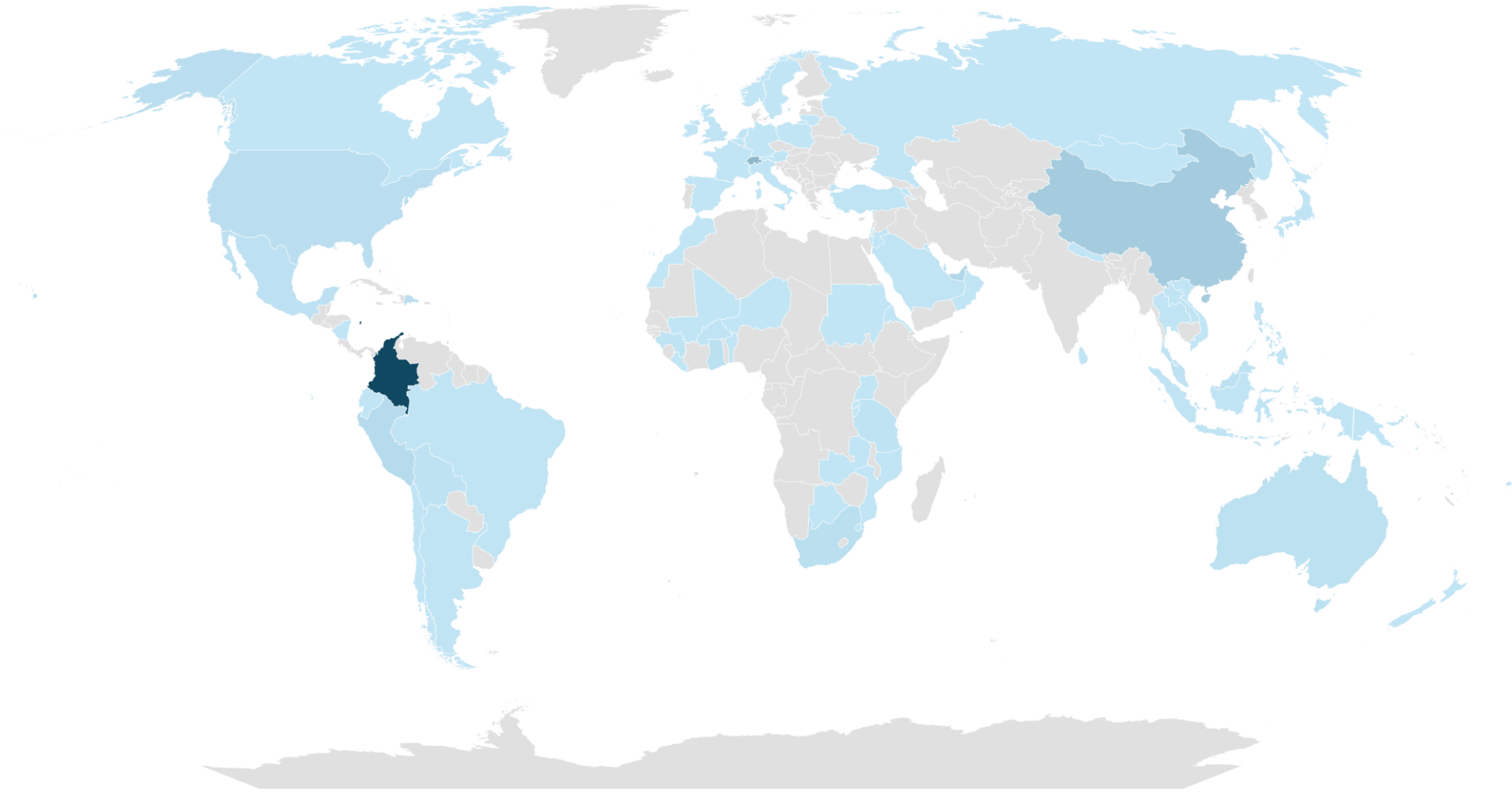
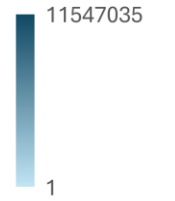




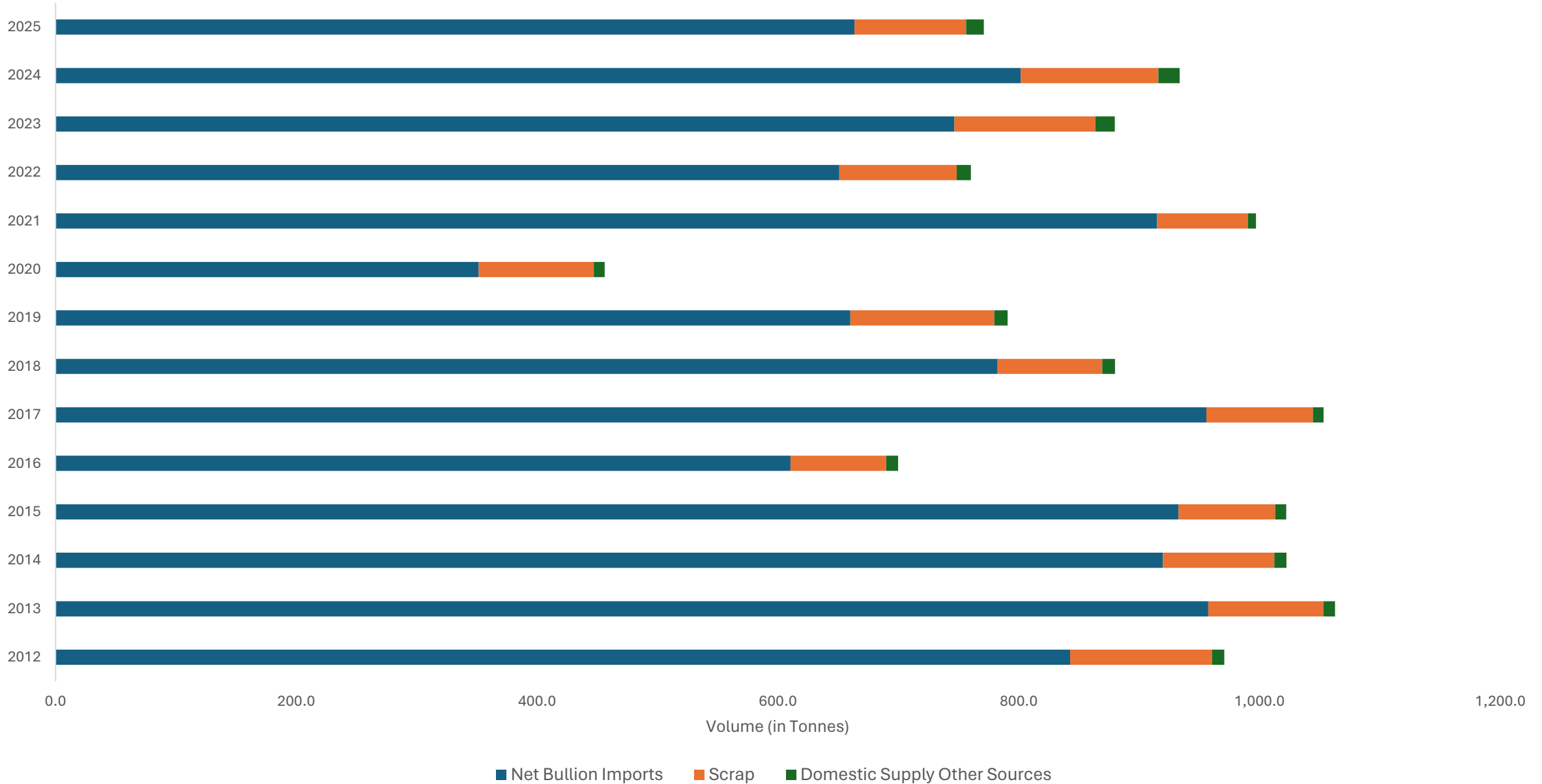
# In a nutshell – From where India sourced gold

