FICCI

Why India Needs a



Gold Policy

A Study Commissioned By

WORLD GOLD COUNCIL

About The World Gold Council

The World Gold Council is the market development organisation for the gold industry. Working within the investment, jewellery and technology sectors, as well as engaging in government affairs, our purpose is to provide industry leadership, whilst stimulating and sustaining demand for gold.

We develop gold-backed solutions, services and markets, based on true market insight. As a result, we create structural shifts in demand for gold across key market sectors.

We provide insights into the international gold markets, helping people to better understand the wealth preservation qualities of gold and its role in meeting the social and environmental needs of society.

Based in the UK, with operations in India, the Far East and the US, the World Gold Council is an association whose members include the world's leading and most forward thinking gold mining companies.

About FICCI

Established in 1927, the Federation of Indian Chambers of Commerce and Industry (FICCI) is the largest and oldest apex business organisation in India. Its history is closely interwoven with India's struggle for independence, its industrialization, and its emergence as one of the most rapidly growing global economies. FICCI has contributed to this historical process by encouraging debate, articulating the private sector's views and influencing policy.

A non-government, not-for-profit organisation, FICCI is the voice of India's business and industry. FICCI draws its membership from the corporate sector, both private and public, including SMEs and MNCs; FICCI enjoys an indirect membership of over 2,50,000 companies from various regional chambers of commerce. FICCI provides a platform for sector specific consensus building and networking and is the first port of call for Indian industry and the international business community.

Why India Needs A Gold Policy

FICCI - World Gold Council Report

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Foreword



Gold has always been an integral part of the socio-economic ethos of the Indian household. As a commodity, it has always carried with it the tendency of invoking a sense of cultural and sentimental attachment, making its consumption and investment in India very different from that of other countries.

The consumption of gold has always been greatly intertwined with the Indian household's financial planning goals. Bought as bullion or as jewellery, for either personal consumption or as investment or as even a gift, gold invariably exists in every household's financial portfolio. In India, gold has, through generations, remained an obvious and natural choice of saving of all households.

Gold has never been an easy product around which policy could be formulated. Policies around gold (and to some extent business plans and financial innovations related to gold) have all largely been based on a couple of assumptions; (a) demand for gold in India will never wane; (b) People in India will not part with their gold easily; (c) women are sentimentally attached to their jewellery and hence will not part with it; (d) if given a choice between cash or gold, Indian people will opt for gold. At various points of Indian history, one or all of these assumptions have been true.

The purpose of this report is to re-examine these assumptions and find effective ways of monetising this asset and build a case for formulating a comprehensive public policy on gold.

The report has been undertaken based on rigorous analysis of secondary data; an extensive primary survey of 5000 respondents across 33 cities across India; four roundtable discussions and interviews with various economists, policy makers, regulators and other stakeholders associated with the gold industry.

Two key findings of the survey are: one, sentimental attachment to gold jewellery seems to have diminished over time and people are now more willing to part with their gold, and; two, many consumers do want some kind of standardisation in the physical market, especially with regard to quality and price.

This report concludes with policy recommendations for monetisation of gold for further enhancing its contribution to economy.

Dr. A. Didar Singh
Secretary General - FICCI

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List of Abbreviations

₹	Indian Rupees
$	Unless otherwise designated, symbol refers to US Dollar
BRIEF	Bureau of Research on Industry & Economic Fundamentals
CAD	Current Account Deficit
CGA	China Gold Association
ETF	Exchange Traded Funds
FERA	Foreign Exchange Regulation Act
FICCI	Federation of Indian Chambers of Commerce and Industry
GDP	Gross Domestic Product
GDS	Gold Deposit Scheme
GML	Gold (Metal) Loan
ICBC	Industrial and Commercial Bank of China
IGE	Istanbul Gold Exchange
ISCTR	Turkiye Is Bankasi AS
LBMA	London Bullion Market Association
NBFC	Non-Banking Financial Companies
NRI	Non-Resident Indian
OTC	Over The Counter
PBoC	People's Bank of China
PPF	Public Provident Fund
RBI	Reserve Bank of India
SFE	Shanghai Futures Exchange
SFTZ	Shanghai Free Trade Zone
SGE	Shanghai Gold Exchange
SIL	Special Import Licence
TCMB	Türkiye Cumhuriyet Merkez Bankası *(Central Bank of the Republic of Turkey)*
TGMA	Turkey Gold Mining Association
VAT	Value Added Tax
WGC	World Gold Council

Executive Summary

Executive Summary

Introduction

India has an ambivalent relationship with gold. For consumers, gold is a prized asset, cherished as both an adornment and an investment. For the government, gold is a major contributor to the current account deficit, a challenge that needs to be addressed.

This report aims to show how gold can become an asset for the Indian economy, rather than a liability. Looking across the market, we show how gold can be put to work within the Indian economy: how it can increase employment, drive growth and boost gross domestic product (GDP).

In order to provide a comprehensive analysis of the market, the World Gold Council commissioned Federation of Indian Chambers of Commerce and Industry (FICCI) who also engaged Bureau of Research on Industry & Economic Fundamentals (BRIEF) to conduct a widespread survey of Indian consumers and assessed policies adopted in other countries with similar issues to India.

We have used this information to provide suggested policy measures that would allow India to reap the maximum benefit from its affinity with gold.

Background

India has a long and special relationship with gold. From weddings to religious festivals, gold jewellery has a strong cultural relevance and its role in traditional Indian life dates back for centuries. However, gold is not just viewed as an adornment. For many people, gold is equally viewed as a safe, secure investment; a unique way to preserve their wealth.

Gold makes a valuable contribution to Indian economic growth as well. It is estimated that at least 2.5 million people are employed by the gold industry and, according to consultancy PricewaterhouseCoopers, gold boosts economic output in India by at least $30 billion per annum.[1]

Gold also plays a central role in the Indian gems and jewellery export market, one of the fastest growing industries in the country and a leading foreign exchange earner. In fiscal year 2013, gems and jewellery constituted 15 per cent of India's total exports and the value of gold items alone was more than $18 billion.

Yet, in some quarters, gold is viewed as an idle asset and a key factor behind the current account deficit. Acting on this belief, the previous government implemented policy measures aimed at stemming the flow of official imports of gold.

However, these measures have had unintended consequences, encouraging smuggling, an activity that was much reduced when the Indian gold market liberalised in the late 1990's.

In this context, we also believed it would be useful to undertake an in-depth analysis of the role that gold plays in India now and the role that gold could play in India in the future.

We surveyed 5000 respondents across India, held four specialist roundtable discussions and carried out extensive interviews with stakeholders.

The purpose of this exercise was simple: to discover why Indian consumers buy gold, why they sell it and how they would respond to initiatives aimed at monetising gold in India.

The Results Were Noteworthy

- First, demand for gold remains strong and enduring, whatever the macro-economic, fiscal or political circumstances. An overwhelming majority of respondents said they would buy gold in good times and in bad. More than 75 per cent of respondents bought gold at least once in 2013 and more than half bought more gold in 2013 than the year before, despite government restrictions.
- Second, it is clear that, contrary to widespread belief, Indian consumers would be prepared to use interest-bearing gold-savings products, if conditions were conducive. More than 60 per cent of respondents said they would consider depositing gold with a financial institution in return for interest and most said they would be happy to receive cash, branded coins or different gold from their initial deposit at maturity.
- Further work undertaken by the World Gold Council, FICCI and BRIEF suggests that restrictive policy measures have not proven particularly beneficial to the Indian economy in the past. Customs seizures and market analysis indicate that the gold smuggled into India between 1968 and 1995 rose to more than 200 tonnes in certain years.
- However, when government policy was at its most liberal, between 1990 and 2007, illegal smuggling reduced, the gold price differential between the domestic and international market narrowed and the government earned revenue through import tariffs and domestic taxes on the gold industry.



Policy Proposals

Gold has an enduring appeal to the Indian consumer, but India is not reaping the benefits from this affinity. How can this change? Below, we suggest measures that could be adopted to allow gold to make a meaningful contribution to the Indian economy.

1. Drive the standardisation of gold so that buyers and sellers can have faith in both the quality and price of their products. Introduce guidelines for compulsory quality certification of all forms of gold to encourage accountability and foster an environment of trust.
2. Establish a Gold Exchange to ensure pricing standardisation, increase transparency and improve supply and demand analysis.
3. Establish a Gold Board to manage imports, encourage exports and drive development of necessary infrastructure.
4. Allow Indian banks to use gold as part of their liquidity reserves. This would incentivise them to introduce gold-based savings products.
5. Revitalise Gold Deposit Schemes. It is estimated that 22,000 tonnes of gold[2] are currently held in Indian households. If a fraction of this gold were deposited with banks, this would bring gold directly into the economy - benefiting the

financial sector, benefiting the gold jewellery industry and reducing import levels.

6. Encourage the development of other gold-backed investment and savings products.

7. Create a more active marketing strategy for Indian handcrafted jewellery. This could boost exports and highlight India's expertise in this highly-valued sector. The Swiss watch industry could provide useful lessons in this regard.

We outline our findings and our policy proposals in more detail in the subsequent chapters.



End Notes:

[1] The Direct Economic Impact of Gold, PricewaterhouseCoopers, 2013

[2] Thomson Reuters GFMS and World Gold Council

Demand, Supply And The Economic Contribution Of Gold






500 g
FINE GOLD
999.9











1. Demand, Supply and the Economic Contribution of Gold

Demand for gold in India is interwoven with culture, tradition, the desire for beauty and the desire for financial protection. In this chapter, we analyse the drivers of gold supply and demand in India and assess the genuine economic contribution that gold makes to the Indian economy.

Over the past five years, annual demand has averaged 895 tonnes, equivalent to 26 per cent of total physical demand worldwide. For many years the most avid purchaser of gold in the world, India remains one of the leading markets for gold globally today.

However, as India has little domestic supply of gold, demand is primarily satisfied by imports. The cost of these imports is partially responsible for today's current account deficit (CAD).

Assuming that curbing gold imports would be the most efficient way to reduce the CAD, the previous government introduced a range of policies designed to reduce gold demand. Most of these remain in place under the new administration. Recently, the present government has rolled back the 80-20 rule that had been introduced in 2013. Our survey suggests, however, that demand cannot so easily be curtailed.

In Brief:

- 77 per cent of respondents bought gold at least once during 2013 while some bought it more than once. Highlighting consumers' reluctance to change buying habits whatever the fiscal circumstances, more than half bought more gold in 2013 than the previous year.
- 2013 was an exceptional year – the price drop would have brought many customers out plus the price drop happened in the first half of the year, while the restrictions were put in place from July. From January to September 2014 Indian demand was 620 tonnes. The average demand in first nine months over the past 10 years has been 616 tonnes.
- Indian consumers buy gold as an investment and for adornment. More than 75 per cent of respondents perceived gold as a safe investment and 53 per cent consider it primarily an adornment; and the overwhelming majority believe that gold is both.
- Consumers view gold as a protection against uncertainty. While 12 per cent of respondents would buy gold if the stock market was booming and 12 per cent would buy if it was falling, 22 per cent said they would buy gold in volatile market conditions.
- Gold is part of an Indian households' regular expenditure. The purchase of jewellery and coins comprises 8 per cent of daily consumption, only marginally behind medical expenses and education.
- Gold demand is not dependent on price fluctuations. Among respondents, 34 per cent said their behaviour would not change if the gold price increased and 20 per cent said they would buy more under such circumstances.
- While almost half our respondents said they would buy gold if the economy was growing and 22 per cent said they would sell if the economy was in recession.

Looking more closely at supply, the current picture shows that India has minimal domestic production, with mined gold volumes of just two tonnes in 2013. In many countries where mined production is low, recycled gold makes a meaningful contribution to supply. In India this has rarely been the case. However, recent data indicates that recycling can play a part in the Indian gold market.

Domestic recycled gold increased 29 per cent to 116 tonnes in 2009, following a sharp spike in gold prices. Recycled supplies rose from 59 tonnes in 2011 to 113 tonnes in 2012 and 101 tonnes in 2013, following government restrictions and a depreciation in the rupee. Moreover, our survey reveals that Indian consumers are willing to recycle their gold, armed with appropriate incentives.

The solution to India's enduring appetite for gold would therefore seem to lie not in restricting the import of gold, but in making better use of the gold that is already in the country.

Such a plan could also boost the already valuable contribution that gold makes to the Indian economy.

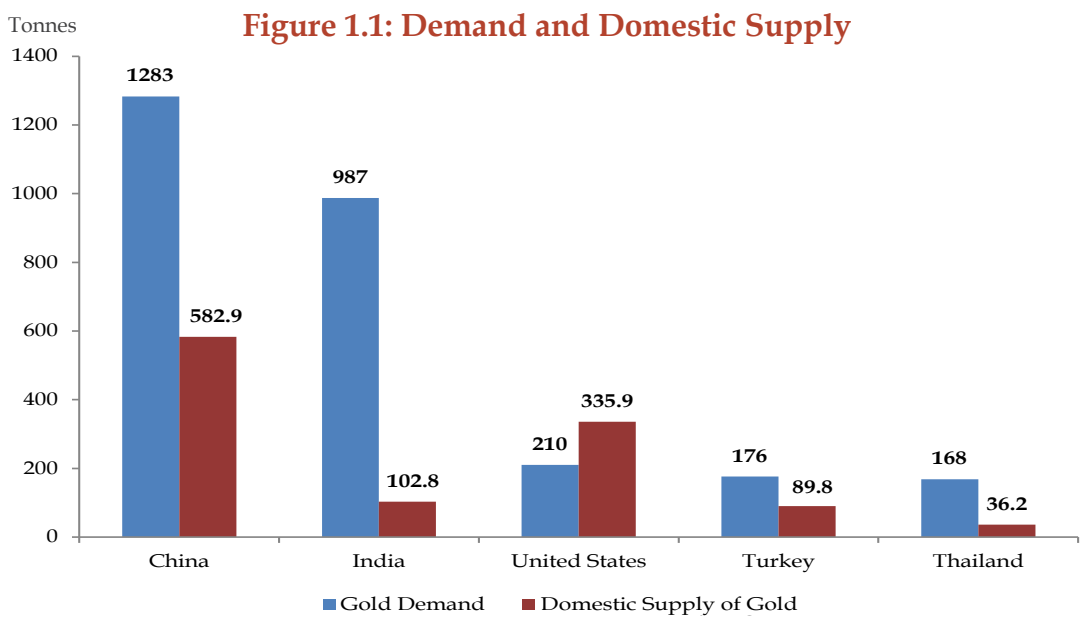
- The Indian gold industry employs 2.5 million people and contributes more than $30 billion to the domestic economy.
- Gold plays a central role in the Indian gems and jewellery export market, which is one of the fastest growing industries in the country and a leading foreign exchange earner. In fiscal 2013, gems and jewellery constituted 15 per cent of India's total exports and the value of gold items alone was more than $18 billion.
- Bringing more recycled gold into circulation would foster the domestic jewellery industry, bolster the financial services industry, drive employment and boost economic growth.

