

An SRO for India's gold industry



About the World Gold Council

We're the global experts on gold.

Leveraging our broad knowledge and experience, we work to improve understanding of the gold market and underscore gold's value to individuals, investors, and the world at large.

Collaboration is the cornerstone of our approach. We're an association whose members are the world's most forward-thinking gold mining companies. Combining the insights of our members and other industry partners, we seek to unlock gold's evolving role as a catalyst for advancements that meet societal needs.

We develop standards, expand access to gold, and tackle barriers to adoption to stimulate demand and support a vibrant and sustainable future for the gold market. From our offices in Beijing, London, Mumbai, New York, Shanghai, and Singapore, we deliver positive impact worldwide.

Contents

Foreword – Somasundaram PR	01
Executive summary	02
Section One:	
An overview of the Indian gold industry	03
Introduction	03
The role of gold in India	03
Growth and development	03
Hurdles and impediments	03
A call for action	04
Section Two:	
Why India's gold market needs an SRO	05
Introduction	05
Trusted Principles	05
Swarna Adarsh Abhiyaan	06
Advice and Guidance	06
Industry Awareness campaign	08
The next stage	08
Core objectives	08
A sign of maturity	08
Section three:	
How best to structure an SRO for India's gold market	09
Introduction	09
Learning from peers	09
Factors for success	09
Industry expectations	09
Core features	10
Board composition	10
Diverse membership	10
Collaboration with other bodies	10
Timing and implementation	12
Conclusion	13

Foreword – Somasundaram PR



Somasundaram PR
Regional CEO, India,
World Gold Council

The Indian gold market is one of the largest in the world, rich in heritage, steeped in tradition and a central part of our culture and customs. The gold industry which serves that market includes thousands of participants, from manufacturers to retailers, from assayers to refiners and from hallmarkers to bullion traders.

Many – indeed most – of these participants observe high standards. They care about their customers, they act responsibly and they follow industry best practice. But their efforts are neither standardised nor codified. As such, these efforts are not recognised and they do not deliver the value that they should.

The World Gold Council believes that this must change. We have already developed a set of Retail Gold Investment Principles, to build trust across the industry and drive demand for gold as a safe and rewarding retail investment.

We have also adapted those principles to the Indian market, through the Swarna Adarsh Abhiyan initiative (SAA), which helps organisations across the gold value chain to assess current performance and strive towards best practices. Now, India's gold market is ready for the next stage in its evolution, the establishment of professionally run self-regulatory organisation (SRO). The SRO will promote Swarna Adarsh Abhiyan as an umbrella brand of industry's best practices. This organisation will build on the work of the Swarna Adarsh Abhiyan initiative – devising code of conduct for every industry vertical, providing certification for members who adopt these codes, engaging with stakeholders across the gold value chain and advocating for best practice.

This organisation would be the conscience keeper of the industry, yet fiercely independent, and membership would be voluntary. However, those businesses which do choose to be members will be sending a powerful message to all their stakeholders: that they are following the high standards set by the SRO, that they have been audited to that effect and that, crucially, they, their goods and their services can be trusted by customers both in India and all over the world. The first steps have already been taken in this process; multiple stakeholders have been consulted and further consultations are underway. But we believe that the time is right for the Indian gold industry to have its own SRO – an organisation that will allow members to demonstrate their credentials, attract customers, grow their businesses and drive trust across the gold market.

Executive summary

India has a long and deeply held affinity with gold. Across the country, gold is valued as an investment, an adornment and an asset of worth to pass down from generation to generation. This has a lot to do with the country's historic status as a major trading partner in the world.

As such, India is the second largest consumer of gold in the world, with average demand exceeding 700 tonnes a year over the past decade and more. This deep and sustained affinity with gold is reflected in the Indian gold industry, a US\$60.2 billion sector which generates employment, drives GDP growth and plays a significant role in the Indian economy.

Yet the industry faces deep-rooted challenges.

- It is highly fragmented both geographically and across the value chain
- There are a few national and several regional associations without a platform for synergy. At times policy interactions are disjointed.
- There is a lack of traceability across the industry
- A major part of the industry remains unorganised
- There is no united voice in the industry to reinforce an image of trust.

This lack of organisation, lack of infrastructure and lack of cohesion is compounded by a paucity of financial support – a potent cocktail of structural issues that prevent the industry from reaching its full potential, denting consumer confidence, limiting international influence and curbing business development.

Progress has undoubtedly been made in recent years. But, as the industry develops and consumer needs evolve, it is clear that India requires something more. Today, the industry needs and the market deserves a credible self-regulatory organisation (SRO) that is independently governed, professionally run and globally recognised.

Already established in many other sectors, SROs offer an effective way to bring industry participants together, promote excellence and drive consumer confidence and growth. By studying a range of organisations in India and abroad, speaking to gold industry stakeholders and undertaking a comprehensive analysis of India's gold market, we believe that a gold industry SRO would deliver five key benefits:

- **Trust:** an SRO would foster trust by developing best practices, with a focus on client protection

- **Credibility:** an SRO would build market credibility by encouraging the adoption of responsible and best practices
- **Compliance:** An SRO would drive professionalism and regulatory compliance through policy advocacy and the implementation of robust codes of conduct
- **Develop capability:** An SRO would allow the industry to expand and develop by serving customers responsibly
- **Market development:** an SRO would identify opportunities for the industry to promote business and trade and ensure commercial prudence.