FY 2015-16 to 2024-25

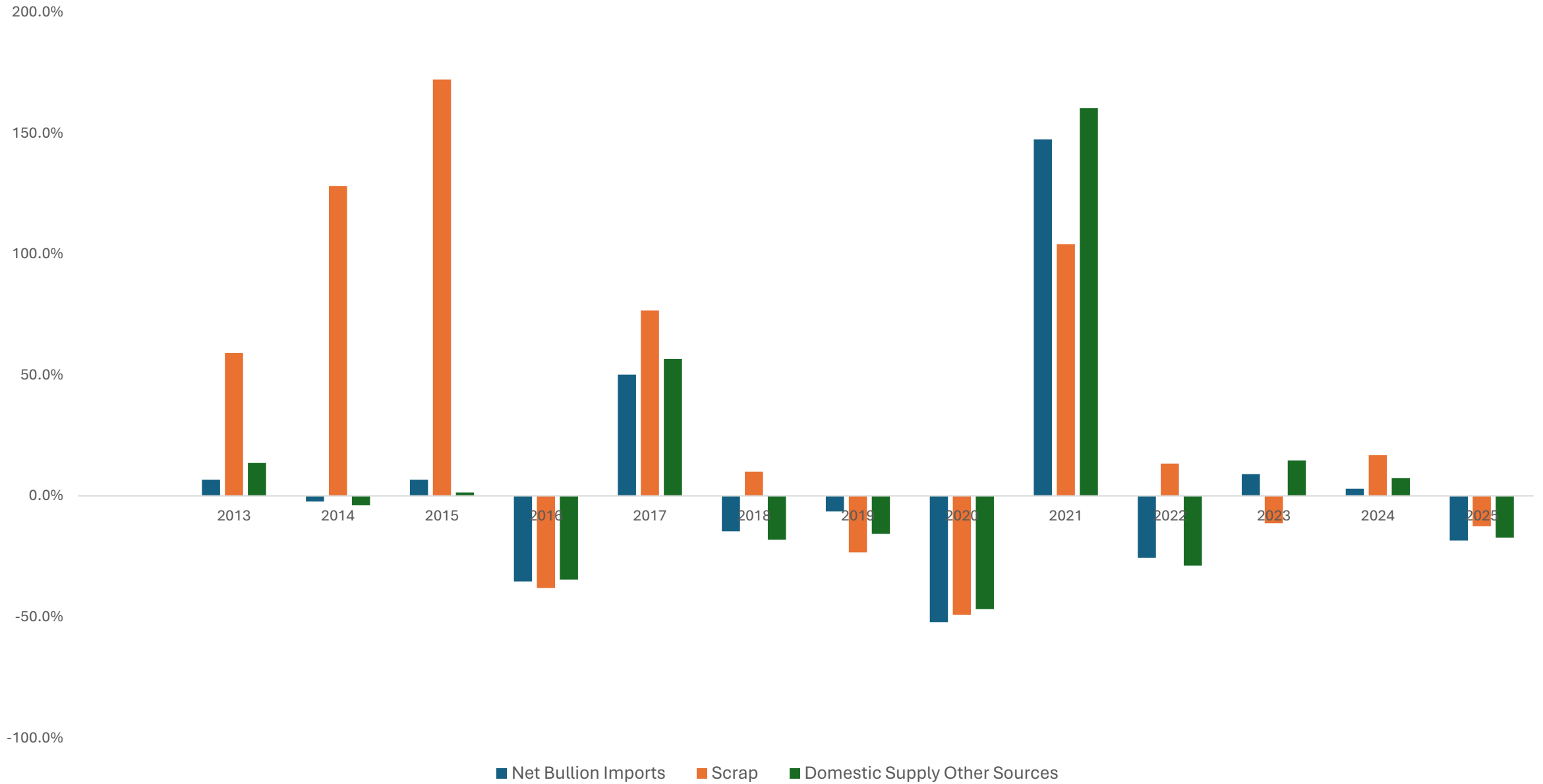
Total imported (in KGs)



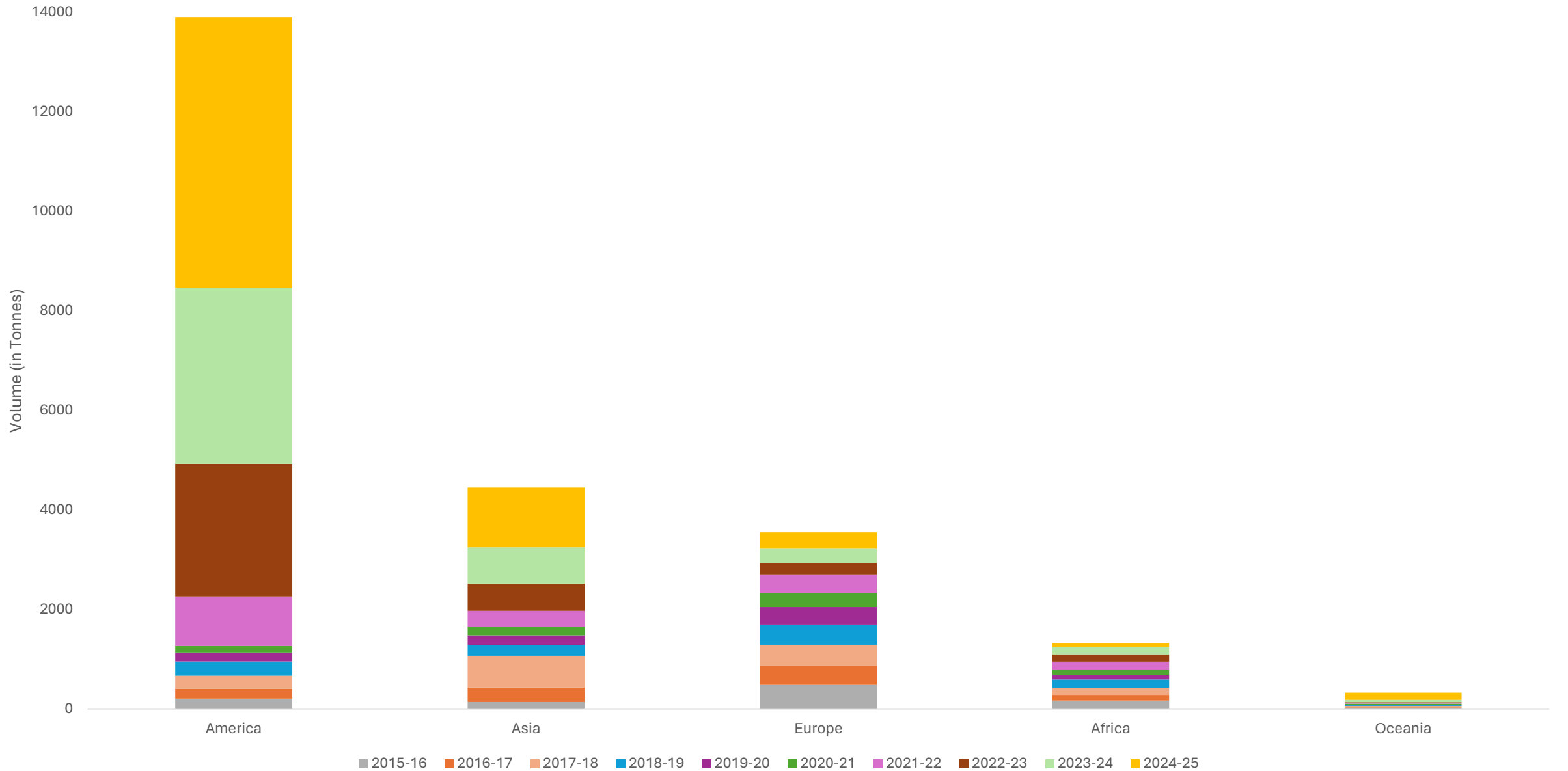
# Total supply of gold in India from CY 2012 to 2025



