

Navigating India's Gold Import Trends



**DGCI&S, Ministry of Commerce & Industry
Commercial Intelligence (CI) Division**

April 2022 to March 2025

Navigating India's Gold Import Trends during April 2022 and March 2025: Strategic Interactions with Trade and Macroeconomic Indicators

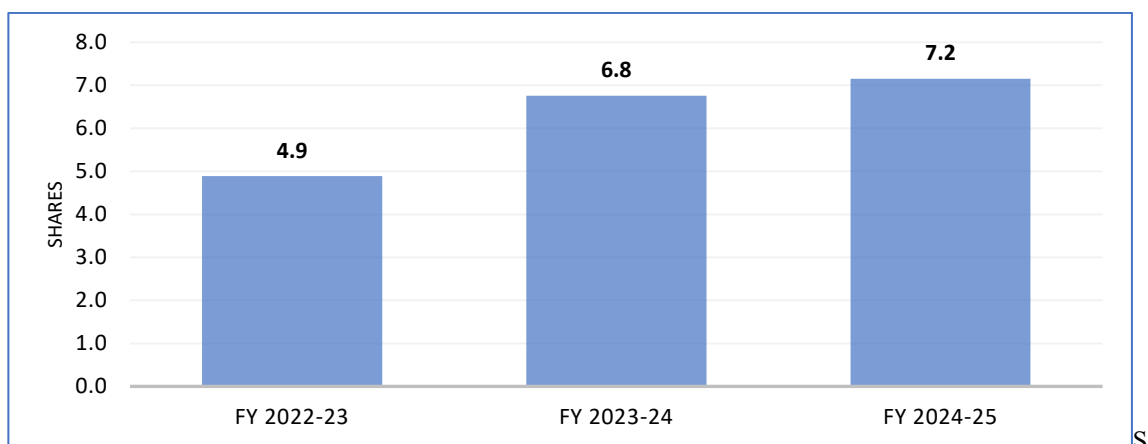
Gold has long been considered as one of the most precious metals on account of a multitude of functions that gold as a commodity performs. It is a crucial commodity for determining economic growth and financial stability of a nation because it acts as a hedge against inflation. In addition, globally, Central banks use gold reserves to back their domestic currencies, which in turn can enhance confidence in the national monetary systems. Gold's pivotal role in diversifying investment portfolios further entails financial soundness, making it an essential component of robust economic systems. According to World Gold Council (WGC) Report, India stood second following China with 802.8 Metric Tonnes (MT) of gold consumption in 2024, registering a 5% increase from 761 MT in 2023. The total gold consumption in India particularly arises from the demand for gold as a jewellery and demand for investment of gold in different asset forms including bars, coins, etc. According to The Gems and Jewellery Export Promotion Council (GJEPC) working under the aegis of the Ministry of Commerce and Industry, Government of India, although consumption of gold as jewellery had declined from 575.8 MT in 2023 to 563.4 MT in 2024 (a drop of 2%), consumption of gold as an investment tool had surged by a significant 29% from 185.6 MT in 2023 to 239.4 MT in 2024. On the production front, the domestic production of gold had been minimal at nearly 1% (Niti Aayog Report, 2018) with the currently available figure showing 15.1 MT of domestic gold production in 2023 (The Economic Times, Mar-2024). It is also worth-mentioning that India accounted for above 16-17% of global gold demand both in volume and value terms (WGC Report, 2024). In particular, Indian shares of global gold demand in 2024 stood at 16.1% in terms of volume (802.8 MT out of global demand of 4974 MT) and 16.3% in terms of value (USD 62 Billion out of global demand of USD 382 Billion).

The observed differences between the demand for and supply of gold in the domestic market, as reflected from the above stylized facts, coupled with high shares of India in the global gold demand indicate its position as a major net importer of gold in the international gold market. In 2024, India ranked as the 5th largest gold importing country globally with USD 51.8 billion worth of import and accounting for more than 9% in the global gold imports, according to the Statista website. According to the International Trade Centre (ITC), other major importers of gold in the international gold market in 2024 who had stood before India in terms of import

shares are observed to be Switzerland (18.3%), China (17.9%), UK (13.4%) and Hong Kong (11.4%). In fact, import of gold in India had surged by 13.7% in value terms from USD 45.54 billion in the 2023 to USD 51.8 billion in 2024 (Business Standard, 2025). This relative position of India as a major gold importer (5th among the importers in the global gold market and 3rd among the Asian countries) calls for an in-depth analysis in the recent trade developments in the Indian gold sector. In fact, the heavy dependence on gold import is expected to affect import gold prices which in turn is likely to impact different interrelated aspects of the Indian economy from international trade and macro-economic perspectives. Set at this backdrop, the objective of this study is to examine the import dynamics of gold in India and to understand how the trends in international gold prices affect import prices of gold and other related trade and macroeconomic financial indicators like Exchange Rate (ER) and stock market prices(BSE SENSEX 50) using the monthly data from FY 2022-23 to FY 2024-25 available with DGCI&S.

