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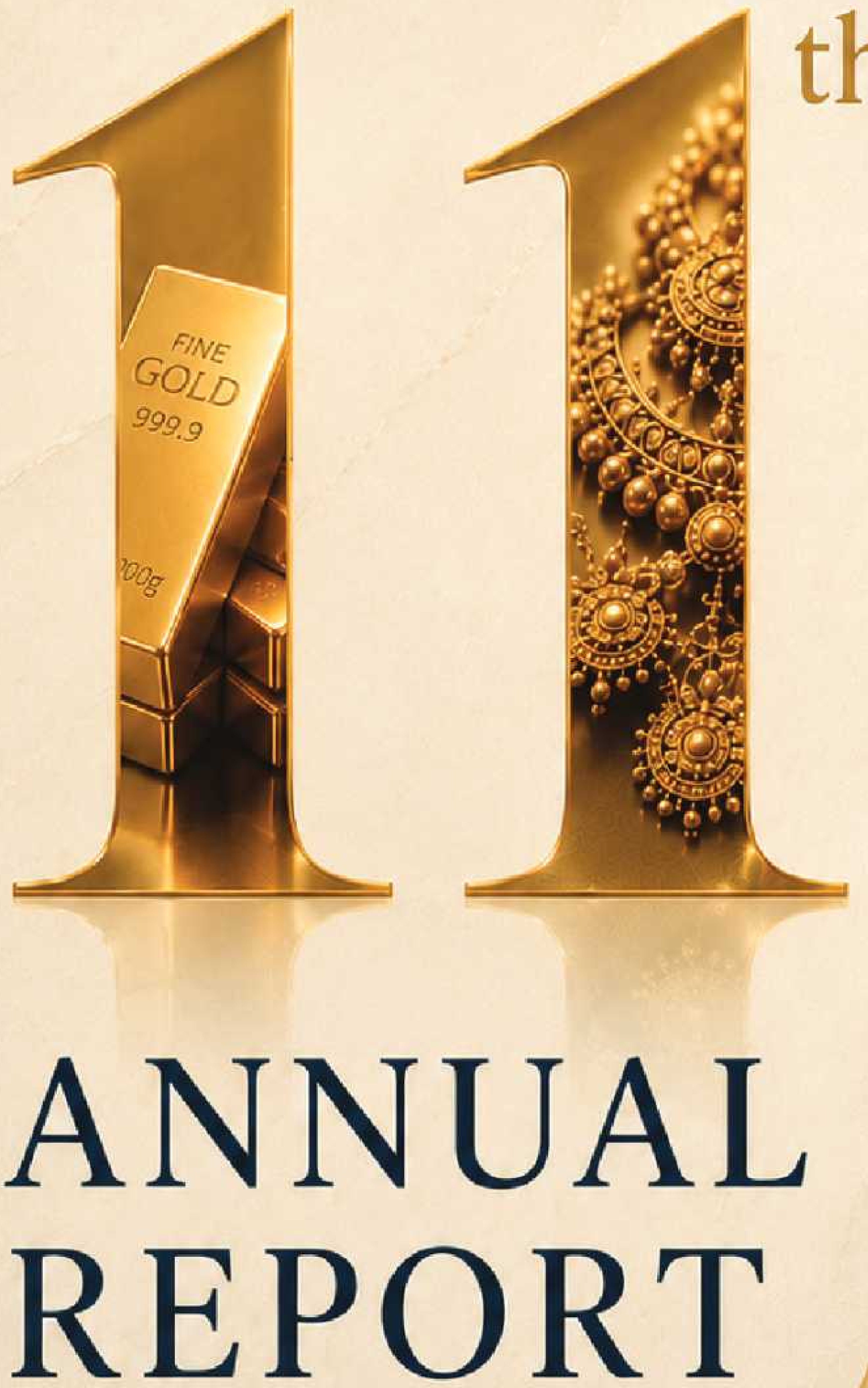
INDIA
GOLD POLICY
CENTRE



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IIMA

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INDIA GOLD POLICY CENTRE

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Chairperson's Message

The global economic landscape during 2025–26 continued to be shaped by persistent inflationary trends, heightened geopolitical uncertainty, evolving trade alignments, and continued shifts in reserve management practices by central banks across the world. Gold has remained at the centre of this transformation, reinforcing its role as a strategic asset, a hedge against volatility, and a symbol of financial resilience. The sustained rise in gold prices and renewed institutional interest in bullion markets have further emphasized the growing relevance of evidence-based policy discourse in this sector.