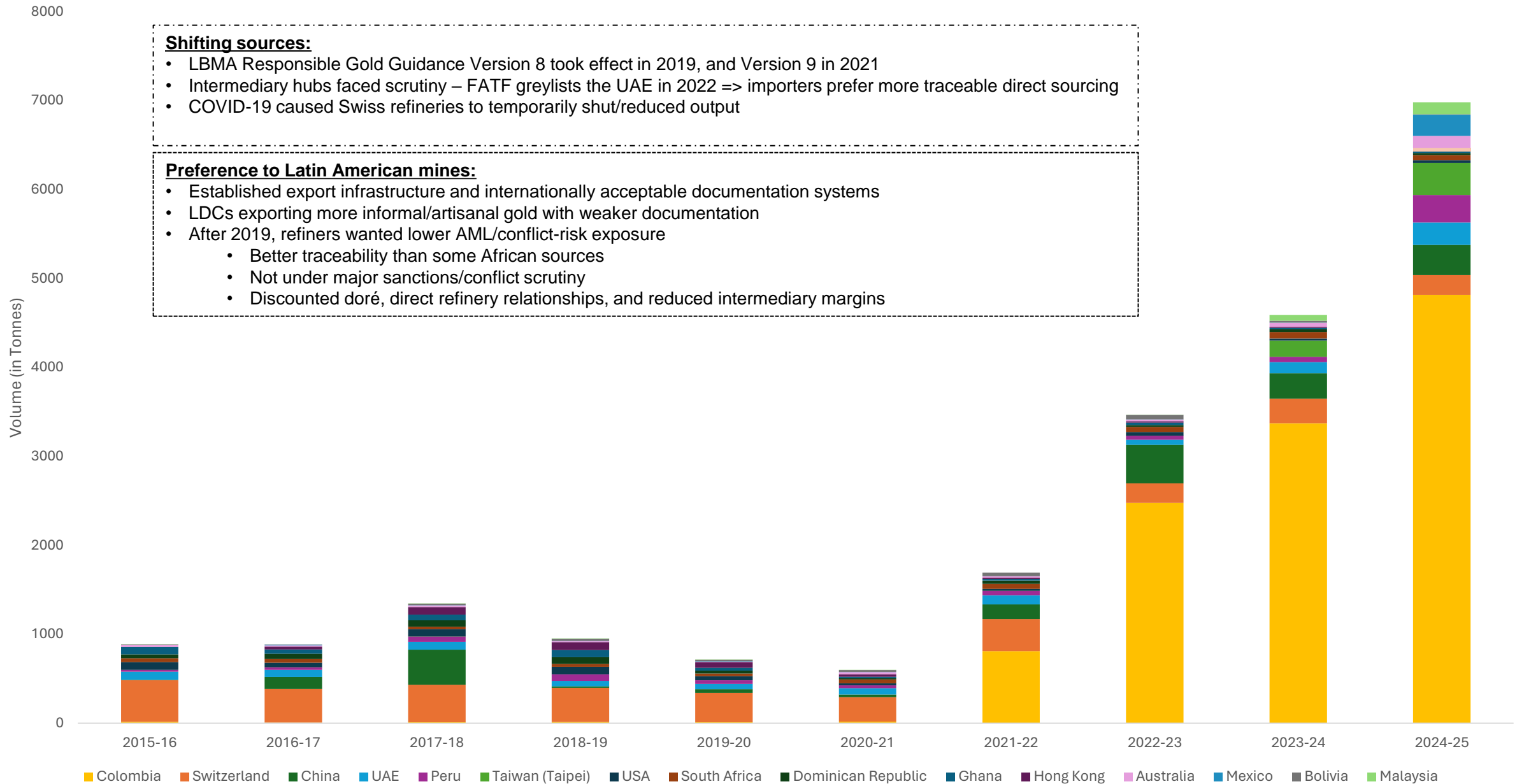
## Y-o-Y change in gold supply from CY 2013 to 2025



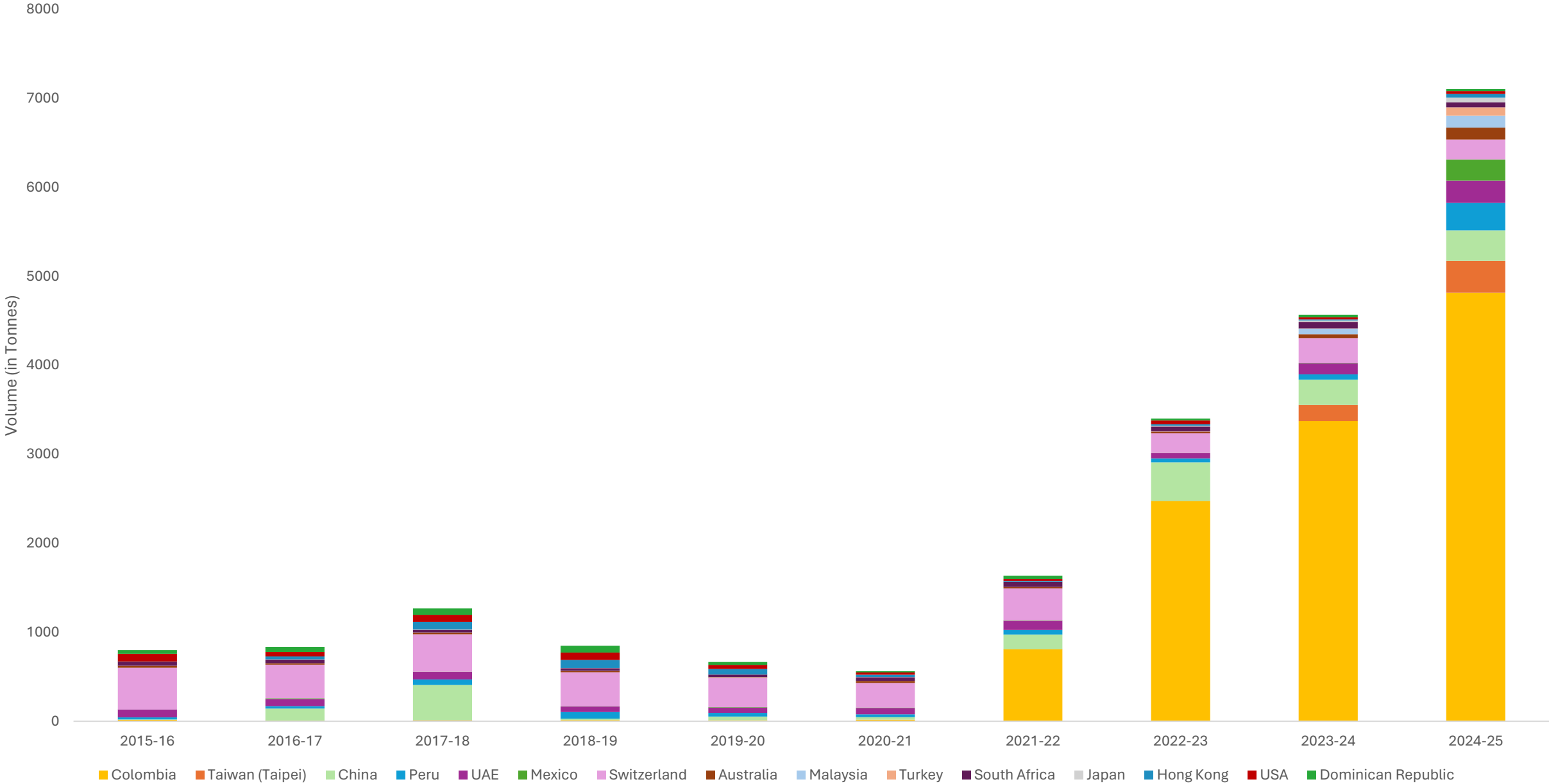
# Region-wise Indian gold imports from FY 2015-16 to 2024-25



