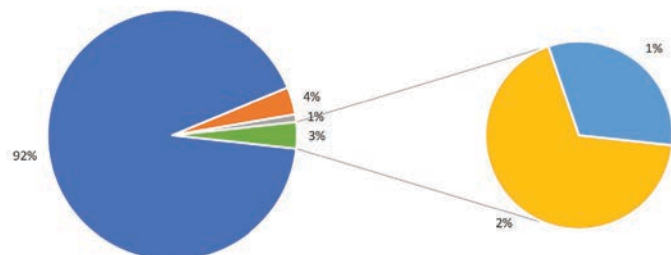
Gold is recognized as a symbol of success and economic welfare

Fair level of awareness of the advantages and disadvantages of gold investments



## Medium of Payment for gold purchase

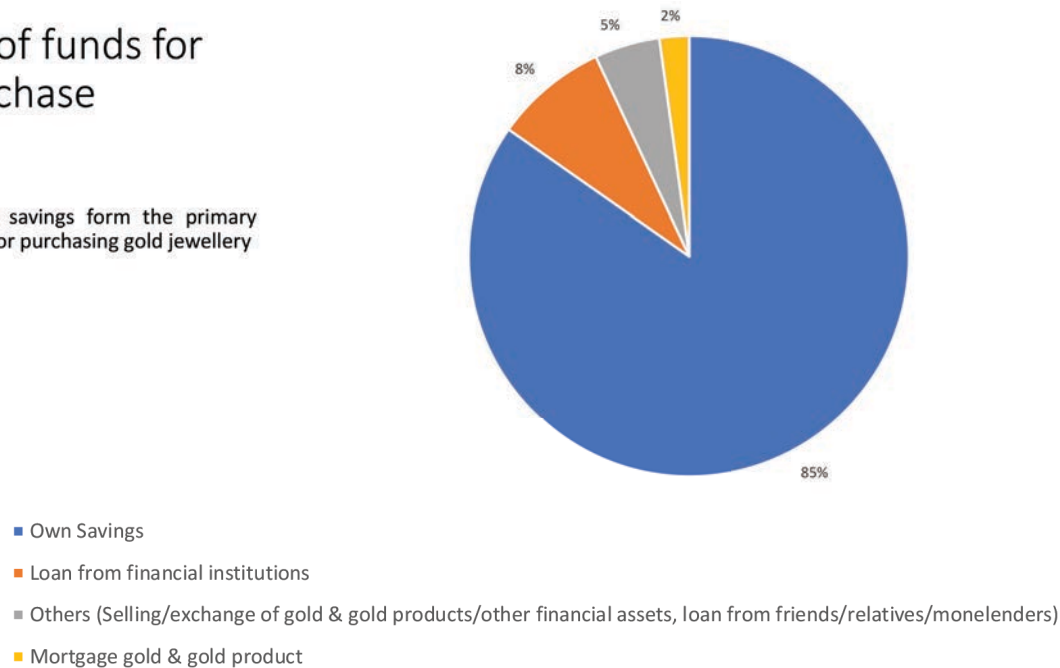
Most preferred medium of payment for purchasing gold jewellery is cash





## Sources of funds for gold purchase

Individual's own savings form the primary source of funds for purchasing gold jewellery

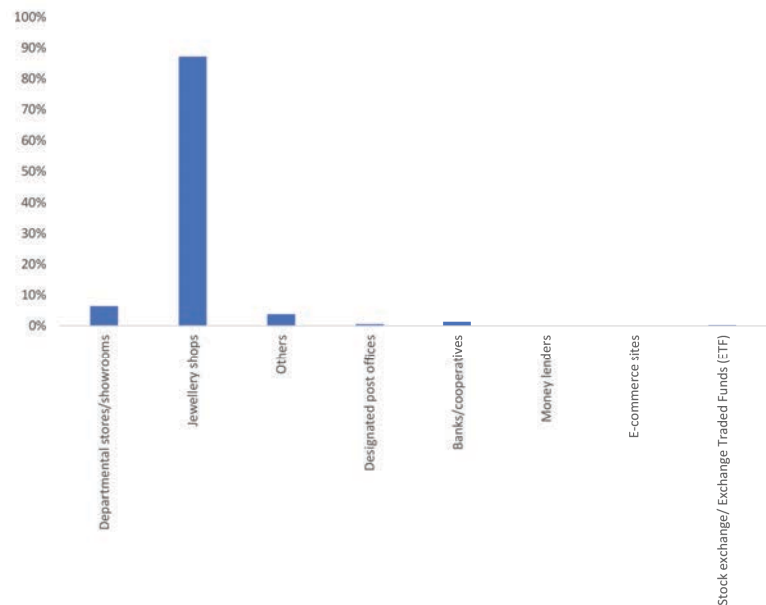


## Sources of Gold Acquisition

Store loyalty and trust

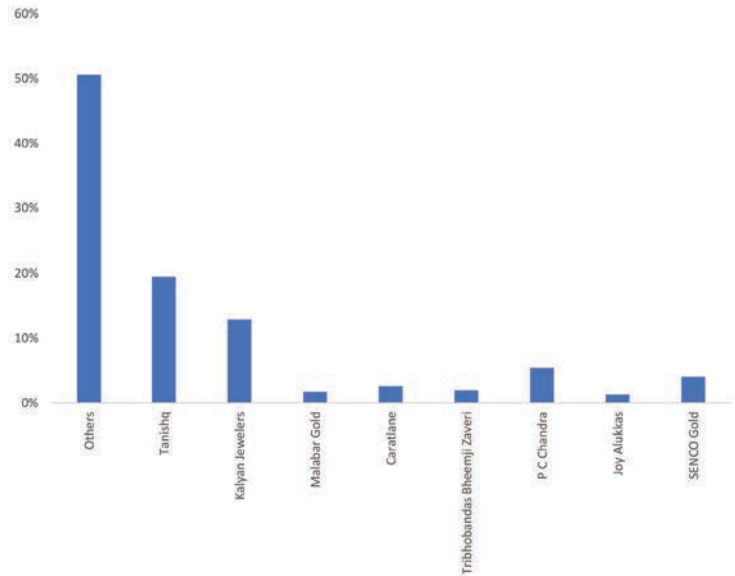
### From where did you purchase?

Jewellery Shops are the most popular sources of acquiring gold



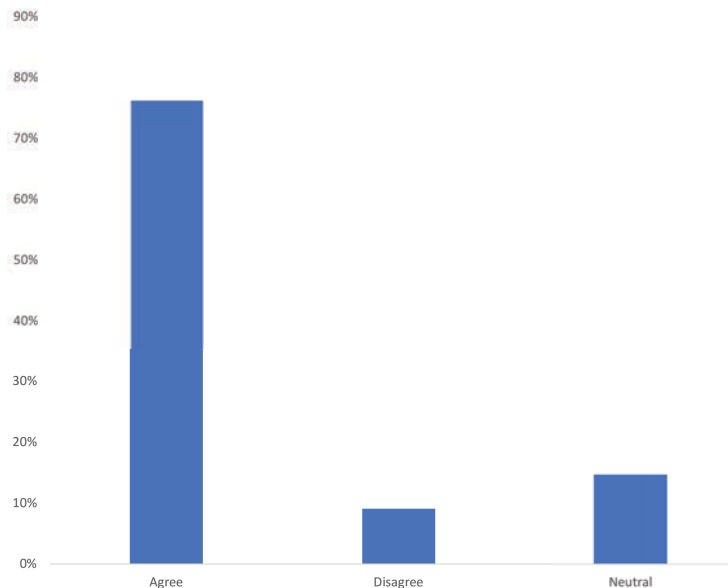
## Brand Recognition

Regional Jewellers catering to majority of the demand for gold



## Influence of Advertisements

Most households agree with the fact that advertisements had a major role in motivating gold purchase by helping them gain useful information about available options

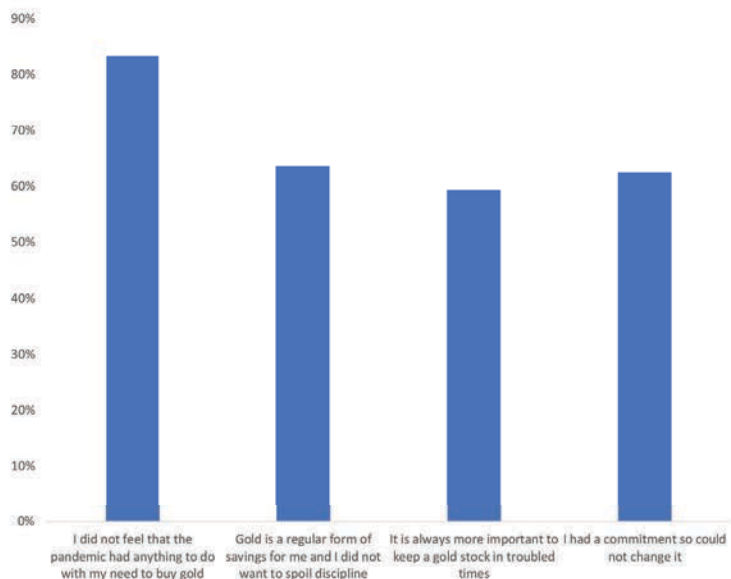


## Monetising Household Gold

Untapped Opportunities and purchase/sale continuity

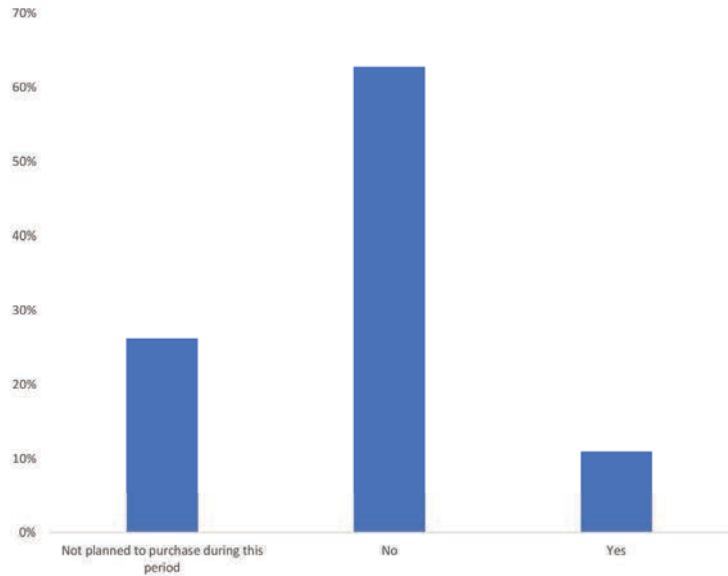
### Household sentiment regarding gold as a pre-planned expenditure