We provide more detail on these points below.

Supply and Demand Dynamics

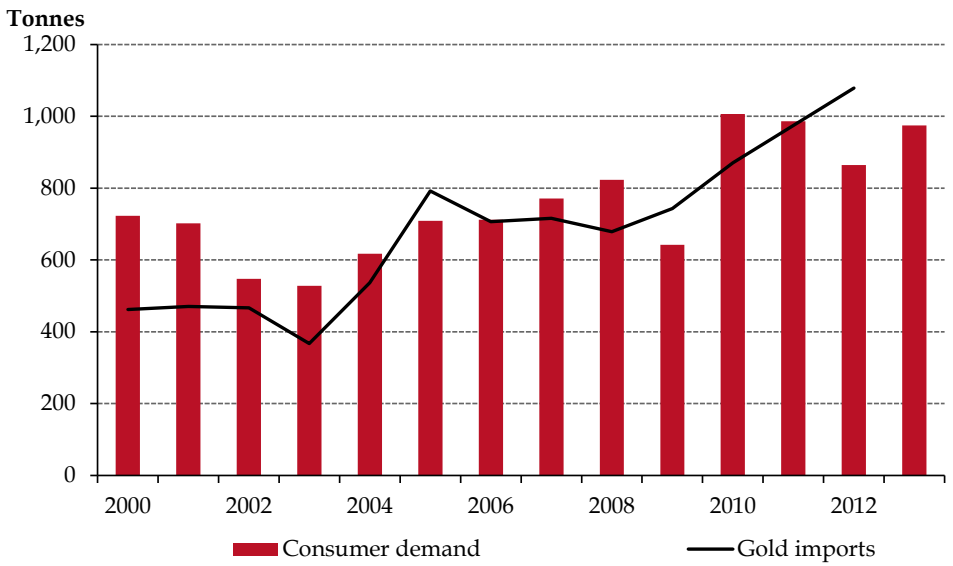
A quick glance at the demand for gold in India, the supply of gold in India and amount of gold imported to India paints a stark picture.

Figure 1.1: Demand and Domestic Supply



Source: GFMS Gold Survey 2014

Figure 1.2: India's Dependence on Gold Imports



Source: GFMS, Thomson Reuters, Reserve Bank of India, World Gold Council

Looking at the top five countries (Figure 1.1), India is the only country whose prime sources of gold supply (mine and old scrap) would meet barely 10 per cent of physical demand.

Figure 1.2 indicates the link between consumer demand for gold and gold imports in India.

Gold Demand Drivers in India

Our survey revealed that Indian households buy gold for a variety of reasons. Importantly however, gold is viewed as a core expense, during good times and bad.

1. Combining Security and Beauty

A key finding from our survey was this: Indian consumers view gold as both an investment and an adornment (Table 1.1).

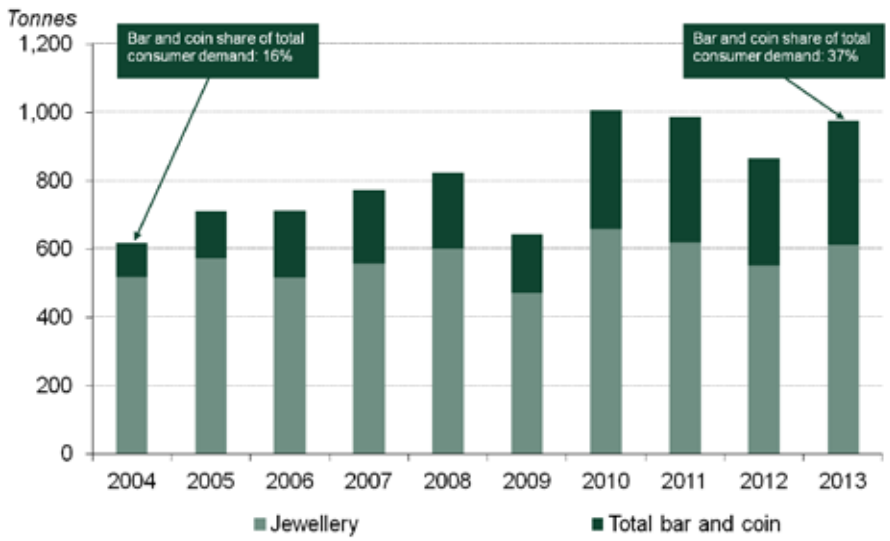
When asked why they bought gold, almost 77 per cent of respondents cited safe investment as a factor, while just over half cited adornment as a rationale behind their purchase of gold.

Table 1.1: Rationale Behind Gold Purchases

Why do you buy gold?	Percentage out of 4846
Safe Investment	76.62%
For Adornment	52.54%
Festivals	42.24%
For Dependent's Marriage	34.54%
Own Marriage/Engagement	32.85%
Special Occasions	30.99%
Collateral	29.92%
Gifts	25.30%
Convert into Jewellery in Future	23.05%
Towards Specific Objective	12.17%
Others	2.21%

Source: FICCI Gold Survey

Figure 1.3: Indian Consumer Demand by Category in Tonnes



*** Consumer demand comprises jewellery and total bar and coin**

Source: GFMS Gold Survey 2014, World Gold Council

Data from the World Gold Council shows that consumers increasingly buy gold explicitly as an investment asset. In 2004, jewellery accounted for 84 per cent of demand with 16 per cent acquired for investment. Last year, investment accounted for 37 per cent of demand, while jewellery accounted for 63 per cent (Figure 1.3).

2. Protection Against Volatility

In India, as elsewhere, people want to hold gold to protect themselves from volatility and uncertainty.

Looking at the influence of stock market conditions on gold, our survey shows that the largest driver for buying gold is volatility. Among respondents, 12 per cent said they would buy gold if the stock market was booming and 12 per cent said they would buy gold if the stock market was going down. However 22 per cent said they would buy gold if the stock market is volatile.

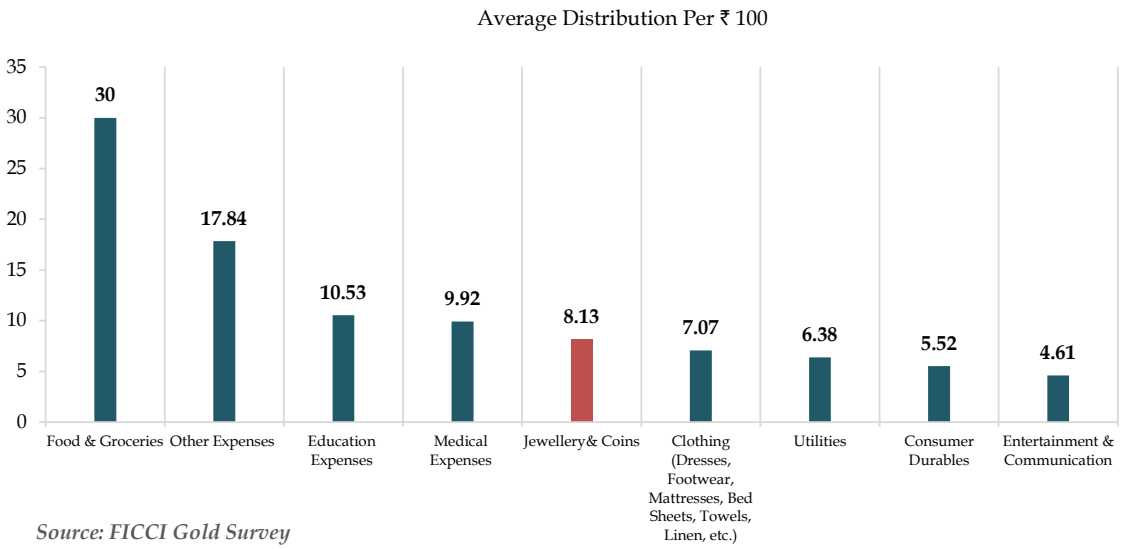
More than 40 per cent of respondents said they would buy gold if property prices were decreasing and 29 per cent said they would sell gold if property values were rising. This highlights Indian consumers' preference for physical assets. It also indicates that Indian households view gold as a safe haven, an asset to buy when other assets are losing value.

Underlining gold's attraction as an asset for good times and bad, most respondents said they would buy gold whether the domestic economy was growing or in recession. Just under half, 48 per cent said they would buy gold if the economy is growing, while only 22 per cent said they would sell during a recession.

3. Part of the Family Budget

Viewed as a fundamental investment, gold is an integral part of the Indian budget. When surveyed about annual consumption patterns, purchase of jewellery and coins constituted 8 per cent of the amount spent, a significant proportion of total expenditure (Figure 1.4).

Figure 1.4: Average Distribution of Household Expenditure



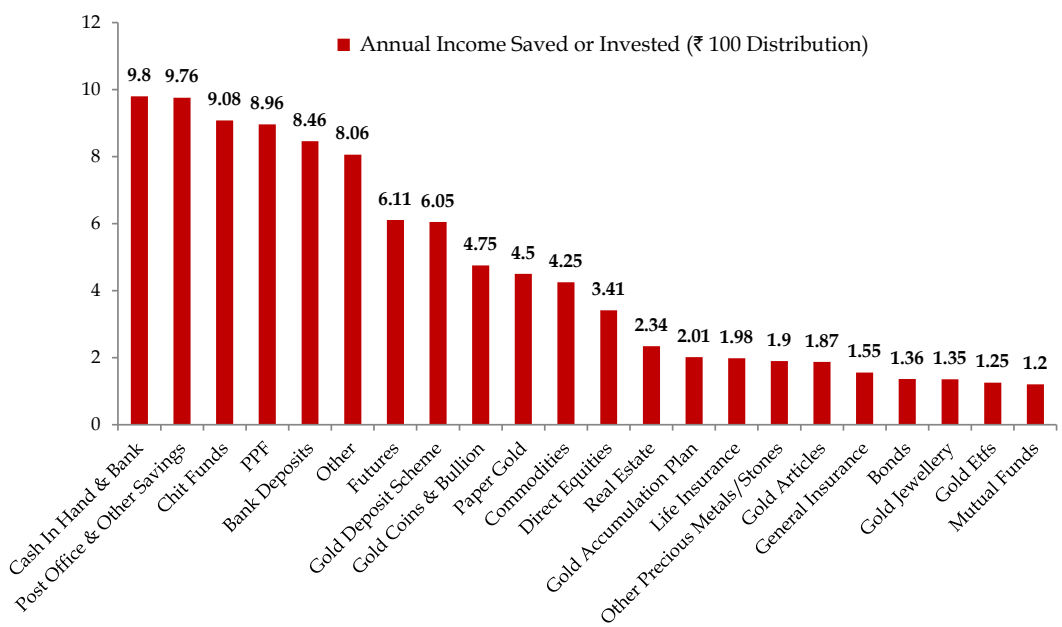
Source: FICCI Gold Survey

4. A Trusted Asset

Analysis of consumers' savings habits highlights gold's position as a trusted asset. Among respondents' savings and investments, gold products lie just behind cash, bank deposits and other mainstream savings accounts.

Looking closely at gold-related products, just over 17 per cent of respondents invested in gold deposit schemes, gold coins and bullion, paper gold and gold accumulation plans. Among our respondents, these products are significantly more attractive than bonds, mutual funds and even general insurance (Figure 1.5).

Figure 1.5: Distribution of Savings and Investments of Average Respondent



Source: FICCI Gold Survey

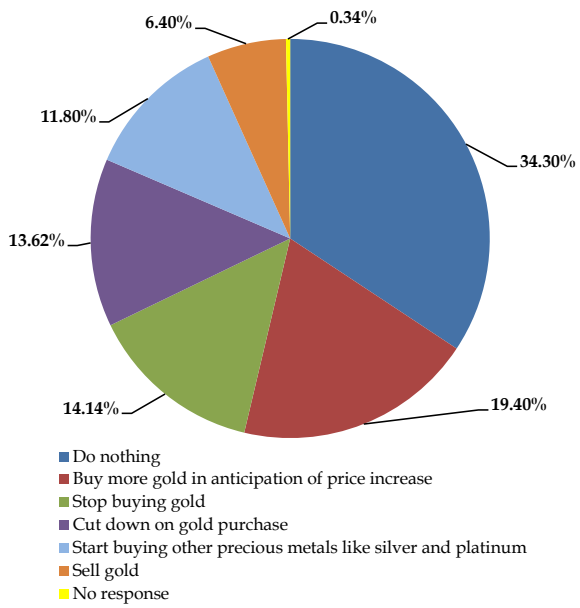
5. Easy to Understand

The survey reveals that Indian households understand gold and gold products better than any other asset class. Looking at the length of time over which respondents stay invest in common market products, various gold investments were clearly the most popular particularly in the short and medium term. This reflects a certain level of comfort around gold and gold-based products (Table 1.2).

Elasticity of Demand

Having identified the key drivers of gold demand in India, our survey also tried to establish the nature of this demand. We found that appetite is little affected by rising prices. Among respondents, nearly 20 per cent said they would buy more gold if prices rose and 34 per cent said they would do nothing. Only 14 per cent said they would stop buying gold if prices increased, while just 6 per cent said they would sell (Figure 1.6).