Initial steps have already been taken. In 2020, the World Gold Council published a set of Retail Gold Investment Principles, designed to foster trust in gold as an investment product. Inspired by these principles, the Swarna Adarsh Abhiyaan (SAA) initiative was launched one year later – to help every vertical within India's gold industry to understand how the principles apply to their specific area and how best to implement them.

The Gold industry SRO would build on the SAA work, consulting with stakeholders across the industry to evolve Codes of Conduct for every vertical. Members of the SRO would be obliged to comply with the Code of Conduct established for their vertical and, in return, they would receive SAA accreditation, an independently verified certificate to prove that they are responsible, trustworthy and treat all their stakeholders with fairness.

Membership would be entirely voluntary, but the benefits would be manifold and clear to see. SAA will be marketed to consumers as an umbrella brand as ethical and global best practices.

By establishing robust code of conduct, monitoring members and acting as an independent force for good, an SRO would support stakeholders across the gold value chain. It would foster trust among consumers. It would deliver long-lasting benefits to the industry. It would drive economic growth. And it would enhance India's global standing within the gold market and beyond.

We explore these issues in greater detail below.

Section One: An overview of the Indian gold industry

Introduction

The Indian gold industry is a national enterprise, present in cities, towns and villages across India – from major corporations to tiny, one-man outlets. Sizeable in scale and reach, the sector is significant both domestically and internationally.

The role of gold in India

India is the second-largest gold jewellery market in the world, accounting for around 25% of global gold jewellery demand, more than 600 tonnes in 2021. India is also the second largest market for gold bar and coins, with demand exceeding 180 tonnes last year. Investment in gold ETFs is rising too, increasing more than 150 per cent between 2019 and 2021, to almost 38 tonnes. As per recent findings by Jefferies, gold accounted for 15% of savings – below real estate and bank deposits.¹ And the Reserve Bank of India is a consistent purchaser of gold as well, acquiring more than 77 tonnes of gold in 2021 and continuing to acquire more this year, as part of a long-term, asset diversification process.²

India's broad and deep interest in gold has engendered a substantial industry. The gem and jewellery sector alone employs approaching five million people and contributes some 3% to India's GDP. And gold jewellery exports generated some US\$8.7bn of annual sales in 2021, consisting primarily of prestigious, handmade items.

Growth and development

Looking ahead, India's appetite for gold is expected to grow, as the population expands and incomes improve. As demand for gold increases, India's gold industry should be a key beneficiary. Jewellery remains an important asset among Indian households and, in recent years, the government has launched several initiatives to promote greater trust in the industry. Hallmarking became mandatory in 2021 and the legislation is already feeding through into increased sales and enhanced consumer trust. A state-of-the-art Common Facility Centre was recently inaugurated in Rajkot, India's biggest jewellery manufacturing hub. And the India International Bullion Exchange opened for business this summer, to provide an efficient and trusted system for trading gold, improve market transparency and establish India as a global price-setter.

Hurdles and impediments

But, while demand for gold is persistent and the industry is sizeable, challenges remain across the value chain, among refiners, traders, manufacturers, assayers, hallmarkers, retailers and digital gold providers. Thought leadership suffers from lack of cooperation amongst the trade and several action of the industry bodies tend to blur focus.

Consultations with stakeholders across the industry suggests that India's gold market is grappling with seven key issues:

1. Lack of trust

Potential buyers cite trust and low awareness as barrier to gold investment. We did a consumer survey in 2019, wherein 61% of Indians who had not purchased gold cited trust as a major issue for investing or buying gold. Factors such as purity, price transparency and loss on recycling play a crucial role in deciding a purchase. This hugely deters the existing as well as potential buyers and also affects the reputation of the industry. The lack of trust significantly affects the growth of the industry especially for domestic market.

2. The industry is unorganised

Some 35% of gold retailing is organised and, among gold manufacturers, the percentage drops to just 15-20%, with around 55% of Indian gold jewellery handmade by small goldsmiths. This creates a lack of standardisation, quality assurance and transparency.

3. There is an over-reliance on international market for gold imports

It is estimated that 25,000 tonnes of gold is stockpiled in India, yet primary gold production in India is limited. In 2019, 83.2% of India's total gold demand was satisfied by imports. This has a significant impact on India's current account deficit and it means that disruption has serious consequences.

4. The industry lacks infrastructure and financial support

Hallmarking is just being made mandatory and we need robust infrastructure across all regions to ensure its strict implementation. Smaller players in the gold value chain also lack financial support by way of bank loans that could help them expand and develop.

1 Source: <https://www.gold.org/goldhub/research/gold-demand-trends/gold-demand-trends-full-year-2021/16712>

2 <https://economictimes.indiatimes.com/news/economy/finance/rbi-raises-its-gold-purchase-to-65-tonnes-in-fy22/articleshow/91832018.cms>

5. The market is subjected to high taxes and frequent changes

Confidence is dented by an uncertain and elevated tax regime, such as the recent decision to raise basic customs duty on gold from 7.5% to 12.5%, as well as the agriculture infrastructure development cess of 2.5% and the 3% GST.

