

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:416
ANSWERED ON:11.07.2014
IMPORT TARIFF OF GOLD AND SILVER
Karandlaje Km. Shobha

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has noticed the ever increasing prices of precious metals like gold and silver in the country ;
- (b) if so, the details thereof and the action being taken by the Government to address the issue;
- (c) the details of rules and regulations governing the import of gold and silver in the country;
- (d) whether the Government proposes to reduce the duty on import of gold, in view of its adverse impact on the market in the country; and
- (e) if so, the details thereof ?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT NIRMALA SITHARAMAN)

(a) and (b) : The yearly average price of gold in India declined by 3.2 per cent from Rs 30164/ per 10 gram (Mumbai) in 2012-13 to Rs 29190/ per 10 gram in 2013-14 and silver prices declined by 19 per cent from Rs 57602 / per kg in 2012-13 to Rs 46637/ per kg in 2013-14. In the current year 2014-15, the price of gold was Rs 29329/ per 10 gram in April, 2014 and Rs 28738 / per 10 gram in May 2014 and the silver price was Rs 43606.74/ per kg in April, 2014 and Rs. 42116.20/ per kg in May 2014. The movements in the domestic price of gold and silver are broadly in tandem with movements in international markets.

(c), (d) and (e): The imports of gold and silver was one of the major reasons for higher trade deficit and current account deficit in 2011-12 and 2012-13. In order to contain the current account deficit, the Government has taken measures to curb the imports of gold and silver and other non-essential products. The Government increased the customs duty on gold in phased manner from 2 per cent in February, 2012 to 10 per cent in August, 2013. Similarly, customs duty on silver was raised from 6 per cent to 10 per cent in August, 2013. In addition, the Government introduced the 80:20 principle under which nominated agencies were allowed to import gold on the condition that 20 per cent of the inward shipment will be exported.

In view of the measures taken by the Government, the value of gold and silver imports fell by 40.1 per cent from US\$ 55.8 billion in 2012-13 to US\$ 33.4 billion in 2013-14.