Figure 1.6: Actions Taken When Price of Gold Increases



Source: FICCI Gold Survey

Table 1.2: Average Holding Period of Investments

Distribution of Holding Period of Investment						
	Less than a year	**1 to 3 years**	**3 to 5 years**	**5 to 10 years**	**More than 10 years**	**Frequency**
Insurance	1.7%	1.6%	5.4%	19.5%	71.8%	3988
Mutual Funds	17.1%	22.7%	19.0%	13.9%	27.3%	291
Direct Equities	42.2%	15.5%	7.5%	11.8%	23.0%	241
Real Estate	27.5%	33.0%	13.4%	12.4%	13.7%	1077
Gold Bullion	29.8%	31.5%	14.5%	19.4%	4.8%	183
Gold Accumulation Plan	43.6%	28.7%	8.9%	7.9%	10.9%	240
Gold Deposit Scheme	0.0%	50.0%	33.3%	16.7%	0.0%	1676
Paper Gold	23.5%	29.4%	17.6%	29.5%	0.0%	20
Gold as Commodity	45.7%	14.5%	30.1%	7.2%	2.5%	1246
Gold ETFs	61.5%	15.4%	0.0%	7.7%	15.4%	77
Highest Frequency		**2nd Highest Frequency**			**3rd Highest Frequency**	

Source: FICCI Gold Survey

Gold's Contribution to the Indian Economy

India's gold market is driven primarily by the consumption and fabrication of gold. Both have a significant impact in terms of economic value add, employment, contribution to foreign exchange earnings and the trade balance. A recent report commissioned by the World Gold Council from PricewaterhouseCoopers estimated that gold made a direct contribution of more than $30 billion to the Indian economy in 2012.

The Indian gold industry also employs 2.5 million people and makes a substantial contribution to the Indian export market. According to the 2013 ONICRA report (a leading Credit and Performance Rating agency in India), exports of gold gems and jewellery amounted to $18.28 billion in fiscal year 2013, ahead of diamonds at $17.4 billion and coloured gems at $0.65 billion.

The report also states that the gems and jewellery sector is the leading foreign exchange earner in India and one of the fastest growing industries in the country, comprising 15 per cent of total exports in fiscal 2013.

Table 1.3: Gold's Economic Contribution

Components of demand	Direct Gross Value Add (in $ billions)
Consumption of gold bars and coins	17.6
Gold jewellery fabrication and consumption	12.8
Technology fabrication demand	0.1
Recycling	1.6 – 1.9

Source: The Direct Economic Impact of Gold, PricewaterhouseCoopers, 2013

Key Points

- Gold demand is strong and enduring.
- Gold is perceived as an investment and an adornment.
- Gold is viewed as a trusted safe haven asset.
- Gold demand persists in good times and in bad.
- Gold supplies in India are constrained by the limited use of recycled gold.
- Gold makes a strong economic contribution to the Indian economy.
- Gold could make a stronger economic contribution and imports could be reduced if gold was more effectively monetised.

Monetising Gold In India









2. Monetising Gold in India

Indian families cherish gold. Over the past five years alone, consumers in India have bought almost 4,500 tonnes of gold and demand is forecast to remain buoyant for many years to come.

Much of this gold remains at home. An estimated 22,000 tonnes of gold are currently held in Indian households, worth more than $1 trillion[1]. If a small percentage of this gold were monetised, the economic and fiscal impact would be considerable.

In this chapter, we use our research to analyse consumer sentiment towards gold and assess attitudes towards the mobilisation and monetisation of gold assets.

We also explain what monetising gold really means, how it could work and the effect it would have.

Simply put, monetising gold involves mobilising the gold that lies within Indian households so it can play a dynamic role in the domestic economy. The most straightforward way in which this can be achieved is by encouraging consumers to swap some of their gold assets for gold-related investment products.

In Brief:

- Gold has always been an integral part of Indian culture. Viewed as both an essential adornment and a valuable investment, gold has a strong sentimental value at all levels of Indian society.
- Even as India has witnessed considerable social, economic and financial shifts, the average household's disposition towards gold has undergone little change.
- But sentimental attachment to gold does not mean households will refuse to explore the potential for monetisation of their gold assets.
- Our research shows that consumers are willing to consider interest-bearing gold-based investment products, even if the gold they receive at the end of the tenure is different from what they deposited.
- Questioned about gold coins and bullion, more than 49 per cent of respondents said they would be willing to deposit their gold to earn interest while a further 12 per cent said they might do so.
- Moreover, 72 per cent said they were happy to receive different gold from their initial deposit, while 62 per cent said they would prefer cash or India branded gold coins[2] at maturity. Only 8 per cent said they would prefer to have their original gold returned to them.

Looking more closely at monetisation, it essentially involves transferring household gold into the financial system. Once there, this gold can be recycled, thereby reducing imports of gold into India while continuing to satisfy demand.

As imports reduce, the current account deficit would decrease, employment would rise across the financial services and jewellery industries and economic growth would be boosted.

Looking back, consumption has averaged 895 tonnes per annum over the past five years, equivalent to just over 4 per cent of current stockpiles. This shows that, if even a small percentage of household gold were monetised, the impact on Indian imports of gold would be substantial.

In Detail:

Indian households' attachment to gold is widely accepted. But household attitude towards the gold they own has not been understood. Our survey revealed some fascinating insights into the way

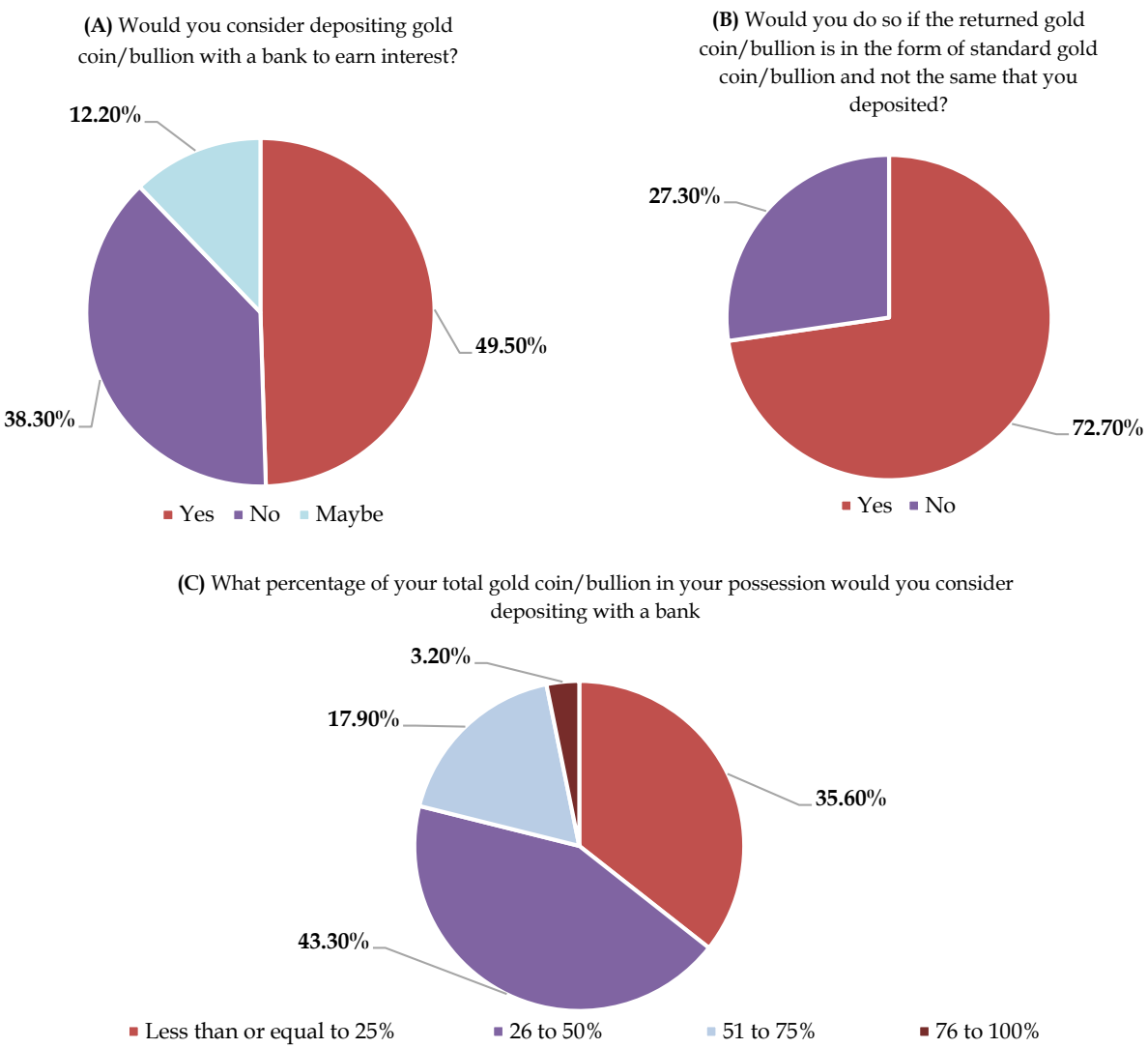
consumers feel about their gold and the circumstances under which they might monetise it.

1. Indian Households Willing to Invest in Gold-Based, Interest-Bearing Products

To ascertain consumer attitudes towards using their gold for investment purposes, respondents were asked if they would deposit gold with banks if the resulting accounts paid interest. The questions focused on gold coins and bullion – where consumption has averaged 312 tonnes annually over the past five years. The results were eye-catching.

Nearly 50 per cent of respondents said they would deposit their gold to earn interest and a further 12.2 per cent said they might do so (Figure 2.1).

Figure 2.1: Attitudes Towards Interest-Bearing Gold-Based Accounts



Source: FICCI Gold Survey

Among these respondents, 73 per cent said they would not mind if the gold they received on maturity was different from the gold they deposited.

More than a third of respondents would be willing to deposit 25-50 per cent of gold in their possession while 3 per cent would deposit between 75 per cent and 100 per cent of their gold.

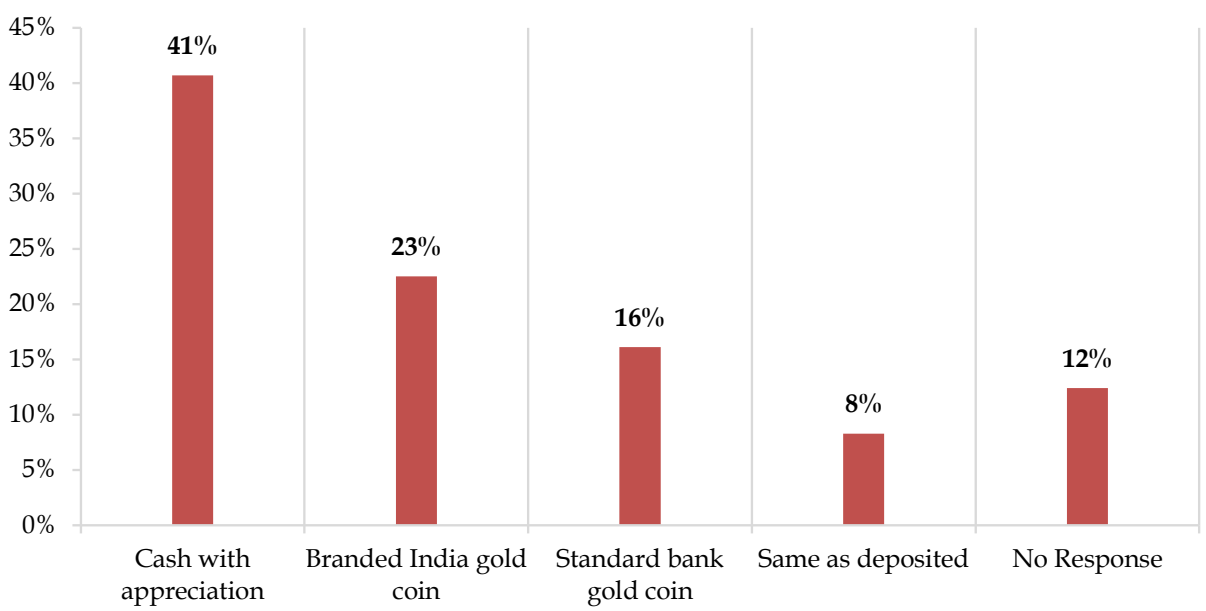
2. Indian Consumers Do Not Need to Receive Same Gold They Deposited

Underlining consumer interest in putting their gold to work, more than 60 per cent of respondents said they would be fine to receive cash with interest or India branded gold coins when an investment or deposit matured. A mere 8 per cent said they would like the same gold that they deposited (Figure 2.2).

3. Indian Consumers Choose Medium Term Gold Investment Products, Redeemed in Cash

Having ascertained that the Indian consumer is willing to look at gold-based investment products, our

Figure 2.2: Preference for Settlement at the Time of Maturity



Source: FICCI Gold Survey

survey probed further into investment preferences. This showed that the majority of respondents would prefer medium-term investment products that accept either fixed or ad hoc payments and that can be redeemed as cash (Table 2.1).

4. Gold is Primarily Liquidated During Times of Emergency

In order to understand why consumers sell gold, respondents who had sold were asked why they had done so and respondents who had not sold were asked what would induce them to do so.

Of those respondents who sold gold, more than a third did so to meet a medical emergency or family problem. A further 19 per cent sold gold to buy new jewellery.

Among respondents who did not sell gold, 40 per cent stated that only a medical emergency or family problem would induce them to sell. A further 23 per cent said they would recycle the gold for new jewellery (Table 2.2).

Table 2.1: Parameters for Investment in Gold

Tenure of the product	Short term (less then 2 years)	Medium term (2 to 5 years)	Long term (more then 5 years)
Frequency	1798	2659	549
Percentage	35.90%	53.10%	11.00%

Amount and interval of deposites	Fixed amount every month	Ad-hoc deposits
Frequency	2680	2326
Percentage	53.50%	46.50%

Withdrawal	Lum-sum	Regular Interval
Frequency	2155	2851
Percentage	43.00%	57.00%

Redemption	As Gold	As Cash	As Jewellery
Frequency	1168	3064	774
Percentage	23.30%	61.20%	15.50%

Source: FICCI Gold Survey

Table 2.2: Reasons for Selling Gold

Respondents who have sold (N = 1921)	Scenario	Respondents who have not sold (N = 3085)
Percentage out of 1921		Percentage out of 3085
4%	Price increase	3.27%
11%	Loan repayment	10.76%
10%	Melted for jewellery	17.28%
7%	Price decrease	4.21%
25%	Medical emergency	21.91%
9%	Made payments through gold coins for Jewellery	6.06%
11%	Family problem	17.70%
8%	Education	11.64%
5.47%	To meet special objective	6.22%
0%	To invest in real estate or other assets	0.94%
9.47%	Others	

Source: FICCI Gold Survey

5. Attitudes Towards Ancestral Gold Changing

In order to find out more about consumer sentiment towards the gold they own, respondents were asked to rank which assets they would liquidate in a crisis.