6. There are multiple industry bodies across the value chain

There is no over-arching regulatory body for the Indian gold market. Instead, industry participants have to navigate through numerous national and regional industry bodies, including, but not limited to, the Association of Gold Refineries and Mints, the All India Gem and Jewellery Domestic Council, the Gem & Jewellery Export Promotion Council, the Indian Association of Hallmarking Centres and the Indian Bullion and Jewellers Association. While these national associations do yeoman service in many ways, there is a lack of synergy that often creates a gap in building an impeccable image of trust.

7. The industry has limited influence in the global market

The level of exports reflects neither the skills nor the prowess of the Indian gold sector. In addition, little more than 1% of foreign direct investment is targeted at Indian diamond and gold industries, signalling their lack of integration with the global market.

These challenges are widespread and they have serious repercussions, restricting growth and damaging the market's reputation at home and overseas. This is not just economically and socially detrimental, it is also unjust. Most industry participants are responsible, honest and ethical, yet the entire sector is tainted by the poor practices of a few bad players. Furthermore, the plethora of industry bodies leaves many participants uncertain about where to turn for advice and unclear about best practice guidelines. At a high level, a lack of traceability and a dearth of organisation hang like a cloud over the industry, damaging its status and limiting its potential.

A call for action

All too aware of these failings, many in the industry are calling for change. They want their good work to be recognised. They want support from an organisation that understands their needs, is respected across the gold market and advocates for positive impact. Above all, they want to build trust domestically and internationally so customers can feel confident that best practices are being followed across the Indian gold value chain. There is an urgent need to build a united arm that synergises the good principles and practices prevalent within the industry but remains unsupported due to lack of cohesion.

Section Two: Why India's gold market needs an SRO

Introduction

SRO becomes a robust “first level of defence” for an industry that has no single regulator but multiple challenges. Self-regulatory organisations fulfil multiple roles. Independently governed and respected by the market they serve and by external stakeholders, a robust SRO creates industry standards and provides certification for those who adopt them. An SRO will also audit and monitor industry participants, ensuring that the certificates they have been awarded are deserved at all times. In this way, the SRO creates reputational uplift and provides certified firms with proof of their probity. India's gold industry could derive immense benefit from such an organisation and initial steps have already been taken.

Trusted Principles

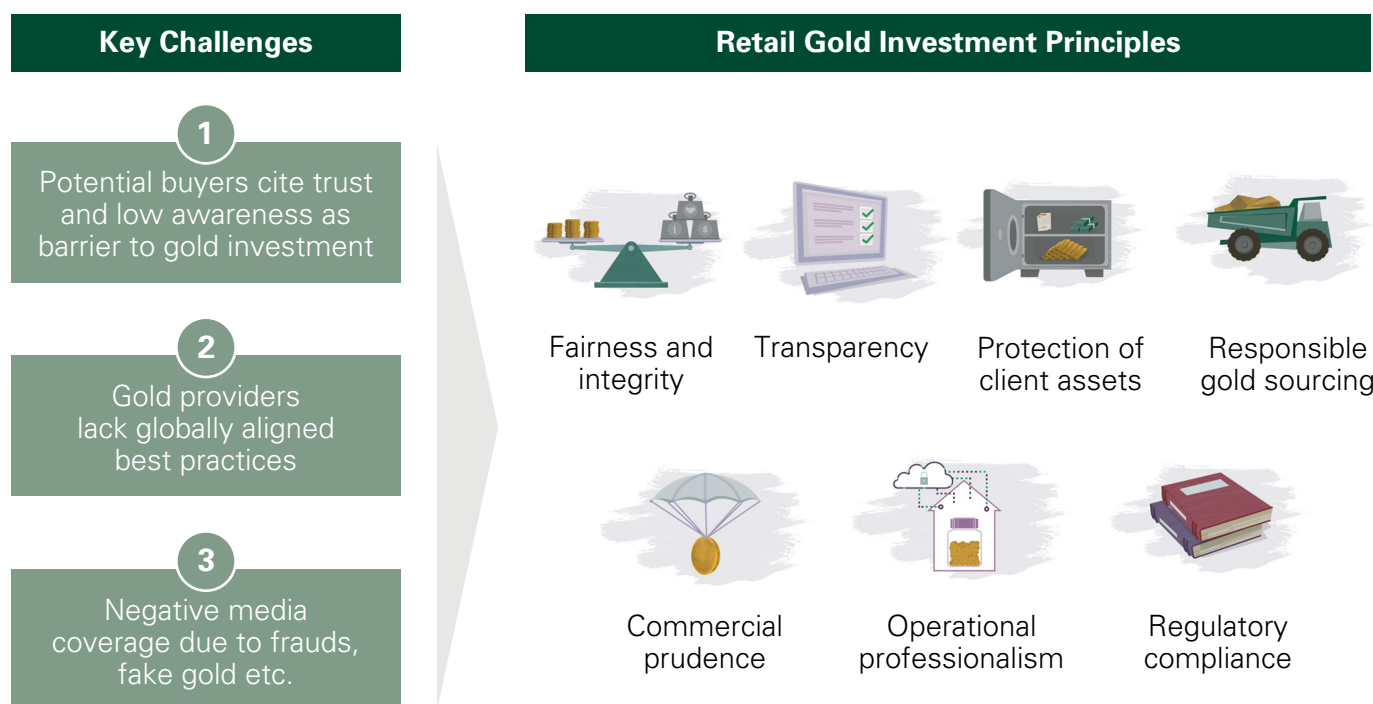
In August 2020, the World Gold Council launched the Retail Gold Investment Principles, following extensive consultation with industry stakeholders. These Principles have one over-arching aim: to foster trust in gold the world over. As such, they cover a broad range of consumer and investor concerns, from responsible sourcing to financial prudence.

