

## Trading of rough diamonds in India

The Central Government had announced its intent to permit the trading of rough diamonds in India by leading diamond mining companies of the world by creating a 'Special Notified Zone'. For this purpose, Dept. of Commerce / GJEPC have sought a regulatory framework under the Customs Act. After consultations with other regulators, namely, DGFT, RBI and with industry, namely, Bharat Diamond Bourse, and GJEPC, the Board has decided to introduce necessary provisions to allow and facilitate viewing/auction/sale of Rough Diamonds at Bharat Diamond Bourse, Mumbai w.e.f 1.7.2015.

The guidelines in regard to Import, trading & re-export of rough diamonds by notified entities in Bharat Diamond Bourse, Bandra Kurla Cargo Complex, Mumbai – Reg., are summarised as below:

1. The import of rough diamonds will be permitted through Air cargo mode only. No import through hand carriage or express courier service mode will be permitted.
2. The shipping bill may be filed using the Import Export Code number obtained by M/S India Diamond Trading Centre and in conformity with the regulations under the FTP and RBI.
3. Bharat Diamond Bourse and their duly appointed handling agent, M/S India Diamond Trading Centre shall be responsible for the receipt, sales, re-exports, custody, delivery, re-export and accounting of the rough diamonds imported for viewing and/or sale in such form as prescribed by the jurisdictional Commissioner of Customs.
4. The goods which are not sold shall be exported under a shipping bill, filed not later than 75 days of the date of import.
5. A successful auction/sale by bidding/sale by negotiation shall lead to a price discovery in respect of a lot or lots. The diamond mining company shall issue a sale invoice in respect of such lot or lots, as are sold and shall be cleared by the buyer by filing a bill of entry at the PCCCC.
6. The working hours of the SNZ and timings for viewing, auctions/sale shall be notified by Bharat Diamond Bourse / M/S India Diamond Trading Centre in consultation and approval of the jurisdictional Commissioner of Customs.
7. The special notified zone will be accessible to traders to visit for viewing the rough diamonds and/or auctions / sale by bidding/sale by negotiation.
8. All persons permitted to visit the SNZ shall be issued with photo identity cards by M/S India Diamond Trading Centre.
9. The permitted list of companies entitled to avail of the facility of consigning rough diamonds to India for the purpose of viewing and sales from the SNZ.
10. Hindi version shall be followed.

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## Hedging of Commodity Price Risk

As per notification dated 28th May 2015, RBI has made some guidelines to create awareness among the agricultural borrowers. The guidelines are briefly explained below:

1. Banks should encourage hedging by the agri-borrowers by creating awareness amongst them regarding the utility and benefits of hedging through agri-commodity derivatives.
2. Banks must keep the sophistication, understanding, scale of operation and requirements of their agri-borrower in mind while advising them.
3. Banks may encourage large agricultural borrowers such as agricultural commodity processors, traders, millers, aggregators, etc., to hedge their commodity price risk.
4. Banks may educate their customers about the suitability and appropriateness of using these products for hedging specific exposures.
5. The hedging can be through agri-commodity derivative products available on recognised exchanges in India.
6. Hedging tools including derivatives are available in the Indian market, but these are not being used extensively due to lack of awareness of the products or their inherent complexity. Now these tools should be used by creating awareness.
7. A risk management culture should be fostered amongst the stakeholders including agri-borrowers and banks.

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