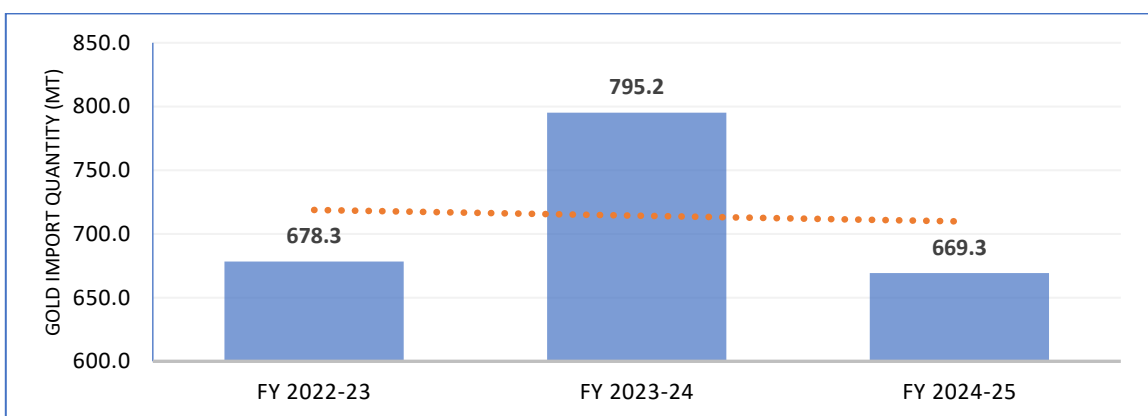
According to the World Bank Report (2024), Gold stood 2nd in the major import commodity list of India with import value of approximately 47 USD billion in FY 2023-24 following Crude Oil whose import value has been observed over USD 180 billion in the same financial year. Hence, it is also imperative to observe the trend in the shares of gold in total imports on account of the fact that Gold occupies a significant position in the import commodity basket of India. Aggregating the monthly DGCI&S data at the annual level, the shares of gold in total Indian imports (in value terms) had consistently increased from 4.9% in FY 2022-23 to 6.8% in FY 2023-24 and again to 7.2% in FY 2024-25 (Figure 1). The quantity of imports has been witnessed to have increased from 678.3 MT in FY 2022-23 to 795.2 MT in FY 2023-24 with a positive growth rate of 17.2% followed by a remarkable decline to 669.3 MT in FY 2024-25, registering a negative growth rate of -15.8% (Figure 2). On the contrary, the values of import have consistently surged from 35016.1 million USD (MUSD) in FY 2022-23 to 45542.1 MUSD in FY 2023-24 and further to 51588.5 MUSD in FY 2024-25 with respective growth rates of 30.1% and 13.3% (Figure 3). These annual trends in import values and quantities had reflected consecutive surges in annual import prices (Figure 4) from 51.6 MUSD/MT in FY 2022-23 to 57.3 MUSD/MT in FY 2023-24 and again to a significant 77.1 MUSD/MT in FY 2024-25, revealing a substantial 23.7%-point increase in import price in FY 2024-25 from FY 2023-24.

Figure 1: Annual share of gold imports in total imports between FY 2022-23 and FY 2024-25



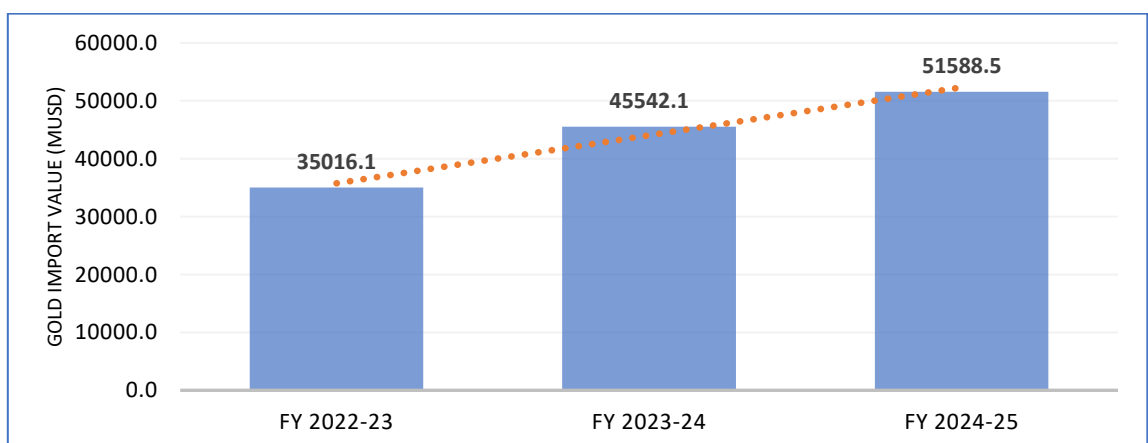
Source: DGCI&S data.

