

GMS AND EGR'S CAN RESHAPE INDIA'S GOLD IMPORT EQUATION

Mr Prithviraj Kothari, National President, India Bullion and Jewellers Association (IBJA), calls for a revamped GMS, stronger EGR ecosystem, lower import duties and easier silver availability



Mr Prithviraj Kothari

India's bullion industry is currently witnessing softer demand, with poor monsoon conditions, high precious-metal prices and elevated import duties among the factors weighing on the market, according to Mr Prithviraj Kothari, National President, India Bullion and Jewellers Association (IBJA). Against this backdrop, he believes policy measures that mobilise domestic gold and strengthen organised market infrastructure could reduce India's dependence on bullion imports.

A major priority for IBJA is the revamp of the Gold Monetisation Scheme (GMS). Mr Prithviraj Kothari said IBJA has submitted a detailed paper to the government proposing several new as well as time-tested concepts for restructuring the scheme. An effective GMS, he believes, could bring a larger quantity of India's idle gold into the formal system and thereby reduce the burden of fresh imports.

He also sees Electronic Gold Receipts (EGRs) as an important step towards developing a more efficient domestic gold ecosystem. He welcomed the National Stock Exchange's initiative in launching its EGR platform and said addressing challenges surrounding GST could help accelerate adoption. A stronger EGR market could enable existing gold holdings to enter the organised financial system while also supporting a range of financial requirements linked to gold. Together, he believes that reviving GMS and accelerating exchange-based spot trading through EGRs could significantly reduce gold imports and, in turn, help contain pressure on India's current account deficit.

On silver, he called for the government to consider removing silver from the restricted category when conditions permit. Such a move, he said, could improve metal availability for genuine manufacturers and support the government's broader objective of improving the ease of doing business. This is particularly important as silver is increasingly an industrial metal, in addition to its traditional jewellery and investment uses.

IBJA has also requested the government to consider a reduction in import duties on both gold and silver. Mr Prithviraj Kothari believes a more supportive duty structure would enable legitimate businesses that have made substantial investments in the bullion and jewellery ecosystem to compete, expand and contribute more effectively to the organised sector.

The broader message is one of reform rather than greater dependence on imports: mobilise India's existing gold, strengthen transparent exchange-based markets, improve access to silver for genuine industry and create a policy environment in which compliant bullion businesses can grow.

Source: Interaction with Mr Prithviraj Kothari, National President, India Bullion and Jewellers Association (IBJA). Policy recommendations and market observations reflect the views expressed by Mr Prithviraj Kothari during the interaction.