Bank deposits came first. However, most respondents cited gold jewellery, which is one of the largest stores of wealth, as their second choice for liquidation. During interviews on this topic, many respondents said large items of jewellery would be sold first, because most ancestral jewellery is old-fashioned and can no longer be worn. This suggests that attachment to such pieces may not be as sticky or comprehensive as is widely believed.

Investment Products

Monetising gold is not a new phenomenon in India but, to date, it has been considerably under-exploited. Below, we assess two products that are available – Gold Loans and the Gold Deposit Scheme - and one that could be established with reasonable ease, Gold Savings Accounts. We look at the growth and potential of Gold Loans. We examine why the Gold Deposit Scheme has not reached its full potential and we assess attitudes towards a Gold Savings Account.

Gold Loans

Using gold as collateral for loans is also an age old practice in India. In the past, gold loans were sought from pawn brokers and informal channels. Recently, however, there has been a surge in the growth of loans

Table 2.3: Annual Growth Rate of Gold Loans Outstanding (in per cent)

Year	Bank Gold Loans	NBFC Gold Loans	Total Gold Loans
2008-09	54.2	41.4	52.5
2009-10	47.7	169.3	62.6
2010-11	52.1	126.7	67.2
2011-12	77.6	80.0	78.3

Source: RBI

from banks and non banking financial companies (NBFCs). This is one of the clearest ways in which gold has been monetised by the Indian consumer: in other words, they have used their gold assets to support economic growth, such as the purchase of agricultural equipment, household goods or education. In India, the rate of growth of gold loans, on the basis of a three year moving average, has been nearly 70 per cent.[3]

The Gold Deposit Scheme

The Gold Deposit Scheme (GDS) was introduced in 1999 to encourage Indian consumers to deposit their gold in return for an interest-bearing account. The Scheme included a number of features, most of which were designed to encourage take-up:

- No minimum amount is stipulated
- Partial withdrawal of deposited gold is allowed
- Term of 3-7yrs
- Premature payment allowed in the form of gold or cash
- Exemptions from wealth tax and capital gains tax
- Cash loan against gold deposit allowed
- Gold certificates issued are transferrable

In February 2013, the Reserve Bank of India (RBI) made certain changes to the Scheme, intended to enhance its appeal to consumers:

- Banks no longer require prior approval from the RBI to open the scheme
- Mutual Funds can participate
- Minimum duration reduced to 6 months

The Scheme has met with a poor response from the Indian public. Some estimates suggest that the scheme was able to collect only 15 tonnes of gold to date.

To find out why, we interviewed both consumers and banks.

Five key reasons stood out:

1. Few banks offer the Gold Deposit Scheme.
2. Those banks that do have GDS, set the minimum deposit amount at anywhere between 500g to 1kg of gold, making the Scheme more suitable for temples than individuals.
3. The product is not widely marketed.
4. Banks cannot easily assay the gold to decipher its caratage and purity. As interest on the GDS is typically paid in grams of gold, banks cannot offer the product unless they can quickly ascertain its quality.
5. Banks do not accept jewellery under the GDS, assuming that customers will not want to deposit jewellery and receive plain gold when their investment matures.

Since our research indicates that customers are willing to deposit a certain percentage of their gold for interest and that they are not particular about the same gold being returned to them (Figures 2.1 and 2.2), it would appear that banks' reluctance to accept jewellery is misplaced.

To find out more about the type of GDS that consumers would find most attractive, we asked respondents about minimum deposit levels and lock-in periods. They said minimum deposit amounts should be lowered to at least 10 grams. Most were keen on a minimum lock-in period of under three years while opinions were split on the maximum term for deposits (Table 2.4).

Gold Savings Account

Gold savings accounts have been highly successful in other countries (especially Turkey) and could be introduced in India. These encourage consumers to move away from only purchasing physical gold and instead save through a bank account, that ensures

Table 2.4: What Consumers Want in GDS

	Percentage
What should be the minimum quantity to be accepted by the bank?	Mode-10.00 grams Lowest Quantity - 1 gram Highest Quantity – 99 grams
What should be the minimum lock-in period for the scheme?	
Less than 1 Year	41.97%
2 to 3 Years	46.57%
4 to 5 Years	9.96%
Above 5 Years	1.51%
What should be the maximum term for the deposit?	
Less than 1 Year	1.94%
2 to 3 Years	33.51%
4 to 5 Years	34.61%
Above 5 Years	29.95%
Partial withdrawal should be allowed?	
Yes	50.7%
No	49.3%

Source: FICCI Gold Survey

these savings become part of the financial system.

Possible features of the product could include:

- Bank credits grams of gold against cash deposits into account
- Flexibility on frequency of cash deposits for gold gram credits in account
- Flexibility on amount deposited in the account
- Can be withdrawn as gold or cash at any point in time
- Required to pay a reasonable account maintenance fee to bank
- Required to pay a conversion fee for cash to gold above 10 grams

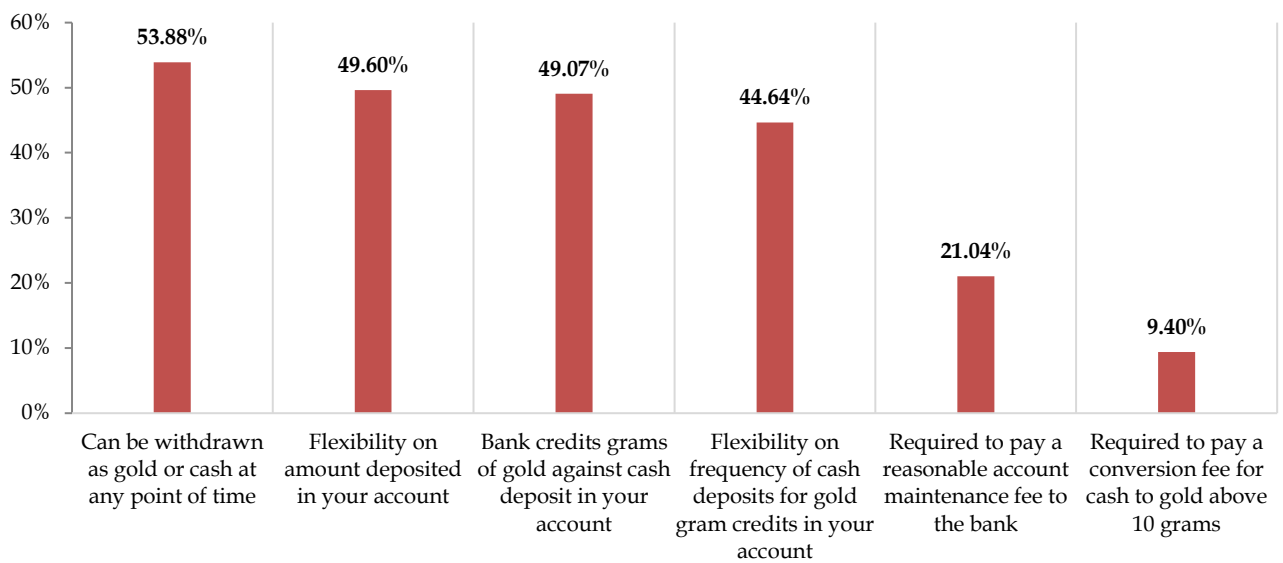
Respondents were asked to choose which of these features appealed to them the most. Flexibility emerged as a significant criterion for both withdrawals and deposits (Figure 2.3).

The Future

Given that Indian consumers do appear willing to consider monetising their gold assets, several products could be deployed to encourage families to put their gold assets to work.

- Simple bank savings products could allow customers to convert physical gold into a gold account, withdrawing either cash or gold in return.
- More advanced investment products could allow customers to convert physical gold into a bank account and take a position on the gold price.
- Customers with restricted income, such as retirees, could pay interest on loans via gold coins.

Figure 2.3: Features of Gold Saving Bank Account



Source: FICCI Gold Survey

- Education loans secured against gold could be offered to help finance schooling and further education
- Home owners could provide gold instead of rupees as mortgage equity
- Gold debit and credit cards could be used at jewellers with gold credited or debited into customers' accounts.

Many of these products have been successfully deployed in countries which have traditionally had a strong attachment to gold. If the launch of such products allowed Indian gold to be monetised, the impact could be far-reaching.



End Notes

1 At a spot price of $1140 per troy ounce

2 This is a new concept dealt with in greater detail in Chapter 4

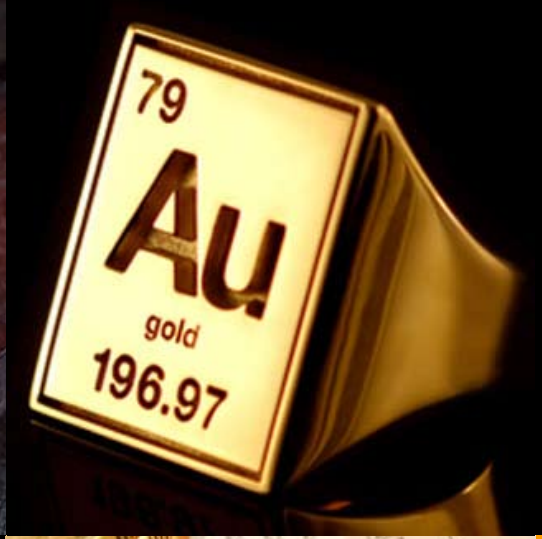
3 RBI Working Group Report 2012

Key Points

- Consumers have a strong affinity for gold.
- But they are willing to exchange their gold assets for investment products, if they are appropriately incentivised.
- The Gold Deposit Scheme could become significantly more appealing if certain conditions were met.
- This is crucial because around 22,000 tonnes of gold is currently being stored in Indian households.
- If even 1 per cent of that gold were monetised, Indian imports would reduce dramatically.
- The current account deficit would shrink and Indian consumers would have more cash at their disposal.
- Monetisation of gold would therefore benefit consumers, boost growth and foster employment.

Lessons On Gold: Government Initiatives In India And Elsewhere




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gold
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GOLD
GOLD


GOLD
FUTURES





3. Lessons on Gold: Government Initiatives in India and Elsewhere

India has traditionally been the largest consumer of gold in the world and the government has adopted a range of measures to manage this consumption. Here, we look at policy initiatives in India over the past six decades and analyse their effectiveness.

To provide an international perspective, we then look at other countries to see how they have tried to monetise gold and the results of their endeavours.

Policy in India

The Indian government's interest in the gold market dates back to independence. To better understand the differing approaches taken and their respective consequences, this report assesses policies taken from 1947 to the present day.

We divide this period into four phases.

Phase One

During the first phase, 1947-1962, policies were largely geared towards controlling the gold market in India. The stated objective behind a restrictive approach to gold was, to wean people away from gold, to regulate supply of gold, to reduce smuggling, to reduce the demand for gold and to reduce the domestic price of gold.

Phase Two

A restrictive approach persisted between 1963 and 1989. The Gold (Control) Act was introduced in 1968 and several restraints were placed on the gold business:

- Manufacturing gold jewellery above 14 carat purity was prohibited
- Ceilings were placed on individual holdings of gold jewellery
- Jewellers were obliged to maintain records of all business transactions

At the same time, however, the government tried to mobilise gold by issuing gold bonds, gold auction schemes and through the Voluntary Disclosure of Income and Wealth (Amendment) Ordinance (1975). These efforts were designed to control the budget deficit, meet contingency needs and reduce gold smuggling in India.

Phase Three

Between 1990 and 2006, a different approach was adopted as the government introduced measures to deregulate the gold industry.

First, the Gold (Control) Act was repealed. Smuggling had proliferated in India during the previous decades. Now the liberalisation of gold imports took priority.

The NRI (non-resident Indian) scheme was introduced, alongside a Special Import Licence (SIL) scheme to facilitate entry of gold into India.

In 1997, seven banks were authorised as official importers of gold.

In 1999, the government tried to mobilise gold through the Gold Deposit Scheme (GDS), launched by State Bank of India to allow gold deposits at a specified interest rate.

Phase Four

The fourth phase began in 2007, just ahead of the global financial crisis. This phase has been marked

by rising gold demand, rising imports, rising prices and a high current account deficit.

In 2007, demand totalled 796.1 tonnes. It peaked at 1022.3 tonnes in 2010, reduced slightly in subsequent years and reached 975 tonnes in 2013. At the same time, the gold price (₹ per ten grams) almost trebled from ₹ 9223.7 in 2007 to ₹ 26440.2 in 2013. To try and curtail the current account deficit and reverse the depreciation of the rupee, the government has introduced restrictions on the gold market once more.

Does Policy Intervention Work?

Research indicates that successive attempts to curb demand for gold have proved ineffective. Restrictive import policies have had a limited effect on demand. Instead, they have led to increased smuggling.