Figure 2: Annual quantity of gold imports (in MT) between FY 2022-23 and FY 2024-25



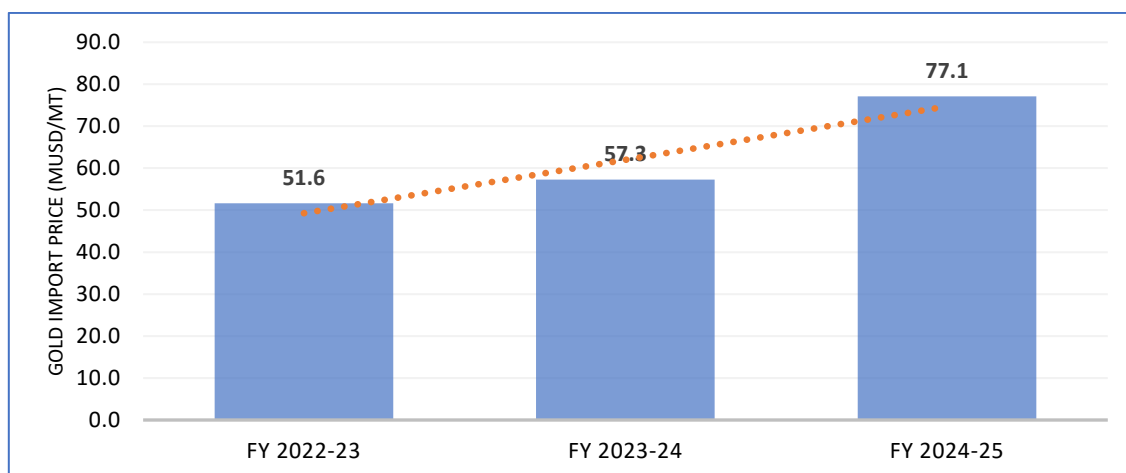
Source: DGCI&S data.

Figure 3: Annual value of gold imports (in MUSD) between FY 2022-23 and FY 2024-25



Source: DGCI&S data.

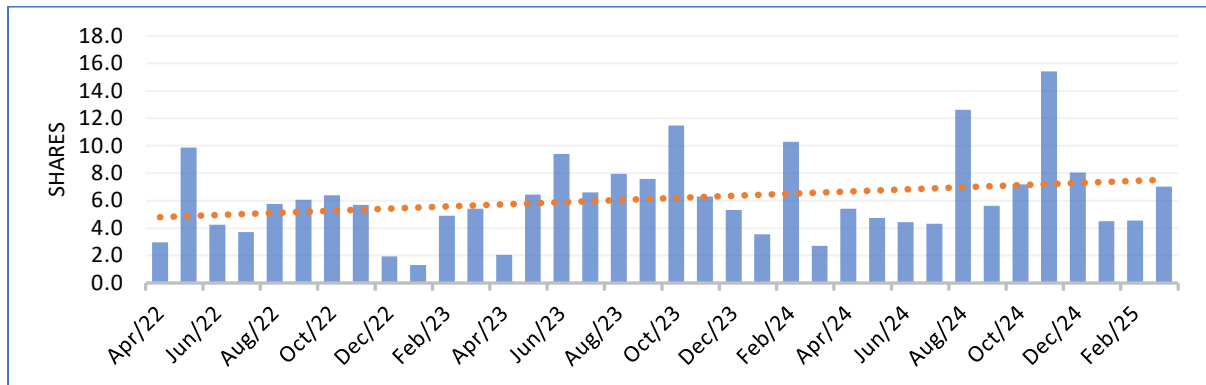
Figure 4: Annual import price of gold (in MUSD/MT) between FY 2022-23 and FY 2024-25



Source: DGCI&S data.

