

# Online trading of Indian gold bars to start by month-end

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**O**NLINE trading of Indian gold delivery bars is likely to begin by June-end. At present, only imported gold bars (certified by the London Bullion exchange Market Association) are traded.

The technical committee meeting of the Indian Bullion Market Association (IBMA) held here on Monday detailed the terms and conditions for introducing online trading of Indian bars. "The technical committee of IBMA has approved the terms and conditions for Indian gold delivery bar, and by June-end the online trading is expected to start," National Spot Exchange managing director and CEO Anjani Sinha told ET. "A transparent physical market of Indian gold bar would come into existence with regard to its price, quality and weight," he added.

According to the conditions set by the technical committee, a refiner should have the minimum capacity of recycling 5 tonnes (per annum) for gold and 20 tonnes for silver. Its initial net worth should be at least Rs 1 crore.

The recycled gold of licenced refiners can be traded on the National Spot Exchange from 10am to 11.30pm. A registered trader can buy gold in demat or physical form from the exchange. Initially, gold would be traded in the denominations of 8 gm, 10 gm and 100 gm. Since major portion of the imported gold is of the size of 100 gm and 1 kg, one has to pay a premium on smaller size bars. Following availability of authentic and certified local bars, this price disparity would be removed.

India is the largest consumer of gold in the world. The country imports 500-700 tonnes



of gold annually. Though it is the largest importer of gold and exporter of jewellery, the country has very little say in deciding the price of gold in the international market, owing to the absence of an efficient national bullion market.

At present, the physical trading of gold is in an unorganised form. Many a times there is price disparity between the domestic and international prices of gold. The one reason for that is the ban on export of gold. Moreover, because different states have different tax structure, a national market could not emerge.

According to an estimate, millions of households in the country have in their possession 25,000 tonnes of gold in the form of jewellery. In the past, the government had made several attempts to bring this stock of gold into the mainstream market without much success. "There is a need to provide market linkage in order to bring this stock of gold into the mainstream. This is possible only if the gold recycled by approved refiners gets certified for its purity and weight."

It is for this purpose that the IBMA was set up on the lines of LBMA so that benchmark price can be decided for traders and other stakeholders of the bullion market.

The business of recycling is likely to get a boost following establishment of a national platform for trading of gold. This is all the more necessary because the cost of recycling gold is much lower in India than in the rest of the world.

Says Anil Kansara of Gujarat Gold Centre, "In India, the cost of recycling 10 gm of gold comes to Rs 30 while in Switzerland it comes to Rs 300. Thus, Indian gold bars can play an important role in the discovery of international price."