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How will the IIBX at GIFT City benefit India?

On July 29, PM Modi launched India's first bullion exchange at Gujarat's GIFT City. Experts believe it will usher in transparency in the gold's price-setting mechanism. Here is more about the exchange

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Krishna Veera Vanamali | New Delhi

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India is the world's second-biggest consumer and importer of gold, buying about 800-850 tonnes per annum. The country accounts for 25% of the world's [gold](#) demand. But, so far, India has not been a global price setter for the yellow metal. Recent launch of the India International [Bullion](#) Exchange in Gujarat's [GIFT City](#) is a step in that direction.

India's first global [bullion](#) exchange, the IIBX will facilitate efficient price discovery and ensure standardisation, quality assurance and sourcing integrity. Until now, only certain banks and nominated agencies were allowed by the Reserve Bank of India to import [gold](#) and sell it to dealers and jewellers.

The [bullion](#) exchange will allow qualified jewellers to directly import [gold](#). Qualified jewellers with net worth of ₹25 crore and 95 per cent of revenue from jewellery and NRIs with \$5 lakh net worth can trade in the exchange, provided they want to take delivery.

The biggest gold consumer, China, runs such a bourse where all domestic production and imported gold have to be bought and sold. Established along the lines of the Shanghai [Gold Exchange](#) and Borsa Istanbul, India's bullion exchange is aimed at making the country a key regional hub for bullion flows. It has already on-boarded over 60 jewellers. And many more are in the pipeline.

Ashok Gautam, the CEO of the bullion exchange, said that silver trading will be allowed on the exchange in the future. In the early stage, 1 kg gold of 995

purity and 100 gram gold of 999 purity will be traded with a settlement period of T+0. The settlement period will be later extended to T+2 days. The trade will be in the form of bullion depository receipts denominated in dollars. The exchange has also roped in three companies to provide vault services.

Apart from enabling price transparency for gold, the India International Bullion Exchange will also help in bringing foreign traders to Indian shores.

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Read our full coverage on GIFT City

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