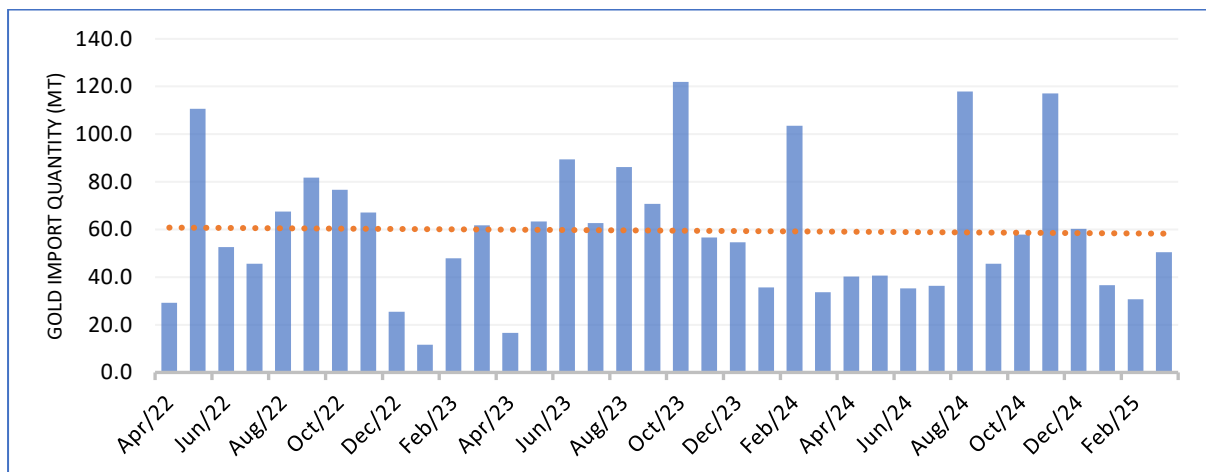
Apart from observing annual trends, monthly statistics provides useful insights to assess seasonality in trade patterns and also signals the requirement of short-term policy interventions. Monthly data had shown an upward trend in the import shares of gold by 4%-point increase from 3% in Apr-22 to 7% in Mar-25, the highest share being observed in Nov-24 (15.4%) from the previous month's share of 7.2% during the entire period of study (Figure 5). Also, the cumulative values of the shares had also shown an increase from 58% in FY 2022-23 to 79.6% in FY 2023-24 and further to 83.8% in FY 2024-25. In terms of quantities and values of imports, 72.4% and 159.6% respective increases from Apr-22 to Mar-25 had been witnessed alongside respective averages of 59.5 MT and 3670.7 MUSD. The annual cumulative quantities of gold import had observed to be 678.3 MT in FY 2022-23, 1473.5 in FY 2023-24 and 2142.9 MT in FY 2024-25. The corresponding cumulative values of imports had found to be 35016.1 MUSD in FY 2022-23, 80558.2 MUSD in FY 2023-24 and 132146.7 MUSD in FY 2024-25. The import trend in quantities had been flat whereas an upward trend in the import in value terms had been seen (Figure 6-7). Also, the Average Monthly Growth Rate (AMGRs) of 33.1% in the import value had been observed to be higher than that of import quantity (31.1%). These reflect a discernible surge in import price of gold from 58.9 MUSD/MT in Apr-22 to 88.7 MUSD/MT in Mar-25, registering an increase of more than 50% (Figure 8). Also, the AMGR of gold import price had also been observed to be positive with a value of 1.9%.

Figure 5: Monthly shares of gold import (in MUSD)between Apr-22 and Mar-25



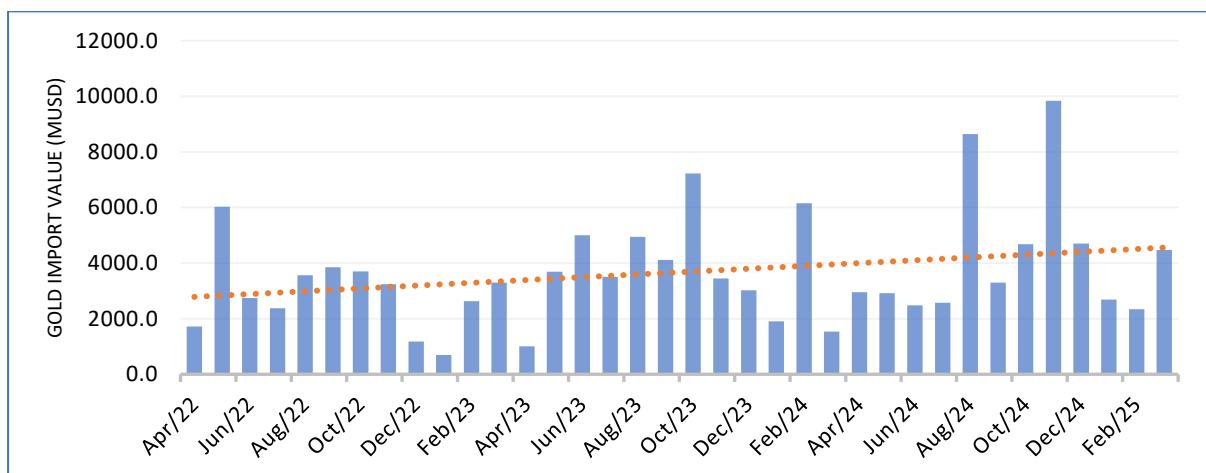
Source: DGIC&S data.