- Principle 1: Fairness and integrity**
A provider must treat customers fairly and act with integrity, from information and service provision through to transaction completion

- Principle 2: Transparency**
A provider must be transparent about prices and key terms and disclose other material information related to product features
- Principle 3: Protection of client assets**
A provider must ensure adequate protection of customers' gold holdings and other assets, including cash held on behalf of customers
- Principle 4: Responsible gold sourcing**
A provider must source gold of high integrity from trustworthy suppliers, whilst considering Environmental, Social and Governance (ESG) criteria
- Principle 5: Regulatory compliance**
A provider must adhere to all applicable regulations and local laws
- Principle 6: Commercial prudence**
A provider must not take excessive risks and should be prepared for various eventualities, including a company wind-down
- Principle 7: Operational professionalism**
A provider must conduct their business with due skill, care and diligence, and manage key risks.

For more details on RGIPs [click here](#).

Address the trust issues through adoption of Retail Gold Investment Principles (RGIPs)



Swarna Adarsh Abhiyaan

An industry initiative

Inspired by the
Retail Gold Investment Principles

Swarna Adarsh Abhiyaan

While the Principles were designed to be globally applicable, there was also a recognition that they could and should be customised to suit individual countries' needs. Almost a year after they were published therefore, the Swarna Adarsh Abhiyaan (SAA) initiative was launched, a means of adapting the Retail Gold Investment Principles to the Indian market. Established by a Steering Committee representing stakeholders across the industry, the SAA is widespread in scale and practical in scope. First, Codes of Conduct were devised defining best practice for six key verticals within the Indian gold industry – refiners, assayers and hallmarkers, bullion traders, manufacturers, physical retailers and digital gold providers.

Each vertical has its own bespoke Code of Conduct, comprising sound practices to be followed by every provider; additional best practices for larger, mature providers, and implementation guidance offering an overview of how to deploy these practices. Self-Assessment Guides are also included to help participants understand the areas where they are operating in line with best practice and the areas where there is room for improvement.

Supported by



Advice and Guidance

Guidance is practical in nature, designed to help businesses understand exactly how the Retail Gold Investment Principles apply to them and how they can turn those principles into action. Recommended sound practices for retailers, for example, include:

- *I promise to conduct independent tests to ascertain the characteristics of gold products received from my suppliers*
- *I promise to promote offers clearly and fairly representing key product characteristics, including potential investment risks*
- *I promise to implement adequate systems and mechanisms to receive, record and redress customer queries and complaints.*

Recommendations for manufacturers include undertakings to treat employees with dignity and respect, ensure that any purchases of old gold are responsibly sourced and conduct independent tests to ascertain the characteristics of gold received from suppliers

And certain core practices are recommended across every vertical, including fair treatment of staff, fit and proper sales practices, taking steps to know your customer, responsible sourcing, safe transportation of goods, robust risk management and proper audits.

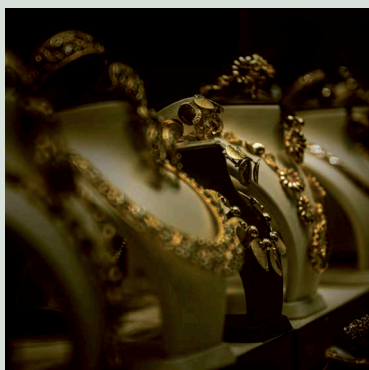
Each recommendation is clearly explained and implementation guidance is provided, including examples of how to behave in certain everyday scenarios. Advanced best practices are outlined too and links to the Retail Gold Investment Principles are highlighted.

Detailed self-assessment questionnaires are included within each Code of Conduct, to help businesses understand where they sit today and, by implication, the steps they need to take to achieve best practice.

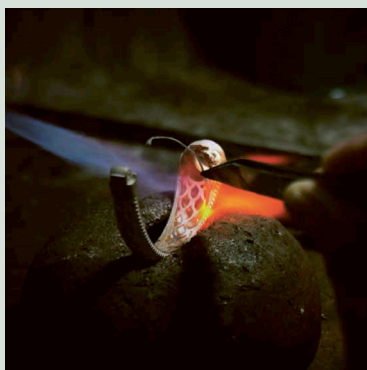
Code of Conduct and Self-Assessment Guide

The Code of Conduct defines the best practices for different businesses under the Indian Gold Industry. These have been designed based on the Retail Gold Investment Principles to protect the interests of retail investors and buyers.

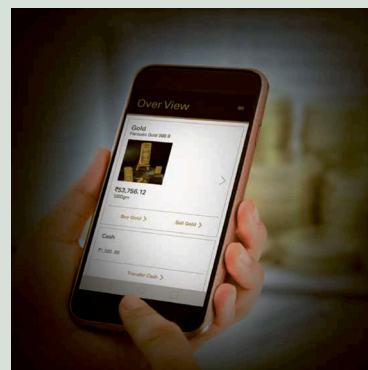
The Self-Assessment Guide consists of a comprehensive questionnaire, that helps businesses analyse their ways and identify areas of improvement.