## Top 15 exporters to India from FY 2015-16 to 2024-25 (all HS Codes)

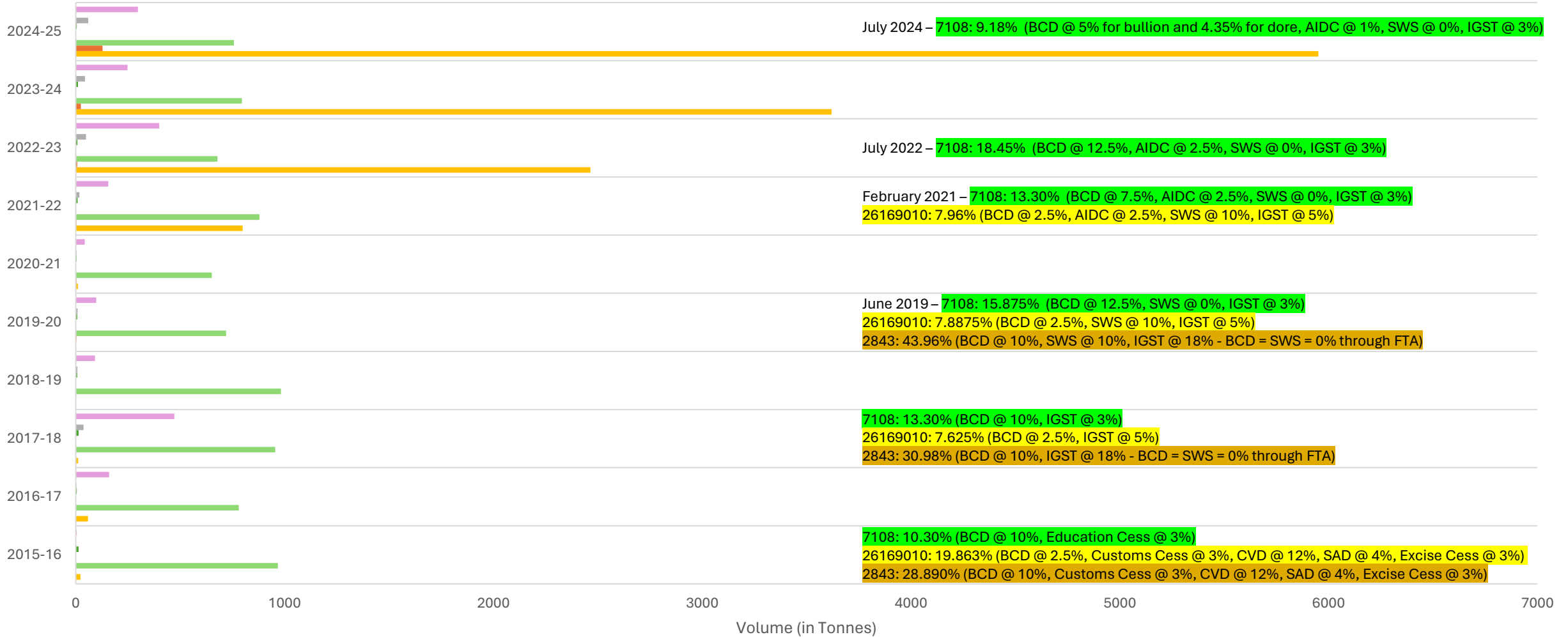


# Top 15 exporters to India w.r.t. 2024-25 (all HS codes)



Source: CMIE; TRADESTATS

# HS Code-wise Indian imports from FY 2015-16 to 2024-25

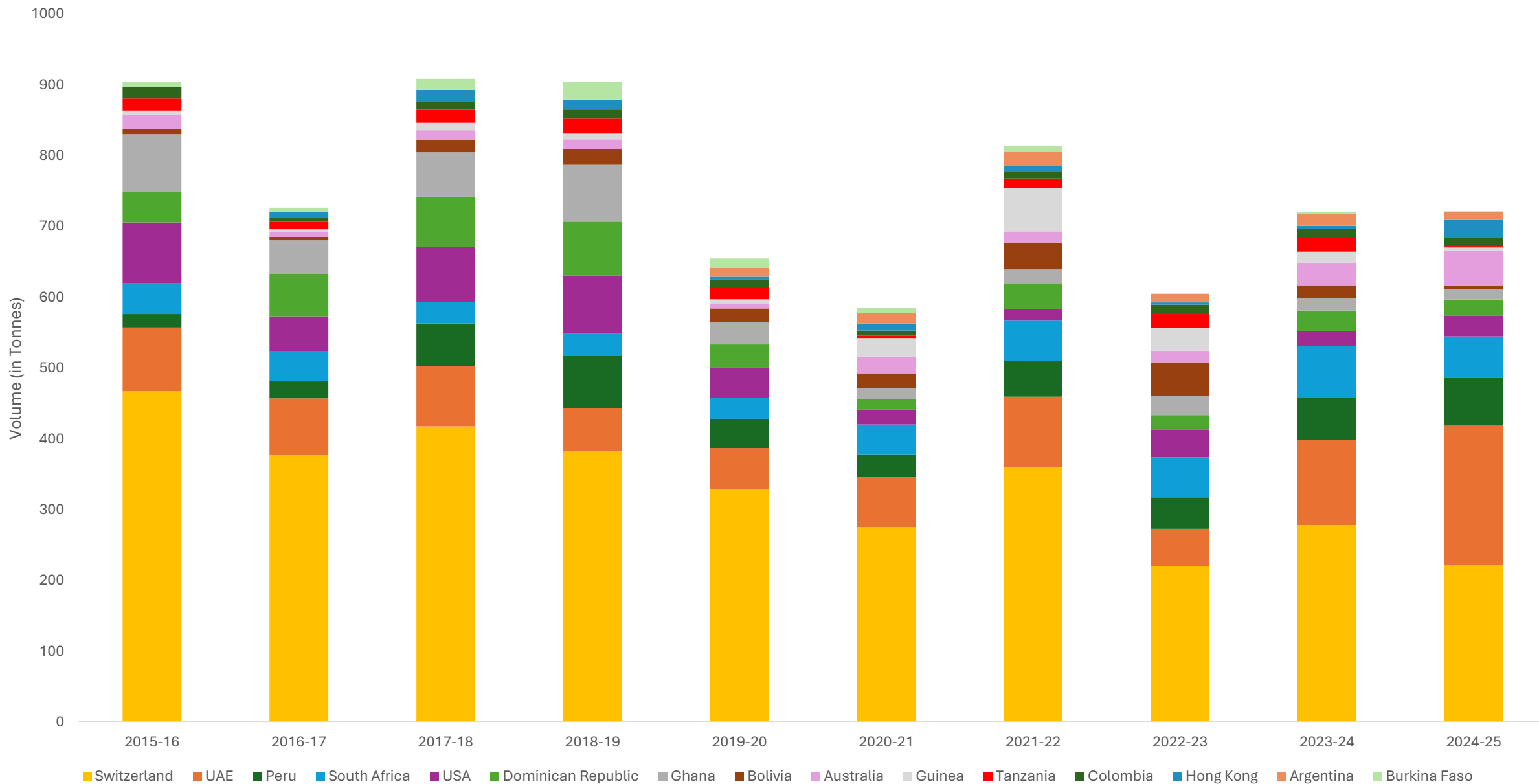


- 9113 - Watch straps/ bands etc of base metals, w/n gold or silver-plating
- 7113 - Gold jewellery
- 7108 - Gold monetary/ unmonetary/ unwrought
- 7115 - Spinnerets made mainly of gold
- 7112 - Sweeping/ waste/ scrap of gold with clading of gold
- 2843 - Gold compounds/ colloids
- 7114 - Articles and manufactures of gold
- 7109 - Semi-manufactured base metals/ silver clad with gold
- 2616 - Gold ores and concentrates

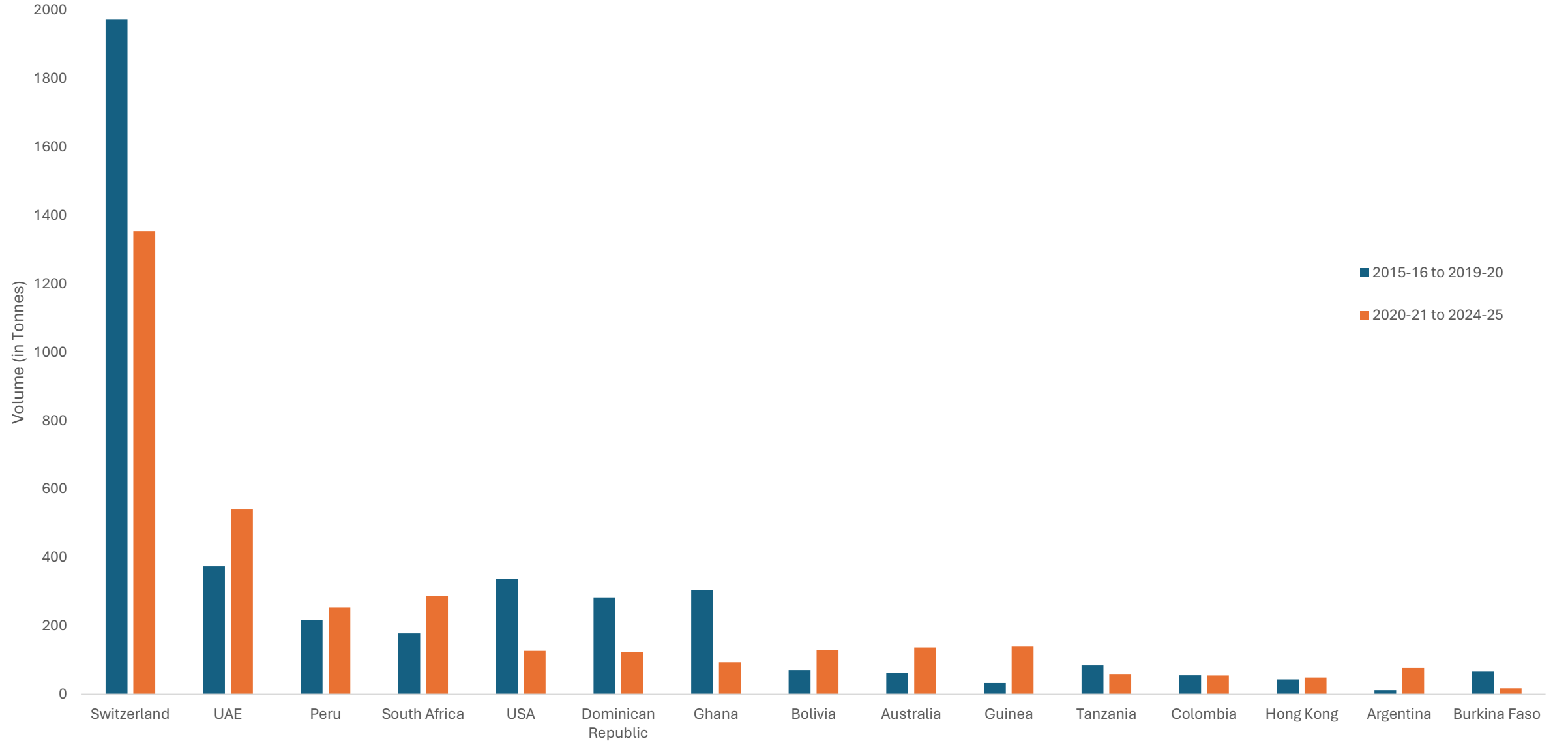
## Revenue Loss due to Duty Arbitrage

- India's fragmented customs duty structure for gold allows traders to legally re-route imports through various channels.
- Illustrative examples of fragmented duty structure contributing to such re-routing are: imports from LDCs, imports in the form of low-duty alloys, or gold compounds.
- Between 2020–24, India imported 540 tonnes from LDCs — had this been subject to full duty (~10%), estimated revenue loss is ₹27,000 crore.
- Gold-platinum alloys with  $\geq 2\%$  platinum were imported post-2022 at 10.75% instead of 15%, exploiting classification rules; one such spike of 18 tonnes implies a duty loss of ~₹350 crore.