Figure 6: Monthly import quantities of gold (in MT) between Apr-22 and Mar-25



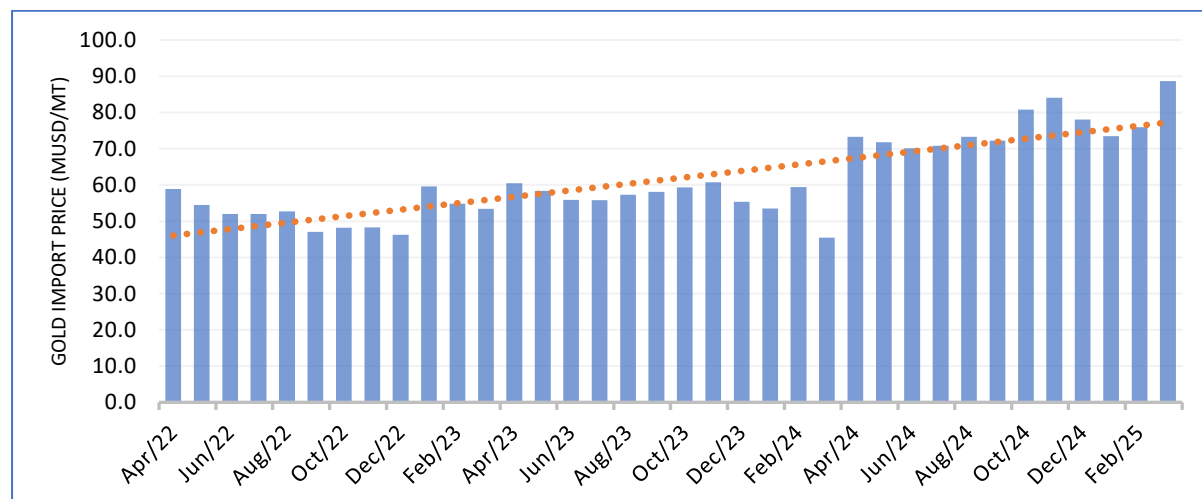
Source: DGCI&S data.

Figure 7: Monthly import values of gold (in USD million) between Apr-22 and Mar-25



Source: DGCI&S data.

Figure 8: Monthly import prices of gold (in MUSD/MT) between Apr-22 and Mar-25



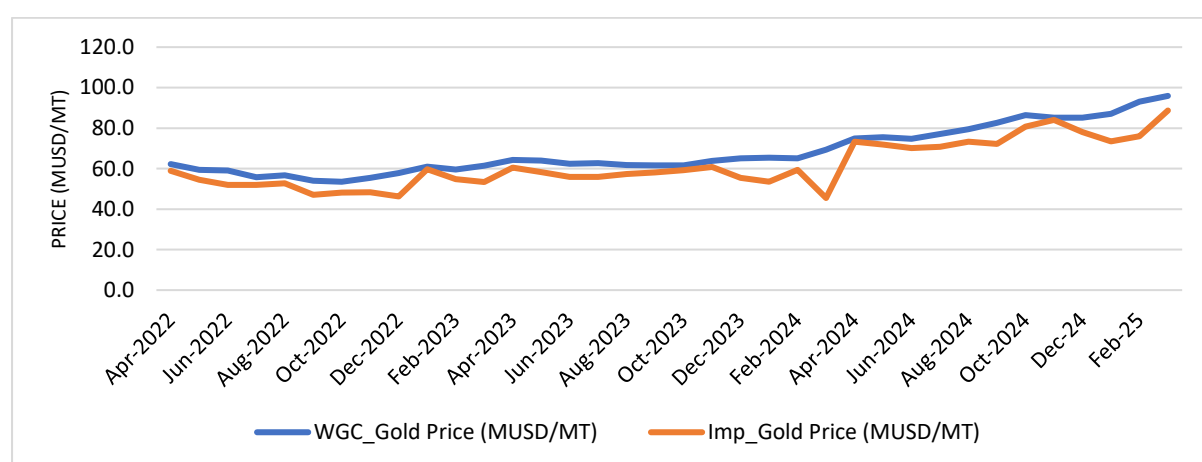
Source: DGCI&S data.

The observed increase in the gold import shares as well as increase in imports in value terms in India can be attributed to the interplay of a handful of factors. The cut in custom duty on gold from 15% to 6% in Jul-2024, as announced in the Union Budget 2024-25, had significantly surged the demand and import of gold. Additionally, the outbreak of Russia-Ukraine war also led to an increase in the demand and import of gold in India since gold has been historically perceived as a safe asset during times of global uncertainties. In fact, this had been reflected in the growth of RBI's gold accumulation as reserves which had mounted to 876.18 tons as of December 2024 valued at 66.2 USD billion, up from 803.58 tons valued at 48.3 USD billion in December 2023. In fact, the share of gold in India's total foreign exchange reserves in value terms has been steadily rising over the last few years—from about 5.88% as at September-2021 to about 7.06%, 7.37% and 9.32%, respectively in the same months of the next three consecutive years (The Economic Times, Dec-2024). The surge in gold imports during August, October and November had been particularly driven by heightened demand of gold during these festive months.