The gold smuggled into India between 1968 and 1995 varied from 10 to 217 tonnes per year.[1]

When the gold policy was liberalised, demand continued to rise but it was met primarily through official channels. Smuggling was curbed, the price

Table 3.1: Review of the Gold Policy (Since 1947)

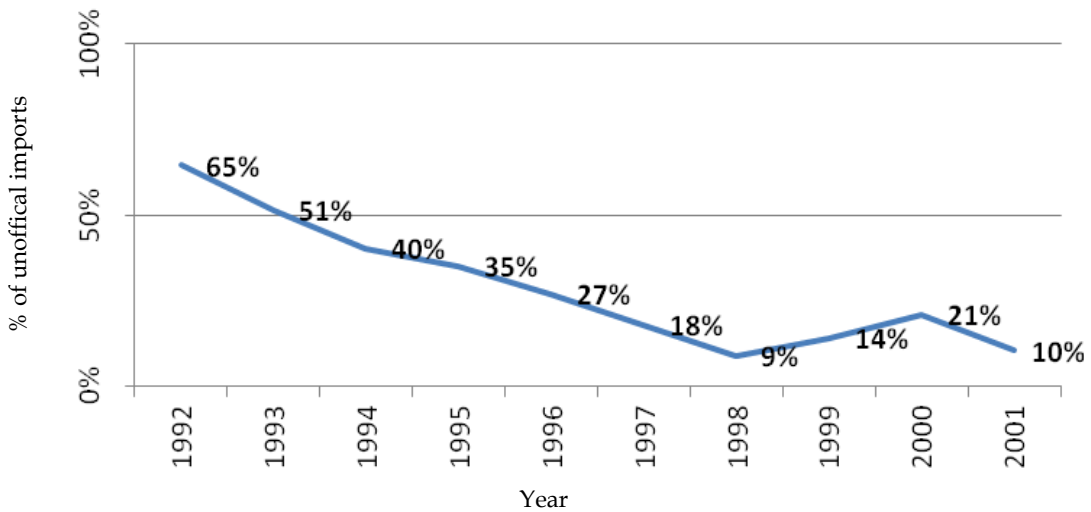
Phase I (1947-1963) – Gold Control Policy	Phase III (1990-2007) – Post Liberalisation
• Foreign Exchange Regulation Act (FERA) introduced in 1947 • Nationalisation of Kolar gold mine at Mysore took place in 1956 • Replacement of the proportional reserve system with the minimum reserve system for currency issue in 1956 • First Gold Bond Scheme introduced in 1962	• Balance of Payment Crisis and Gold Mortgage by India • Gold Control Act, 1968 repealed in June, 1990 • NRI Scheme introduced in March, 1992 • Scope of Special Import License (SIL) scheme expanded to include gold in April 1994 • Seven Banks authorised to import gold in August 1997 • Gold Deposit Scheme (GDS) launched by State Bank of India in 1999
Phase II (1963-1990) – Pre Liberalisation	**Phase IV (Since Recession)**

• Gold Control Rules (1963)
• Gold (Control) Act (1968)
• Gold Bonds 1980 (March, 1965)
• National Defence Gold Bonds 1980 (October, 1965)
• Voluntary Disclosure of Income and Wealth (Amendment) Ordinance (1975)
• Gold auctions (1978)
	• Global recession of 2007 and its impact on gold demand
	• 'Gold Demand' surge – Post recession
	• Inelasticity of gold demand to its price
	• Negative effect of gold demand on CAD
	• Government initiatives – a negative approach to gold policy
	  ○ Prominent feature of phase II
	  ○ Is it counterproductive?

differential between the domestic and international gold market narrowed and the government earned revenue through import tariffs and domestic taxes (Figures 3.1 and 3.2).

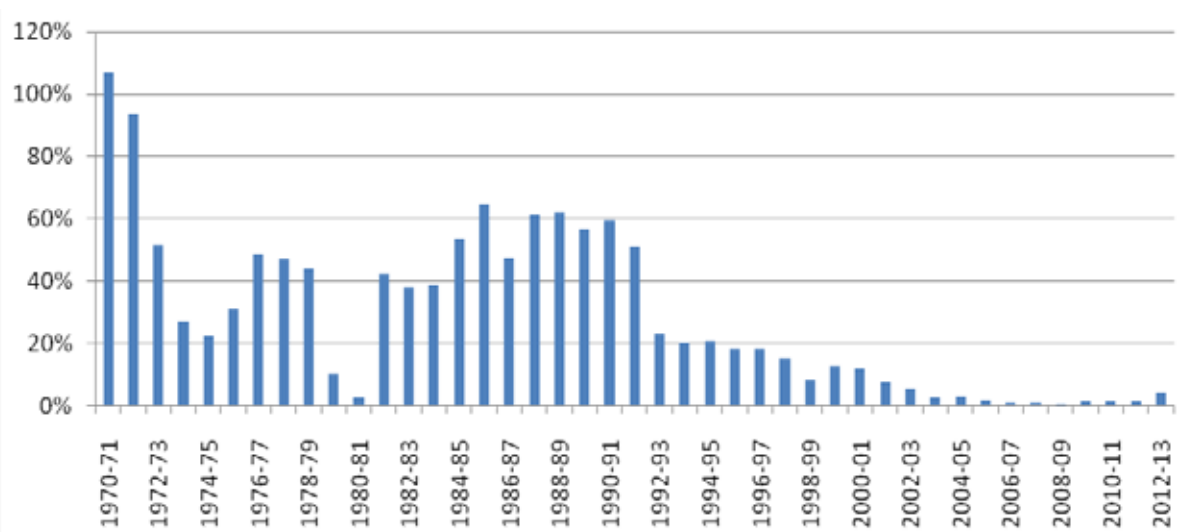
The evidence suggests therefore that demand for gold is not curtailed by policy intervention. It would seem more appropriate to question whether an economically and traditionally significant asset

Figure 3.1: Percentage of Unofficial Gold Imports



Source: An Introduction To The Indian Gold Market (2002)

Figure 3.2: Difference Between Mumbai and London Gold Prices (%)



Source: RBI

like gold should continue to be treated in an ad-hoc manner by successive governments.

Perhaps the time is right to deliver a comprehensive gold policy for India, one which would accept India's affinity with gold and put that affinity to work for the good of consumers, the good of industry and the good of the economy.

Policies Adopted in Other Countries

In recent times, globalisation, trade reforms and liberalisation have encouraged developed and developing nations to undertake new policy measures with regard to gold.

- The United Arab Emirates launched the Dubai Gold and Commodities Exchange in 2005 to tap into increasing gold demand in the Middle East. It now plans to construct one of the world's largest state-of-the-art refineries in Dubai to lure buyers from India and China.
- Australia has undertaken several successful initiatives to ramp up gold production.
- Singapore has launched a number of gold investment products and is now keen to become a reference centre for gold prices in Asia.



We analyse two of the world's largest consumers of gold, Turkey and China. We assess the initiatives they have adopted, the consequences of those initiatives and the lessons for India.

Turkey

The Past

In 1980, the foreign exchange and commodity markets were de-regulated. Three years later, a ban on jewellery exports was lifted and in 1985, the central bank was given responsibility for importing gold against the Turkish Lira.

In 1993, the import of gold was opened to the private sector, ending the gold bullion import monopoly of the Türkiye Cumhuriyet Merkez Bankası (TCMB), the Central Bank of Turkey, and in 1995, the Istanbul Gold Exchange (IGE) was established.

These measures resulted in a surge in popularity of gold as a savings vehicle, particularly as the economy faltered. There was a sharp increase in the import of gold, which led to a steep rise in the loan deposit ratio of Turkish banks and an increase in the current account deficit.

Policy and Product Initiatives

The Turkish government has taken several bold steps to monetise gold in Turkey and reduce its current account deficit. Working with the Central Bank and the gold industry, the government has improved market infrastructure and encouraged banks to develop suitable gold investment products. Key initiatives are listed below.

1. Establish a strong gold infrastructure

Recognising the importance of an effective infrastructure, Turkey set up the Istanbul Gold Refinery in 2002. Turkey now has three world-class London Bullion Market Association (LBMA) certified refineries that produce gold bars and coins and have facilitated the development of a well functioning domestic market.

2. Inclusion of Gold in Bank Reserve Assets:
In 2011, the Central Bank of Turkey allowed commercial banks to use gold owned by them or deposited by customers as a reserve asset. The policy was initially limited to 10 per cent of reserves but it was gradually increased and today stands at 30 per cent.

3. Accredited Assaying Units for Non Standard Gold:
Turkey has established accredited assaying units where non-standardised gold can be taken and appropriate certificates can be obtained on the basis of tests. These certificates are accepted by authorised buyers and sellers of gold throughout the country.

4. Standardisation of Price:
The Istanbul Gold Exchange fixes a standard price for gold in Turkey, derived from the London price fix.

5. Standardisation of coins (Turkey Branded Coin):
The Turkish government has launched a branded coin which can be bought by retail investors and is the only form of gold coin sold at authorised outlets.

6. Access to Gold Bullion:
Members of the public cannot import physical gold but they can access gold through the Istanbul Gold Exchange. Members include banks, currency exchange offices, precious metal companies, gold mining companies and gold refineries.

7. Introduction of a Gold Account:
The government has introduced the concept of gold accounts, so that Turkish nationals can deposit gold, receive coins and bullion in return and receive interest in grams of gold. Account holders can redeem their deposits at the prevailing gold price. Following the introduction of these accounts, Turkiye Is Bankasi AS (ISCTR), Turkey's largest bank, has increased its gold deposits tenfold in the last 2 years.

8. Introduction of Gold-Based Investment Products:
Several gold-based investment products have been successfully introduced in Turkey: the Gold Demat Account (paper gold); the Gold Time Account (similar to the Indian GDS); the Gold Based Mutual Fund where 50 per cent is invested in gold-based capital market instruments; and the Gold Pension Fund.

9. Access to Gold Collateral Loan and Credit for Customers backed by Gold Deposit:
Turkish commercial banks offer gold-backed loans and access to credit cards and Turkish Lira on the back of customers' gold deposits. Banks are also used to buy and sell gold.

Results

- These initiatives have had remarkable results.
- In the past two years, Turkey has successfully monetised around 300 tonnes of gold.
- Allowing banks to use gold as part of their liquidity reserves was a critical step, incentivising the financial sector to create products that would shift consumer appetite away from physical gold.
- Creating a strong gold infrastructure has enhanced Turkey's status on the world gold stage, increased trust in the domestic market and encouraged investment.



- Standardisation of the gold price has created a more efficient market and facilitated the monetising and recycling of gold in Turkey.
- Incentivising banks to become part of the gold monetisation process has encouraged consumers to bring gold out of their homes and into the financial system.
- A positive focus on the gold market saw Turkey's domestic gold production rise from 1.4 tonnes to 33.5 tonnes between 2001 and 2013. The Turkey Gold Mining Association (TGMA) is targeting 50 tonnes of production by 2015.
- The launch of innovative gold products such as the gold deposit account, gold card, gold cheque, gold ATM etc. has reduced dependence on imports. This contributed to a narrowing of Turkey's current account deficit, which decreased from $77 billion in 2011 to $59 billion in August 2013.

Lessons for India

- Strengthen domestic gold-related infrastructure to bring consistency to the gold market.



- Allow banks to use gold as part of their liquidity reserve with the Reserve Bank of India.
- Create world-class refineries to produce standardised gold of an internationally accepted standard.
- Introduce state-of-the-art assaying units so the quality of gold products can be assessed quickly and easily.
- Establish a separate entity, such as a Gold Board, to focus on gold dealings and matters related to trading of gold.
- Establish a uniform price fixing authority, such as a Gold Exchange, whose prices would be followed across the country.
- Improve the regulatory framework, structure and marketing of gold-based products such as Gold saving schemes.
- Encourage the launch of more innovative gold-related products to shift retail investors' interest from physical gold.

China

The Past

In 1983, the People's Bank of China (PBoC) assumed full control of the bullion market. During this period, gold trade centred on scrap gold recycling in small scale workshops with limited output.

In 1995, consumption tax on gold jewellery was reduced from 10 per cent to 5 per cent and three years later, the PBoC started importing gold from three foreign institutions, UBS, HSBC and Investec.

Policy Initiatives

In the early 21st century, the Chinese gold market underwent massive reforms. The PBoC remained the main policy-making body for the Chinese gold



industry but other institutions were established to formally develop the market.

1. In 2001, the China Gold Association (CGA) was established to act as an intermediary between the Chinese government and gold producers. It plays an essential role of protecting business interests and providing market information and advice.

2. In the same year, the State Price Bureau formally abolished retail price control and the Shanghai Gold Exchange (SGE) was opened on a pilot basis. A year later, it started official trading. The prime aim of the SGE is to organise and coordinate gold transactions in China. Most of China's gold - domestic production recycled gold and imported goods - flows through the SGE and market participants trading through the Exchange are exempt from value added tax (VAT). The SGE monitors 55 vaults across 37 cities and thus keeps a check on gold volumes. The SGE also monitors gold quality and only allows the trade of gold with a purity of 99.95 per cent or above, processed by an LBMA-approved refinery or SGE recognised refiners. Most recently the SGE announced the creation of the International Board to support the development of the Shanghai Free Trade Zone (SFTZ) as an international hub for gold.

3. In 2004, the formal prohibition on the import of gold bullion was lifted.

4. In 2007, China became the largest producer of gold.

5. In 2008, HSBC, Scotia Mocatta, ANZ, UBS and Standard Chartered Bank became the first foreign banks to join the SGE.

6. The Shanghai Futures Exchange (SFE) was formed in December 1999 and in January 2008, it traded the first gold futures contract. This allows traders, miners, bankers and other stakeholders to access financial risk management products. The SGE plans to launch a trading platform for international institutions to further integrate the Chinese and global gold markets. There are also plans to develop the SFTZ so it can play a more important role on the international gold market.

7. In 2010, the Industrial and Commercial Bank of China (ICBC) launched China's first Gold Accumulation Plan and four more banks were issued licences to import gold: Industrial Bank, Shenzhen Development Bank, Minsheng Bank and Bank of Shanghai.

8. In 2011, the Bank of Communications received a licence to import gold. In the same year, ANZ and HSBC became the first foreign banks to be allowed to trade gold futures on the SFE.

9. Over the counter (OTC) interbank trading was permitted between banks in 2012, cleared through the Shanghai Gold Exchange (SGE).

10. In 2013, China became the world's largest consumer of gold. In the same year, the first ETF was launched in China and ANZ and HSBC became the first foreign banks licenced to import gold to China.

Results

- The Chinese gold mining industry doubled output between 2003 and 2013 and is now the largest gold producer in the world. In 2013, gold production in China reached 437 tonnes, about 15 per cent of the global market as per Thomson Reuters GFMS. State exploration programmes combined with foreign and domestic investment have primarily driven this growth. The CGA has also played an important role.

- Refining has also increased significantly. Eight LBMA-approved refineries were set up in recent times, whose output flows through the SGE.

- Clear guidelines protect gold investors and jewellery consumers. The SGE follows a strict quality control policy and in 2011, the National Gold Standardisation Technical Committee published a national standard on 'high pure gold'. This was designed to ensure the purest gold was used in the high tech industry but also helped to open up China's physical trading market.

- The retail jewellery industry has expanded dramatically in recent times. Shenzhen is now the world's largest gold jewellery manufacturing base, contributing almost 70 per cent of China's production. Artisans and local manufacturers, represented by the Shenzhen Gold & Jewellery Association, supply finished goods to retailers across the country.

- Bullion banks have played a strategic role in the development of China's gold market, especially



now that the import market has been opened up. Following the lifting of the ban on private ownership of bullion in 2004, Chinese banks have been instrumental in developing a supply side infrastructure. They now offer a range of financial products linked to gold, including the Gold Accumulation Plan and bullion in small denominations.

Lessons for India

- Develop an effective gold infrastructure with a focus on gold refineries and gold accreditation centres. Gold refineries will help to create gold bars of an internationally accepted standard. Accreditation centres will certify the purity of gold products.