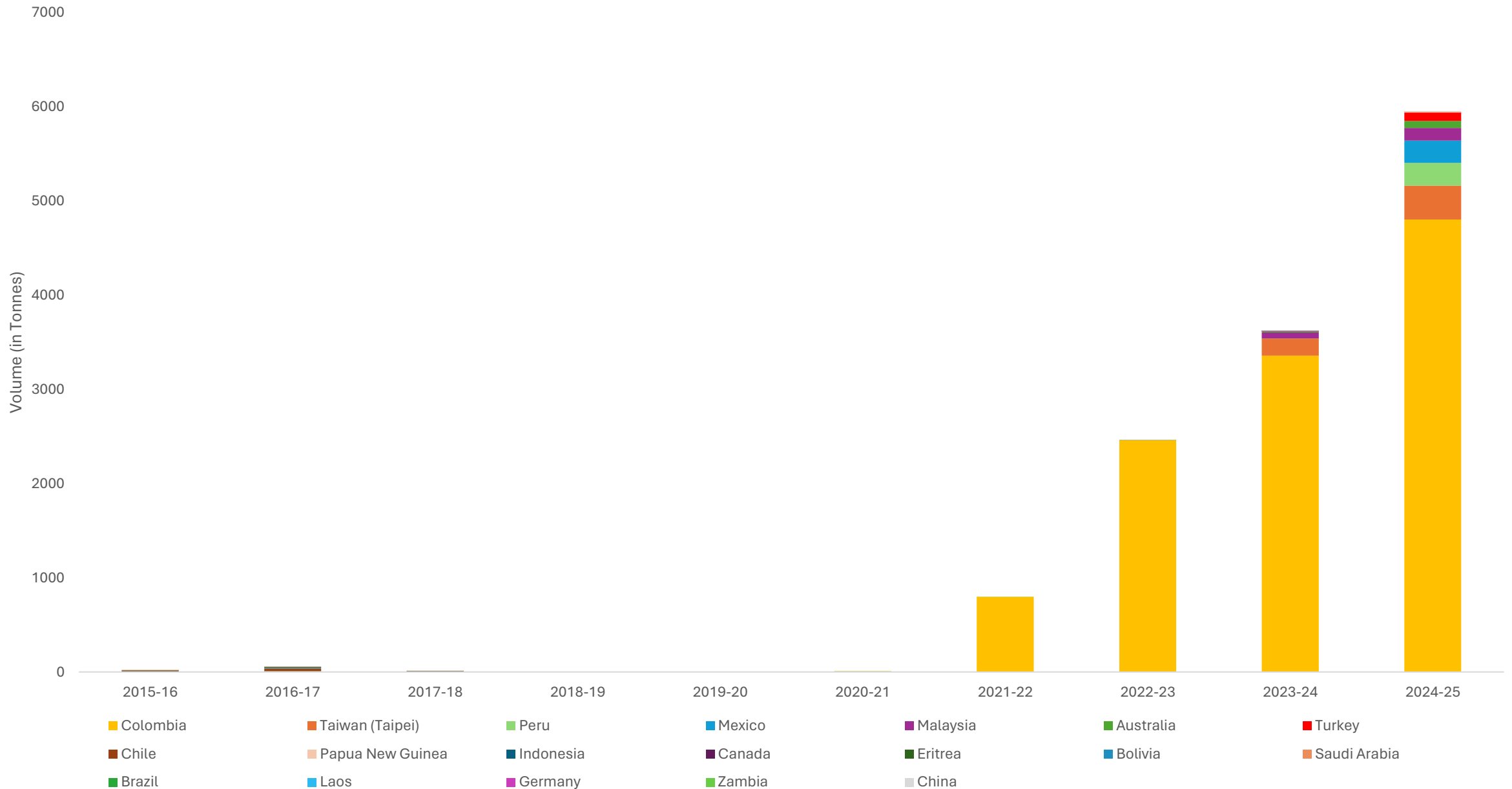
## Top 15 countries: HS Code 7108 - Gold (un)monetary/ (un)wrought



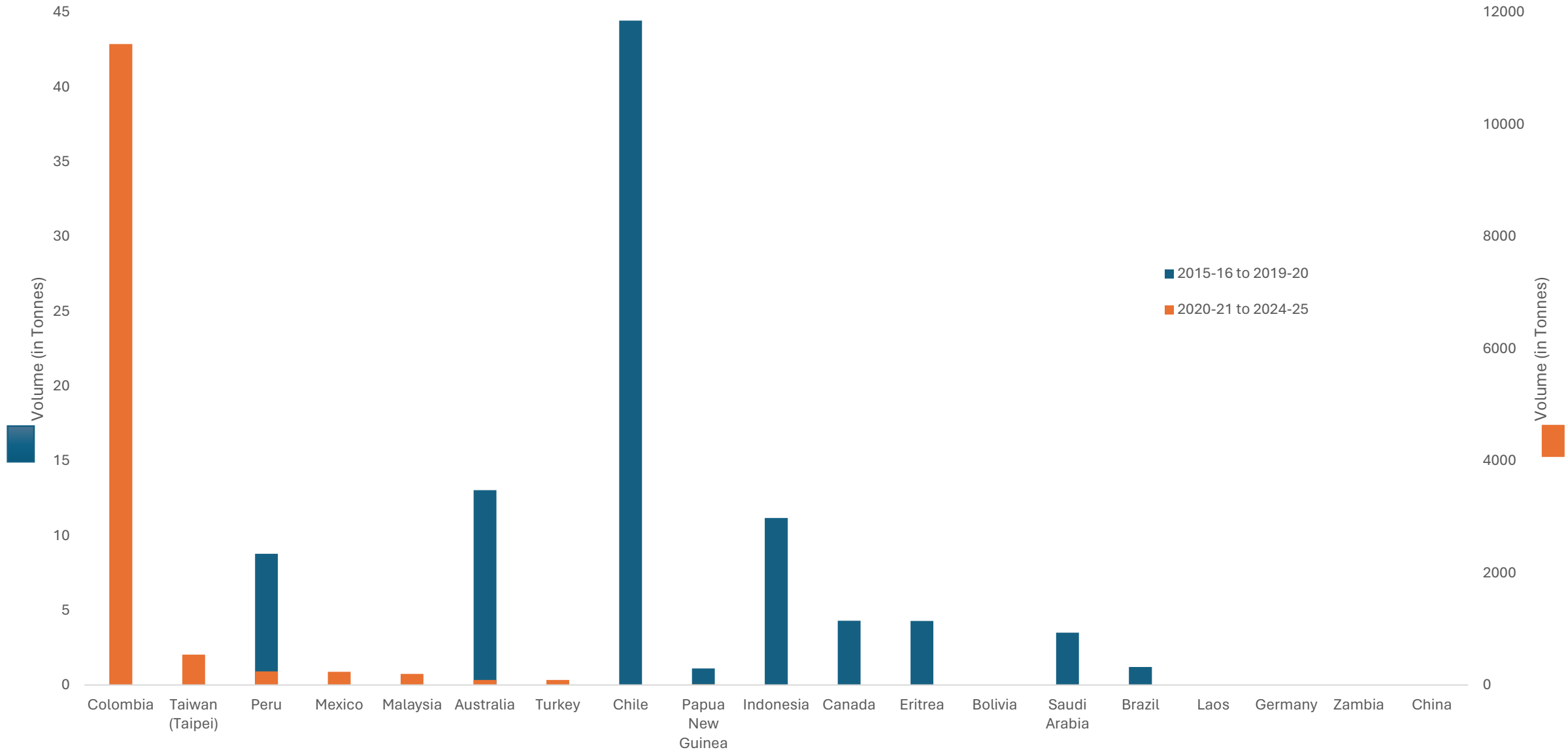
## Top 15 countries: Change in 7108 imports



