

IGC 2024: Roundtable discussion: India Gold Market - What Next?



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Mr Harish Pawani, Director, Peekay Intermark Ltd, **Mr Mohammad Ayyob**, General Manager, Sam Precious Metals, **Mr Chirag Thakkar**, Director, Amrapali Industries, **Mr Asher O**, MD-India Operations, Malabar Group

The roundtable discussion titled "India's Gold Market - What Next?" provided a platform for industry experts to offer insights into the current status and future outlook of the Indian gold market. This report highlights the key points presented by the speakers and includes the questions addressed during the discussion.

Introduction by Mr Mahendran

Mr Mahendran began the discussion by emphasizing India's role as one of the world's largest consumers of gold and outlined the challenges facing the industry, including the substantial reserves of gold held in Indian households. He set the stage for the conversation by stressing the importance of adopting a forward-looking perspective and invited the speakers to delve into the event's theme.





Professor Prof. Dr. Sundaravalli Narayanaswami: Synergy and Export Focus

Question: Is there a road map for India's gold market?

Response: Professor Sundaravalli highlighted that while there are roadmaps for individual segments of the gold industry, there is a notable lack of synergy between these segments. She stressed the importance of placing a stronger emphasis on exports and underscored the need for greater collaboration between small and large industry players. Additionally, she advocated for India to better utilize its scale and volume in the gold market and called for a more defined export strategy.

Mr Vikas Singh: Indian Banks in the Global Bullion Market

Question: Can Indian banks position themselves globally in the bullion market?

Response: Mr Vikas discussed the potential for Indian banks to gain global recognition in the bullion market but emphasized that regulatory support is crucial for this shift. He highlighted the strengths of Indian banks and their capacity to expand with international experience. However, he pointed out that current regulatory constraints restrict their activities to consignment imports. He stressed that broader regulatory reforms are necessary to enable full global participation.



Mr Raman Walia: Two-Way Flow in the Gold Market

Question: How can global banks partner in creating a two-way flow for the gold market in India?

Response: Mr Raman emphasized the need for consistent policies to ensure a steady flow of gold into India and stressed the importance of regulatory and taxation frameworks to facilitate exports. He cited examples from other markets, such as China, where scrap gold is exported and refined globally. He suggested that achieving a two-way flow of gold should be a long-term goal, necessitating substantial policy and market reforms.

Mr Vipin Raina: Refining Capabilities and Regulatory Constraints

Question: Why haven't Indian good delivery bars gained international recognition?

Response: Mr Vipin explained that regulatory constraints currently prevent Indian good delivery bars from accessing international markets. He emphasized that while India possesses substantial refining capabilities, the lack of supportive government policies hinders exports. He also noted that the refining sector suffers from limited recognition and that without long-term policy support, investment in refining remains limited. Additionally, he highlighted that inconsistencies in the regulatory environment obstruct industry growth.





Mr Asher O: International Expansion of the Jewellery Sector

Question: What is the future of the Indian jewellery sector in the global market?

Response: Mr Asher highlighted the positive effects of recent government policies on the jewellery sector and underscored the significance of India's craftsmanship. He emphasized that Indian jewellery brands play a crucial role in representing the country on the global stage and must prioritize ethical and responsible practices. He noted that the expansion of the organized jewellery sector, along with increased international presence, positions India to emerge as a major global player in the jewellery industry.

Mr Shivanshu Mehta: Indian Exchanges and Global Parity

Question: Where do Indian exchanges stand compared to international counterparts?

Response: Mr Shivanshu noted the significant evolution of Indian exchanges, such as MCX, which now offer a domestic price benchmark for bullion. However, he pointed out that spot exchanges in India are still in the developmental phase. He emphasized that regulatory support and government policy are crucial for the growth of these exchanges. With the right policies and support in place, India could emerge as a strong competitor in the global bullion market.



Mr Harish Pawani: India-UAE Trade Relations

Question: Can we see a reversal of gold flow from India to the UAE?

Response: Mr Harish discussed the robust trading relationship between India and the UAE, particularly in the bullion sector. He highlighted that the SEPA agreement has enhanced trade and reduced parallel market activities. However, he proposed that India should permit the export of a certain percentage of its net gold imports. This measure could help stabilize the market and mitigate arbitrage opportunities.



Mr Chirag Thakkar: Uniformity in Gold Import Policies

Question: What's next for gold policies in India?

Response: Mr Chirag proposed that rather than implementing drastic changes to customs duties, India should prioritize establishing a uniform system for gold imports and enhancing traceability throughout the value chain. He contended that consistent policies would facilitate more effective management of the gold market and contribute to the development of a mature two-way trade system in the future..





Mr Mr Mohammad Ayyob: Impact of SEPA on UAE-India Trade

Question: What is the future of UAE-India bullion trade post-CEPA?

Response: Mr Ayyob emphasized the positive impact of CEPA on gold trade between the UAE and India. He observed that the reduction in duty has contributed to increased trade and proposed that similar policies could benefit other commodities, such as silver. Additionally, he encouraged international bullion banks to engage more actively in the UAE market.

Mr Surendra Mehta: Challenges of a Unified Gold Body

Question: Can a unified body represent both bullion dealers and Jewellers?

Response: Mr Surendra Mehta contended that unifying the interests of bullion dealers and jewellers is challenging due to their vastly different objectives. Bullion dealers are primarily focused on investment, whereas jewellers emphasize value addition and design. The disproportionate number of jewellers compared to bullion dealers further complicates the establishment of a single, unified body that adequately represents both interests.



Conclusion

The roundtable concluded with a broad consensus that policy consistency, regulatory reforms, and an emphasis on financialization and exports are essential for the future of India's gold market. Participants widely agreed on the necessity for India to become a market maker and to play a more prominent role in the global bullion market. Central to this transformation is the need for improved synergy between different verticals and consistent government policies.



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