Most households feel that knowledge of the COVID-19 pandemic did not affect the planning process for gold expenditure



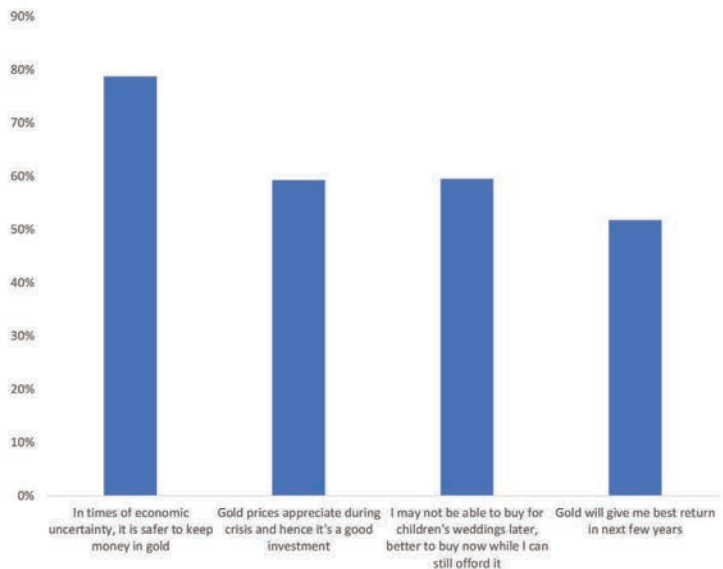
## Willingness to purchase gold after April 2020

Most households were unwilling to partake in gold expenditure



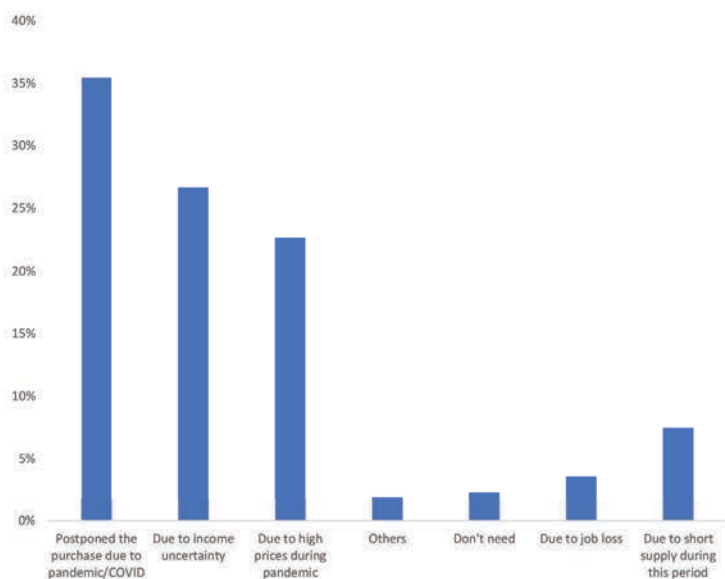
## Gold purchase as a result of COVID

In addition to acting as a safeguard against the economic uncertainties created by the pandemic, households also purchased gold because of social insecurities



## Reasons behind purchasing gold after April 2020

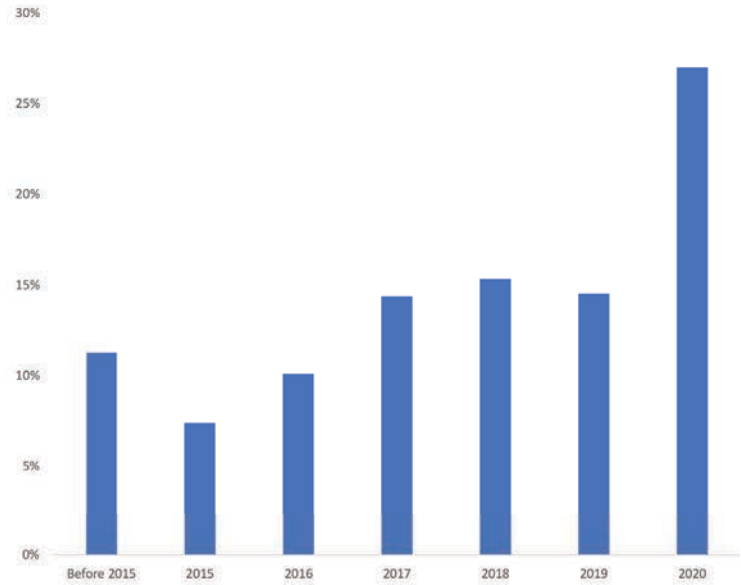
While most households did not make a gold purchase after April 2020, the ones who did, did it as a result of the forthcoming income uncertainty in addition to taking advantage of higher gold prices





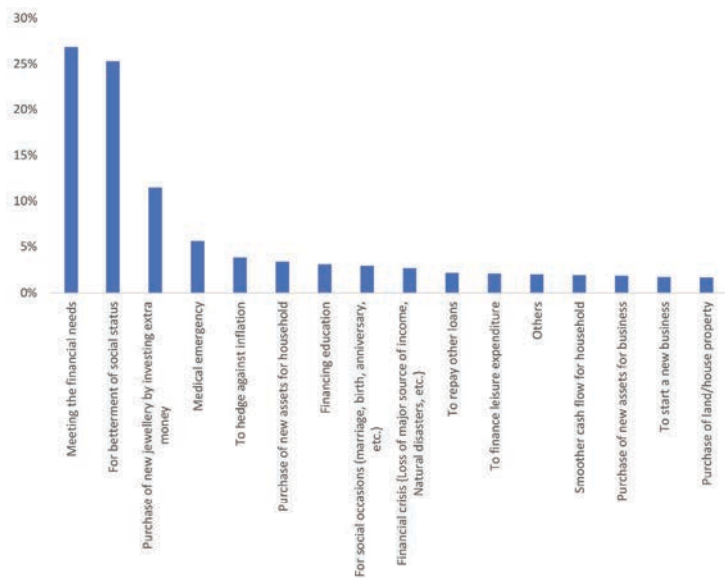
## Time period of Gold Jewellery Sale

Some households found themselves selling their gold jewellery as a means to meeting urgent financial and medical needs in 2020



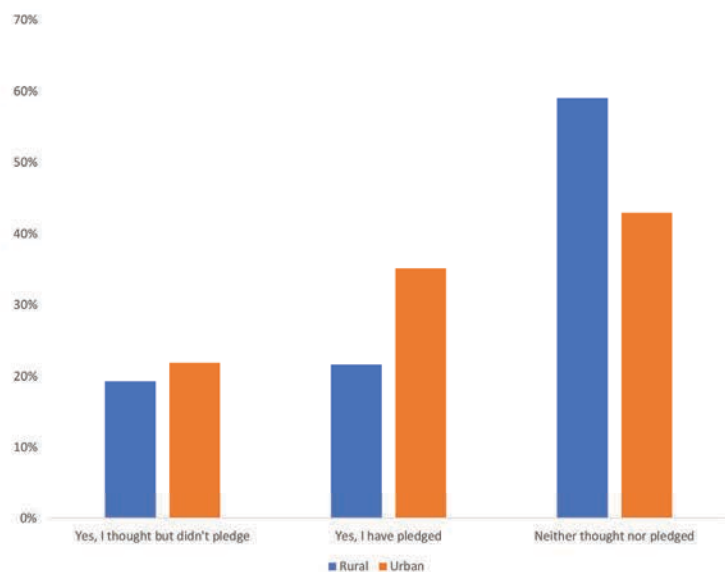
## Reasons for selling gold jewellery

Meeting financial needs and betterment of social status supersedes all other reasons for selling gold jewellery



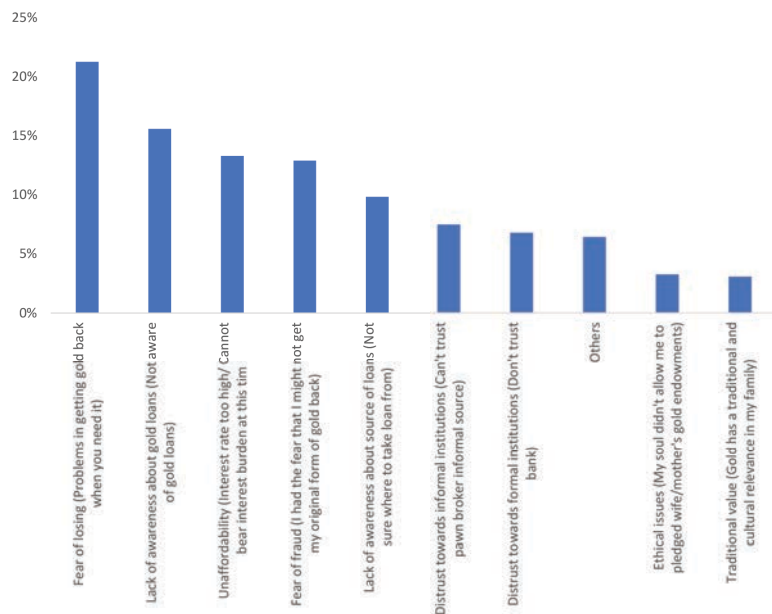
## Willingness to take a loan against gold jewellery

Most households did not consider pledging their gold jewellery instead of selling it