For India, these developments present both opportunities and challenges. As one of the world's largest consumers and importers of gold, our economy remains deeply influenced by movements in global bullion prices, exchange rate volatility, trade dynamics, and domestic demand patterns. The implications extend beyond markets and directly affect our current account balances, currency stability, financial inclusion, and the broader aspirations of an economy moving confidently toward global leadership.

At the India Gold Policy Centre, we remain steadfast in our commitment to advancing policy-oriented research and thought leadership for India's gold ecosystem. Over the past year, the Centre has continued to strengthen its role as a trusted knowledge partner to policymakers, regulators, industry leaders, and academic institutions. The quality of academic research and the depth of policy discussions reaffirmed the importance of collaborative engagement in shaping the future of India's gold economy.

During the year, IGPC also expanded its research contributions across several emerging areas. Our studies examined India's gold trade dynamics post 2024, strategic acquisition and value addition of gold resources, formalization of the jewellery ecosystem, hallmarking expansion, and the role of gold in financial inclusion and household wealth preservation. We also continued our work on tracking BISregistered jewellers across states, providing valuable insights into the pace and regional spread of formalization within the sector.

Technology and regulatory innovation remain central to the future of the gold industry. Over the past year, IGPC has continued to contribute to discussions around traceability, compliance systems, digital gold frameworks, and supply-chain transparency, recognizing that technological advancements must be matched with robust governance mechanisms. The integration of data-driven systems, hallmarking processes, and digital trade infrastructure will be instrumental in building long-term trust and efficiency in the ecosystem.

As India aspires to strengthen its role in global bullion markets, harmonization with international standards remains a key priority. Our continued focus on Indian Good Delivery Standards, responsible sourcing frameworks, and trade competitiveness reflects our vision of positioning India as a credible and influential global gold hub.

The journey ahead requires deeper collaboration among policymakers, regulators, financial institutions, refineries, jewellers, and research bodies. At IGPC, we remain committed to enabling this dialogue through rigorous research, policy advisory, capacity building, and stakeholder engagement.

I extend my sincere appreciation to the dedicated IGPC team - Mini Nair, Anumeha Saxena, Aparna Raj, Shubham Patil, Kirtiranjan Das, Arjun Gopakumar, Vaidant Dixit and Rashi Jain - as well as faculty colleagues and administration at Indian Institute of Management Ahmedabad, our research partners, and industry stakeholders for their unwavering support and commitment. Together, we continue to work toward our shared vision of establishing India as the Gold Capital of the World—built on transparency, trust, innovation, and inclusive growth.

Thank you.

Policy Thoughts

This chapter outlines the critical policy implications associated with the research undertaken over the course of the previous year which should be considered to chart the path forward. It derives from Chapter 2, where we present the research currently underway at IGPC.

Strategic Gold Supply Chain Reforms

This policy recommendation arises from the supply chain analysis of India's gold trade, aimed at enhancing the country's competitiveness within the global gold economy. It advocates positioning GIFT City as a strategically located logistics and trading hub capable of addressing structural inefficiencies such as elevated import duties, underdeveloped refining capacity, and slow export facilitation—through the targeted deployment of Comprehensive Economic Partnership Agreement (CEPA) advantages, consignment-based import models, improved price discovery mechanisms, and streamlined compliance procedures.

Building on the recent India-UAE CEPA and the European Free Trade Association (EFTA) Trade and Economic Partnership Agreement (TEPA), the proposal envisions GIFT City as a regulatory and infrastructural enclave capable of internalising and extending the benefits of such agreements. By localising value-addition processes—including refining, hallmarking, and branding—and facilitating rupee-denominated transactions, India can transition from being a net importer of raw gold to a global exporter of refined and value-added gold products.

In doing so, GIFT City should incorporate best practices from the Shanghai Gold Exchange (SGE) and the London Bullion Market Association (LBMA). The SGE model offers a centralised clearinghouse and robust spot price discovery mechanisms through tightly regulated vaulting and delivery infrastructure—features that could inform the design of a domestic benchmark price within GIFT City. Simultaneously, aligning refining, sourcing, and trading protocols with LBMA's Good Delivery standards and Responsible Sourcing Programme would ensure international credibility, enabling Indian refineries and trading platforms to meet global ESG and quality benchmarks while attracting institutional bullion flows.