Retailing



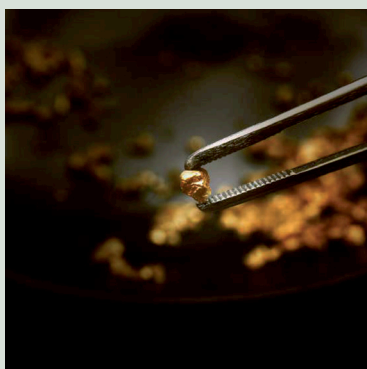
Manufacturing



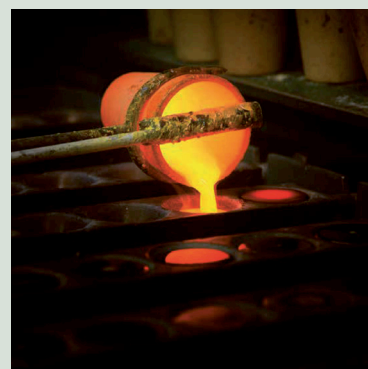
Digital Gold Retailing



Bullion Trading



Assaying And Hallmarking



Refining

Industry Awareness campaign

For further details visit <https://swarnaadarsh.com/>

SAA Awareness Campaign



The next stage

The SAA's work is extensive but it is only a first step. In order to fully develop and implement the initiative, India needs an independent, professional and well-regarded SRO.

The benefits of such an SRO would be far-reaching. Today, India's gold industry has many trade associations that renders many support services but there is no one over-arching body for synergistic guidance on standards and sound practice. There is no single institution that helps practitioners to become the best that they can be. There is no single organisation whose brand instils trust across the gold market. And there is no one body with the trust and respect to advocate for India's gold practitioners and their needs.

The SRO can and will be that body. The SRO will take ownership of the SAA initiative and the Codes of Conduct that have been devised within it. The organisation will conduct a detailed analysis of work to date, adding or amending areas where necessary and adding more verticals to its roster, such as logistics or recycling, so as

to support the gold industry broadly and deeply. It will continue to revisit and upgrade the code of conduct in tune with evolving expectations of consumers not just in gold market but across other sectors as well.

Once standards are set across the industry, participants will be able to apply for membership, with acceptance dependent on whether they abide by their vertical's standards and can prove that they do so. For some, the task will be burdensome. For many, it will be more a matter of codifying what they already do. Whatever the case, the SRO will encourage industry participants across the value chain to take up membership, so they can enjoy the mark of respect and consumer confidence conferred by certification. The SRO will also explain to consumers and other stakeholders what certification means and why certificated members deserve their trust.

Core objectives

In short, the SRO for India's gold industry will have five core objectives:

1. Foster consumer confidence: through fair and transparent practices, with a focus on client protection
2. Drive credibility: by acting responsibly and encouraging best practice
3. Improve professionalism: by encouraging regulatory compliance, establishing rigorous codes of conduct and pursuing policy advocacy
4. Develop capacity: by helping industry participants to serve customers responsibly
5. Promote the market: by identifying opportunities for industry participants to develop new business, facilitate trade and pursue commercial prudence.

A sign of maturity

Over time therefore, an SRO will help India's gold industry to fulfil its potential – providing members with certificated proof of excellence that will foster growth, drive employment and enhance consumer confidence.

India's gold industry has made significant progress in recent years. Now it is time for the industry to come of age and take its place within the global market. An SRO is a crucial step on this journey.

Section three: How best to structure an SRO for India's gold market

Introduction

An SRO has three principal aims: to create industry standards, to ensure they are met and thereby to promote trust and a trusted network (practical to use code of conduct in various aspects of the supply chain) in the industry it oversees. Given the challenges that pervade India's gold market, it is crucial that due consideration is given over how best to structure an industry SRO so that it can fulfil its mandate not just in the short term but over many years to come.

Learning from peers

India has many SROs – organisations that provide standards for their respective industries and thereby improve the status of those industries, enhance the reputation of their members and foster trust among their stakeholders. To assess how best to create an SRO for India's gold industry, therefore, we looked in depth at six leading Indian SROs: The National Association of Software and Service Companies, The Association of Mutual Funds in India, Auto Components Manufacturers Association of India, Microfinance Institutions Network, Retailers Association of India and The Advertising Standards Council of India. For completion, we also studied the US Financial Industry Regulatory Authority.

In parallel, we analysed India's gold industry – its social and economic significance, the challenges faced by industry participants, the opportunities for growth and the regulatory landscape. We consulted with multiple industry stakeholders as well, to understand what they expect from an SRO and how to deliver most effectively against their expectations.

Factors for success

Our analysis of leading SROs highlighted eight critical success factors.