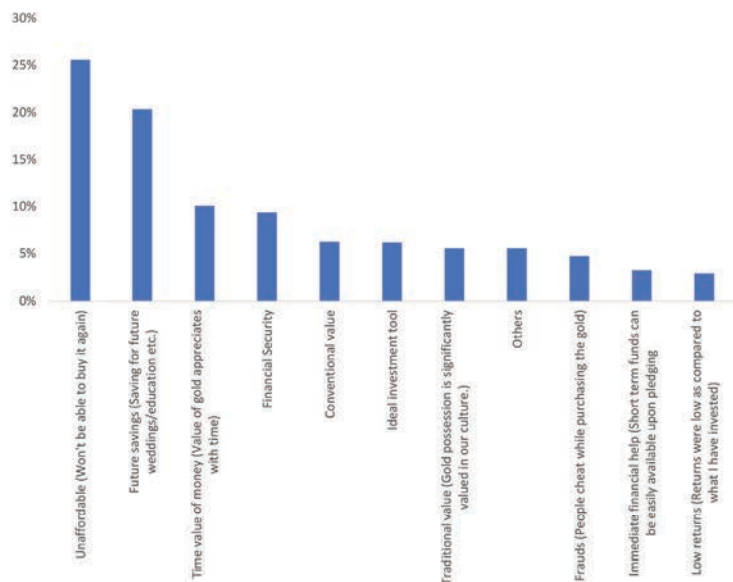
## Reasons for not pledging

Social Stigma attached to unwillingness to part with gold jewellery endowments, in addition to distrust in the gold loan infrastructure



## Reasons for not selling

Among households who decided not to sell their jewellery, but instead take a loan against it, justify their economic incapability to buy it again, along with using it as future savings for social occasions

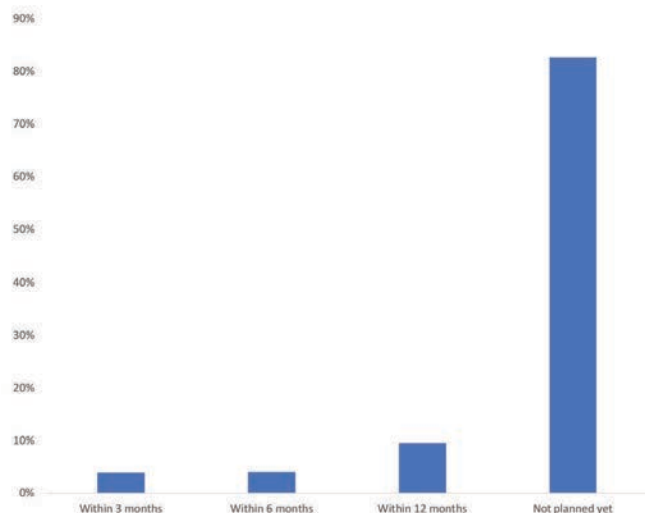


## Future Intentions to buy gold

Gold as a store of value in the future

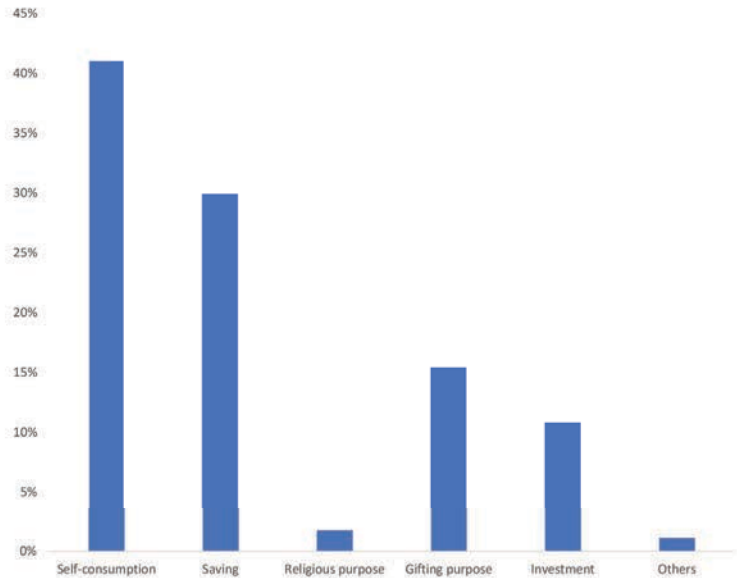
### Time Period of Future Gold Purchase

The pandemic has created uncertainties about future gold purchases, but has not affected willingness



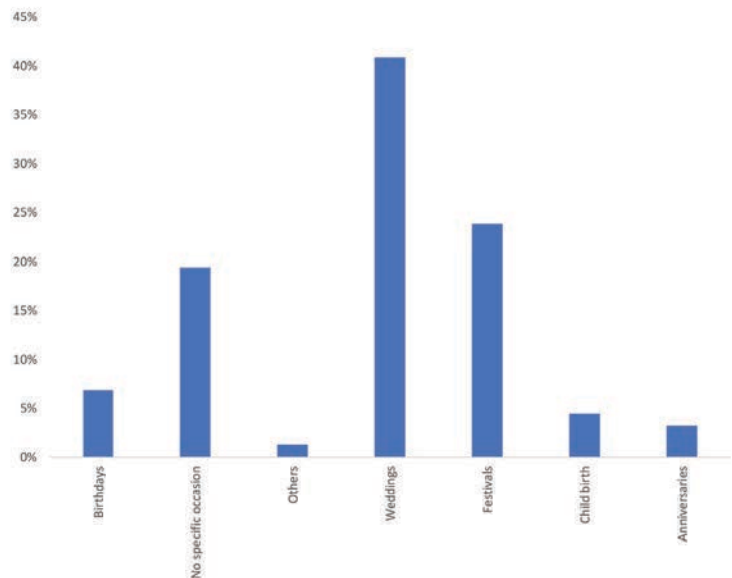
## Purpose of Future Gold Consumption

The most cited purpose for future gold consumption remains self-consumption, followed by savings and gifting



## Major Occasions for purchasing gold in the future

The most common occasions for future gold purchases are weddings and other festivities



## Gold in the Age of QE

With focus on Cryptocurrencies

## Comparing various asset classes across time

**sp500\_marcap** = monthly average market capitalization of S&P 500 (source: Bloomberg)

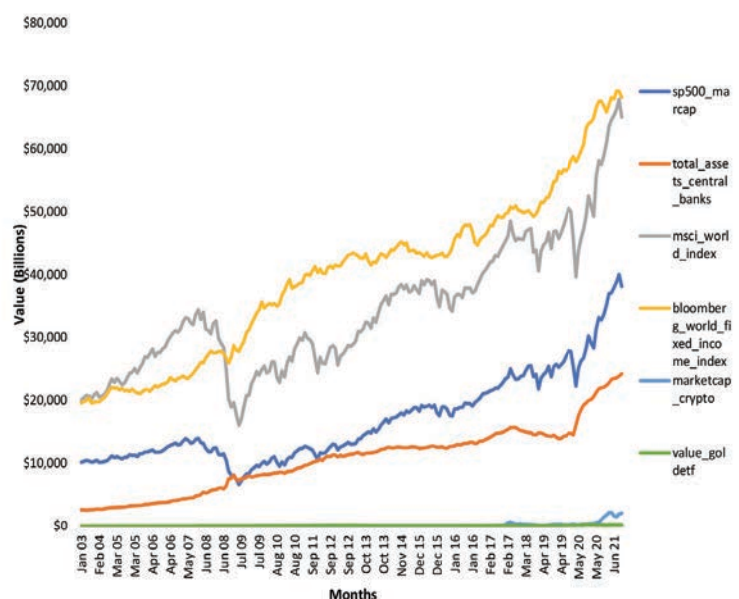
**total\_assets\_central\_banks** = sum of monthly average of total assets with ECB, FED and PBC (source: Bloomberg)

**msci\_world\_index** = average monthly market capitalization of MSCI World Index which covers equity markets across the world (source: Bloomberg)

**bloomberg\_world\_fixed\_income\_index** = average monthly market capitalization of Bloomberg Global Aggregate Index which measures Global investable debt from 24 currency markets; index includes treasuries, government related, corporate and securitized fixed rate bonds from both developed and developing markets (source: Bloomberg)

**marketcap\_crypto** = Average monthly cumulative market capitalization of all the cryptocurrencies calculated using weekly data (source: Statistica)

**value\_goldetf** = Correspond to the total assets under management (AUM) of gold-backed ETFs and similar products at the end of each month





## Correlation Matrix

We observe that market capitalization of cryptocurrency is highly positively correlated with total asset size of central bank balance sheet (0.84) which can be an indication of effect of QE on market capitalization of cryptocurrencies.

|              | tipsyi~d | sp500~p | total~s | msci_w~x | bloom~d | market~o | value~f | dollar~x |
|--------------|----------|---------|---------|----------|---------|----------|---------|----------|
| tipsyield    | 1.0000   |         |         |          |         |          |         |          |
| sp500_marcap | -0.3955  | 1.0000  |         |          |         |          |         |          |
| total_asse~s | -0.5634  | 0.9520  | 1.0000  |          |         |          |         |          |
| msci_world~x | -0.3551  | 0.9938  | 0.9387  | 1.0000   |         |          |         |          |
| bloomberg~d  | -0.5671  | 0.9513  | 0.9576  | 0.9288   | 1.0000  |          |         |          |
| marketcap~o  | -0.4871  | 0.7991  | 0.8361  | 0.8038   | 0.7823  | 1.0000   |         |          |
| value_gold~f | -0.8056  | 0.5665  | 0.7039  | 0.5267   | 0.7635  | 0.6318   | 1.0000  |          |
| dollar_index | 0.0045   | 0.6253  | 0.4888  | 0.5866   | 0.5062  | 0.2045   | 0.0048  | 1.0000   |

It is also interesting to see that AUM in Gold ETF and market capitalization of cryptocurrencies is highly positively correlated (0.63). This might be interesting for the conjecture where crypto is believed to be a competitor asset class of gold in terms of being a safe asset.

sp500\_marcap = monthly average market capitalization of S&P 500 (source: Bloomberg)

total\_assets\_central\_banks = sum of monthly average of total assets with ECB, FED and PBC (source: Bloomberg)

msci\_world\_index = average monthly market capitalization of MSCI World Index which covers equity markets across the world (source: Bloomberg)

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marketcap\_crypto = Average monthly cumulative market capitalization of all the cryptocurrencies calculated using weekly data (source: Statista)