The observation on rising monthly import prices in India, calculated by dividing the monthly values of gold imports with the monthly import quantities reveals that India acts as a small open economy in the world gold market and therefore a price-taker. According to the monthly data obtained from The World Gold Council (WGC), the international price of gold had increased from 58.92 MUSD/MT in Apr-22 to 88.71 MUSD/MT in Mar-25 (an increase of

50.6%) with the average gold price being 61.67 MUSD/MT during the period of study. Cutting down of interest rates by the Central Banks of the major economies like U.S., UK and EU since mid-2024 due to domestic inflationary pressures (Statista Research Department, 2025), increase in accumulation of gold reserves by most of the Central Banks across the globe and investors' growing confidence towards gold as a safer commodity for investment due to tensions on account of Russia-Ukraine conflict (The Indian Express, Dec-2024) had been the identified reasons for the resulting surge in international gold prices. The correlation between international gold price with the Indian import price of gold has been observed to be positive and as high as 0.92 (Figure 9).

Figure 9: Month-wise co-movement of Indian import price of gold and international gold price



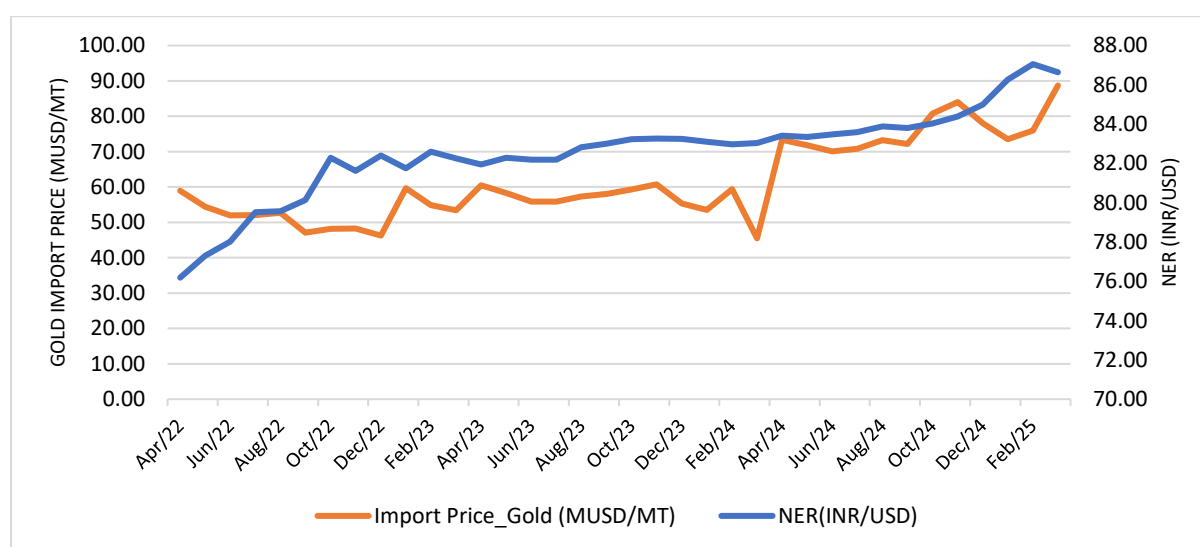
Source: DGCIS and WGC data.

Among the macroeconomic and trade related indicators, the increase in gold import prices are likely to impact exchange rate through the pass-through effect. Intuitively, higher import prices of gold are anticipated to raise the demand for other currencies (particularly USD) putting downward pressure on the value of domestic currency, resulting depreciation of INR. In addition to this, demand and prices of stocks are also likely to get affected on account of rising import prices of gold but the direction of effect depends on the interplay of several mechanisms. On one hand, rising gold import prices can create inflationary pressures and can dampen the valuation of stocks, while on the other hand costlier gold can induce investors to diversify their investment portfolios and shift towards other stocks resulting in their increase in demand and prices. In fact, at times of geopolitical uncertainties and economic turmoil, the demand for both gold and stocks (bonds, debentures, equities, etc.) might increase to cushion against intensive financial volatility. Available studies in Indian context provide mixed evidence on direction and magnitude of association between the two and is found to vary

depending on the time period of study (Kaur & Kaur, 2017; Singh & Kishore, 2014; Bhunia & Das, 2012; Bhattacharjee, 2024, etc.). For developing this part of the analysis, monthly data on INR/Dollar Nominal Exchange Rate (NER) has been obtained from the Reserve Bank of India (RBI) database and data on S&P BSE SENSEX stock prices have been collected from Trading Economics website.