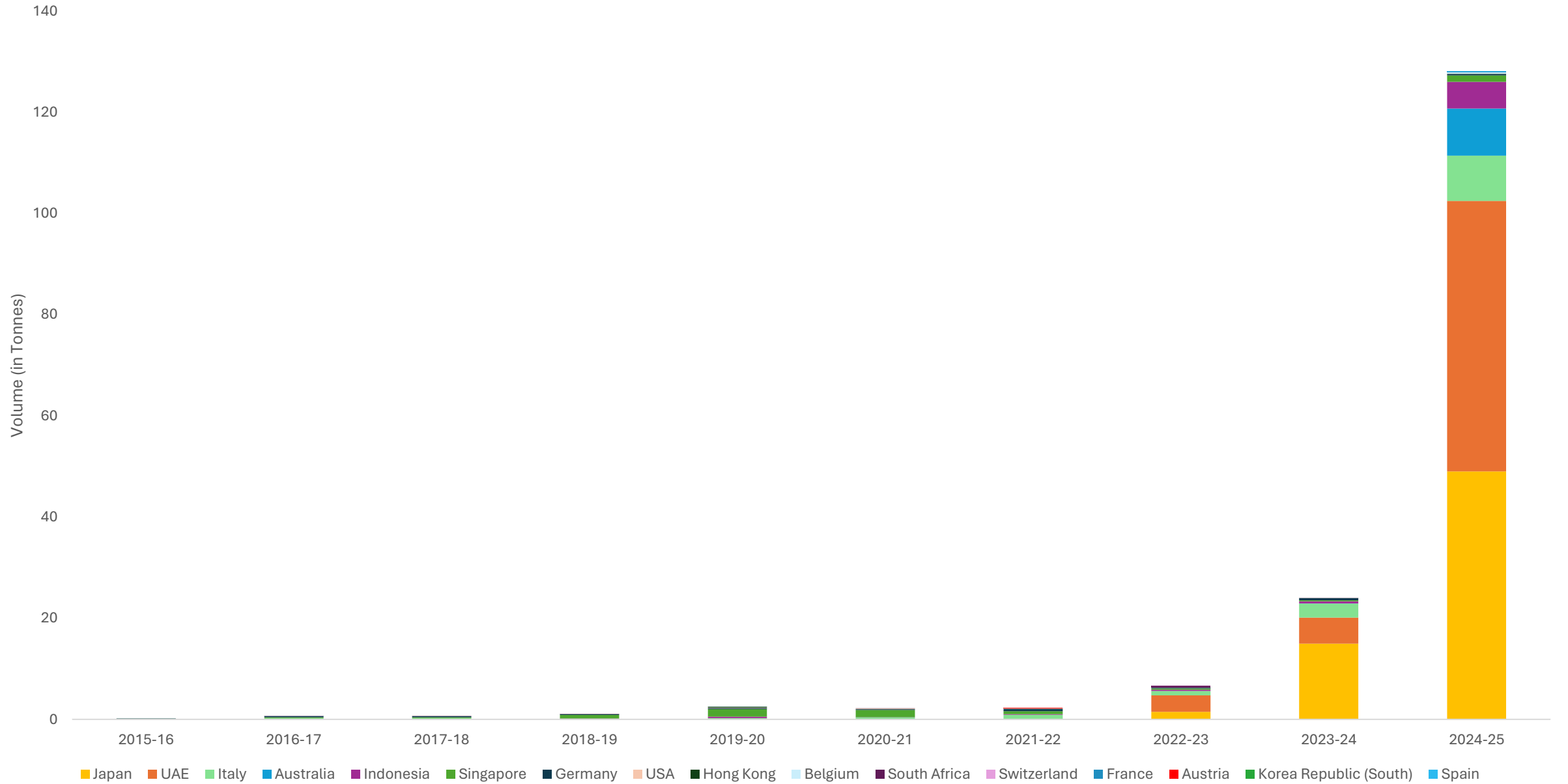
## All countries: HS Code 26169010 - Gold ores and concentrates



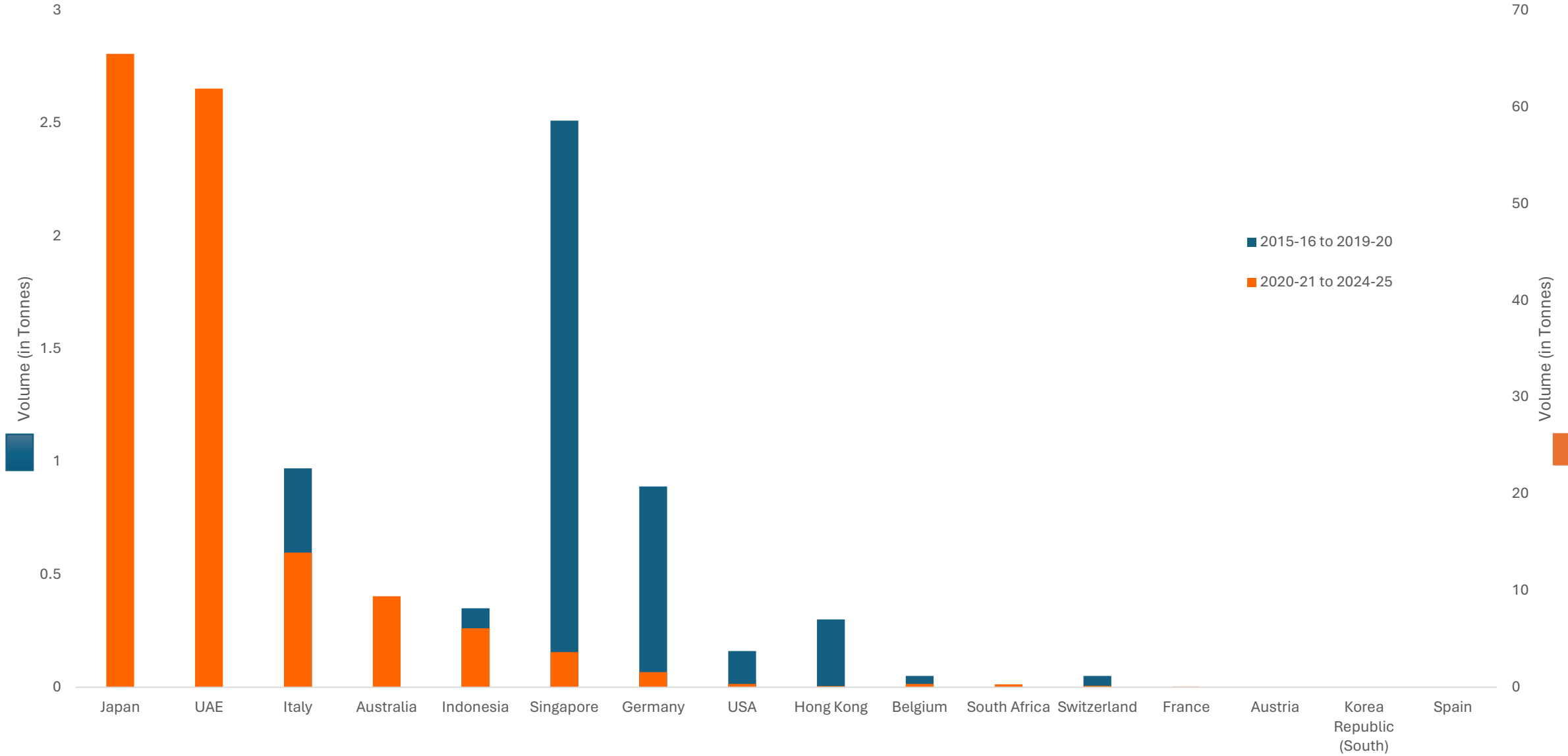
# All countries: Change in 26169010 imports