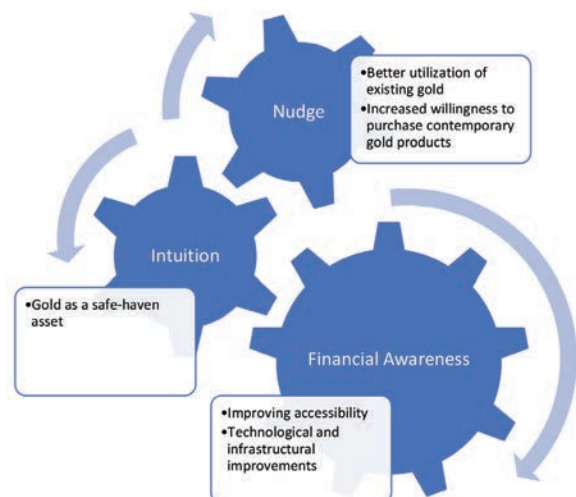
value\_goldetf = Correspond to the total assets under management (AUM) of gold-backed ETFs and similar products at the end of each month

Dollar\_index = ICE measured dollar index which measures the general international value of USD

## Concluding Statements

### Policy Implications

- Is the industry taking efforts to identify the gaps that are making gold less preferred among urban consumers? Sales in value might have increased for most jewellers, but that is more to do with prices and not volumes
- If people are at large buying gold jewellery as a saving instrument, is it not wise to save in bullion rather than jewellery?
- There is still more to be done to make gold fungible and liquid
- Mandatory hallmarking is also seen to reduce the differentiating factor between corporates and family run jewellery stores
- It is time to create a market of digitized certificate of gold holdings



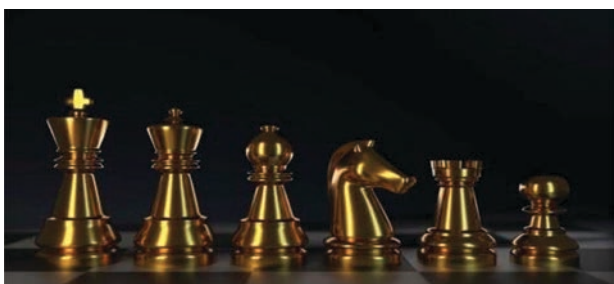
## Discussion 4:

# Price outlook on gold and silver

## Kunal Shah, Nirmal Bang

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### Gold: Strategic investment post Covid -19



Kunal Shah – Head of Commodities  
Research Nirmal Bang Securities pvt ltd

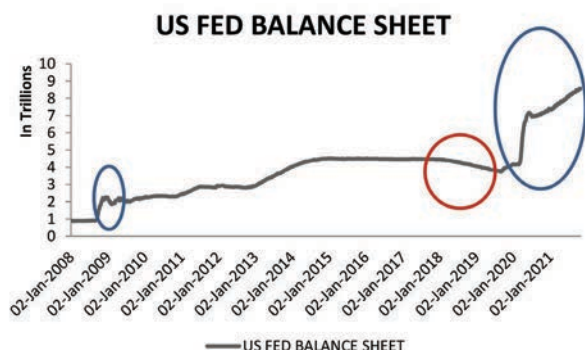
India Gold Conference -13th November,  
2021

#### Fear Demand and Beauty of Gold as an asset class

- Exponential rise in Gold prices is always due to fear demand not love demand (i.e jewellery demand)
  - Gold has defied all the traditional factors for limited period of time which has played major role in determining its outlook.
  - Post 2008 crisis markets and traditional theories have changed but post 2020 covid-19 crisis we are in uncharted territory no body knows when it comes to monetary policy or path to normalcy of monetary-policies as this kind of monetary experiment have never been done in the history of financial market.
  - There's a myth " They will never stop printing" and what if something goes wrong from here .....
- It's a win win for gold if inflation keep inching higher gold will move up and if liquidity is drained through tapering and rate hikes then global economy will slowdown further then too eventually gold will move up.



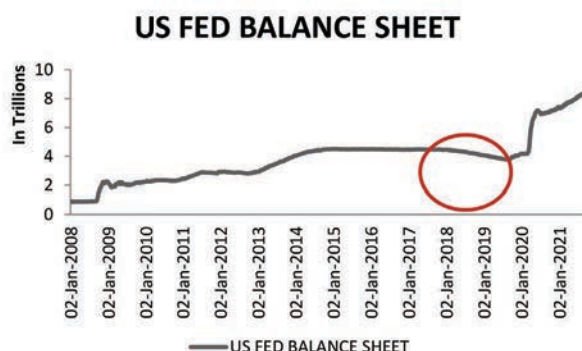
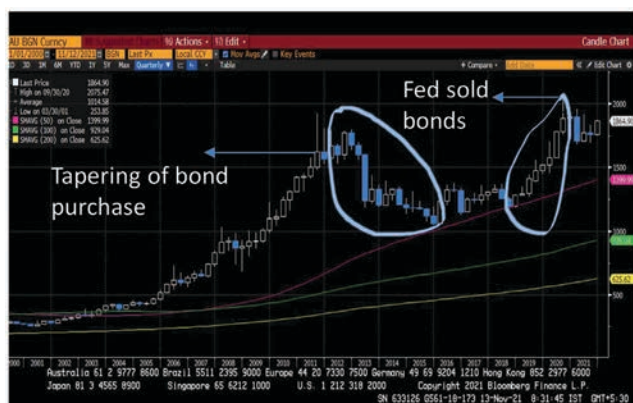
## Fed's balance sheet one of the main reasons to be in Gold



Before the financial crisis of 2008, the Fed's balance sheet was right around \$880 billion. However, after multiple rounds of QE, the Fed's balance sheet has ballooned to roughly \$8.5 trillion now.

The fact that global debt to GDP increased by 35% to over 355% in 2020, compared to an increase of only 10% in 2008 and 15% in 2009, does not bode well: the world is awash in debt. In this context, as gold is holding we see potential for the price of gold to perform relatively well even as monetary tightening remains on the table.

The U.S.'s public debt needs to get serviced. As much of the \$25 trillion debt load is comprised of U.S. 5, 10, and 30-year Treasuries, its servicing payments most closely resemble the 10-year yield. At current yield and debt load, the U.S. (U.S. taxpayers), would dish out approximately \$380 billion in annual servicing payments alone. Thus, as the U.S. debt load increases perpetually, key rates need to be suppressed continuously to prevent the servicing from spiralling out of control.



The federal reserve did tapering in the year 2013 that time average inflation was 1.5% this time, in the year 2021 average inflation is 4.3% and in first half of 2022 its expected to remain 5.5%. In 2018 when fed started to normalize their monetary policy started get rid of bonds from balance sheet, gold shot up .....

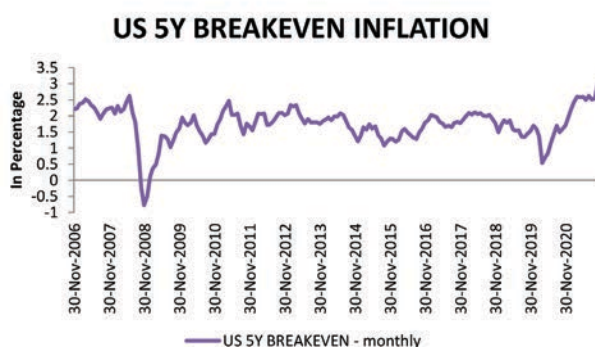


## Inflation is transitory or not, gold will move up



Inflation is shooting up, globally at the fastest pace, last time this happened when it was during the great depression era where central bankers which printed so much caused massive inflation which was followed by world war.

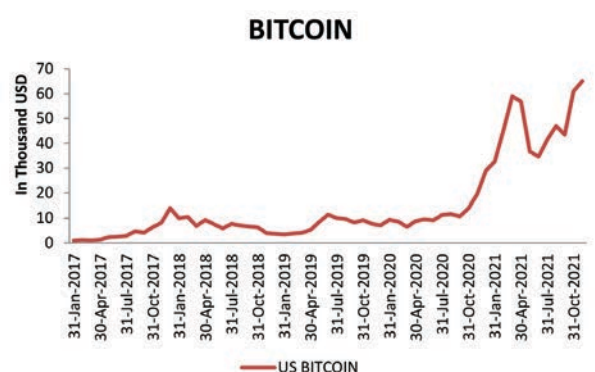
The U.S. is \$22 trillion economy and interest rate zero, GDP growth is 2-3% and inflation is 6%, we believe already we have seen peak growth in the U.S. so negative real rates in the U.S. are likely to stay much longer than anyone can imagine.



The five-year break-even rate, measuring the pace of inflation in five years, rose to 3.18 percent, the highest level in data going back to 2002, The 10-year break-even inflation rate a market measure of expected US inflation a decade from rose to 2.76 per cent.

Inflationary expectation are still high as even if the Federal Reserve tapers still they continue to print so in the November meeting they said they would taper total \$15 billion monthly from \$120 billion but they continue to print more while they tapering and if they taper aggressively economy will slow down sharply and that too will cause gold to move up eventually.

## What if Bitcoin crashes



Bitcoin frenzy has taken over and new era investors and traders are betting big on it and at the same time many central banks are planning to launch their own digital currency or trying to discourage bitcoin investment.

