



For Immediate Release

UNUSUAL GOLD IMPORTS IN INDIA IN MARCH 2021.

MULTIPLE FACTORS CONTRIBUTED TO THE GROWTH:

- Duty cut on gold to 7.5% encouraged imports through official channels
- Reduction in prices of gold is seen as an opportunity by investors as the current prices may not sustain in future
- Low base effect as imports of gold in March 2020 was 28 tonnes due to outbreak of Covid -19
- Relaxation of lockdown norms across various export markets like USA, UK etc. and wedding season in India.

Mumbai 20th April 2021: In March 2021, multiple factors contributed to the rise in imports of gold to 160 tonnes, a growth of 471% as compared to the same period last year. The growth is mainly attributed to factors like demand surge for gem and jewellery products from exports markets like the US, UK following lockdown relaxation, the wedding season in India, improved business and consumer sentiments and as well as recent sharp drop in gold prices, according to Gem and Jewellery Export Promotion Council (GJEPC).

There are many factors that pushed up the demand for gold that include festive time in domestic market and various countries during the said time; resumption of mining and exporting activities; resumption of production activities in domestic and global market; development of vaccine and start of vaccination and relaxation over the travel.

Apart from that there were various virtual gem and jewellery trade shows and buyer seller meets (VBSMs) organised by GJEPC which resulted in large orders for Indian manufacturers for varied gem and jewellery products.

While reiterating that increasing domestic demand is pushing up imports of gold, **GJEPC Chairman Mr. Colin Shah said**, "We should observe the overall market trends in a holistic manner in the forthcoming months to arrive at a rightful conclusion.

Factors such as low base effect, reduction in Gold price, reduction in import duty may be attributed to the increased imports in the country in this period. An important observation is that from an average import of approx. 80 tonnes a year in 2018-19 is down to 50 tonnes last year.”

The growth of gold imports is due to the low base effect as imports of gold in March 2020 was 28 tonnes due to outbreak of Covid-19. In a normal scenario, average import of gold in a month remains 60 tonnes to 80 tonnes. But, outbreak of Covid-19 in March 2020 resulted in nose dive of jewellery demand in domestic and international market and so as the import of gold in March 2020 to only 28 tonnes vis-à-vis 93 tonnes in March 2019.

“Growth in imports of gold indicates the positive sentiment in the domestic and international market. I am also expecting growth in exports of jewellery in the current fiscal.” **Colin Shah added.**

Additionally, the rise in demand is also impacted by the reduction in gold prices. Gold prices have seen a phenomenal drop and customers and investors see an opportunity as the current prices may not sustain in future. Gold prices have declined on an average to Rs. 40179 in March 2021 which is the lowest through the Financial Year from April 2020 to February 2021.



Source: Kitco

More imports of gold are taking place through official channels after the cut in gold import duty. **Colin Shah comments**, “The import duty reduction has **encouraged imports through official channels** – The gold duty cut by the Government is not much but it has helped bring duty at par with other countries and more formal import of the metal through official channel.”

Table : 1 Import Trends of Gold in tonnes – Last 3 years

Months	FY2018-2019	FY2019-2020	% Imports Growth/Decline	FY2020-2021	% Imports growth /Decline
April	71.26	109.79	54.07	0.06	-99.95
May	103.17	133.46	29.36	1.36	-98.98
June	71.44	77.62	8.65	12.86	-83.43
July	87.95	39.47	-55.12	32.41	-17.89
August	111.29	31.91	-71.33	62.12	94.67
September	81.53	26.68	-67.28	12	-55.02
October	56.83	39.97	-29.67	45.05	12.71
November	83.64	73.02	-12.70	54.55	-25.29
December	72.84	62.54	-14.14	84.36	34.89
January	69.39	36.14	-47.92	70.38	94.74
February	77.52	59.24	-23.58	97.58	64.72
March	93.08	28.09	-69.82	160	469.60
Total Imports of Gold	979.94	717.93	-26.74	632.73	-11.87
Average Monthly Imports of Gold	81.66	59.83	-26.74	52.73	-11.87

Table : 2 Consumer Demand for Gold in India – Last 6 halves (tonnes)

Time Period	Jewellery Demand (A)	Bars and Coins (B)	Consumer Demand (C=A+B)
Jan-June 2018	269.15	71.62	340.77
July-Dec 2018	328.86	90.78	419.63
Jan-June 2019	294.06	78.14	372.2
July- Dec 2019	250.6	67.6	318.2
Jan - June 2020	117.8	47.8	165.6
July - Dec 2020	198.1	82.6	280.7

Source : World Gold Council

About The Gem and Jewellery Export Promotion Council (GJEPC)

The Gem & Jewellery Export Promotion Council (GJEPC), set up by the Ministry of Commerce, Government of India (GoI) in 1966, is one of several Export Promotion Councils (EPCs) launched by the Indian Government, to boost the country's export thrust, when India's post-Independence economy began making forays in the international markets. Since 1998, the GJEPC has been granted autonomous status. The GJEPC is the apex body of gems & jewellery industry and today represents

7000 exporters in the sector. With headquarters in Mumbai, GJEPC has Regional Offices in New Delhi, Kolkata, Chennai, Surat and Jaipur, all of which are major centres for the industry. It thus has a wide reach and is able to have a closer interaction with members to serve them in a direct and more meaningful manner. Over the past decades, GJEPC has emerged as one of the most active EPCs, and has continuously strived to both expand its reach and depth in its promotional activities as well as widen and increase services to its members.

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