From inception:

- Ensure that major industry participants are on board from day one: *This fosters credibility and facilitates advocacy*
- Establish an independent, credible board, chaired by an experienced, highly regarded leader from outside the gold industry: *This enhances reputation and encourages new members.*

In the early years:

- Identify and deliver quick wins: *This showcases tangible outcomes and builds trust among members*
- Become recognised as an influential body among policymakers and industry stakeholders: *This establishes the SRO as a significant organisation both at government level and among members*
- Demonstrate value to members: *This encourages loyalty and drives membership.*

Over time:

- Expand membership and establish links with related parties at home and abroad: *This enhances influence and establishes the SRO as an authority in the industry*
- Engage with emerging areas of the market: *This maintains credibility and ensures the SRO is perceived as being abreast of new developments across the industry*
- Adopt self-regulatory or semi-regulatory powers: *This further enhances the SRO's credibility, authority and influence*
- Communicate with consumers: *This creates value in the eyes of the consumer.*

Industry expectations

Our analysis of India's gold industry and our consultation with stakeholders highlighted five principal expectations from an SRO:

1. It should promote and increase industry cohesion and compliance: This will combat the industry's unorganised and informal status
2. It should bring all industry bodies under one umbrella: This will overcome policy gaps, due to the vast number of national and regional industry bodies across the country
3. It should encourage recognition of India's gold industry: This will drive trade and enhance reputation
4. It should increase government support: This will help the industry to develop and increase its economic and social contribution
5. It should increase customer trust and enhance business opportunities: This will drive consumer confidence and thereby support business growth.

Core features

Building on these observations and expectations, it would appear that an SRO would deliver most effectively for stakeholders if three conditions are satisfied. First, the SRO should be centrally governed with national reach and oversight. Second, the SRO should cover the entire gold industry value chain (excluding financial products). And third, the SRO should be recognised as a voice of authority and integrity across the industry and beyond.

The SRO would also need to include the following features, so as to achieve recognition, acquire status and deliver long-term viability,

- **Robust governing and reporting:** Ensure objectivity in the governance process through prudent board composition, clear articulation of roles and responsibilities and appropriate checks and balances
- **Maximum value delivery:** Focus on enhancing value generation for stakeholders, including customers, regulators and industry bodies, by building core functional capabilities and establishing a firm position of authority
- **Scalability:** Cater to future scalability through diversification of services, geographical reach and a wide-ranging member base. Lay strong foundations to ensure effective evolution of the operating model over time
- **Lean and agile model:** Structure as a lean organisation to drive speed in decision making, encourage collaboration across teams and manage costs efficiently
- **Section 8 company mandate:** Establish a non-profit structure, associated with a commercial venture as well as the furtherance of goals, including trust and social benefit
- **Financial viability:** Focus on financial viability with the aim to move gradually towards a self-sustainable model. Understand the cost implications on account of the SRO's growth and associated benefits and risks generated.

Board composition

If the SRO is to achieve respect and recognition, robust governance is paramount. As such, the SRO should be chaired by an independent and influential figure from outside India's gold industry. Other board members should include a 50:50 blend of industry leaders, such as trade body representatives, and senior external figures, with strong public, regulatory, legal service record. Strong independent representation will help to establish the SRO's status as an objective and impartial force within the industry. Strong industry representation will ensure that stakeholder needs are recognised and understood. Special invitees, with no decision-making rights, will also be asked to join the SRO board, so as to contribute fresh perspectives and create potential cross-industry opportunities.

Diverse membership

Membership should be open to organisations of varying size and complexity, from artisanal jewellery makers and family-owned retailers to national manufacturers and retail chains. The SAA initiative was developed with that breadth and depth in mind: the SRO should follow the same model. Direct connection with stakeholders across the value chain will also be critical, helping the SRO to understand and reflect industry developments, earn the trust and respect of industry participants and become increasingly accepted as a voice of authority across the gold market.

Collaboration with other bodies

To establish and foster credibility and status, the SRO would benefit from association with a wide range of organisations within the gold industry and beyond. Officials from regulatory and government bodies including the Reserve Bank of India, the Securities and Exchange Board of India, the Ministry of Commerce and Industry and the Ministry of Finance could be asked to join the board as Special Invitees. This would enhance the SRO's reputation and provide expertise in areas such as policy advocacy.