If bitcoin will crash it will be boost for gold investment demand

## Outlook on Bullions: Strategic Investment for next 5 years

| Global Gold Demand and Supply           |        |        |        |        |        |
|-----------------------------------------|--------|--------|--------|--------|--------|
| In Tonnes                               | 2016   | 2017   | 2018   | 2019   | 2020   |
| <b>SUPPLY</b>                           |        |        |        |        |        |
| Mine Production                         | 3512.4 | 3576.3 | 3650.5 | 3596.8 | 3486.5 |
| Net Hedging Supply                      | 37.6   | -25.5  | -12.5  | 6.2    | -51.9  |
| Scrap                                   | 1232.7 | 1111.4 | 1132   | 1272.2 | 1277.7 |
| Total Supply                            | 4782.7 | 4662.1 | 4770.1 | 4875.2 | 4712.4 |
| <b>DEMAND</b>                           |        |        |        |        |        |
| Jewellery                               | 2018.8 | 2257.5 | 2284.6 | 2137.7 | 1327   |
| Industrial Fabrication                  | 323    | 332.6  | 334.8  | 326    | 302.2  |
| Net Official Sector                     | 394.9  | 378.6  | 656.2  | 605.4  | 255    |
| Retail Investment                       | 1073.1 | 1043.9 | 1090.3 | 866.6  | 899.5  |
| ETFs                                    | 555.2  | 265.7  | 82.7   | 407.9  | 873.8  |
| Physical Demand                         | 4364.9 | 4278.1 | 4448.7 | 4343.7 | 3657.4 |
| Surplus/Deficit                         | 417.8  | 384    | 321.4  | 531.5  | 1054.9 |
|                                         |        |        |        |        |        |
|                                         |        |        |        |        |        |
|                                         | 2016   | 2017   | 2018   | 2019   | 2020   |
| Total Supply                            | 4782.7 | 4662.1 | 4770.1 | 4875.2 | 4712.4 |
| Physical Demand                         | 4364.9 | 4278.1 | 4448.7 | 4343.7 | 3657.4 |
| Source: World Gold Council, NB Research |        |        |        |        |        |

- 2021 is the year where we have seen meaningful recovery in jewellery demand which is not meaningful for reason for gold to shoot up.
- The best performing sector in 2020 was the investment sector, even in the global lockdown investment sector saw the rise in bullions. The physical investment demand saw the massive rise. Global ETF holdings were at record highs but in the year 2021 we have seen outflow of more than 250 tonnes from gold ETF'S which we expect to change in the year 2022, we expect investment demand to remain strong going forward.
- The net official sector added only 255 tonnes of gold in its reserve. Central banks in the third quarter became the net seller for the first time in a decade but were again the net buyers of gold in the fourth quarter. We expect in the year 2022 central bank buying to remain very strong as there are very limited options for diversification of foreign exchange reserves.

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# Silver Price Outlook – India Gold Conference

13th November 2021

Chirag Sheth — Principal Consultant South Asia : Metals Focus

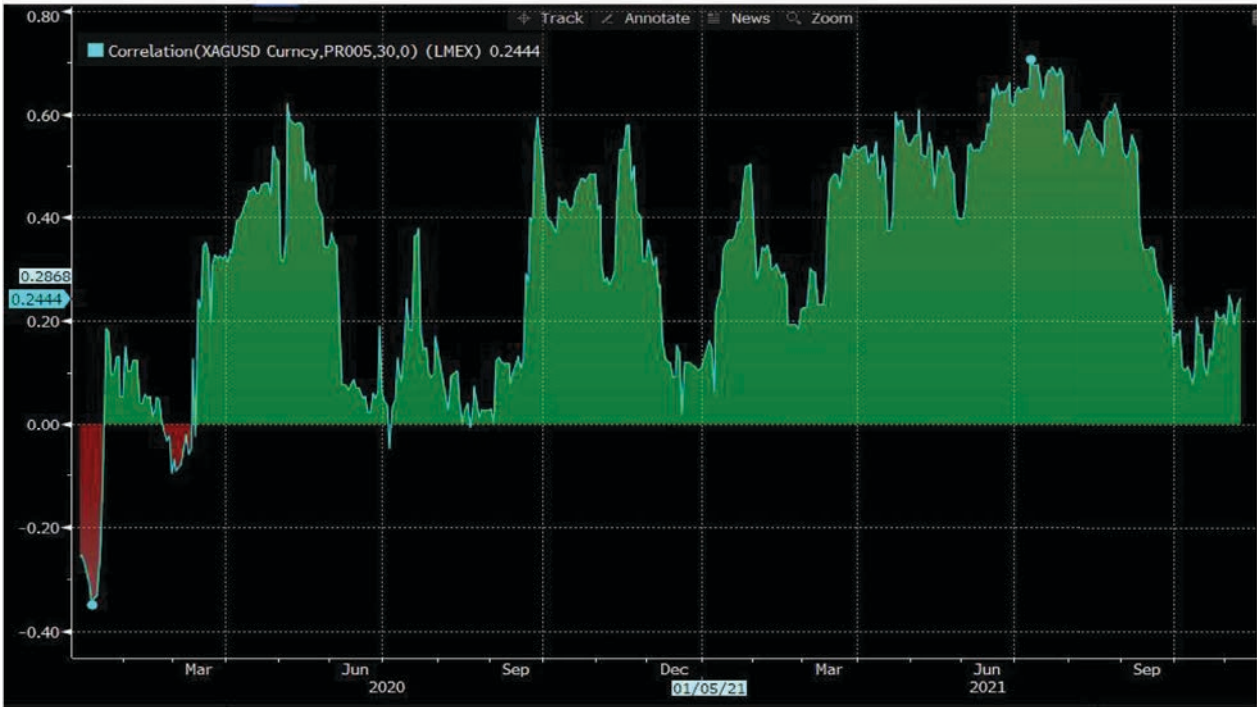


## Silver's relative performance

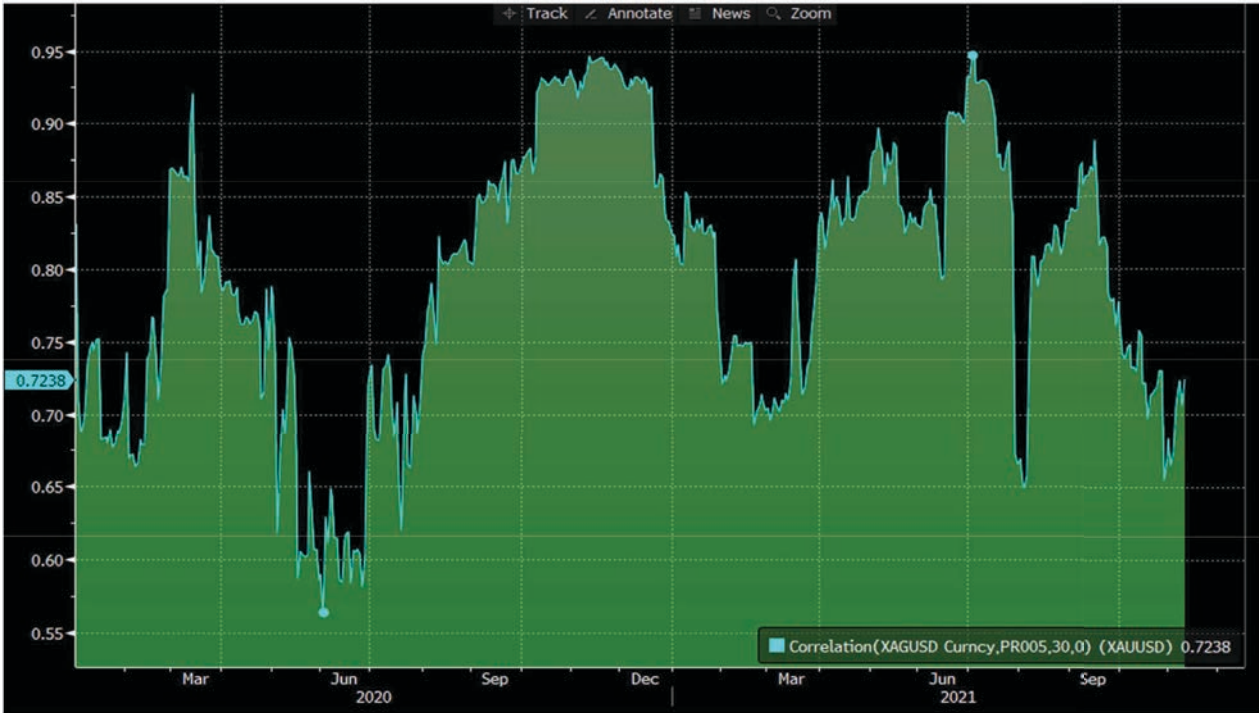




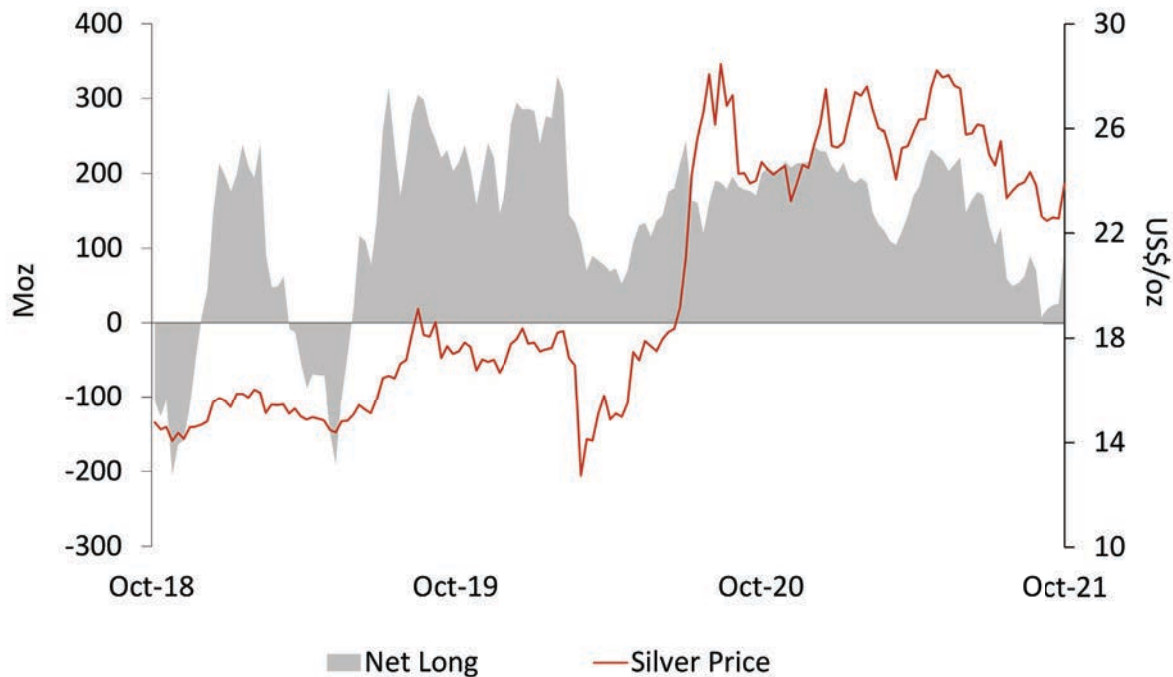
# Silver and Base Metals Correlation



# Silver and Gold Correlation



On COMEX, net managed money longs dropped to 14-month lows in September amid tactical shorting and long liquidation



Source: Bloomberg. \*CFTC weekly managed money positions.



