

India's Gold Recycling Gap: Why the Modern Refiner Must Anchor a Nationwide Collection Ecosystem

MMTC - PAMP India Pvt Ltd



From Scarce Imports to Idle Reserves: Building India's Organised Gold Scrap Ecosystem

Indian households and temple trusts are estimated to collectively hold between 30,000 and 35,000 tonnes of gold, a stock larger than the official reserves of several central banks worldwide. Yet only a fraction of this re-enters the formal economy each year.

As a nation that imports the bulk of its gold to meet demand, spending an estimated \$72.4 billion on gold imports in FY26 alone, India is sitting on a domestic resource that remains largely untapped, not because the gold is scarce, but because the ecosystem needed to responsibly collect, verify and refine it is still developing.

According to the World Gold Council's Gold Demand Trends India Focus, Q1 2026, net recycling (scrap supply) stood at just 31.2 tonnes for the quarter, even during a period in which market conditions would typically be expected to push far more old gold into the recycling stream.



Why Collection Remains Fragmented

Small jewellers, who remain the first point of contact for most consumers looking to recycle old gold, often prefer quick, cash-based transactions over the documentation that organised channels require. Collection infrastructure is also more concentrated in larger cities as compared to smaller towns, leaving the latter underserved and pushing scrap toward local melting shops as opposed to certified centres. Similarly, consumer awareness of purity testing and fair valuation is uneven across regions, particularly in rural India. This means many sellers still do not receive full value for the gold they exchange.

The Evolving Role of the Refiner

Addressing this requires the refiner's role to expand beyond refining alone. Increasingly, refiners are becoming anchors of the collection ecosystem itself, setting up verified purity testing centres and deploying non-destructive assaying technology such as X-ray fluorescence.

This shift matters because it addresses the two root causes of fragmentation directly: building trust where cash transactions once dominated, and extending reach into towns that certified centres have not yet touched.

The Role of Policy

While refiners are playing an increasingly important role, building a nationwide collection ecosystem ultimately requires an enabling policy environment alongside industry participation. Stronger enforcement of hallmarking and traceability norms would give consumers greater confidence that they are receiving fair value for their gold, while standardised assaying protocols across collection points would reduce the inconsistency that currently pushes sellers toward informal channels.



Expanding the network of certified collection centres beyond major cities, backed by regulatory support for organised recycling, would extend this trust to smaller towns. Public-private collaboration between refiners, jewellers and regulators will ultimately determine how quickly this infrastructure reaches the scale India's gold stock warrants.

The Sustainability Case

Every tonne of gold recycled domestically is a tonne that does not need to be freshly imported or newly mined, reducing the environmental footprint associated with extraction while conserving foreign exchange and easing pressure on the currency.

Globally speaking, this change has already started. Worldwide, the scrap gold recycling market was worth \$15.58 billion in 2025 and has grown to \$16.88 billion this year, according to a 2026 market report. By 2030, the market is expected to reach \$23.58 billion, with the growth attributed in part to strengthening sustainability initiatives and expanding gold refining technologies. As global buyers increasingly demand certified, responsibly sourced gold, a well organised domestic recycling ecosystem also strengthens India's credibility as a supplier to the world.

A Collective Undertaking

Building this ecosystem is not the task of any single entity. It requires refiners, jewellers, regulators and financial institutions working within a shared framework of standards and trust.

The direction, however, is clear. India now needs an integrated collection network extending from metropolitan centres to Tier II and Tier III cities and rural India, ensuring that idle household gold has a trusted and transparent route back into productive use. India does not need to look far for its next major source of gold supply. It already owns it. The task now is to build the infrastructure that allows that gold to move, safely and transparently, back into productive use.