Gold's Response to Geopolitcal Uncertainty

India has long maintained a complex relationship with gold, one that straddles the boundary between cultural tradition and financial behaviour. As one of the world's largest consumers and importers of gold, the manner in which domestic gold markets respond to geopolitical uncertainty carries implications not only for individual investors and portfolio managers but also for macroeconomic stability, exchange rate management, and the broader financial inclusion agenda. The findings of this study reveal certain patterns that are crucial for understanding how gold's role as a financial asset should be reconsidered in the context of India-specific geopolitical risk, and these are discussed in the paragraphs that follow.

A central finding of this study is that gold does not behave as a strong safe haven during periods of elevated India-specific geopolitical risk. Hedging effectiveness declines from 11.62 percent during low geopolitical risk periods to 5.86 percent during high geopolitical risk periods, and time-varying correlations between gold and equity returns do not turn consistently negative during geopolitical episodes. This finding has direct implications for how institutional investors and portfolio managers construct and rebalance portfolios around periods of geopolitical stress. A static allocation to gold, premised on the assumption of universal safe-haven behaviour, is likely to underperform expectations precisely when protection is most needed. Risk managers would therefore benefit from adopting regime-sensitive, dynamic hedging strategies that account for the prevailing geopolitical environment rather than treating gold's hedging properties as constant across market conditions. The study also finds that gold's response to domestic geopolitical events is heterogeneous and, in several episodes, more consistent with a pattern of anticipatory pricing than with a reactive safe-haven mechanism. This suggests that market expectations and global risk sentiment play a more dominant role in determining gold returns than the occurrence of domestic events per se. For institutional participants, this implies that the informational environment surrounding geopolitical developments, including media coverage, policy signalling, and global spillovers, warrants as much attention as the events themselves when formulating gold-based hedging or investment strategies.

A further implication concerns the role of exchange rate dynamics. Gold prices in India are heavily influenced by movements in the USD/INR exchange rate, and during periods of geopolitical stress, INR volatility can compound or offset gold's safe-haven response, making the net effect on domestic gold returns difficult to predict. This interaction between geopolitical risk, exchange rate volatility, and gold pricing underscores the importance of coordinated macroeconomic management during periods of stress. India's capacity to stabilise the exchange rate through timely intervention, maintenance of adequate foreign exchange liquidity buffers, and clear communication during geopolitical episodes can meaningfully influence the degree to which gold is able to fulfil its expected hedging role for domestic investors.

Beyond the institutional and macroprudential dimensions, the findings also carry implications for how gold is positioned within the broader financial inclusion agenda. India's gold demand continues to be dominated by physical jewellery and informal household holdings, which do not lend themselves to the kind of dynamic portfolio management that the findings of this study suggest is necessary. Promoting financial gold instruments, including gold exchange-traded funds, sovereign gold bonds, and gold-backed lending products, would help facilitate a gradual transition from gold as an informal store of value toward gold as a formally intermediated risk management tool. Such a transition would not only improve the efficiency with which Indian households access gold's financial properties but would also enhance the visibility of gold holdings within the formal financial system, with attendant benefits for monetary and macroprudential policy.

To conclude, the findings of this study suggest that gold's role in the Indian financial system is more nuanced and context-dependent than is commonly assumed. Its hedging effectiveness is regime-sensitive, its response to geopolitical events is heterogeneous, and its domestic pricing is deeply intertwined with global risk dynamics and exchange rate movements. Policy design whether oriented toward portfolio regulation, exchange rate management, or financial product development must be informed by these patterns if gold is to be positioned effectively as a financial asset in India's evolving economic landscape.

Centralised Bullion Procurement and India's Pricing Power in Global Gold Markets

India's current gold import architecture may need to move away from a purely fragmented procurement model. At present, multiple independent importers negotiate separately with global bullion suppliers, which prevents India's aggregate demand from being reflected as a unified bargaining signal. This suggests that policy should focus on greater coordination of import demand, without necessarily creating a full state monopoly.

A second implication is that IIBX should be strengthened as the central institutional platform for bullion imports and settlement. If a larger share of imports is routed through IIBX, it could concentrate liquidity, reduce bid-ask spreads, improve market depth, and gradually support the development of a credible India-based gold reference price.