Silver ETP outflows remain limited



Source: Bloomberg



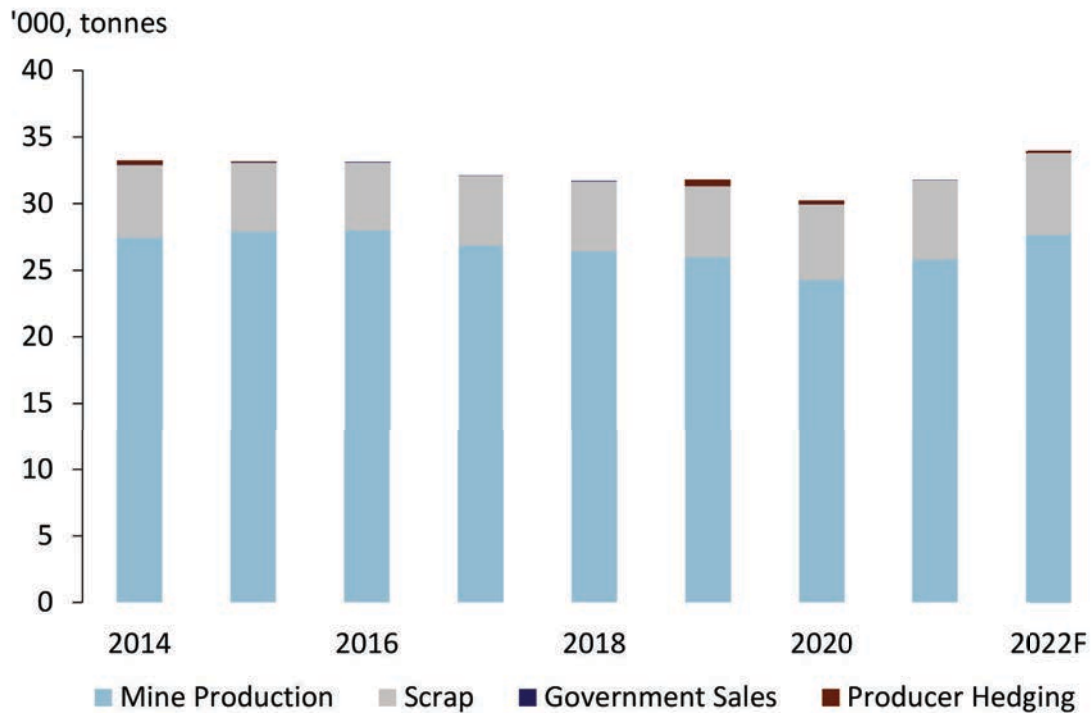
## Mine Production Outlook



7



## Global Total Supply



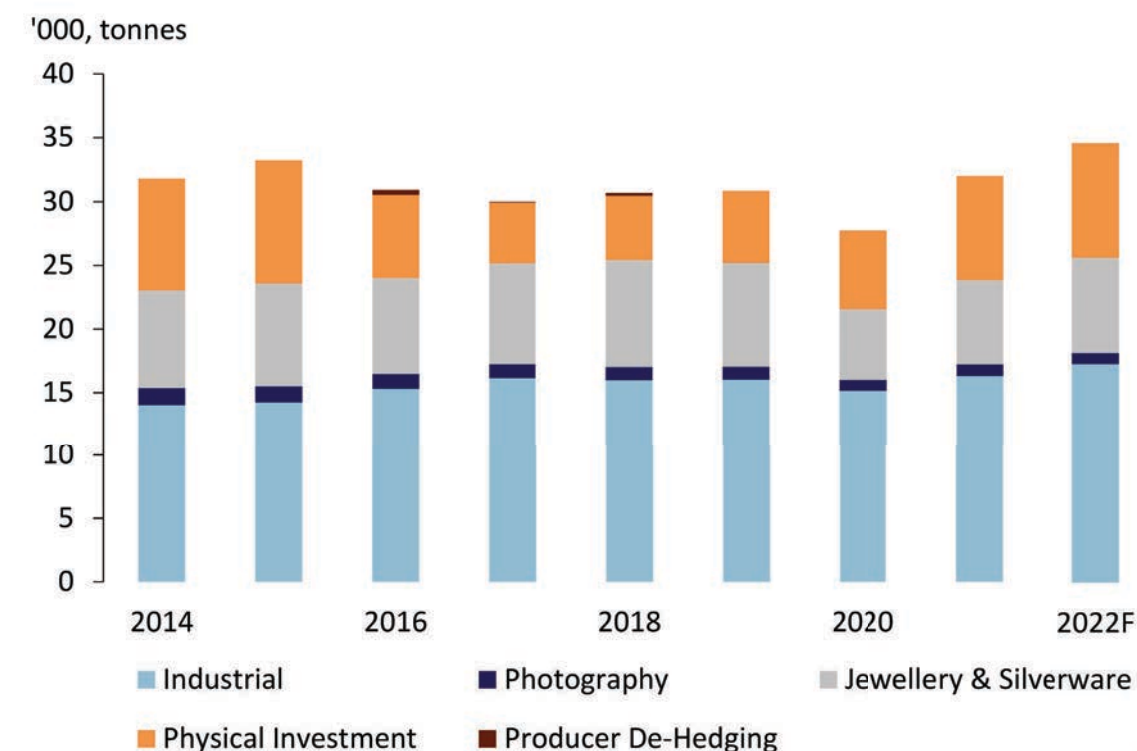
Source: Metals Focus

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## Global Total Demand

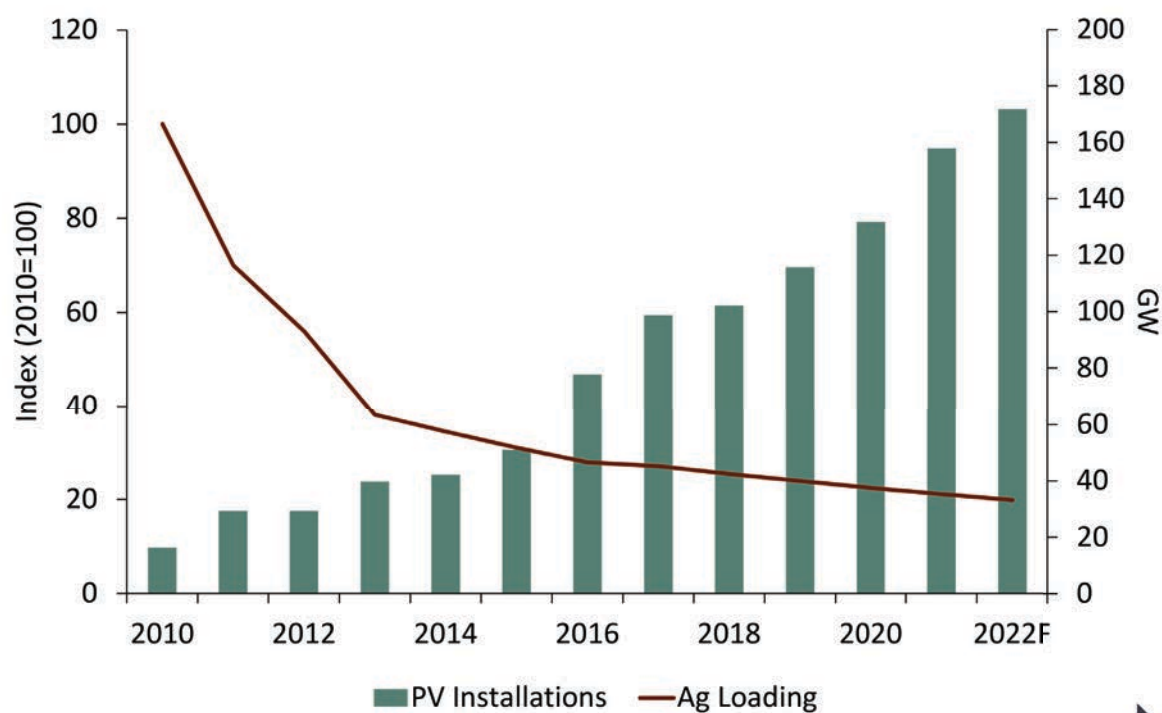


Source: Metals Focus

9



## Industrial Demand Outlook: Photovoltaics



Source: Metals Focus



## Global : becoming climate neutral by 2050

- Key milestones for renewables

| Sector                                         | 2020 | 2030 | 2050 |
|------------------------------------------------|------|------|------|
| <b>Electricity sector</b>                      |      |      |      |
| Renewables share in generation                 | 29%  | 61%  | 88%  |
| Annual capacity additions (GW): Total solar PV | 134  | 630  | 630  |
| Total wind                                     | 114  | 390  | 350  |
| – of which: Offshore wind                      | 5    | 80   | 70   |
| Dispatchable renewables                        | 31   | 120  | 90   |

- Key milestones for electrification

| Sector                                                 | 2020 | 2030 | 2050 |
|--------------------------------------------------------|------|------|------|
| <b>Share of electricity in total final consumption</b> |      |      |      |
|                                                        | 20%  | 26%  | 49%  |
| <b>Industry</b>                                        |      |      |      |
| Share of steel production using electric arc furnace   | 24%  | 37%  | 53%  |
| Electricity share of light industry                    | 43%  | 53%  | 76%  |
| <b>Transport</b>                                       |      |      |      |
| Share of electric vehicles in stock: cars              | 1%   | 20%  | 86%  |
| two/three-wheelers                                     | 26%  | 54%  | 100% |
| bus                                                    | 2%   | 23%  | 79%  |
| vans                                                   | 0%   | 22%  | 84%  |
| heavy trucks                                           | 0%   | 8%   | 59%  |
| Annual battery demand for electric vehicles (TWh)      | 0.16 | 6.6  | 14   |