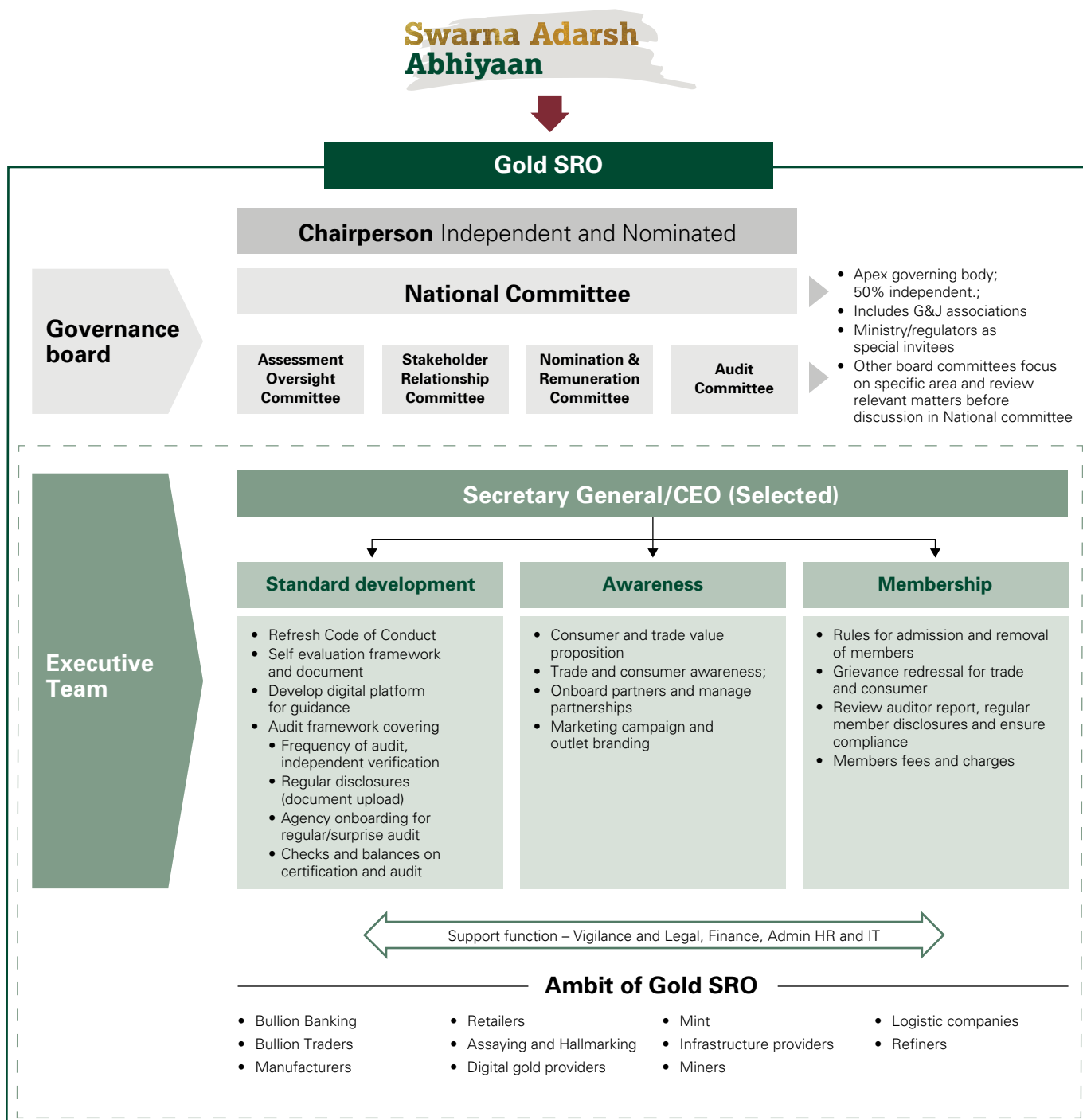
Industry bodies such as the Gem and Jewellery Export Promotion Council, All India Gem and Jewellery Domestic Council, the India Bullion and Jewellers Association, the Association of Gold Refineries & Mints and the Indian Association of Hallmarking Centres would be invited to join the SRO Board and could also act as partners on initiatives, such as training and development.

Representatives of domestic exchanges and depositories could be special Invitees for guidance and collaboration on specific initiatives. This could broaden the SRO's areas of expertise and help establish the SRO as an authority within the gold industry, particularly if exchanges recommend that their suppliers comply with Swarna Adarsh Abhiyaan standards. Select other global and domestic institutions critical for the success of the gold

industry, eg., the Bureau of Indian Standards could be invited to join the SRO Board in an advisory capacity.

The World Gold Council would also sit on the SRO Board, to ensure decision-making follows the Retail Gold Investment Principles and to represent the Indian gold sector on the global stage. They would exit at later stage.

SRO Composition



Timing and implementation

The sooner an SRO is established for the Indian gold industry, the faster industry participants, customers and other stakeholders will start to reap the benefits. Nonetheless, care must be taken to ensure that the SRO has the right foundations and structure that will ensure long-term success. To that end, we would advocate a triple-phase approach.

- Year one:** this would see the formation of the SRO, supported by the World Gold Council and industry leaders. Standards and policies would be clarified, auditors would be appointed and discussions undertaken with leading players and opinion-formers across the gold value chain. The SRO would then embark on a concerted exercise to raise awareness and drive stakeholder engagement, organising regional events across India and developing digital training modules for members.
- Years two to five:** during this time, the SRO would develop and expand the SAA initiative, such that it becomes a true catalyst for change. To achieve this aim, the SRO would educate industry participants and related stakeholders as to the benefits of joining the organisation, explaining that membership will confer status, instill trust and drive business growth. Throughout this phase, the SRO would build functional and operational capabilities, continue to raise consumer awareness and receive ongoing support from the World Gold Council and industry leaders.
- Year six and beyond:** this third phase would be one of consolidation. By this time, the SRO should have become a recognised industry leader, independent, well regarded and self-sustaining.