## All countries: HS Code 2843 - Gold compounds/ colloids



# All countries: Change in 2843 imports



## Losses under Trade Agreements

India – UAE CEPA Agreement	India – Japan CEPA Agreement
<p><b>Sharp Decline in Trade Volumes (Supply Chain Disruption)</b></p> <ul style="list-style-type: none"> <li>Imports fell by 46.5% (99,760 kg to 52,810 kg) post-CEPA</li> <li>Exports dropped 19% (47,810 kg to 38,710 kg) post-CEPA</li> <li>Supply bottlenecks affecting MSMEs, artisans, and gold refiners.</li> </ul>	<p><b>Imports Surged Post-CEPA, Exports Shrunk</b></p> <ul style="list-style-type: none"> <li>Imports ↑ 411% in value &amp; 306% in quantity post-CEPA (from Rs. 282.52 Cr to Rs. 1,443.95 Cr)</li> <li>Exports ↓ 63% in value &amp; 50% in quantity (from Rs. 3.55 Cr to Rs. 1.30 Cr).</li> <li>India becoming a net consumer, not a value-added exporter.</li> </ul>
<p><b>Trade Deficit Compression Reflects Shrinkage; Not Gains</b></p> <ul style="list-style-type: none"> <li>Trade deficit reduced from ₹29,844 Cr to ₹8,288 Cr.</li> <li>Not due to better trade terms but a contracted ecosystem.</li> <li>Loss of revenue, jobs, and global market share.</li> </ul>	<p><b>Trade Deficit Widened Dramatically</b></p> <ul style="list-style-type: none"> <li>Pre-CEPA Deficit: Rs. 278.98 Cr to Rs. 1,442.65 Cr post-CEPA.</li> <li>The trade agreement has favored imports disproportionately, harming trade balance.</li> </ul>
<p><b>Increased Import Cost per Kg leading to Profit Margin Squeeze</b></p> <ul style="list-style-type: none"> <li>Import price rise from ₹43.6 lakh/kg to ₹47.08 lakh/kg.</li> <li>Export price rise is global price-driven, not CEPA-induced.</li> <li>Reduced scale economies = compressed export margins.</li> </ul>	<p><b>Import Cost per Kg Increased, Export Realization Fell</b></p> <ul style="list-style-type: none"> <li>Import cost per kg increased by 25% (from Rs. 2.01 lakh/kg to Rs. 2.53 lakh/kg).</li> <li>Export earnings per kg fell by 26.5% (from Rs. 5.91 lakh/kg to Rs. 4.34 lakh/kg).</li> <li>Profit margins compressed; competitiveness weakened.</li> </ul>
<p><b>TRQ-Induced Market Concentration</b></p> <ul style="list-style-type: none"> <li>Pre-CEPA: Open import market.</li> <li>Post-CEPA: Only TRQ holders allowed preferential imports.</li> <li>Small traders sidelined, forced to buy at higher premiums.</li> <li>Market distortions harming MSMEs.</li> </ul>	<p><b>Structural Trade Imbalance: A One-Way Benefit</b></p> <ul style="list-style-type: none"> <li>CEPA created a structural imbalance: Japan benefits via exports to India.</li> <li>India faces an expanding trade deficit, with no corresponding export growth.</li> <li>Need for corrective policy action to rebalance trade flows.</li> </ul>

**Note;** The data points represent trade figures from the year immediately preceding the agreement and the first year following its implementation.

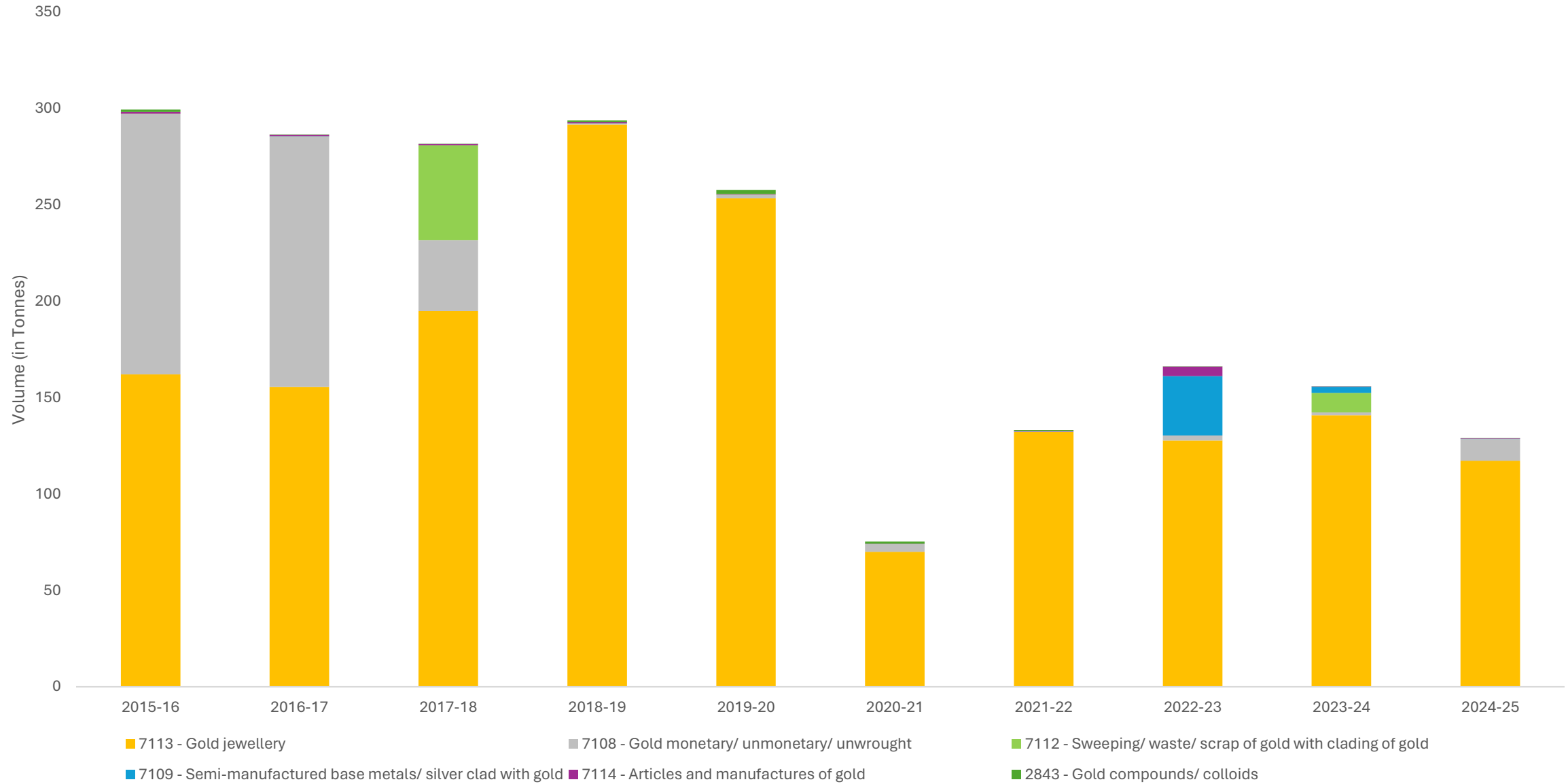
# Revenue Loss due to Duty Arbitrage

Imports of Gold Compounds from some FTA nations to India (in INR million) on FY basis

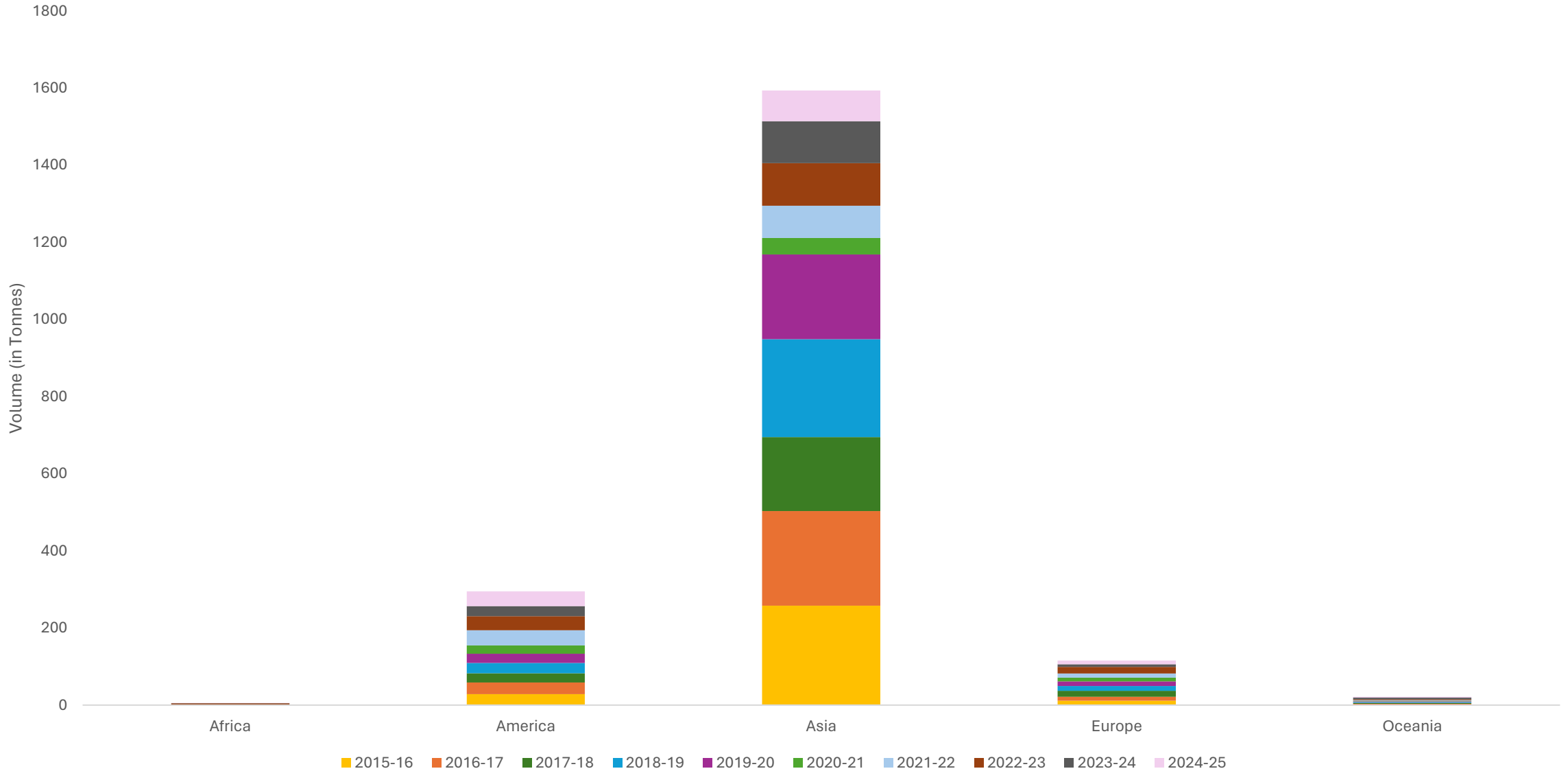
Exporter	2022-23	2023-24	2024-25
Australia	0	65.06	12979.6
Japan	2286.86	24319.38	104067.6
UAE	3275.91	5102.71	75280.4