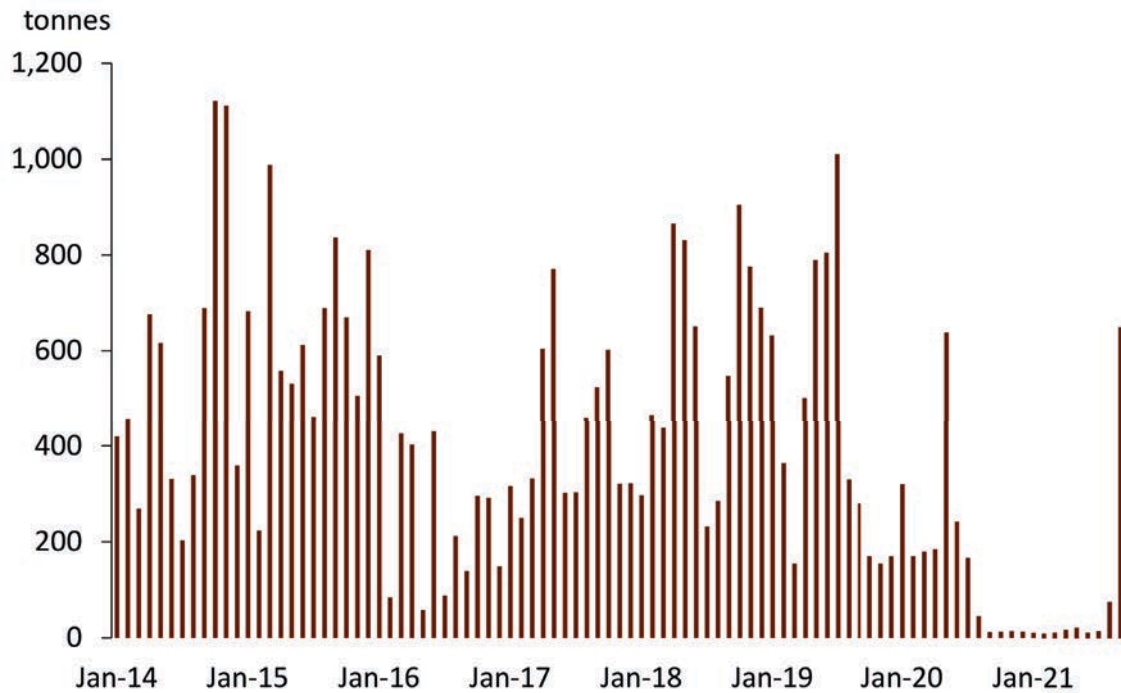
### New industrial uses of silver

#### EV infrastructure and related applications

- With the growing popularity of EVs, the development of fast-charging, high-power, DC electric vehicle charging connectors is growing its importance. The volume of fast-charging modules is expected to increase five-fold by 2025, which can provide EVs/HEVs a near-full charge within 30 minutes.
- Given the current electroplated-silver connectors are difficult to meet the requirements of wear resistance and thermal dissipation in rapid charging applications, silver-copper alloy is expected to become the mainstream for connectors and cables to enhance the friction characteristics of contact surface and reliability amid high-current charging
- It is conceivable that the deployment of smart grid and related power management systems to achieve an effective use of energy will also greatly increase the use of silver.