- Create a gold hub, focused on domestic gold trade. This will allow India to play a more important role on the international gold market, reflecting its status as a top two importer. A gold hub would allow India to influence the gold price and the gold fix and ultimately become a centre for Asian trade.

- Create a standard price fix which should be valid throughout the country.

- Encourage banks to improve gold-based products through better marketing and easier process. The RBI should also incentivise banks to enhance investment products.
- Encourage the development of the gold jewellery industry. As the main exporter of gold in India, the industry should be given more prominence as well as benefits to promote the export of gold jewellery.

End Note

[1] "An Introduction To The Indian Gold Market" by Nigel Desebrock, Grendon International Research Pty Ltd, 2002

Key Points

- Restrictive policies tend to encourage smuggling rather than dampen demand
- In other countries, gold makes a positive contribution to economic growth.
- Turkey has monetised around 300 tonnes of gold in just two years. A strong market infrastructure provided the foundation for this achievement.
- Allowing banks to use gold as part of their liquidity reserves gave them a crucial incentive to encourage customers to monetise their gold.
- In China, a holistic view of the gold industry has resulted in robust infrastructure, an efficient market and a standardised gold price.

Developing An Effective Policy For Gold In India




Thermo


HD2
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1 KILO
FINE GOLD
999.9


GOLD RATE
1 Gram
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2830
22640
2801


FINE
GOLD
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4. Developing an Effective Policy for Gold in India

Policymakers in India have often seen gold as a problem. Assuming that increased demand for gold is inextricably linked to a rising current account deficit, policy has primarily been formulated around attempts to restrict consumption.

While some such measures can deliver short-term results, their long-term impact is open to question.

In this chapter, we suggest ways in which India's affinity to gold can be used to economic and fiscal advantage, turning a serial problem into a long-term asset.

As our survey reveals, India's demand for gold remains undimmed. Looking to the future, it is likely only to increase, fuelled by economic progress and a fast-growing middle-class.

In rural areas, in particular, investment products such as equities, mutual funds or bonds attract little interest. Gold is by far the most popular investment asset.

What our survey does show however, is that people are willing to deposit their gold in return for interest, even if the gold they receive on redemption is different from the gold they deposited.

The survey also indicates that consumers would respond to a stronger gold infrastructure and a more standardised market, particularly with regard to price.

Our findings indicate that a comprehensive national gold policy would allow gold to realise its potential in India and work for the economic good of the country.

Looking at the results of our research, it would seem that a 'National Gold Policy' would be most effective if specific policy initiatives were grouped under four heads:

i. Develop a more robust gold infrastructure
ii. Standardise gold, in terms of pricing, quality and assaying
iii. Drive the development and uptake of gold-based investment products
iv. Grow gold-based business output in India

We outline these initiatives in more detail below.

A Robust Infrastructure

A fully functioning mobilised gold market requires a robust infrastructure, backed by a synthesised approach from government. Such a programme could best be developed through the creation of a Gold Exchange and a Gold Board or Bullion Corporation.

Establish a Gold Exchange

The buying or selling of gold in India takes place through many channels, formal and informal. Prices vary across both channels and regions and arbitrage is high.

A dedicated institution focused on gold trading could create a national pricing structure for gold, derived from the London fix. This would reduce the potential for arbitrage and aid standardisation.

An exchange would also improve price transparency and assess gold supply and demand.

A spot exchange for gold would also involve the construction of high quality storage and vault

facilities, which would further benefit India's gold infrastructure.

Establish a Gold Board or Bullion Corporation

Such an institution would play a crucial role in formulating a balanced and inclusive gold policy that is both sustainable and dynamic. It would manage the import of gold, encourage exports, facilitate infrastructure development and ensure the Indian gold market functions to maximum effect. Other responsibilities would include:

- Providing refinancing facilities to institutions lending against gold collateral.
- Helping to create accredited assaying units across the country.
- Participating in the development of internationally recognised refineries.
- Drafting guidelines and regulations for the standardisation of gold.
- Developing policy measures to assist the monetisation of domestic stocks of gold.
- Contributing to the growth of gold-backed investment products.

Develop Accredited Refineries

Accredited gold refineries play an essential role in well-functioning markets. Dubai has recently announced the setting up of a gold refinery, largely to cater to Indian gold demand. It would seem logical to focus on raising the standard of India's own gold refineries. Dependence on imports for top quality gold contributes to the current account deficit in India.

As a first step, domestic refineries should be given a roadmap and guidelines, in line with international standards, such that they can swiftly become



accredited. In the medium term, policies should be drawn up to encourage the establishment of new LBMA-accredited refineries, or even upscaling existing refineries to meet LBMA standards.

Standardisation of Gold

Standardisation should take place in three forms - price, assaying and quality. Fixing the price of gold through an Indian Gold Exchange would address pricing issues. Assaying units would improve the assaying process and contribute to more consistent quality. A branded India gold coin would further enhance quality consistency and encourage national pride in India's gold market.

Standardisation of Assaying Units and Certification

There are many assaying units in India but assaying techniques are not standardised and certificates are not universally accepted as proof of quality even from reputed assayers. This urgently needs to change to encourage households to put their trust in gold-backed products, such as the Gold Deposit Scheme. Assaying units also need to be established in tier two and tier three cities in India.

Issue Guidelines for Compulsory Quality Certification of all Forms of Gold

While many larger firms and jewellers in India certify their gold products, smaller shops do not. Compulsory quality certification will encourage accountability, foster an environment of trust and establish an audit trail between manufacturer, retailer and purchaser.

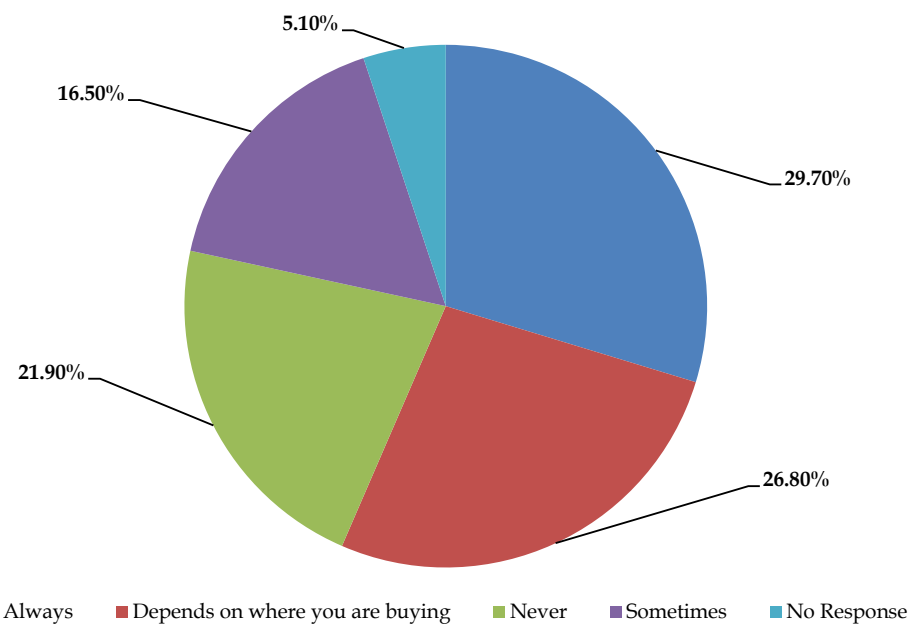
Our survey reveals that 30 per cent of respondents always insist on quality certification. Just over 40 per cent vary their stance according to where their purchases are made and 21 per cent said they never ask for quality assurance (Figure 4.1). This highlights the localised, relationship-driven nature of gold buying and selling. However, for the Indian gold market to achieve its potential, consumers should be able to buy and sell gold through multiple channels, while still being assured of its quality. Without this element of standardisation, monetisation will remain elusive.

Develop Branded India Gold Coins

Many countries have a national branded gold coin, particularly those where demand for gold is strong. More than 80 per cent of respondents to our survey were receptive to the introduction of an India branded gold coin and most favoured a standard coin minted by a trusted source, such as the Reserve Bank of India. Respondents also believed that the issuing authority should fix the coin's buying and selling price (Table 4.1).

The creation of a national branded coin, of uniform price and quality would address the trust deficit that exists around the buying and selling of gold. It would thereby encourage consumers to make purchases and sales across a wider variety of channels than at present.

Figure 4.1: Asking for Quality Certification when Gold is Purchased



Source: FICCI Gold Survey

WORLD GOLD COUNCIL

Table 4.1: Preferred Features of India Gold Coin

Features	Percentage
Standard 24 carat gold coins minted only by RBI	77.68%
Per gram buying and selling price to be fixed by RBI on a daily basis	48.12%
Availability of these coins across all the existing channels	48.38%
Accepted by banks and other financial institutions as repayment of loan in addition to money	36.57%
Banks and Financial Institutions will buy back 'India Gold Coin'	39.77%
Can be bought/ordered directly from RBI	26.78%
Can be bought/ordered through exchange of unbranded gold coins	4.85%

Source: FICCI Gold Survey

Drive the Monetisation of Gold

The monetisation of gold in India would help to transform gold from a perceived liability to a core asset, capable of preserving wealth and supporting economic growth.

A strong infrastructure and standardisation of price and quality are essential steps in the process. However, there are 3 other key steps.

1. Incentivise banks and NBFCs to engage in the process.
2. Revitalise the Gold Deposit Scheme.
3. Enourage the launch of other gold-backed investment products.

Incentivise Banks

As we state above, the Central Bank of Turkey allows commercial banks to use gold collected as deposits or collateral as part of their liquidity reserves. Initially, the percentage of gold used was limited to 10 per cent. Now it is 30 per cent. The results of this initiative have been manifold.

i. In less than two years, around 300 tonnes of gold has been monetised.
ii. Banks have launched a number of innovative gold-related products
iii. Banks have marketed these products and encouraged customer awareness.
iv. Banks' gold stocks have increased.
v. Gold has been widely used to meet reserve requirements.
vi. Released liquidity has allowed commercial banks to grow their loan books.
vii. Foreign exchange reserves have increased.

If India allowed its banks to use gold as part of their liquidity reserves, similar outcomes can be expected.

At present, financial products linked to gold have been poorly marketed. Many consumers are unaware of them and they are poorly understood. If banks were able to include gold in their reserve calculations, they would be financially incentivised to innovate, market and explain gold-based products.

As part of this process, banks would need to become a recognised channel of repurchase for gold. At present, consumers can only sell their gold in jewellery stores. Allowing banks to repurchase gold is clearly an essential step in the monetisation process.

Set Up Gold Authorised Dealers

These could act as an alternative channel of repurchase of gold. Dealers could be registered on the Gold Exchange and perhaps accredited by the Gold Board. Assaying units could take on this role, as could registered foreign exchange dealers. The creation of authorised gold dealers would expand the number of sales channels and consumers could be offered money, travellers' cheques or foreign currency, particularly if dealers were located in international airports.

Revitalise the Gold Deposit Scheme

The survey indicates that consumers would be willing to deposit their gold for interest. This is a key finding.

To date, however, few have done so. Obstacles include the paucity of banks offering the GDS, the size of required deposits, the way in which customers are repaid and timely valuations. Developing and enhancing current gold infrastructure will facilitate the valuation process. Banks also need to reduce minimum deposit amounts and consider repaying consumers in cash, as highlighted in our survey.

Introduce Gold-Backed Financial Products that are Easily Understood

Financial literacy is at an early stage in India and many products are poorly understood. Take-up of gold-based financial products would be enhanced if these products were straightforward and had close links to the physical market. The Gold Savings Account is a case in point.

Ensure Appropriate Tax Incentives are in Place

Tax breaks have been widely shown to encourage consumer demand for gold-based savings and investment products. Gold savings mutual funds should include income tax benefits, much like Equity Linked Savings Schemes. Gold-backed pensions and insurance products could also be introduced, thereby monetising gold's central role as a long term wealth preservation asset.

Grow the Gold Business in India

India's jewellery is predominantly handmade, but this traditional craft is not well recognised or appreciated, particularly outside India.

If Indian jewellery were properly branded and marketed, it could become an internationally recognised brand, in much the same way as 'Swiss-Made' watches. Establishing Indian handcrafted jewellery as a recognised global brand could encourage the development of the trade as a tourist attraction, nurture the talent of skilled labourers in the sector, the karigars, and drive economic growth.



Developing a Brand

International recognition of Swiss-made watches was no happy accident. Instead, it was part of a coordinated push by the Swiss government, manufacturers and retailers. India could follow suit, using Switzerland as an inspiration and an example from which to learn.

A Welfare Scheme for Karigars

A welfare scheme for the artisans or karigars who make jewellery in India would encourage them to become part of the official market in India. This would drive standardisation and transparency, enhance exports and increase contributions to the Exchequer.

Coordinate the Development of the Industry

Indian jewellery has huge potential. Well-marketed, organised and branded, it could make a meaningful contribution to the domestic economy, generate employment and put India's affinity with gold to best advantage.



The World Gold Council research indicates that a coordinated approach to this industry could increase exports five-fold from the current $18 billion. As the industry develops, there would be opportunities to increase job numbers, improve earning capacity and drive economic growth.

Key Points

- Indian households are holding around 22,000 tonnes of gold at home.
- This has an estimated value of more than $1 trillion.
- Effective policy could unlock household gold and put it to work in the economy.
- In order to unlock that gold, India needs to implement a number of key long-term measures.
- The infrastructure on which the gold market is based must be upgraded.
- Gold pricing and quality needs to be standardised.
- Banks should be allowed to use gold as part of their liquidity reserves.
- This would incentivise them to market existing gold-based products and create new ones.
- Consumers are willing to part with their gold if investment and savings products are properly structured, properly marketed and properly explained.
- The Indian gold jewellery market is under-exploited. Correct branding and marketing would increase its economic contribution and generate employment.
- Adopting the right policies would allow gold in India to take its rightful place as a national asset, not a liability.

Annexures

Annexure 1

Methodology of the Report

This report has been undertaken based on rigorous research of secondary data; an extensive primary survey of 5000 respondents across 33 cities across India; four roundtable discussions with various economists, policy makers, regulators and all those in the business of gold and focused interviews with stakeholders. The survey questionnaire for the primary survey was designed to capture data on the profile of the respondent; buying and selling pattern of gold; investment patterns of the respondent; drivers for sale and purchase of gold; reasons for purchase of gold; reactions of respondents to new (some existent and some fictitious) gold-backed products and their likelihood to invest in the same. Four roundtables were held in Mumbai, Chennai and Delhi. Each roundtable had representatives from banks, financial institutions, gold loan companies, jewellers, asset management companies, bullion traders, refiners, to name a few. The deliberations at these roundtables aided the authors in drafting the questionnaire and in arriving at policy recommendations. The focused interviews with various stakeholders helped the authors to lay out the value chain of gold in this country, detailing points of origin and final destination and the interplay between different stakeholders.

