

# Transforming India's Bullion Trade: Key Policy Shifts and Regulatory Overhauls Since IGC 2024

## 1. Union Budget 2024–25 (Announced July 2024)

### Key policy shifts:

- **Dramatic duty cuts:** Import duty on gold fell from 15% to 6%; gold doré reduced from 14.35% to 5.35%. Platinum duty was slashed similarly
- **Capital gains tax reforms:**
  - Holding period for long-term capital gains (LTCG) on gold assets reduced to 24 months (from 36 months).
  - LTCG rate dropped to 12.5% without indexation
- Gold ETFs and mutual funds reclassified beyond the "Specified Mutual Fund" category. For listed gold ETFs, LTCG is applicable after 12 months (12.5%); for unlisted, after 24 months
- **Motivation:** These moves aimed to reduce black market smuggling, lower costs for domestic stakeholders, and free up funds locked in upfront duty payments

### Market outcomes:

- Official bullion imports rose 8% in FY 2025 compared to FY 2024, while overall gold demand remained nearly stable (782 t vs. 774 t), suggesting a shift toward formal trade channels. Smuggling margins and incentives significantly declined

## DGFT Harmonisation of HS Codes: Precious Metals (Gold, Silver, Platinum, Palladium)

- New import policy aligned with updated Customs Tariff Schedule, introducing refined HS codes and stricter classification

### 1. Notification No. 60/2024 25 (5 March 2025)

Platinum imports under HS Code 7110 were moved from "Free" to "Restricted," except for alloys with  $\geq 99\%$  platinum purity, which retained an unrestricted status

### 2. Notification No. 08/2025 26 (19 May 2025)

Major revisions were enacted across Chapter 71, updating import policies for gold, silver, and platinum:

- **Gold (HS 7108):** Only high-purity gold ( $\geq 99.5\%$ ) is now allowed, and only through RBI or DGFT nominated agencies or qualified jewellers via IIBX; older codes were deleted
- **Silver (HS 7106):** Pure silver imports ( $\geq 99.9\%$ ) are now "Restricted," to be allowed only through authorized channels
- **Platinum (HS 7110):** Only forms with  $\geq 99\%$  purity remain "Free"; others have been reclassified as "Restricted"

### 3. Notification No. 18/2025 26 (17 June 2025)

Alloys of palladium, rhodium, and iridium containing more than 1% gold are now "Restricted." Pure forms of these metals remain freely importable

### 4. Notification No. 19/2025 26 (17 June 2025)

Import policy for **colloidal forms, compounds, and amalgams** of precious metals (including gold, silver, platinum, rhodium, and palladium) under CTH 2843 (Chapter 28) was updated—from "Free" to "Restricted"—necessitating authorisation for imports

**5. Import restrictions:** Unwrought and semi manufactured forms of gold, silver, and platinum now fall under "Restricted" category. Imports allowed only through:

- RBI nominated agencies,
- DGFT nominated agencies,
- IFSCA-registered jewellers via the India International Bullion Exchange (IIBX), or
- TRQ holders under CEPA via designated routes
- Impact: HS code revisions have been carefully refined to prevent potential misuse. For example,

under the UCPEA, only platinum with a purity of 99% or higher now qualifies for preferential duty, closing earlier gaps where platinum alloys were incorrectly classified as gold.

### **RBI Circulars & Policy Changes on Retail Gold Loans – Summary**

In response to rising concerns around gold loan practices, the RBI issued key policy changes between late 2024 and mid-2025.

A September 2024 circular flagged irregularities like third-party sourcing, weak collateral handling, evergreening, and auction mismanagement. In April 2025, RBI proposed draft guidelines to standardize gold loan practices across banks and NBFCs, including tighter LTV limits, restrictions on collateral (e.g., no gold ETFs or primary bullion), and stricter appraisal norms.

On June 6, 2025, RBI released final norms titled “Lending Against Gold and Silver Collateral Directions, 2025”, effective April 1, 2026. Key changes include:

- Tiered LTV caps (85% for loans ≤ ₹2.5 lakh; 75% for loans > ₹5 lakh)
- Only jewellery, ornaments, and coins allowed as collateral
- Stronger auction rules, borrower disclosures, and vault security
- Small-ticket loans (≤ ₹2.5 lakh) exempted from credit assessments

The move aims to balance borrower protection, access for rural borrowers, and systemic risk mitigation, amid surging gold loan demand.

### **4. Gold Monetisation Scheme (GMS) & Sovereign Gold Bonds (SGBs)**

- March 26, 2025: The government discontinued the medium-term and long-term deposit components of the Gold Monetisation Scheme (GMS)

IFSCA policy changes and IIBX (India International Bullion Exchange) regulations

### **1. Net-Worth Requirement Removed (April 29–May 2, 2025)**

In late April 2025, IFSCA amended its operating guidelines to eliminate the net-worth requirement for all categories of ‘customers’ trading on IIBX, broadening access and encouraging inclusivity for

retail participants. However, eligibility norms for Qualified Suppliers and Qualified Jewellers remain intact. IIBX formally communicated this change via a circular issued on May 2, 2025.

### **2. Extended Trading Hours (April–May 2025)**

IFSCA approved an additional 3 hours of trading for spot contracts on IIBX, now extending operations from 9:00 AM to 9:30 PM IST. This enhances market liquidity, enables same-day settlement of Bullion Depository Receipts (BDRs), and aligns trading hours more closely with global bullion markets.

### **3. HS Code Harmonisation and ITC(HS) Updates (June 2, 2025)**

On June 2, IFSCA issued a circular to align its guidelines with DGFT’s recent HS code revisions:

- Deleted legacy ITC(HS) codes and updated import classifications for gold and silver.
- Qualified Jewellers can now import gold under 71081210 and silver grains under 71069120, plus silver bars under 71069221 (subject to RBI norms).
- Indian banks authorised by RBI can likewise import gold (≥ 99.5%) and silver (≥ 99.9% grains/bars) using these updated codes

### **India–United Kingdom Comprehensive Economic and Trade Agreement (CETA)**

- Signed: 24 July 2025
- Benefits for Gold & Jewellery:
  - Zero-duty access for nearly 99% of Indian jewellery exports to the UK, eliminating previous tariffs of up to 4%
  - Projected surge in exports: from a current US\$941 million to US\$2.5 billion, with total sector trade possibly reaching US\$7 billion in 2 years
  - Expanded export opportunities, especially for gold jewellery, gemstones, and bridal designs—enhancing competitiveness and MSME participation
  - Support for design services: visa facilitation for Indian jewellery professionals, CAD designers, gemstone graders, and social security exemptions bolster service sector integration

