

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:4548

ANSWERED ON:19.12.2014

IMPORT AND SMUGGLING OF GOLD

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Will the Minister of FINANCE be pleased to state:

(a) whether seizures of smuggled gold and gold imports have risen by an unprecedented scale compared to last year during the April-September period;

(b) if so, the details thereof and the reasons therefor;

(c) whether Directorate of Revenue has taken up the matter with the Government to bring down the import duty on the gold imports;

(d) if so, the response thereto; and

(e) the other steps taken by the Government to stabilize the demand and supply of gold in the country and bring down current account deficit?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI JAYANT SINHA)

(a): Yes, there has been substantial increase in seizures of smuggled gold as well as in the gold imports during the April- September period in current year (2014) compared to last year April-September (2013).

(b): Increase in seizures of smuggled gold this year compared to last year during aforementioned period may be partly attributed to the fluctuations of the price of gold, restrictions imposed on import of gold and customs duty rates. Increase in the gold import this year compared to last year during same period may be attributed to higher domestic demand. The details of seizures of smuggled gold and gold imports are as below:

Seizures of smuggled Gold

Period	Qty. of gold seized (Kgs)	Value (Rs. in Crores)
Apr. - Sep., 2013	522.29	152.64
Apr. - Sep., 2014	2288.67	632.52

Import of Gold

Period	Qty. of gold imported (Metric Tonnes)	Value (Rs. in Crores)
Apr. - Sep., 2013	419.661	104761.76
Apr. - Sep., 2014	492.047	121933.37

(c) & (d): No such matter has been taken up with the Government by the Directorate of Revenue Intelligence.

(e): To stem the pressure on Current Account Deficit (CAD) from the growing import of gold, a slew of measures were taken to moderate the demand for gold for domestic use. These included:

i. Increase in customs duty on gold import,

ii. Prohibition on import of gold in the form of coins and medallions,

iii. Directions to all nominated banks and other entities to ensure that at least 20 percent of every lot of gold import was exclusively made available for export,

iv. The obligation to export a minimum of 20 percent out of every lot of gold import was made applicable to star / premier trading houses, refineries also,

v. Entities / units in SEZ and EOU are permitted to import gold only for the purpose of export.

As the CAD situation improved and the quantum of gold import reduced significantly, it was decided in May, 2014 to allow Premier and Star Trading Houses to import gold under 20:80.

Further on November 28, 2014 the stipulation of minimum export of 20% out of every lot of gold import was withdrawn.