

News Analysis

BUDGET

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Budget 2024: Domestic gold prices drop 5% after cut in Customs duty

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Import levy cut to 6% from 11%, AIDC pruned to 1%; move may curb smuggling

Domestic **gold** prices dropped by nearly five per cent on Tuesday after Finance Minister Nirmala Sitharaman announced a cut in the basic customs duty on gold, silver and platinum.

The reduction in customs duty on gold and other precious metals is expected to bring down the smuggling of the yellow metal and provide much needed relief to the industry.

In view of the duty cut, prices of 22-carat gold - used for jewellery - dropped to ₹6,793 per gram on Tuesday from ₹7,146 on Monday.

Key Points:

- Finance Minister Nirmala Sitharaman announced a 5% drop in domestic gold prices due to a reduction in customs duty on gold, silver, and platinum.
- The duty cut is expected to curb smuggling of gold and provide relief to the industry.
- 22-carat gold prices for jewellery dropped to ₹6,793 per gram due to the duty cut.
- The reduction in gold prices is expected to curb smuggling, particularly in South India.
- The bullion industry estimates 150-200 tonnes of gold is smuggled annually into India, depriving the government of revenue. The discount on the domestic gold price to international price has widened to \$50 an ounce as unofficial gold floods the market.
- The cut in gold prices is expected to decrease by ₹5,900 per 10 gram and silver by ₹7,600 per kg.
- The implementation of Safe Harbour Rule for the sale of rough diamonds in Special Notified Zones will help in bridging trade activities in the SNZs.

Union Budget 2024: Sharp import duty cut to burnish gold and silver

Diamond industry to also benefit from change in safe harbour rules

Union Finance Minister Nirmala Sitharaman on Tuesday announced a sharp cut in import duties on gold and silver, from 15 per cent to only 6 per cent. This move will end the decade-old approach of discouraging gold buying. Along with this, the Union Budget 2024-25 has also met the diamond industry's age-old demand of safe harbour to overseas mines.

Sachin Jain, regional CEO, India, World Gold Council, said: "Gold and silver basic customs duty (BCD) reduction from 10 per cent to 5 per cent and Agriculture Infrastructure & Development Cess (AIDC) from 5 per cent to 1 per cent will boost the overall competitiveness of the domestic jewellery industry. It will effectively reduce the overall taxes on gold from around 18.5 per cent (including GST) to 9 per cent."

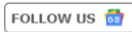
Key Points :

- Union Finance Minister Nirmala Sitharaman announces a sharp cut in import duties on gold and silver from 15% to 6%.
- The move ends the decade-old approach of discouraging gold buying.
- The Union Budget 2024-25 meets the diamond industry's demand for safe harbor to overseas mines.
- The reduction in import duties will boost the domestic jewellery industry's competitiveness and reduce overall taxes on gold from 18.5% (including GST) to 9%.
- The import duty for gold dore and silver dore has been reduced to 5.35%, benefiting gold refineries.
- The share price of jewellery companies such as Titan and Kalyan Jewellers saw gains on Tuesday.
- The duty cut will reduce incentive for imports of gold and silver at lower duty from UAE under the Comprehensive Economic Partnership Agreement (CEPA).

THE TIMES OF INDIA

Union Budget 2024: Gold, Silver prices to come down as custom duty slashed to 6%

TOI Business Desk / TIMESOFINDIA.COM / Updated: Jul 23, 2024, 15:08 IST



NEW DELHI: [Gold](#) and Silver prices are expected to come down after Union finance minister Nirmala Sitharaman announced a reduction in customs duties on gold and silver to 6% from 15% while presenting the Union Budget on Tuesday. Custom duty on platinum is also reduced to 6.4%.

"To enhance domestic value addition in gold and precious metal jewellery in the country, I propose to reduce customs duties on gold and silver to 6 per cent and that on platinum to 6.4 per cent," said Union finance minister Nirmala Sitharaman in her budget speech on Tuesday.

Key Points:

- Gold and Silver prices are expected to Come down after Union Finance Minister announced a reduction in custom duties on gold and silver to 6% from 15% while presenting the union budget on Tuesday.
- Custom duty on Platinum also reduced to 6.4%
- To enhance domestic value addition in gold and precious metal jewellery in the country, I propose to reduce customs duties on gold and silver to 6 per cent and that on platinum to 6.4 per cent," said Union finance minister in her budget speech on Tuesday.