There are, however, risks associated with mandatory full centralisation. A monopoly model could create administrative bottlenecks, operational risks, and reduce competitive discipline among importers. Therefore, the more appropriate policy direction would be a hybrid, incentive-driven model at the beginning, where importers are encouraged to use IIBX through regulatory, cost, or procedural advantages. Thereafter, IIBX may be declared the sole platform for importing gold.

Policy should also aim to reduce domestic price dispersion. Since fragmented import channels may lead to different importer-level premiums, greater use of a standardised exchange-based settlement mechanism could improve transparency in landed gold prices and reduce opacity in the domestic supply chain.

Another implication is that India's gold market reforms should not stop at physical import routing. The extract notes that benchmark credibility also requires deeper derivative markets and adequate risk-management tools. Therefore, policy should support integration between physical bullion trading, derivatives, hedging instruments, and institutional participation within the GIFT City/IIBX ecosystem.

Finally, the comparison with China suggests that pricing power is built institutionally, not merely through consumption scale. India's large demand alone is insufficient unless it is made visible through concentrated liquidity, credible exchange-based trading, and benchmark development. Hence, the long-term policy objective should be to shift India from being only a price taker to becoming a regional price influencer in the global gold market.

Formal Credit Expansion and Household Expenditure on Precious Ornaments

This sub-section sets out the key policy implications associated with lower short term expenditure by households on formal credit expansion. It corresponds to the relevant sub-section in the chapter which outlines ongoing research. The findings suggest that formal credit expansion can alter household portfolios beyond its direct effect on enterprise financing. If improved access to formal credit reduces household expenditure on precious ornaments, then credit policy may also weaken the precautionary and collateral-related motives for holding gold-like assets. This has critical implications for policy as it underscores that precious ornaments in India are not merely consumption goods – these ornaments often function as informal financial instruments. Expanding formal credit may therefore help households move away from low-yield, illiquid, or informally collateralized assets toward more productive uses of income. However, this also implies that credit policy should be evaluated not only through loan disbursement or enterprise outcomes, but also through broader changes in household saving and asset allocation.

At the same time, it is also relevant to note the criticality of the dimensions of formal credit expansion. First, the research findings demonstrate that access alone may not be sufficient; the household's ability to understand and use formal credit matters. The stronger response among households with a higher proportion of literate members suggests that financial literacy, administrative capacity, and awareness may condition the effectiveness of credit expansion. Policies such as PMMY may therefore have uneven effects if less-educated households remain unable to identify, apply for, or confidently use formal credit. This points to the importance of pairing credit expansion with information campaigns, simplified application procedures, local facilitation, and financial literacy interventions. Without these complementary measures, formal credit schemes may disproportionately benefit households already better positioned to navigate the formal financial system.

Third, the income heterogeneity results indicate that higher-income households are more responsive to improvements in credit penetration, while lower-income households show limited substitution away from ornaments. This raises an important distributional concern. If poorer households continue to rely on precious ornaments because of risk aversion, cultural obligations, or persistent barriers to formal borrowing, then collateral-free credit schemes may not fully displace informal financial practices for the most vulnerable groups. Policy design should therefore pay closer attention to the last-mile constraints faced by low-income households, including documentation barriers, perceived rejection risk, repayment uncertainty, and lack of trust in formal institutions. Expanding bank accounts or credit accounts alone may not be enough unless households feel that formal credit is genuinely accessible during times of need.

Finally, the results highlight the importance of treating gold and precious ornaments as part of India's household finance ecosystem rather than only as luxury consumption or cultural expenditure. If households reduce ornament expenditure when formal credit expands, then demand for gold ornaments may partly reflect gaps in formal finance. This has implications for gold policy, financial inclusion, and macroeconomic management. Policies that deepen formal credit markets could indirectly reduce household demand for collateralizable gold assets, with possible consequences for household savings composition, informal lending, and even gold imports over time. At the same time, because ornaments retain social and cultural value, formal credit is unlikely to eliminate such demand entirely. The more realistic policy goal is not to discourage ornament ownership directly, but to reduce the financial necessity of holding ornaments as a substitute for reliable access to credit.

Gold Between Culture and Finance: Some Observations on a Shifting Balance

Gold in India has never been simply one thing. It is worn at weddings and pledged against loans. It is passed between generations and traded at pawnbrokers.