- **Imports of gold compounds under FTAs** (e.g., from UAE, Japan) surged post-January 2023, enjoying 0% duty; just in the last FY, **revenue loss is ~₹1153 crore/year**.
- **A single and uniform customs structure for all gold-bearing imports** is critical.

## Indian gold exports from FY 2015-16 to 2024-25













# Region-wise Indian exports from FY 2015-16 to 2024-25



# The State *vs* The Gold

10 policy battles since 1947 — and who won each one

YEAR	EVENT	GOLD ₹/10g	USD/INR	IMPACT
1947-62	 FERA enacted; bullion brought under RBI licence	₹88 → ₹120	₹3.3 → ₹4.8	Bullion trade brought under RBI licence
1962-68	 Gold Control Act + Defence Bonds + 1968 bar ownership ban	₹120 → ₹162	₹4.8 → ₹7.5	Private bar holding banned, smuggling explodes
1990-92	 Gold Control Act repealed + 67t IMF pledge + NRI scheme + Rs 250/10g duty	₹3,200 → ₹4,334	₹17.5 → ₹30.6	Crisis-forced opening, imports legalised
1993-99	 Gold Bonds 1993 + bank imports allowed 1997 + Gold Deposit Scheme	₹4,140 → ₹4,234	₹31.4 → ₹43.3	Gradual liberalisation, mobilisation attempts fail
2007-12	 Gold BeES ETF launched + 2% ad-valorem duty introduced	₹10,800 → ₹29,000	₹41.3 → ₹53.4	Paper gold debut, duty becomes value-linked
2013	 Triple duty hike (4→6→8→10%) + RBI 80:20 export rule	₹29,600	₹58.5	CAD crisis throttles legal gold imports
Nov 2015	 SGB + Gold Monetisation Scheme + Indian Gold Coin (launched same day)	₹26,343	₹64.1	First sovereign paper-gold push by India
2016-17	 Demonetisation gold rush + PAN ₹2L rule + GST 3% on gold	₹28,623 → ₹29,667	₹67.1 → ₹64.5	Cash gold trade brought into tax net
2021-22	 BIS hallmarking mandatory + IIBX GIFT City + duty raised to 15%	₹48,720 → ₹52,670	₹74.4 → ₹79.6	Trade formalised, direct jeweller imports allowed
2024-26	 Duty 15%→6% (Jul'24) → back to 15% (May'26) + Modi's no-buy appeal	₹74,000 → ₹1,50,000	₹83.7 → ₹89+	Great yo-yo; rupee defence vs West Asia war

# Underutilisation of IIBX vs Consignment Model Opaqueness

- Despite RBI authorisation, fewer than 10% of eligible banks participate on IIBX, with only SBI active as a Trading-cum-Clearing Member.
- Of the 27 IFSC Banking Units, only one (SBI) is active on IIBX; major domestic and foreign banks remain absent.
- Lack of bank presence results in wide bid-ask spreads (e.g., INR 1,387 on IIBX vs INR 105 on MCX on Feb 11, 2025), deterring Qualified Jewellers and impeding trading efficiency.
- SBI's entry was accompanied by a >50-fold surge in daily volume, from ~140 kg/day to ~9,800 kg/day.
  - HSBC's 2018 entry into the Shanghai Gold Exchange boosted volumes significantly, reinforcing the view that institutional banks can unlock ecosystem growth.
- Estimated foregone value: Had modest bank engagement supported even 1,000 kg/day earlier, IIBX could have earned ~INR 2.1 crore/year in trading fees—excluding multiplier effects on ecosystem formalisation

If Indian players themselves don't trade through IIBX, how can foreign players be asked to do so?

Need to increase trust through the transparent exchange rather than the opaque consignment model to increase foreign participation

## No Exports of Bullion via IIBX

- Despite hosting 57 BIS-accredited refineries, India remains a net importer; enabling exports via IIBX would leverage regional demand from the UAE, Southeast Asia, and Africa.
- If even 30% of Indian refiners exported 1 tonne/year via IIBX, India could unlock ~INR 1,600 crore in refined gold exports, plus ₹5–10 crore/year in transaction cost savings.
- Global acceptance of India's Good Delivery Standards, possibly via a self-regulatory organisation (SRO), is essential to legitimize IIBX exports and bolster India's bullion credibility.

# Where India stands today

- Until FY 2025-26, major changes in boosting gold trade have been introduced through proactive policy changes
  - Discrepancies in Chapter 71 have been moderated through a DGFT notification on 2 April 2026.
- Chapters 26 and 28: HS codes with gold as a major component continue at lower taxes, leading to an increase in their imports and leading to major losses to the exchequer.
- The exchange perspective (IIBX)
  - No futures trade: India loses futures-linked exchange revenue and spillover liquidity due to the absence of a functioning futures segment.
  - Few small players: High thresholds and complexity exclude ~30,000 enterprises from direct sourcing and hedging.
  - Low bank participation: Fewer than 10% of eligible banks are active on IIBX, stifling liquidity and volumes.
  - No bullion exports: Lack of an outbound framework prevents India from emerging as a regional hub, while foregoing export value.
- Uncaptured Trade Agreement Potential: India's CEPA and other FTAs underutilised for bullion exports, missing trade rerouting and tariff edge.
- FTA & LDC Route Losses: Arbitrage in customs duties via LDCs and compounds leads to major revenue leakage.

Excellent progress over the last five years, depicting India's transformation to a refining economy from that of a passive importer

Fortify the situation, increase refinery utilisation, and increase exports through the exchange model

# What bothers the nation MOST!

- Current Account Deficit (Import vs Export)
- Fragmented Industry
- Less inclusive to all industry stake-holders
- Bringing house-hold gold into formal economy – SGB, GMS, ETF???

# Way forward: **India to be a Price-Setter**

- Consolidation of imports; utilize market infrastructure created for the purpose of bullion trade and not through banks
- Exempt gold and all precious metals from preferential tariffs (FTA, ASEAN, LDC, CEPA etc)
- Trade agreements should be two-way; in bullion industry, trade agreements have benefitted only imports and not exports
- Fortify domestic value addition / Allow exports and futures through MII.
- Leasing of gold mines in select countries and settlement in bullion (through HAM Model: Hybrid Annuity Model): dedollarization

**India: Gold Capital of the World**

# The One Big Idea

**Bringing household gold into the formal economy**

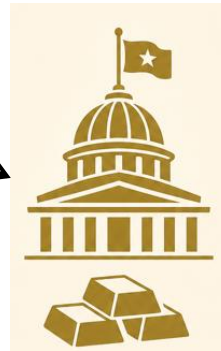
# The One Big Idea

## MINISTRIES

- Finance
- Commerce
- External Affairs
- Mining
- Labour and Employment
- MSMEs

## INFRASTRUCTURE

- Exchanges
- Banks
- Ports
- SEZs
- Vaults



## REGULATORS

- IFSCA
- RBI
- Customs

# THANK YOU



INDIA  
GOLD POLICY  
CENTRE