Considerable positive correlation with value 0.63 between gold import prices of India and INR/USD Nominal Exchange Rate has been observed which vividly explains prevalence of incomplete pass-through effect of gold import prices on INR/USD nominal exchange rate (Figure 10).¹The monthly BSE SENSEX 50 stock prices and monthly import prices of gold has been observed to be strongly and positively correlated with a value of 0.75 (Figure 11) indicating investors' pent-up demand for different assets categories possibly on account of the sustaining volatility in the Indian financial market on account of geo-political and economic uncertainties during and post period of Russia Ukraine war.

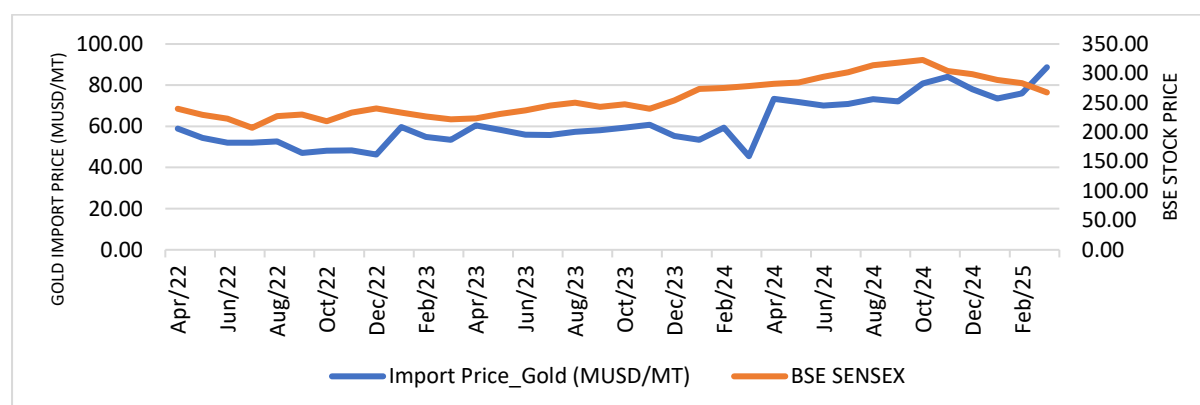
Figure 10: Month-wise co-movement of INR/USD Nominal Exchange Rate and import prices of gold



Source: DGCI&S and RBI data.

¹The reason for using Nominal Exchange Rate (NER) as opposed to Real Exchange Rate (RER) or Real Effective Exchange Rate (REER) in the analysis is on account of the fact that Inflation differences between bilateral trade flows (which REER accounts for) do not directly affect transaction prices. Nominal Exchange rate, on the other hand, captures this direct nominal conversion effect more accurately. Also, gold import prices respond primarily to nominal currency movements and global gold price fluctuations which is better reflected in NER movements.

Figure 11: Month-wise co-movement in BSE SENSEX 50 stock prices and import prices of gold

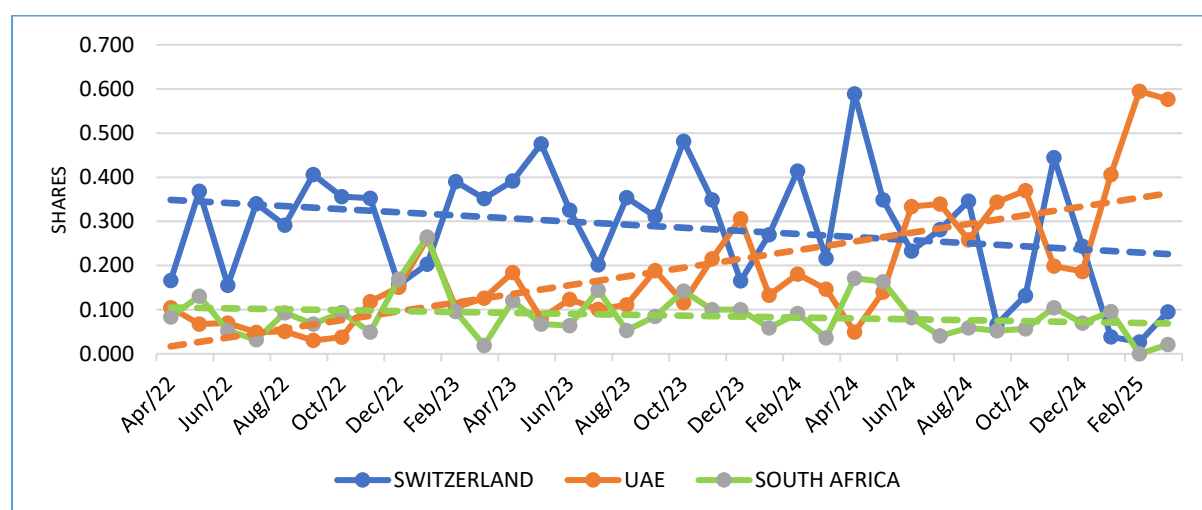


Source: DGCI&S data and BSE SENSEX 50 data taken from Trading Economics Website.