It is purchased on auspicious days and liquidated during emergencies. This multiplicity of roles is not new, but the balance among them appears to be shifting, and this shift carries implications that policy discourse has not yet fully absorbed.

The jewellery sector is where this shift is most visible. Indian gold jewellery retail continues to be organised around the weight of the metal. The making charge, which represents craft and design, is modest, often negotiated, and lacks institutional backing. As a result, products with very different levels of craftsmanship often sell at similar prices once the gold weight is accounted for. This means that the cultural and artisanal value embedded in India's jewellery traditions does not translate into economic value. The cultural depth is real, but its economic expression remains limited.

Evidence from China's heritage gold segment suggests that this outcome is not inevitable. In parts of the Chinese jewellery market, cultural and artisanal value is priced independently of gold weight. Laopu Gold is a widely cited example. The key insight is not replication, but possibility. Cultural premiumisation can be achieved when supported by institutional mechanisms such as certification, branding, and retail positioning. India has craft traditions, but lacks the institutional structures required to convert them into market value at scale.

At the same time, gold is increasingly being used as a financial asset. The growth of the gold loan market has made it easier for households to access liquidity by pledging their gold. This has improved access to credit, especially for those without formal financial documentation. However, it also changes how households relate to gold. An asset that is regularly pledged and redeemed is experienced differently from one that is held as savings or cultural wealth.

There is also a potential interaction between credit expansion and jewellery demand. As access to formal credit improves, households may rely less on jewellery as a financial asset. In some cases, increased borrowing and repayment obligations may reduce discretionary spending on jewellery. This does not eliminate demand, but it may alter its structure over time.

The jewellery sector and the gold loan market are often discussed separately, but they reflect two sides of the same underlying shift in how gold is used and valued. Policy approaches that recognise both the cultural and financial dimensions of gold, rather than treating them independently, are more likely to capture this transition than approaches that treat them as separate domains.

Governing India's Multi-Channel Gold Economy

Public policy concerning gold has traditionally focused on imports, taxation, and formalisation. These interventions have usually treated the market as a largely linear supply system centred on imported bullion and organised trade networks. Our framework suggests a more complex reality. India's gold economy functions through the interaction of formal supply chains, informal networks, recycling systems, and financialised investment channels. This interconnected structure often yields policy outcomes that extend beyond the original scope of regulation. Changes introduced within one channel can reshape incentives and behaviour across the wider system. The study's findings, therefore, point to the need for a systems-oriented approach to gold governance.

Import Policy and Supply Behaviour

India's dependence on imported gold has long influenced discussions on trade balances and current account pressures. Import duties and quantitative restrictions have frequently been used to moderate demand for imported bullion. The framework developed in this study indicates that such interventions can alter the relative attractiveness of formal and informal supply routes. Higher duty differentials create stronger incentives for unofficial inflows when market demand remains stable. Informal trade networks respond quickly to widening price gaps between domestic and international markets. In such conditions, restrictive policies may reduce official imports without significantly lowering aggregate demand for gold. The study also points towards the role of recycled gold and domestic recovery systems in reducing pressure on imports. Policies that encourage organised recycling infrastructure may strengthen domestic supply resilience while reducing dependence on external sourcing.

Formalisation and Institutional Reach

Formalisation remains an important objective within India's gold sector. Hallmarking requirements, reporting norms, and compliance standards have expanded steadily in recent years. These measures seek to improve transparency, consumer protection, and tax compliance across the supply chain. The study suggests that the persistence of informal channels cannot be explained solely through regulatory evasion. Informal systems continue to operate because they remain accessible, flexible, and deeply embedded within local commercial networks. Small traders, household recycling systems, and decentralised refining activity often function outside institutional frameworks due to cost barriers and procedural complexity. Policy interventions, therefore, require greater sensitivity to the economic and social foundations of informality. Integration strategies that reduce compliance burdens and improve accessibility may prove more effective than approaches centred entirely on enforcement.

Traceability and Responsible Sourcing

Global discussions on responsible sourcing and due diligence have become increasingly relevant within precious metal supply chains. Traceability systems, certification mechanisms, and reporting standards have become important components of international trade and compliance frameworks. The study's findings indicate that traceability systems face limitations when large segments of the supply chain remain dispersed across informal networks. Certification structures built exclusively around formal imports and organised refining may fail to capture substantial portions of domestic circulation. This creates gaps between institutional reporting systems and the actual movement of gold within the economy. A more effective approach to traceability would require greater integration between formal and informal systems, alongside investments in accessible verification infrastructure and decentralised compliance mechanisms.

