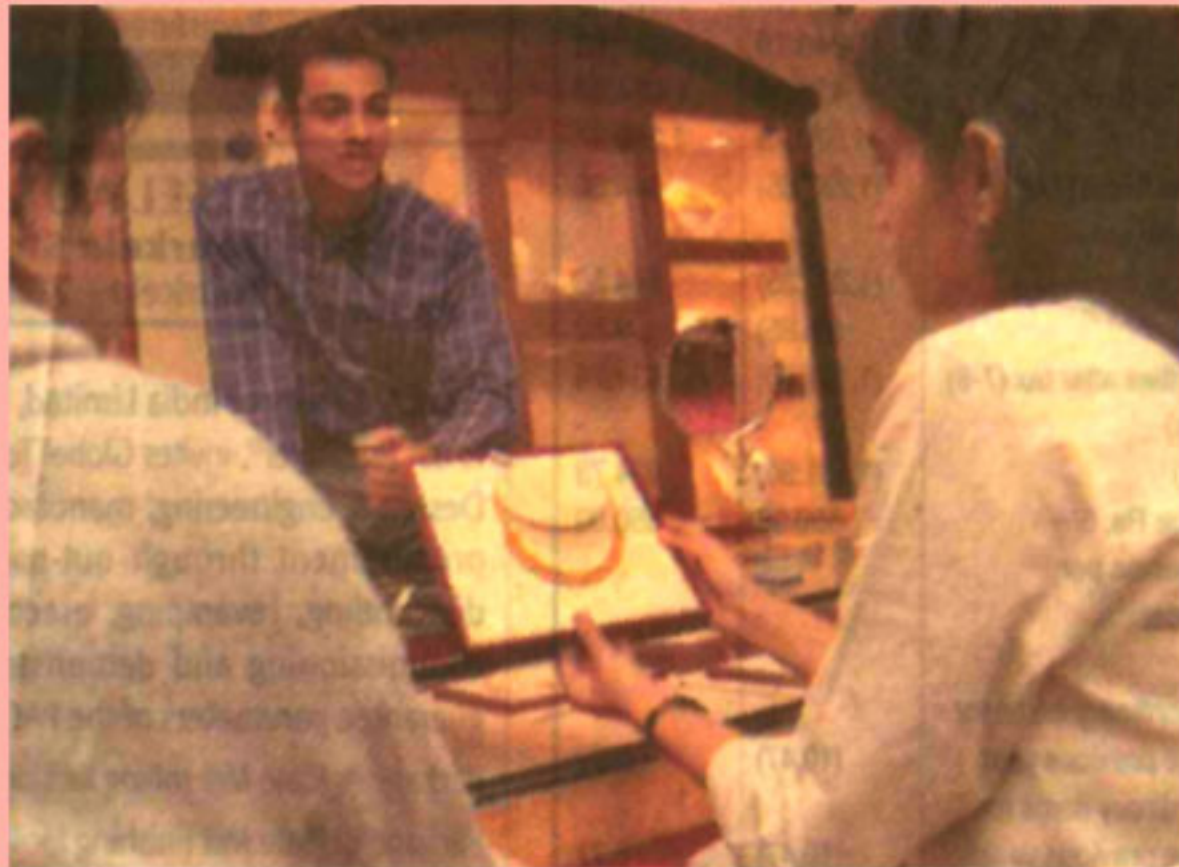


Coming soon, uniform gold price in the country



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The days of spot prices of gold differing from one city to another will soon be over. The launch of the Indian Bullion Market Association (IBMA), which will represent the Indian bullion trade and industry, will ensure the country now has a uniform price of the yellow metal.

The association, jointly promoted by National Spot Exchange Ltd (NSEL) and bullion trade organisations across the country, will announce a uniform benchmark price twice dur-

ing the day. The difference, if any, will only be due to varying taxes levied by the different state governments.

There is no mechanism at present to let consumers know the spot price of gold in different cities during the day. In Mumbai, the Bombay Bullion Association announces indicative prices of gold every evening.

The prices will be determined on the basis of actual buying and selling done on the spot electronic platform, NSEL, set up by the Financial Technologies Group. The mechanism will be similar to that followed by

the London Bullion Market Association (LBMA) which announces the global reference price every day in the morning and the evening.

Similarly, the prices determined by IBMA have the potential to set the benchmark in the sub-continent, given India's large share in the global trade volumes.

"The price declared by IBMA can at a later date be referred for global transactions also," Anjani Sinha, managing director and CEO of NSEL, said today.

IBMA was expected to catapult India as the price setter

in the global bullion trade, Sinha said. "With the creation of IBMA, we will be able to create a benchmark Indian spot price for bullion," he added.

IBMA will also address trade-related issues for the benefit of the bullion sector and will certify and accredit refineries for recycling qualitative gold bars.

The development is significant as a benchmark price can increase the bullion trade volumes dramatically.

Sinha said a truly uniform gold price across the country would be possible only after the introduction of the Goods and

Services Tax by March 2011.

IBMA has been set up with an initial capital of Rs 20 crore, in which NSEL will have a 51 per cent equity stake. The balance 49 per cent will be held by trade bodies and individuals.

"By bringing together bullion dealers and jewellers, IBMA will address global bullion issues and reduce disparity between domestic prices and international prices. It also aims to create linkages between the domestic stock of gold and silver," Bombay Bullion Association President Suresh Hundia said.