Amidst increasing value of gold import observed during the period of this analysis, it is essential to focus on major import sources of gold for India. Based on the DGCI&S monthly data on country-wise import of gold, both in quantity and value terms, Switzerland, the UAE, and South Africa had registered consistent positions among the top five import sources of gold. The averages of monthly shares of quantities of gold import during the period from Apr-2022 to Mar-2025 from Switzerland, the UAE, and South Africa had been observed as 28.7%, 19% and 8.7%, respectively and that of respective import in absolute value terms had been registered as 31.9%, 21.3% and 9.6%. The higher average shares of import values vis-à-vis import quantities for all the 3 major countries indicate increase in gold import prices. Although Switzerland has been the traditional source of gold imports for India because of having some of the finest gold refineries in the world, the recent increase in the import share from Switzerland can be additionally explained in terms of better export and import systems and procedures followed by Switzerland coupled with its rare chance for duplication (EXIM Solutions' Report, 2024). However, surge in international gold prices with higher mark-ups from Switzerland along with declining registered exports from India to Switzerland might have played a role for the drop in imports from Switzerland since Jun-2024 compared to sustaining higher levels in the past months. Amidst declining imports from Switzerland, surge in gold imports from the UAE, particularly from the same months (Ju-2024), as evident from Figure 12 and 13, had been recorded specifically on account of is the implementation of 1% extra duty concession to Indian importers on specified quantity of gold under Tariff Rate Quota (TRQ) during June-2024 which was put forth under the aegis of the trade pact of India with the UAE, namely the India-UAE CEPA (Economic Times, 2025). Also, the initiative under the same CEPA agreement allowing the private firms apart from authorised agencies to import gold from the UAE also had added to the import surge (Business Line, 2024). Apart

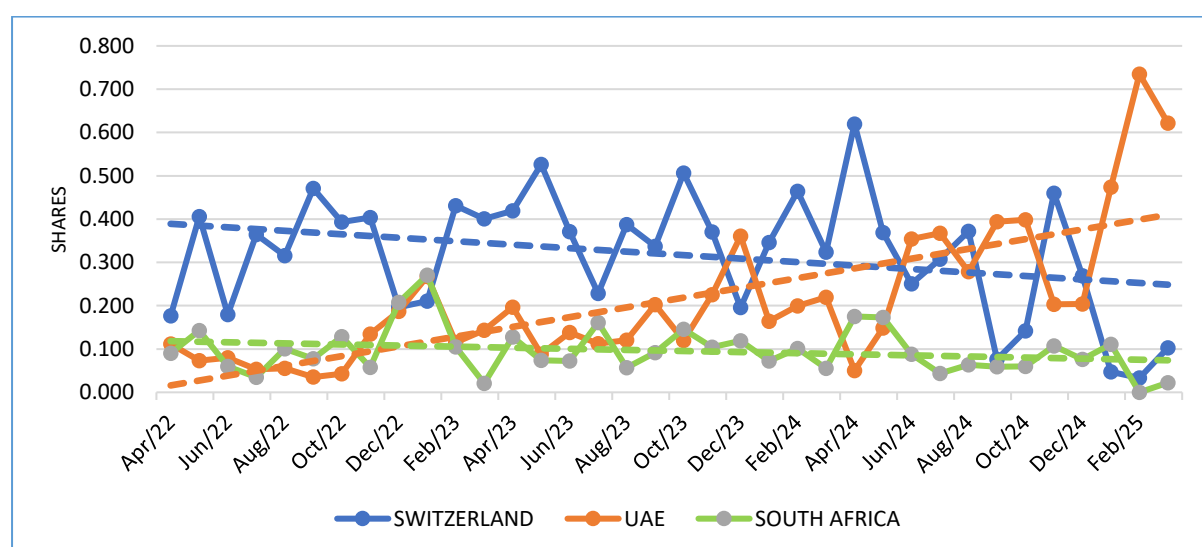
from this, the strong India-Africa Bilateral Economic Engagement can be a potential driver for the rise in import shares of gold from South Africa to India in recent years. According to India-Africa Trade and Investment Report (2018), India's Duty-Free Tariff Preference scheme for least developed countries (DFTP-LDC) had got remarkable import duty easing of 98% from 85% since 2014. This remarkable development can be attributed to such increase in import of gold from South Africa.

Figure 12: Shares of import quantities of gold from three major import sources between Apr-2022 and Mar-2025



Source: DGCI&S data.

Figure 13: Shares of import values of gold from three major import sources between Apr-2022 and Mar-2025



Source: DGCI&S data.