

Highlights of India International Bullion Summit 2024

India Bullion & Jewellers Association's (IBJA) annual event i.e. India International Bullion Summit (IIBS-9) was held in Mumbai on 28th & 29th March 2024. More than 800 Bullion dealers & Jewellers attended this event.

The panel discussion included topics like the Future of Gold Supply Chain Bank V/s Qualified Jewellers V/s Refinery, FTA Boon or Burden for Refiners, Integration of BDR to EGR, Listing on Exchanges and Available Financial Tools for Gems & Jewellery Sector, Gold Outlook and Regulation Governing Gold Industry was also discussed.

Ms. Louise Street-Senior Markets Analyst of the World Gold Council explained the Overview of Global Gold Demand. Mr Andrew Naylor-Head of the Middle East and Public Policy of the World Gold Council explained Developments in the Middle East Gold Market Mr. Somasundaram PR of the World Gold Council explained S.R.O- Future of Gold Industry. Panellist also discussed where you see the future of the gold industry through BDR/EGR. Mr Prithviraj Kothari- National President -India Bullion and Jewellers Association Ltd. Stated that IBJA will continue to work for the benefit of industry bringing transparency to the entire trade.

On 28th March 2024, in a glittering ceremony “The Golden Girl” award was presented to 11 outstanding women entrepreneurs from the gold bullion and jewellery industry, after a rigorous selection process. Each one of these exemplary women leaders is a role model for the industry.





**Ms Abhinaya S, VP, Eventell Global Advisory Private Limited,
CEO of Centre of Excellence of Swarna Adarsh Abhiyaan**

was one of the deserving recipients of the Golden Girl Award for 2024. This recognition has come to her after 20 long years of service to the global bullion industry.

The event was also followed by 27 industry-related Awards for the best in best of the industry.

Shri Pramod Agrawal, Chairman, National Gem & Jewellery Council of India (NGJCI)

-The Council has recommended that the customs duty differential between gold dore and standard gold should be increased to 1.65% as against the current 0.65% to bring domestic refiners on par with gold imported through TRQ under UAE-India CEPA

- Several rounds of discussions have happened with the stakeholders on bullion hallmarking. NGJCI will soon compile a standard operating procedure (SOP). A two-phase approach has been conceived starting with accredited refineries.

- NGJCI has submitted to the government that stakeholder consultation is important prior to the signing of any new FTA agreements. FTA with Peru is under consideration. The Council is sharing information with the government on safeguards to be followed in so far as Chapter 71 is concerned.

Shri Vipul Shah, Chairman, GJEPC

UAE-India CEPA has been a success. In the last fiscal, the export of gold jewellery from India to the UAE has increased by 52% to USD 5.6 billion.

Under the CEPA agreement, UAE has exempted the entire customs duty (of 5%) on jewellery coming from India. This is in exchange for a 1% concession in the import duty on gold bullion coming to India from UAE subject to a quota of 200 tons in the fifth year. For 2023-24, it was 140 tons.

GJEPC has submitted to the government to consider reducing import duty on gold bullion from 15% to 4% to stop parallel trade and give a fillip to manufacturing and exports of jewellery.

Some of the new initiatives include the Mega common facility centre in SEEPZ and an upcoming jewellery park in Navi Mumbai.

Precious Metals mining provides a new opportunity for

India. By suitably overhauling the policies related to exploration, prospecting and mining sizeable quantities of gold can be produced domestically.

GJEPC continues to work on the goal of USD 75 billion in exports by 2030.

Mr Saiyyam Mehra, Chairman, GJC

We at GJC work very closely with Ibjc on several projects. We would be happy to continue the same. GJC is conducting Labham to educate jewellers on the merits of compliance. GJC has done over 150 events. We have approached the government not to restrict trade and business during the election when the code of conduct comes into place.

As a part of the GJC global reach out, we plan to organise programmes in five countries including Dubai, Bahrain, Qatar and Bangladesh.

GJC has also given a proposal to the government on recycling of bullion.

Mr Samit Guha, Chief Finance and Technology Officer, MMTC PAMP

Every business, including the bullion business, should be mindful of four tenants to be sustainable. These include (a) customer centricity, (b) the role of big technology and digitisation, (c) navigating the regulatory landscape and (d) the impact of business on society.

Mr Ashish Kumar Chauhan, Managing Director & CEO, National Stock Exchange of India

India is the fourth largest stock market in the world. India has seen a 100 times increase in market capitalisation of companies in the last 30 years.