Sampling Strategy

In order to capture the buying and selling pattern of gold, people's perception towards the metal and their preference for gold-based financial products, amongst others, a primary survey was undertaken. The survey was conducted across thirty three cities across tier one, tier two and tier three categories, as classified under the Sixth Central Pay Commission, 2008, Ministry of Finance. The total sample size is 5006 (five thousand and six).

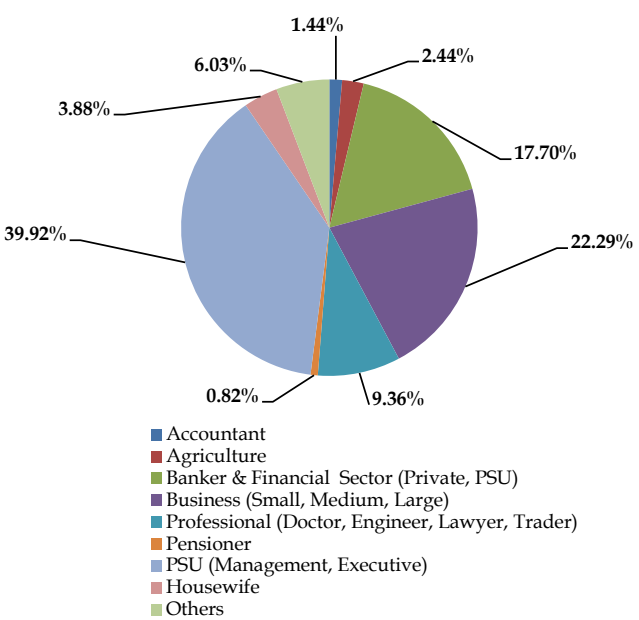
Profile of Respondent and Respondent Household

Almost all the respondents are employed (Figure A1.1). Only a small percentage of the respondents were homemakers (3.88 per cent) or pensioners (0.82 per cent).

Over 67 per cent of the sample has been married for over two years. This data was captured (Figure A1.2) to factor in any specific increases in the purchase of gold in the recent time either towards the respondent's marriage or engagement. Less than 10 per cent of the sample is engaged or has been married for less than two years.

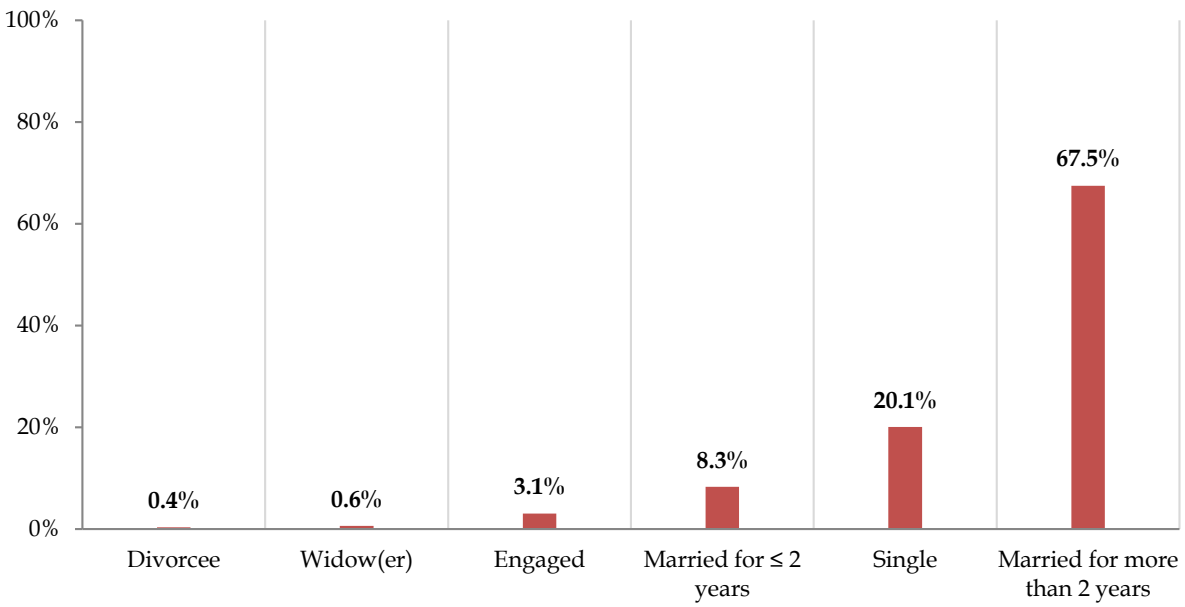
As the purchase or sale of gold has often been viewed as a collective family decision, where more often than not, purchases are made for dependents rather than

Figure A1.1 Occupation Profile (N=5006)



Source: FICCI Gold Survey

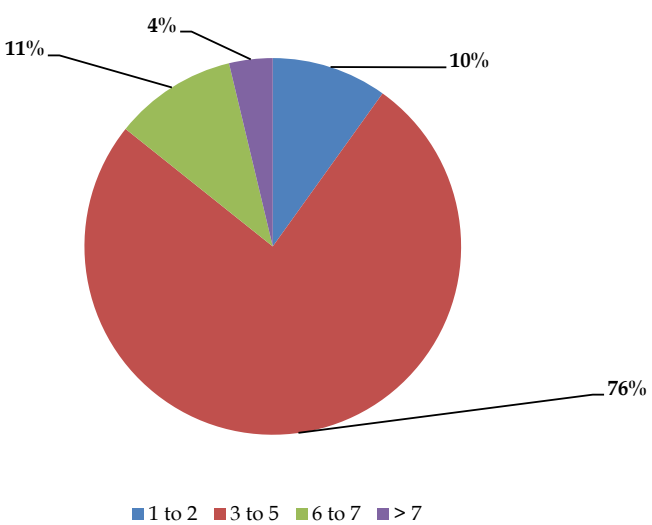
Figure A1.2 Marital Status (N = 5006)



Source: FICCI Gold Survey

for self, it was imperative to capture the details of the household of the respondent. The majority of the households consisted between three to five people (Figure A1.3). For the purpose of this survey, the definition of household was restricted to husband and wife, their respective parents, their children and any other dependent who may be present in the family.

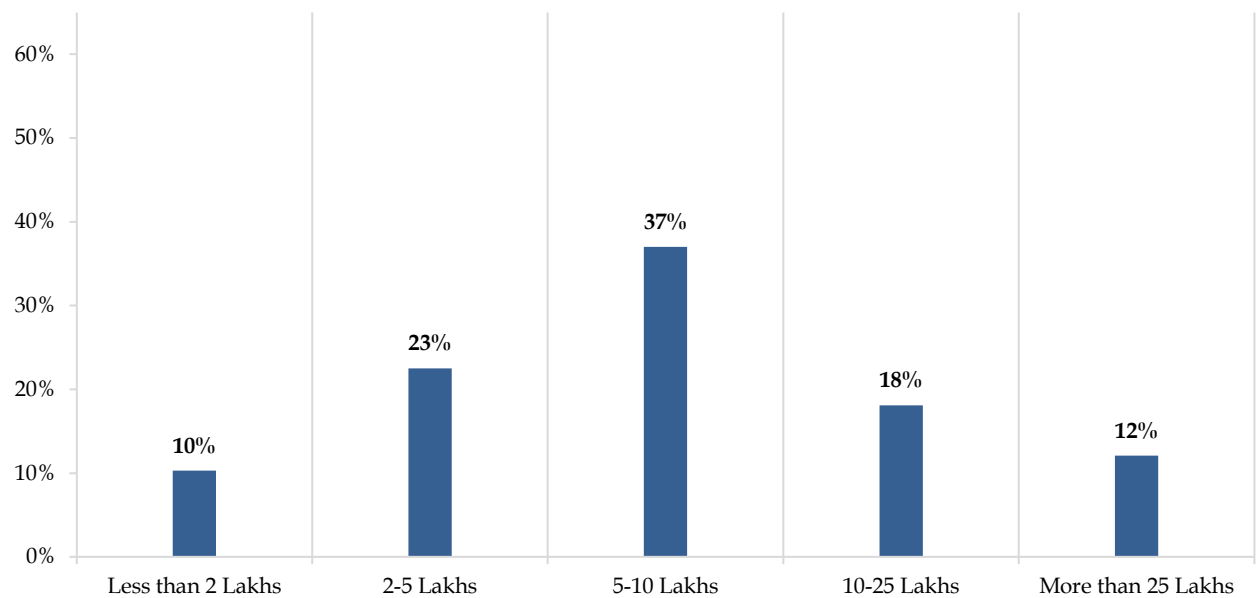
Figure A1.3 Distribution of Respondent by Household Size (N = 5006)



Source: FICCI Gold Survey

Of the total respondents, a little over 50 per cent of the sample has a household income between ₹ 5 lakhs to ₹ 25 lakhs (Figure A1.4). The total number of people in the households of the respondents totals 20,424 (twenty thousand four hundred and twenty four). When inquired about the number of earning members and number of dependents, education levels and gender split of the household (Table A1.1 and Table A1.2), it was seen that the number of dependents and working members were almost equal. Sixty per cent of the total number of household members are male. Nearly 65 per cent of the members of the household are between the age group of twenty one to fifty years. Only a small percentage of the members of the household are illiterate (453 members) and are unemployed (405 members). There are 2,669 members of the household who are homemakers and a little over 3500 members of the household who are students. The mix of the household provides us a bird's eye view of an average family in India that buys gold.

Figure A1.4 Household Income



Figures in ₹

Source: FICCI Gold Survey

Table A1.1 Household: Earning vs. Dependent; Male vs. Female

Earning Status	Frequency	
Earning	10308	
Dependent	10116	
Gender	**Frequency**	
Male	12413	
Female	8011	
Household: Gender With Earning/Dependent	**Frequency**	
	Male	Female
Earning	8444	1864
Dependent	3954	6162

Source: FICCI Gold Survey

Table A1.2 Household: Education and Age

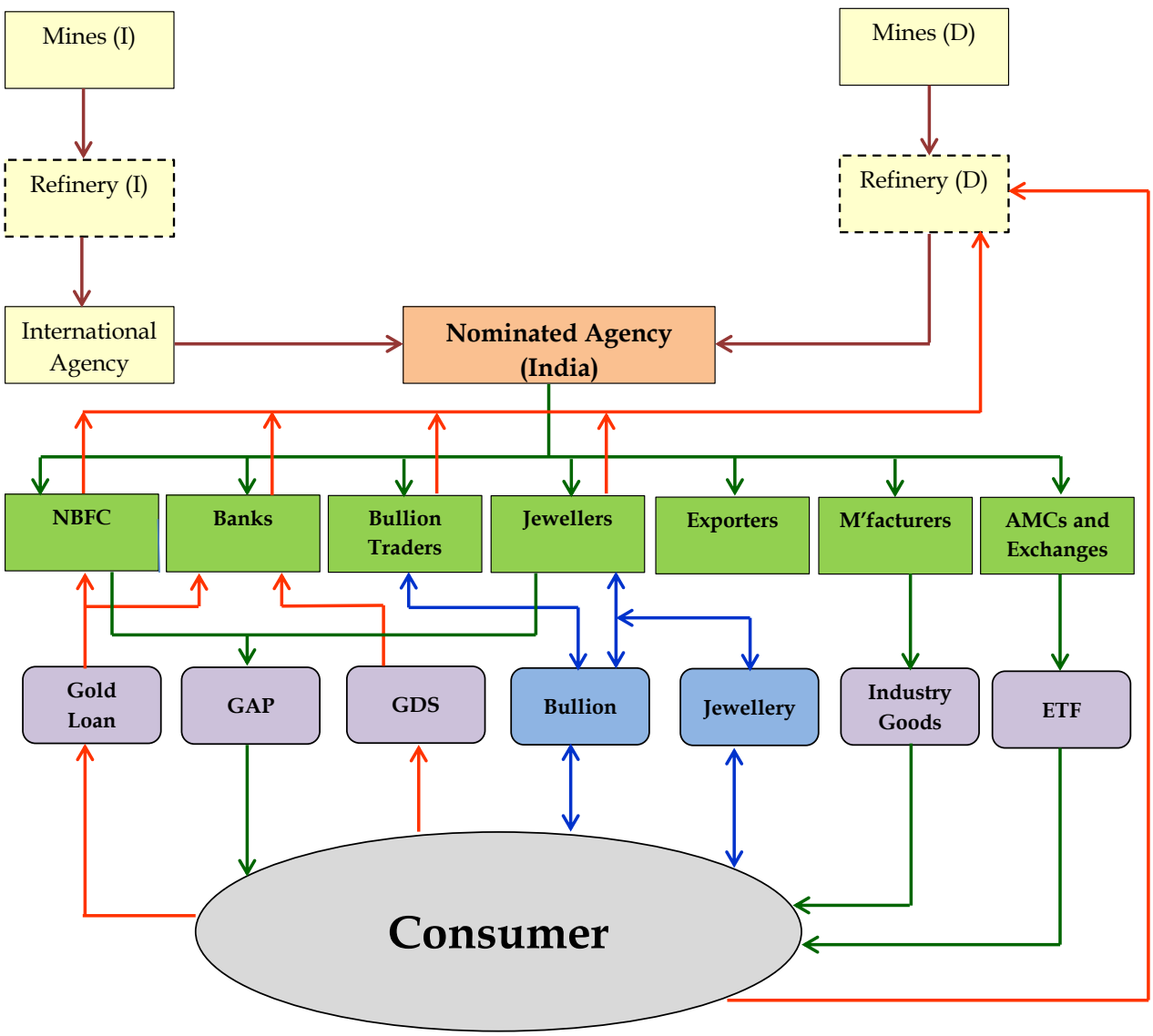
Education	Frequency
Matric & Below Matric	6304
12th	3827
Graduate & Undergraduate	7867
Post Graduate & Above	1973
Illiterate	453

Age	Frequency
Less Than 10 Years	1958
11 to 20 Years	2670
21 to 30 Years	6174
31 to 40 Years	4094
41 to 50 Years	2812
Above 50 Years	2716