Budget 2024: Gold Prices In India Fall After Cut In Customs Duty

There may be some more weakness in the near term as the markets are currently adopting a wait-and-watch approach.

Ann Jacob

24 Jul 2024, 05:07 PM IST



Gold prices dropped after Finance Minister Nirmala Sitharaman announced a significant cut in the customs duty on the metal in Union Budget 2024–25.

The price of the purest form of gold fell nearly 5% on Tuesday, according to the India Bullion and Jewellers Association. The prices saw a marginal rise on Wednesday as buyers attempted to take advantage after the **customs duty** on the yellow metal was cut to 6% from 15% earlier with immediate effect.

"To enhance domestic-value addition in gold and precious metal jewellery in the country, I propose to reduce customs duties on gold and silver to 6% and that on platinum to 6.4%," Sitharaman said during her budget speech on Tuesday.

Key Points

- Finance Minister Nirmala Sitharaman's Union Budget 2024–25 saw a significant cut in customs duty on gold, leading to a 5% drop in gold prices.
- The cut in customs duty on gold and silver was immediate and 6%, while platinum was reduced to 6.4%.
- The drop in gold prices was attributed to the cut in import duty, which exceeded market expectations.
- The spot market prices did not fall as much as the futures market prices due to jewellers having an inventory of gold before the cut.
- Gold prices in India mirror global prices due to India's importation of most of the gold it consumes.
- Motilal Oswal Financial Services is bullish on gold prices for the remainder of the year, with a price target of \$2,600 per troy ounce.
- Gold prices have risen in tandem with a fall in US bond yields and a decline in the value of the US dollar.

Key Points :

- On the BSE, the stock of Senco Gold zoomed 6.16% to trade at ₹1,000.80 apiece, Rajesh Exports surged 5.49% to ₹313.90 and PC Jeweller jumped 5% to trade at ₹74.16 — also its upper circuit limit.
- On the BSE, the stock of Senco Gold zoomed 6.16% to trade at ₹1,000.80 apiece, Rajesh Exports surged 5.49% to ₹313.90 and PC Jeweller jumped 5% to trade at ₹74.16 — also its upper circuit limit.
- In addition, shares of Titan Company climbed 3.66% to ₹3,371.65 per piece, Tribhovandas Bhimji Zaveri rose 2.79% to ₹140.20, and Kalyan Jewellers India gained 1.54% to ₹537.05 apiece on the bourse.
- Meanwhile, the 30-share BSE Sensex benchmark dropped 996.53 points or 1.24% to trade at 79,505.55.
- The Finance Minister also provided for basic custom duty reduction on platinum to 6.4%.



India World Movies Budget 2024 e-Paper

Budget 2024: Jewellery stocks surge after government cuts basic custom duty on gold, silver

The Finance Minister also provided for basic custom duty reduction on platinum to 6.4%

Updated – July 23, 2024 03:22 pm IST Published – July 23, 2024 01:14 pm IST – New Delhi

Shares of gold and jewellery retailers surged on July 23 after Finance Minister Nirmala Sitharaman said the government will reduce the basic customs duty on the yellow metal and silver to 6%.

Summary

- Customs Duty Cuts: Import duties on gold and silver reduced from 15% to 6%, and on platinum to 6.4%.
- Price Impact: Domestic gold prices dropped by 5%, with 22-carat gold now at ₹6,793 per gram. Gold prices expected to decrease by ₹5,900 per 10 grams and silver by ₹7,600 per kg.
- Smuggling Reduction: The duty cut aims to reduce gold smuggling (150-200 tones annually) and recover lost revenue.
- Market Reaction: Share prices of jeweler companies like Senco Gold, Rajesh Exports, PC Jeweler, Titan, Tribhovandas Bhimhji Zaveri, and Kalyan Jewelers surged.
- Safe Harbor Rule: Implementation of a Safe Harbor Rule for rough diamonds in Special Notified Zones (SNZs) to support trade.
- Overall Tax Reduction: Overall taxes on gold decreased from 18.5% to 9%.
- Economic Impact: Reduced duties could diminish the incentive for importing gold and silver at lower rates under CEPA.
- Market Trends: The spot market prices of gold did not drop as much as futures prices due to existing inventory. Gold prices are anticipated to rise globally, with a target of \$2,600 per ounce by Motilal Oswal Financial Services.
- Sensex Reaction: The BSE Sensex fell by 1.24% to 79,505.55 points.