In terms of the number of orders and number of trades, NSE is the largest in the world. We process on average 17 million orders and 250 million trades in a day. IBJA and NSE announced a joint venture in setting up a spot bullion exchange. However, it has not taken off due to issues around GST. However we are keen on moving forward once regulatory issues are resolved.

We at NSE are restarting F&O in commodities. Energy futures and options also picking up. Cross-margining facility with stock is being contemplated. Carbon and electricity futures are in the offing. Gold index is also planned with IIBX.

Mr P R Somasundaram, Regional CEO-India, World Gold Council

Reflecting on the past 10 years, I believe India's gold industry has achieved a lot. Today India has several achievements that can be proudly labelled as 'first in the world'. HUID- a fully traceable piece of hallmarked jewellery is a great accomplishment that has no parallel. Like-wise the Swarna Adarsh Abhiyaan initiative of the size and scale that we are talking about for India is also the largest in terms of scale, scope and impact. So, in many ways, India is demonstrating leadership of the industry at the global level.

SRO for the gold industry is the right thing to do. It will be an initiative from India for India and also for the rest of the world.

Mr Utpal Sheth, Group CEO, Rare Enterprises

Asset prices are increasing across asset classes. The good news is that domestic capital is driving it this time. Some of the megatrends that I see in India are

- shift in consumer aspiration from "need" to "want" to "dream"
- Shift from unorganised to organised
- Power of trust
- Urbanisation
- Consolidation and scalability in every sector. This is generating pricing power.
- Financialization of savings. ETFs, sovereign gold bonds etc

Coming to the gold and jewellery industry, at present we have about 10 listed companies. Hopefully, we will see many more in future. Based on our understanding, some of the structural changes seen in the gold industry are given below.

- a. increase in the proportion of studded jewellery sales
- b. lab-grown diamond could become a disruptor
- c. gold on lease is a new model that facilitates scalability
- d. b2c are getting much higher valuation
- e. tech leverage is not yet fully realised and hence offers scope.

In all, the future is very bright for the industry.

Mr Ashok Gautam, MD & CEO, IIBX: At IIBX both LGD as well as UAE GD are listed. However, currently, only UAE GD is traded. CEPA is changing supplies via Dubai. A slew of new products are in the offing. These include GML, gold repo and gold futures. SBI has been permitted to become TCM of IIBX.

Mr Neville Patel, HDFC Bank: Price spurt has impacted demand. In the short term, scrap supplies will dominate. With IIBX, customers now have two choices. RBI has also permitted banks to function as TCM. Banks import metal and supply. The role of banks is changing and also expanding.

Mr Vipin Raina, MPMC PAMP: Till 2019 there was a level playing field between the import of standard gold bullion and gold dore. Now it is not. CEPA permits traders to buy finished gold at 1% discount. So, in the current situation, domestic refiners can compete with nominated banks but not traders importing through TRQ under CEPA.

Mr Harish Acharya (Vasu bhai), Parker Precious Metals: Gold demand is always zig zag. Geo politics is driving the price. Out of the 40 accredited domestic refiners, hardly 5 are operational. There are two challenges. (1) the current concessional duty of 0.65% is unworkable against CEPA gold; (2) the reluctance of miners to supply to non-LBMA refineries.

Mr James Jose, CGR Metalloy Pvt Ltd: February and March are low-demand periods. There is excess supply too. Hence there is a 5% differential between organised and grey market in Kerala. We expect the disparity to reduce in April due to Akshaya Tritiya.

Mr Chirag Thakkar, Amrapali Group: Currently those who get CEPA silver are benefitted. The next four to five months are going to be very tough for traders with price increases, discounts and poor demand etc.

Mr Sudheesh Nambiath, DMCC: CEPA has a much larger connotation. Even in precious metals, there has been a substantial increase in jewellery exports from India to the UAE post-CEPA. Perhaps Indian refiners should use this opportunity to explore engaging with LDC to develop a supply chain wherein they can get their raw material at nil customs duty.

Mr Harshad Ajmera, AGRM: We had requested the government to keep 71 out of the FTA discussions. Mr Harish Chopra, IGPC: "Are small exporters getting the concession gold under CEPA?" It is worth looking into this.

The price outlook for gold:

Most speakers opined that the gold price will stay above USD 2000 per troy ounce and may inch up to USD 2380 per troy ounce. In Indian rupee terms, Rs. 72,000 per 10 gm could be a possible year-end target. Geopolitical development is the main driver.