Financialised Gold and Market Stability

The growth of exchange-traded funds, sovereign gold bonds, and digital gold platforms has transformed patterns of gold ownership and investment behaviour in India. Financial products linked to gold have opened new avenues for participation in the gold market without requiring physical possession. These developments carry implications for both financial regulation and commodity governance. Investor sentiment, inflation expectations, and broader financial conditions can influence flows into gold-linked products. Sudden shifts in investment behaviour may affect liquidity, redemption pressures, and market volatility. The framework highlights the need for closer coordination between commodity regulation and financial oversight. Regulatory structures governing digital gold platforms, reserve backing, and custodial systems will become increasingly important as financialised forms of gold ownership continue to expand.

Resilience and Supply Diversity

One of the central insights emerging from the framework concerns the relationship between supply diversity and systemic resilience. India's gold economy draws strength from the coexistence of multiple sourcing channels. When disruptions affect formal imports, alternative supply routes such as recycling and secondary markets may sustain circulation within the domestic economy. At the same time, fragmented supply systems create challenges for governance, transparency, and accountability. Policymakers therefore face the task of balancing resilience with institutional oversight. Excessive concentration within highly regulated channels may increase vulnerability to external shocks, while excessive dependence on informal systems may weaken transparency and regulatory effectiveness. The study suggests that future policy frameworks should recognise the strategic importance of diversified supply structures while strengthening institutional coordination across the sector.

The proposed tri-channel framework offers a broader perspective on the functioning of India's gold economy. Gold circulation in India emerges as a dynamic system shaped by institutional structures, behavioural responses, market incentives, and policy interventions operating simultaneously across multiple channels. The policy insights generated through the framework indicate the need for governance approaches that account for complexity, interdependence, and long-term system behaviour. Future regulatory strategies will require coordination across trade policy, financial governance, formalisation initiatives, and domestic supply development in order to address the evolving structure of India's gold ecosystem.

Chapter 1

Ongoing Research

1.1 Centralised Bullion Procurement and India's Pricing Power in Global Gold Markets

1.1.1 Introduction

India occupies a unique and paradoxical position in global gold markets. As the world's second-largest consumer of gold, accounting for consistently large annual import volumes that regularly exceed 700–800 tonnes, India's demand signal is among the most significant in the world. Yet, despite this scale of consumption, India remains structurally a price taker domestic gold prices are derived from international benchmarks established at the LBMA and the COMEX, adjusted for currency fluctuations and prevailing import duty structures. This structural subordination to externally determined price benchmarks is not an inevitable consequence of import dependence alone. Countries such as China, which similarly imports large quantities of gold, have made deliberate institutional investments to enhance their pricing relevance through exchange-based centralisation, state-linked import coordination, and the development of a domestically credible, currency-denominated reference price. India's continued price-taking status thus warrants a deeper institutional explanation. This study examines whether the institutional fragmentation of India's gold import ecosystem characterised by multiple independent importers negotiating procurement contracts in disaggregated fashion with global bullion suppliers dilutes India's aggregate demand bargaining power and weakens domestic price discovery. It further evaluates whether channelling gold imports through the IIBX, established within the GIFT City, could serve as a mechanism for liquidity concentration, benchmark credibility development, and a gradual transition from price taker to price influencer. The research draws on industrial organisation theory, market microstructure analysis, and comparative institutional frameworks to assess the structural preconditions for pricing power in global commodity markets and to evaluate India's current institutional configuration against these benchmarks.

1.1.2 Research Questions

This study seeks to address the following research questions: (a) Does fragmentation in India's gold import architecture reduce national bargaining power relative to global bullion suppliers? (b) How does market structure, specifically the degree of buyer concentration, affect price discovery outcomes in internationally benchmarked commodity markets? (c) What institutional differences explain China's relatively stronger pricing relevance in global gold markets? (d) Can channelling gold imports through IIBX enhance India's domestic price discovery capacity and benchmark credibility? (e) What are the systemic risks associated with varying degrees of import centralisation, and what hybrid reform architecture best balances efficiency with strategic market development?