## India: September Indian silver bullion imports show sharp pickup



Source: Indian Customs, Ministry of Commerce

13



## Indian Silver Premium Discount



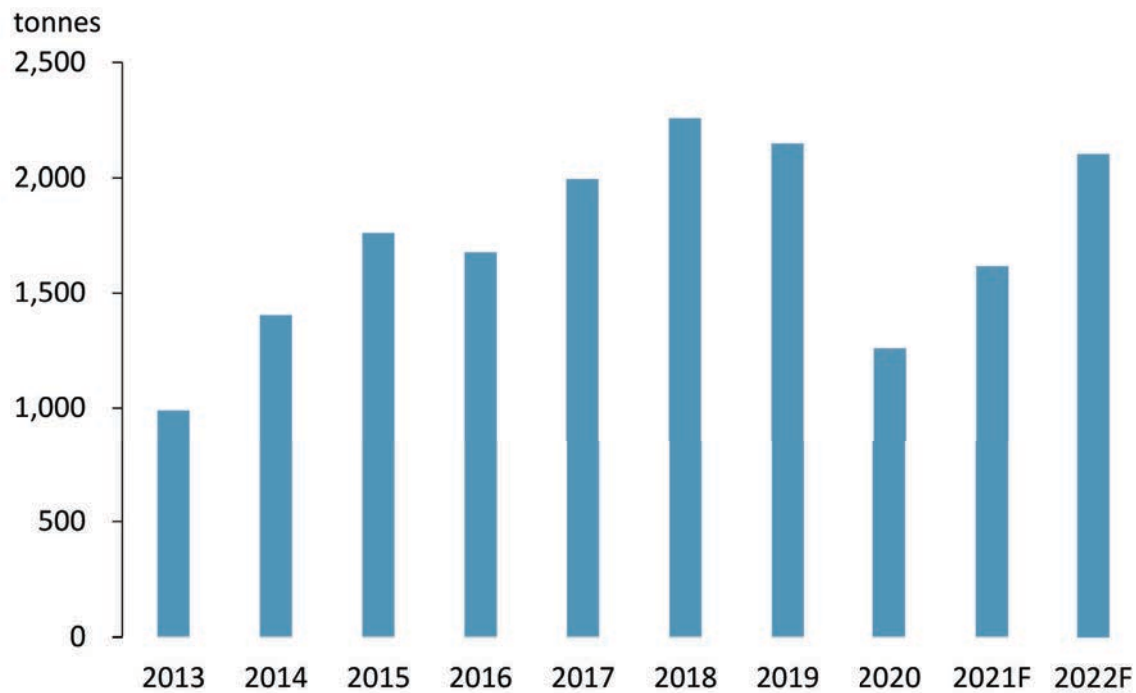
Source: Metals Focus

14





## Indian Jewellery Fabrication

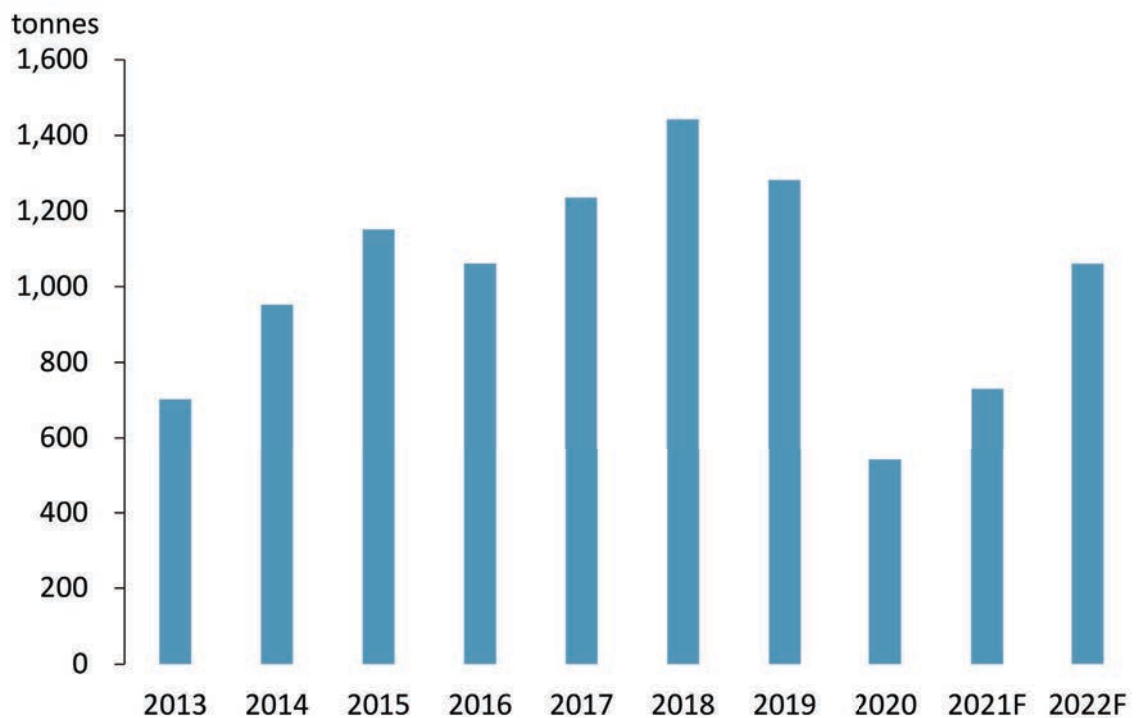


Source: Metals Focus

15



## Indian Silverware Fabrication

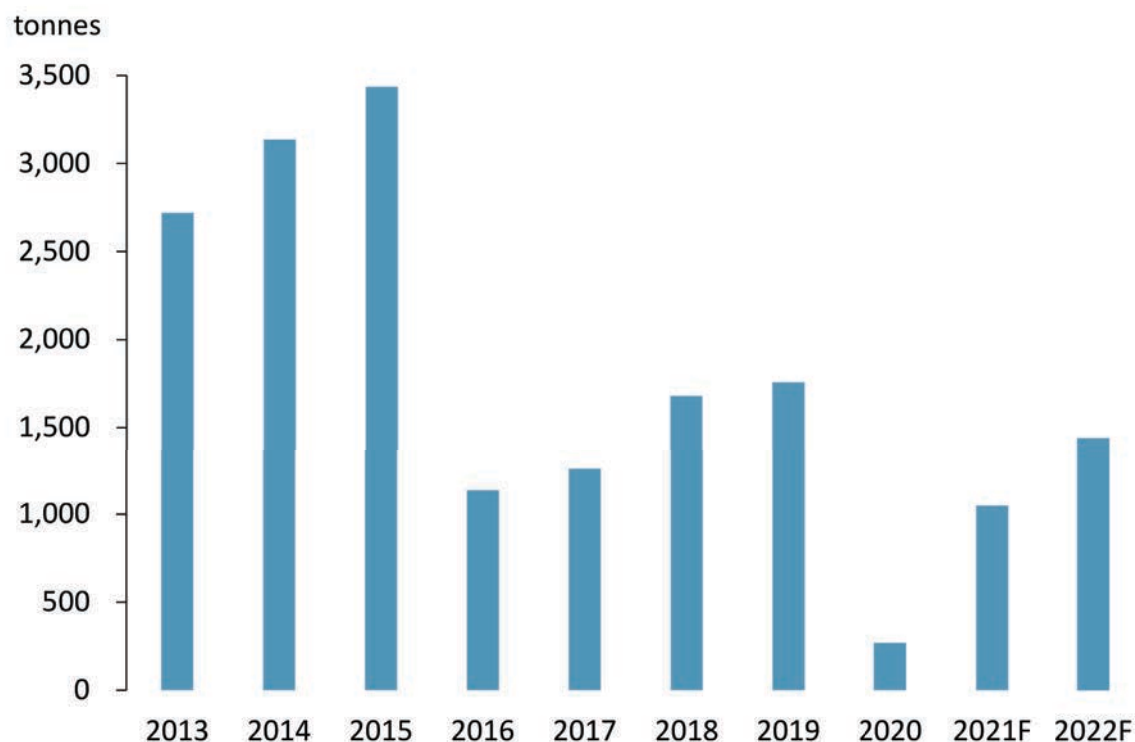


Source: Metals Focus

16



## Indian Investment Demand

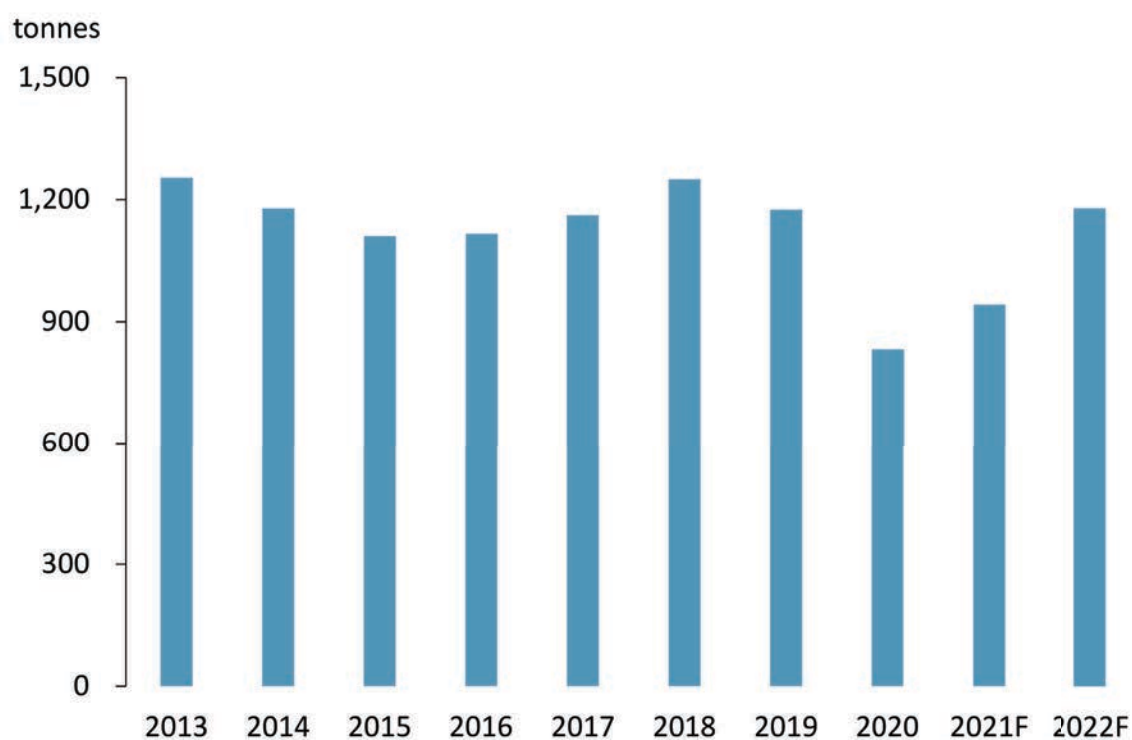


Source: Metals Focus

17



## Indian Industrial Demand

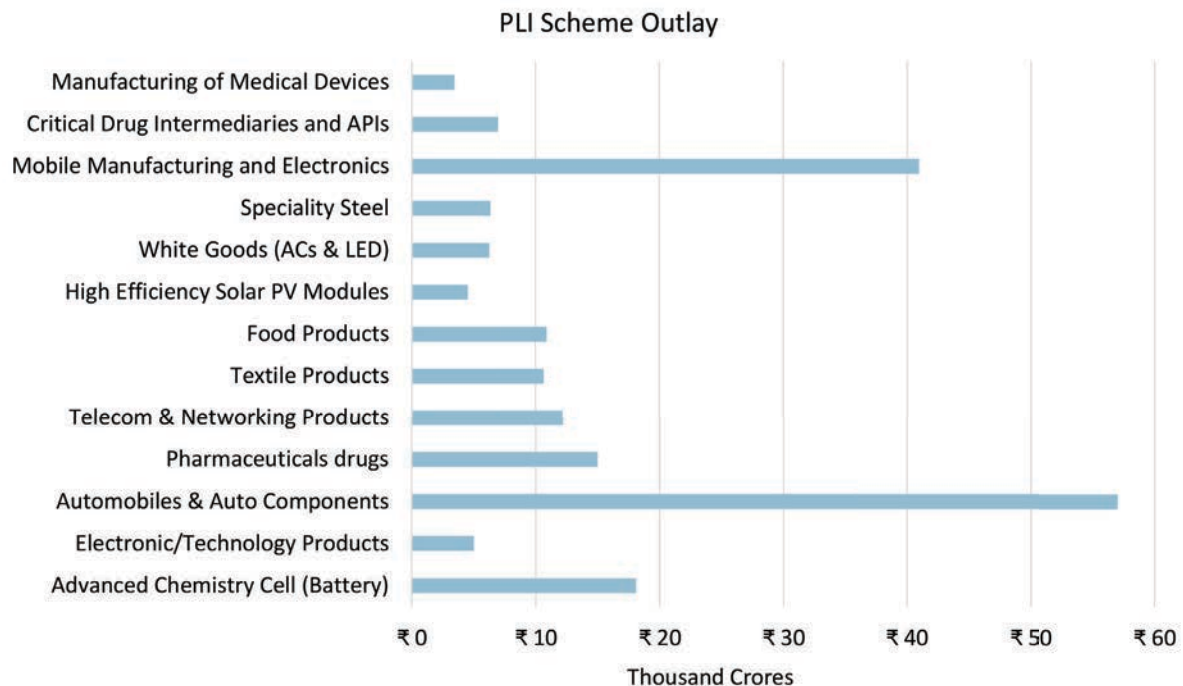


Source: Metals Focus

18



## PLI Scheme Driver of Future Indian Demand



19



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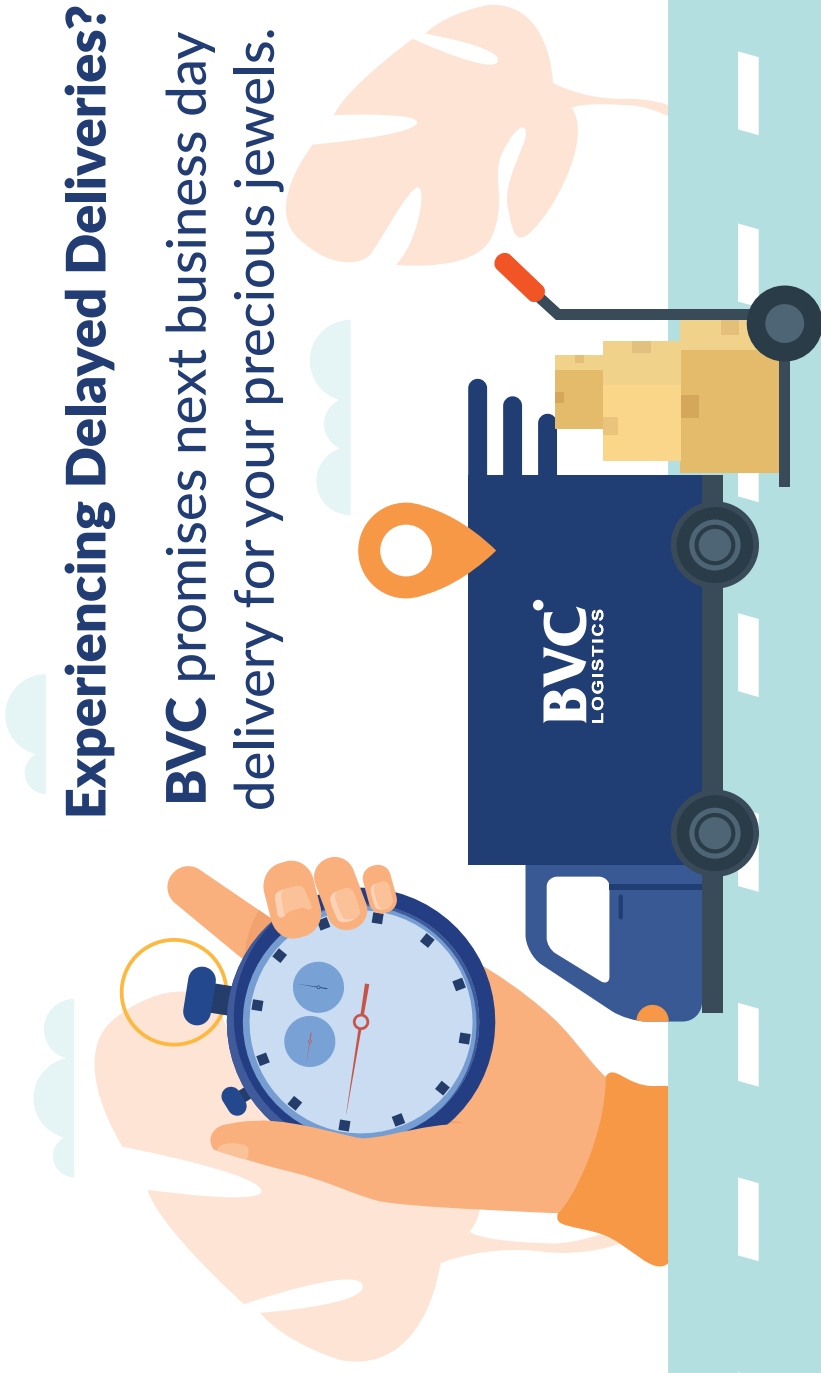
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