Phases	Key services/Focus areas
Phase-1: Formation (Year 1)	<ol style="list-style-type: none"> 1. Form SRO with Industry support and World Gold Council 2. Code of conduct and policies to be firmed up 3. Appoint auditors and create audit framework 4. Raise Awareness 5. Stakeholder engagement 6. Training for members
Phase-2: Activate SRO to lead SAA (Year 2 to 5)	<ol style="list-style-type: none"> 7. Raise Awareness 8. Stakeholder engagement 9. Capabilities building 10. Consumer awareness 11. Support from Industry and World Gold Council
Phase-3: Consolidate SRO (six and beyond)	<ol style="list-style-type: none"> 12. Full-fledged SRO leadership 13. Independent and self-sustaining

Conclusion

India's gold industry has evolved and matured over recent years. Initiatives have been taken to create greater cohesion and consistency, improve compliance and foster confidence. These have had some success. As we state above, many industry participants across the gold value chain are models of propriety. They source their gold responsibly, treat employees fairly, handle customers respectfully and monitor supplies diligently. They are financially sound and take pride in their work.

But their efforts are neither standardised nor codified so they are insufficiently valued or recognised. This does the industry injustice. It harms the good actors. And it does consumers a disservice. Businesses are undermined because they have no badge of honour to prove their worth. Consumers are disadvantaged because they do not know whom they can trust. The industry is weakened because it is perceived as lacking professionalism and integrity.

It does not have to be like this. India's gold industry needs to move to path of self-regulation. It needs to become more professional, more organised and more cohesive. Above all, the industry needs to leverage its strengths and prove its worth.

That is why the time is right to establish a self-regulatory organisation for India's gold industry. A self-regulatory organisation will raise industry standards. It will drive best practices. And it will allow participants across the value chain to prove that they have adopted those standards and abide by those best practices. It will offer participants a clear, well regarded and independently audited brand – a sign that they can and should be trusted. And they will be. As recognition spreads of the SRO's standards and certification, consumers will be able to see at a glance which businesses are most worthy of their trust and their custom. They will gravitate towards these businesses, knowing that they can transact with these firms in confidence. Over time, this creates a virtuous circle. More and more businesses will want to reap the benefits of certification, consumer trust will grow and the industry will finally be able to fulfil its potential.

The vision is clear: an SRO will protect and strengthen consumers' trust in gold by raising overall standards and adopting best practices across India's gold industry value chain. Now is the time to transform that vision into reality.

Important information and disclosures

© 2022 World Gold Council. All rights reserved. World Gold Council and the Circle device are trademarks of the World Gold Council or its affiliates.

All references to LBMA Gold Price are used with the permission of ICE Benchmark Administration Limited and have been provided for informational purposes only. ICE Benchmark Administration Limited accepts no liability or responsibility for the accuracy of the prices or the underlying product to which the prices may be referenced. Other content is the intellectual property of the respective third party and all rights are reserved to them.

Reproduction or redistribution of any of this information is expressly prohibited without the prior written consent of World Gold Council or the appropriate copyright owners, except as specifically provided below. Information and statistics are copyright © and/or other intellectual property of the World Gold Council or its affiliates (collectively, "WGC") or third-party providers identified herein. All rights of the respective owners are reserved.

The use of the statistics in this information is permitted for the purposes of review and commentary (including media commentary) in line with fair industry practice, subject to the following two pre-conditions: (i) only limited extracts of data or analysis be used; and (ii) any and all use of these statistics is accompanied by a citation to World Gold Council and, where appropriate, to Metals Focus, Refinitiv GFMS or other identified copyright owners as their source. World Gold Council is affiliated with Metals Focus.

WGC does not guarantee the accuracy or completeness of any information nor accepts responsibility for any losses or damages arising directly or indirectly from the use of this information.

This information is for educational purposes only and by receiving this information, you agree with its intended purpose. Nothing contained herein is intended to constitute a recommendation, investment advice, or offer for the purchase or sale of gold, any gold-related products or services or any other products, services, securities or financial instruments (collectively, "Services").

This information does not take into account any investment objectives, financial situation or particular needs of any particular person.

Diversification does not guarantee any investment returns and does not eliminate the risk of loss. Past performance is not necessarily indicative of future results. The resulting performance of any investment outcomes that can be generated through allocation to gold are hypothetical in nature, may not reflect actual investment results and are not guarantees of future results. WGC does not guarantee or warranty any calculations and models used in any hypothetical portfolios or any outcomes resulting from any such use. Investors should discuss their individual circumstances with their appropriate investment professionals before making any decision regarding any Services or investments.

This information may contain forward-looking statements, such as statements which use the words "believes", "expects", "may", or "suggests", or similar terminology, which are based on current expectations and are subject to change. Forward-looking statements involve a number of risks and uncertainties. There can be no assurance that any forward-looking statements will be achieved. WGC assumes no responsibility for updating any forward-looking statements.

Information regarding QaurumSM and the Gold Valuation Framework

Note that the resulting performance of various investment outcomes that can be generated through use of Qaurum, the Gold Valuation Framework and other information are hypothetical in nature, may not reflect actual investment results and are not guarantees of future results. Neither WGC nor Oxford Economics provides any warranty or guarantee regarding the functionality of the tool, including without limitation any projections, estimates or calculations.



Printed on FSC certified paper which is manufactured entirely with wind energy and contains 100% post-consumer recycled fibre.

This paper is certified by Green Seal for FSC standards which promotes environmentally appropriate, socially beneficial and economically viable management of the world's forests.

World Gold Council

B-6/3, 6th Floor
Laxmi Towers
C-25 Bandra Kurla Complex
Bandra (East)
Mumbai 400051
India

T +91 22 6157 9100

W www.gold.org