1.1.3 Data and Methodology

This study employs a combination of theoretical frameworks and comparative institutional analysis. The primary analytical lens is drawn from industrial organisation literature, specifically monopsony power theory, which examines how buyer concentration influences negotiation outcomes in markets where sellers are relatively concentrated. This is complemented by market microstructure theory, which provides the framework for understanding price discovery in commodity markets as a function of liquidity depth, information aggregation, and institutional structure. The comparative institutional analysis benchmarks India's gold import ecosystem against China's structurally distinct model, drawing on publicly available data from regulatory bodies, trade statistics, exchange-level data, and academic literature. Key data sources include import and trade data from the DGCIS, trading volume data from IIBX and the MCX, gold price data from the LBMA and MCX spot prices, reserve and forex data from the RBI, and relevant regulatory notifications from SEBI, RBI, and the IFSCA.

The empirical strategy is currently at a framework stage. Future quantitative extensions of this research will include premium comparison analysis across import channels, bid-ask spread decomposition as a proxy for liquidity quality, event study methodologies applied to policy announcements affecting IIBX, monopsony gain modelling under different import centralisation scenarios, and price transmission and causality testing between Indian and global benchmarks.

1.1.4 Analysis

1.1.4.1 Institutional Structure of Gold Imports in India

India's regulatory framework permits a diverse set of entities to import gold. These include nominated agencies such as commercial banks and state trading corporations, private bullion trading houses, star export houses, authorised dealer banks, and qualified jewellers operating through the IIBX platform. Each of these categories operates under its own regulatory permissions and negotiates procurement independently with international suppliers. This structural pluralism, while designed to promote competition and reduce import concentration risk, has the unintended institutional consequence of disaggregating India's effective demand signal in global markets. Individual importers arrive at global bullion suppliers as independent, relatively small-volume buyers. Each negotiates a separate procurement contract, accepting the prevailing international benchmark price supplemented by a dealer-specific premium that reflects individual transaction size, relationship history, and prevailing supply conditions. The key consequences of this fragmented import architecture include: (1) Smaller per-transaction volumes reducing the leverage of each importer vis-à-vis concentrated global bullion banks. (2) Differential premiums paid over international benchmarks across import categories, leading to price dispersion at the domestic entry level. (3) Absence of coordinated demand signalling, preventing India's aggregate consumption from being reflected as a unified market price signal. (4) Limited incentive for global price-setting venues to weight Indian demand data in their benchmark formation processes.

1.1.4.2 Theoretical Framework: Why Fragmentation Undermines Pricing Power

From an industrial organisation perspective, India's gold import market approximates a structure of fragmented buyers facing a concentrated group of sellers primarily major global bullion banks and refiners. Monopsony theory predicts that in such configurations, bargaining power rests disproportionately with the concentrated supplier side. The absence of a consolidated, large-volume buyer prevents India from exercising the demand leverage that its aggregate consumption volumes would otherwise justify. Market microstructure theory further suggests that price discovery the process through which information is impounded into asset prices occurs most efficiently in venues characterised by high liquidity depth, large transaction volumes, and institutional participation. India's domestic gold trading infrastructure, while developing, does not yet generate the volume concentration required to establish a credible alternative or supplementary benchmark to the LBMA or COMEX futures prices. Two-sided market theory adds a further dimension: exchanges function as platforms connecting global suppliers and domestic buyers, with platform depth determining the pricing relevance of any benchmark generated on that platform. A thinly traded exchange, regardless of the regulatory framework supporting it, cannot generate a benchmark that international participants are incentivised to reference in their own pricing and hedging decisions.

1.1.4.3 Comparative Analysis: China's Institutional Model

China's institutional architecture for gold markets contrasts with India's in several structurally significant respects. Gold imports into China are regulated through a relatively small set of licensed entities, many of which have state linkages, resulting in a higher degree of effective demand coordination at the national level. Trading is concentrated on the Shanghai Gold Exchange (SGE), which has developed the Shanghai Gold Benchmark Price a renminbi-denominated reference price that is increasingly referenced by regional market participants and has gained credibility as a supplementary benchmark. This institutional configuration achieves several outcomes relevant to pricing power: it concentrates liquidity, thereby improving the informational quality of domestically generated price signals; it integrates physical and derivative market activity within a single regulatory perimeter; and it positions China's aggregate demand as a more legible and influential signal in global gold price formation than India's disaggregated import flows. Importantly, China does not exercise complete insulation from global benchmarks LBMA and COMEX prices remain dominant globally. However, China's institutional design has increased its regional pricing relevance and strategic leverage in ways that India's current architecture has not achieved, despite comparable or larger consumption volumes in certain years.