Source: FICCI Gold Survey

Annexure 2

Figure A2.1 Value Chain of Gold in India



Note: *I - International*
D - Domestic

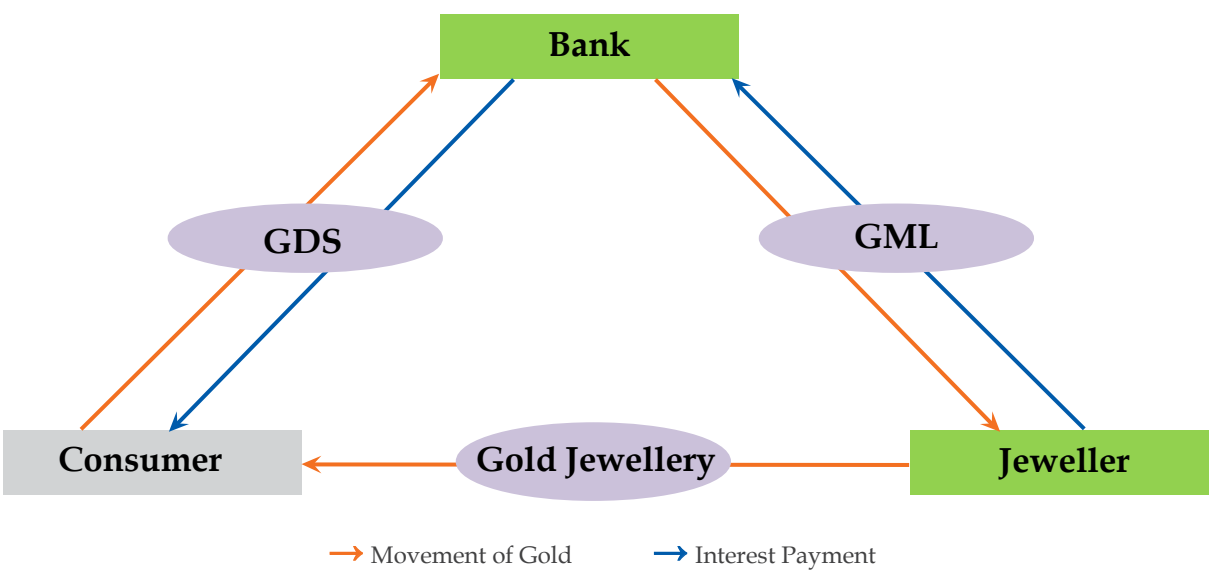
Gold Deposit Scheme and Gold (Metal) Loan

The need to revamp the Gold Deposit Scheme (GDS) as it stands today in order to encourage greater retail participation is evident. However, in order for the collected gold to be truly monetised and for it to have an impact on gold imports, the gold collected by the banks will have to be deployed back into the economy. The ideal way to do so would be through the Gold (Metal) Loan (GML) offered by banks to gold jewellers, manufacturers and exporters.

Gold that is deposited by the consumer in the bank, as per the specifications of GDS, is melted and refined and converted into gold bars. This gold could then be lent onward by the bank to the jeweller (or exported) through GML. The jeweller uses this gold (instead of relying only on gold received through imports) to manufacture jewellery that is sold to the consumer. In turn, the interest that is paid by the jeweller on the loan is passed on, in part, by the bank to the consumer as interest on the gold deposit (Figure A2.2).

For the GDS to be truly effective, the scheme will have to be linked to GML. This way the gold accumulated by the bank through the deposit scheme will actually be put to use in the economy thereby reducing the country's dependence on gold imports for manufacturing.

Figure A2.2 GDS and GML



Annexure 3

Roundtable Discussions

As a part of the study, a series of roundtable discussions were held with leading bankers, corporate, academicians, market specialists and various other stakeholders of the gold business such as jewellers, bullion traders, exporters etc. The discussion focussed on debating some of the popularly stated views on and policy related issues to gold business. These roundtables were held in three different cities namely New Delhi, Mumbai and Chennai which helped us to understand the different nuances of gold business pertaining to these regions. The major points of the discussions were as follows:

- Comparison between gold business in the present day to that of five years back.
- Impact of recent changes in import policy of gold on economy, investors, traders and consumers.
- Relationship between gold import and current account deficit (CAD).
- Requirement for a national gold policy.
- The need to set up a separate body that will be solely responsible for policy formulation, product related issues, price fixing and customer grievances related to gold and gold products.
- Revitalising the gold deposit scheme (GDS).
- The need to identify the real drivers of gold demand and offer products that can replace the demand for physical gold.

There was broad consensus amongst the participants that CAD is a point of concern in India but gold imports are not the sole factor behind a worsening CAD. Hence, restrictions on import of gold is not the solution to solving the CAD problem. It was widely accepted that exports across sectors has not contributed sufficiently, thereby, leading to the deficit. To some extent it was also due to the higher import of coal and lower export of iron ore. Even though everyone agreed that the restrictions on import of gold has helped in minimising the deficit to an extent, this is only for a short while. There is in fact anecdotal evidence that the price arbitrage, between India and other countries, created by the increased import duty on gold is encouraging illegal flow of gold. We should also take into account that India has the largest young population in the world and going by our traditions we buy gold mainly for weddings and festive occasions. This certainly provides a structural boost for gold consumption and therefore any conceived policy directive will have to take into account the likely increase in gold consumption.

It was agreed that there is a lack of gold-backed investment products which can offer attributes which will lure the consumers away from investing in physical gold. Since investors commonly invest in gold due to its easy liquidity and due to its high hedging value, a common conclusion was reached that to deter people from investing in physical gold more sophisticated gold-backed products should be introduced in the market. These products should have easy liquidity, should be of low risk and must be self sustaining, that is, their dependence on gold imports should be negligible.

It was also agreed that gold loan and gold deposit scheme are the most preferred routes of monetising gold, but a clear distinction was established between monetising gold bullion and gold jewellery. While GDS would be effective in recycling gold bullion, gold loans – on the other hand – would monetise (through credit) the privately held jewellery. Gold loans also contribute to financial inclusion and one needs to see how banks can play a bigger role in this area. It was suggested that a process can be put in place through which the gold

bullion that is used as collateral in gold loan can be used for onward lending as gold metal loan.

It was widely accepted that the Gold Deposit Scheme (GDS) should be actively pushed by banks as it is one of the most effective channels through which privately held gold, mostly bullion would come back into the economy. Banks from the southern states confirmed to have received a reasonable amount of gold deposit through the GDS scheme, owing primarily to regional temples but they find themselves inadequately equipped to accept jewellery due to lack of requisite assaying facilities. It was observed that there is an acute need to create additional infrastructure in the long run but in the mean time, banks and refineries need to come together and use existing infrastructure to an optimum level. For example, most refineries in India today run at sub-optimal levels of capacity utilisation (around 25 to 30 per cent). Lack of standardisation (through infrastructure) has contributed to the slow uptake of the GDS in India. Achieving standardisation would allow banks to reduce the amount of minimum deposit in the GDS and offer more attractive interest rate on the gold deposits. This would allow individuals to deposit their gold asset in GDS, irrespective of the stock (small or large) owned by them. Upgradation of standardisation includes, hallmarking, upgrading refineries to LBMA standards, exploring gold mining prospects and opening more assaying facilities around the country.

It was suggested that for more banks to actively take up and push GDS they would have to be suitably incentivised such as allowing the gold collected through GDS to be included either partially or fully towards their reserve. Additionally, a stable import duty regime for GDS may catalyse the scheme. A possible assurance that import duty will not be increased, for at least GDS alone, will help banks in hedging price risk.

There was consensus amongst all the participants that to enhance GDS and develop investors' interests in this scheme, the Government should adopt an amnesty scheme, where investors will not be scrutinised when depositing gold for GDS. Of course, this decision has to be made as part of a wider approach to encouraging gold stock to re-enter mainstream circulation. Additionally, a tax exemption may be given to those participating in GDS.

It was suggested that banks and non-banking financial companies (NBFCs) are co-opted into the gold market so that there is an alternative channel for sale of gold with better transparency.

Emphasis was laid on the need for a comprehensive national gold policy which covers issues related to buying/selling and import/export.

It was suggested that a separate 'Gold Exchange' be created which will regulate and monitor issues related to gold dealing. Apart from being responsible for regulatory aspects of gold dealings, it will also undertake price fixing of gold on every day basis for the domestic market, work on standardisation issues, attend to policy advocacy and promote product innovation. Most importantly, it will also act as a buy back agency for gold. The need for such an entity was felt, considering how gold is treated as not just a mere investment product but as a product that is inherently part of the day to day life of the consumer. It was felt that gold needs to be treated not only as a separate product but also as a separate market, since it is more than just a commodity or a mere instrument for investment. Also, it was agreed that privately held gold does not come out in the market due to lack of formal channels of sale. With the Gold Exchange in place, it will act as an alternative formal channel of sale to jewellery stores. With the assurance of a government backed institution to give the best price for their gold, people will be more eager to part with their gold. Apart from this, the Gold Exchange will also act as a uniform price fixing authority all over the country which will be published on daily basis. This will help in bringing transparency and clarity in the trading of gold.

Stakeholders and Bankers Roundtable Discussion (Mumbai) held on 4th Dec 2013

Name	Designation	Organisation
C D Srinivasan	Chief General Manager – Forex	Reserve Bank of India
A. Karunagaran	Director	Reserve Bank of India
A K Gupta	Executive Director	Canara Bank
Neerja Nigam	Deputy General Manager	State Bank of India
I Unnikrishnan	Executive Director	Manappuram Gold Loan
G Chokkalingam	Founder Head	Equinomics Research Pvt Ltd
Manoj Bavakad	Assistant Vice President - Gold Banking	Gitanjali Group
Abhishek Gupta	President	Gitanjali Group
Sanjeev Mittal	Vice President & Country Head – India	Scotia Bank
Manish Goel	Director – ScotiaMocatta	Scotia Bank
Shekhar Bhandari	Executive Vice President	Kotak Mahindra Bank
Sanjoy Ghosh	Senior Vice President and Head of Operations	KP Sanghvi International Ltd.
Sanjay Datta	Head- Underwriting & Claims	ICICI Lombard General Insurance Co Ltd
R Srinivas Jain	Executive Director & CMO (S&IB)	SBI Funds Management Pvt. Limited
Chirag Mehta	Fund Manager - Commodities	Quantum AMC
Naveen Mathur	Associate Director	Angel Broking
Vivek Jalan	Senior Vice President	NCDEX
Suresh Devnani	Vice President	NCDEX
Sameer Patil	Senior Vice President – PKMT	MCX - Metal & Energy
Ranjith Singh	Senior Manager	MCX - Metal & Energy
Hiren Chandaria	Fund Manager - Commodities	Reliance Mutual Funds
K Yegna Raman	Assistant General Manager	Indian Overseas Bank
R K Sinha	Deputy General Manager	Bank of India
Vinod Pophale	Assistant General Manager	Central Bank of India
Vikram Mehrotra	Assistant Vice President	Axis Bank
Sanjeev Mittal	Vice President & Country Head - India	Scotia Bank
S. Ravi	Deputy General Manager	The Karur Vysya Bank Ltd
Rohit Kohli	Eexecutive Vice President	India Infoline
Somasundaram PR	Managing Director	World Gold Council
Rakhi Khanna	Head – Corporate Communication	World Gold Council
Vaijayanti Pandit	Vice President – Public Affairs	AdFactors PR
Nirupama Soundararajan	Addl. Director & Team Lead – Financial Sector	FICCI
Arindam Goswami	Research Associate - Financial Sector	FICCI
Supriya Bagrawat	Deputy Director - Financial Sector	FICCI
Jayashree Jakhade	Senior Assistant Director - Financial Sector	FICCI

Note: *Two rountables were held in Mumbai in succession, one for stakeholders and one for bankers.*

Economists Roundtable Discussion (New Delhi) held on 12th Dec 2013

Name	Designation	Organisation
Subir Gokarn	Director of Research	Brookings India
Swaminathan Aiyar	Consulting Editor	The Economic Times
Charan D Wadhwa	Professor Emeritus	CPR
Jaimini Bhagwati	RBI Chair Professor	ICRIER
Priyadarshi Dash	Research Associate	RIS
Gurbachan Singh	Visiting Professor	ISI
Rajesh Shukla	Professor	IHD
Laveesh Bhandari	Founder Director	Indicus Analytics
D K Aggarwal	Chief Managing Director	SMC Investments and Advisors Ltd.
Mayank Khemka	Managing Director	Khemka Group
Yuvika Oberoi	AVP & Economist	Yes Bank Ltd.
Somasundaram PR	Managing Director	World Gold Council
Rakhi Khanna	Corporate Communications	World Gold Council
Nirupama Soundararajan	Addl. Director & Team Lead – Financial Sector	FICCI
Arindam Goswami	Research Associate - Financial Sector	FICCI
Chetan Bhatia	Assistant Director – Financial Sector	FICCI

Stakeholders Roundtable Discussion (Chennai) held on 7th Jan 2014

Name	Designation	Organisation
K Rajendran	Executive Director	Repco Bank
R Balasubramanian	Deputy General Manager	Indian Bank
V Sivakumar	Assistant General Manager	Indian Overseas Bank
S M Annamalai	Manager	Indian Overseas Bank
V Sriram	Chief Operating Officer	IMaCS (ICRA Management Consulting Services Limited)
G Krishnamurthy	President - Finance & Corporate Affairs	GRT Jewellers
Subhasri Shriram	Executive Director & CFO	Shriram City
K Sridhar	Financial Controller	NAC Jewellers
K Ramalingam	Financial Planner	Holistic Investment
Chokkalingam Palaniappan	Director	Prakala Wealth Management Private Ltd.
James Jose	Managing Director	Chemmanur Gold Refinery Pvt. Ltd
Suhaan Mukerji	Partner	PLR Chambers (On behalf of Muthoot Finance)
Somasundaram PR	Managing Director	World Gold Council
Rakhi Khanna	Head - Corporate Communication	World Gold Council
Nirupama Soundararajan	Addl. Director & Team Lead – Financial Sector	FICCI
Arindam Goswami	Research Associate - Financial Sector	FICCI
Chetan Bhatia	Assistant Director – Financial Sector	FICCI
Rufus George	Assistant Director – FICCI TNSC	FICCI
Mr. K Gopala Nair	Executive Secretary	FICCI



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