

NSEL launches Indian Bullion Market Association

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IN AN attempt to create a trading entity on the lines of The London Bullion Market Association (LBMA), the international setter of gold prices, National Spot Exchange (NSEL) on Saturday launched Indian Bullion Market Association (IBMA), a company comprising bullion dealers and jewellers from across the country.

NSEL is promoted by exchange solutions provider Financial Technologies and Nafed, a government agency engaged in food procurement, distribution and storage.

The company has an authorised share capital of Rs 20 crore, with 51% stake being held by NSEL and the rest by bullion dealers and jewellery merchants. Jewellers and merchants can become stakeholders by investing a minimum of Rs 5 lakh and a maximum of up to Rs 40 lakh of the company's share capital.

The objective of IBMA is to create a benchmark Indian spot price for bullion. Despite being the world's largest importer of gold, India does not have a significant impact in discovery of gold

prices, which are fixed in London twice a day by a group of five banks.

"We depend on the international market for the benchmark price, which is based on London AM/PM price fixing," said Anjani Sinha, MD, NSEL. "India imports around 25% of global production still it does not have any significant impact in discovery of gold prices. Indian bullion dealers and jewellers have come together with a vision to create a national level association and a benchmark Indian spot price for bullion."

IBMA will be a national level trade association which will interact with the government, RBI, nominated agencies, banks and other regulators for submission of issues pertaining to the industry. IBMA will set up the process for the approval of local refineries and domestic brands of gold and silver bars and to make them tradable on the NSEL platform.

IBMA will also introduce a system of gold coin sales and silver coins made by local refineries and domestic brands for investing in gold and silver in smaller denominations. IBMA will also notify the benchmark prices for gold and silver in terms of AM and PM fixing.