1.1.4.4 Policy Experiment: Centralised Procurement and Expected Outcomes

This study models a directed policy scenario in which a significantly larger proportion of India's gold imports are channelled through IIBX as the single authorised import and settlement platform. Under this scenario, the following institutional outcomes are modelled. Aggregated bargaining power: Consolidating procurement volumes through a single exchange venue would increase India's effective demand concentration in global negotiations. Supplier premiums would likely compress as counterparties face a more disciplined, volume-aggregated buyer rather than multiple independent import transactions. Liquidity concentration: Higher trading volumes on IIBX would improve bid-ask spreads, increase the market depth of domestically generated price signals, and create stronger incentives for international participants to reference IIBX prices as a supplementary benchmark. Reduced domestic price dispersion: Standardised procurement through a single settlement venue would reduce the importer-level premium variation that currently contributes to price opacity within the domestic gold supply chain. Rupee-denominated benchmark development: At sufficient volume thresholds, IIBX could develop a credible rupee-denominated gold benchmark—similar in function and ambition to the Shanghai Gold Benchmark Price—that regional market participants would have incentives to adopt.

1.1.4.5 Risks and Structural Constraints

Full import centralisation through a mandatory IIBX monopoly model carries significant risks that must be weighed against its institutional benefits. Monopoly inefficiency: eliminating competitive procurement among multiple import channels removes price discipline and operational efficiency incentives, potentially increasing systemic costs of gold importation. Administrative bottlenecks: concentrating import flows through a single exchange creates a single point of operational and governance risk; failures in exchange infrastructure or regulatory administration could disrupt national gold supply. Continued benchmark dependence: without a developed domestic derivatives market offering adequate depth and risk management functionality, India would remain benchmarked to LBMA and COMEX even with higher IIBX volumes.

1.1.5 Conclusion

Full import centralisation through a mandatory IIBX monopoly model carries significant risks that must be weighed against its institutional benefits. Monopoly inefficiency: eliminating competitive procurement among multiple import channels removes price discipline and operational efficiency incentives, potentially increasing systemic costs of gold importation. Administrative bottlenecks: concentrating import flows through a single exchange creates a single point of operational and governance risk; failures in exchange infrastructure or regulatory administration could disrupt national gold supply. Continued benchmark dependence: without a developed domestic derivatives market offering adequate depth and risk management functionality, India would remain benchmarked to LBMA and COMEX even with higher IIBX volumes.

1.2 Formal Credit Expansion and Household Expenditure on Precious Ornaments

1.2.1 Introduction

Formal credit is typically more advantageous than informal credit because it offers lower interest rates and more structured recovery practices. However, access to formal credit remains constrained for borrowers with low creditworthiness, while even creditworthy borrowers may continue to use informal credit because of its lower transaction costs. Thus, although formal credit expansion can reduce reliance on informal credit, the substitution is unlikely to be complete. Formal credit expansion may also affect household savings. As borrowing becomes easier, households may need to hold fewer liquid assets. By extension, they may also reduce holdings of assets valued as collateral for informal borrowing. However, evidence on this channel remains limited, especially on whether households adjust asset preferences immediately after formal credit expands. This paper examines short-term changes in household asset allocation following an unanticipated expansion in formal credit. In April 2015, India launched the Pradhan Mantri Mudra Yojana (PMMY) to expand credit to small businesses. Although the scheme was rolled out nationally, uptake varied across districts, creating a quasi-experimental setting. Using a difference-in-differences approach, we examine how formal credit expansion affected household expenditure on precious ornaments. In India, such ornaments are predominantly gold-based and serve as liquid assets that can be sold or pledged as collateral. We find that growth in formal credit penetration and usage reduced expenditure on precious ornaments, suggesting lower reliance on them as collateral. The paper contributes to the literature on household finance by showing how formal credit access can reshape saving behaviour and demand for collateralizable assets.

1.2.2 Institutional Setting

India's non-corporate small business sector is economically significant but has historically had limited access to formal credit. Many micro-enterprises therefore depend on self-financing or informal lenders, which constrains business growth and limits productive employment. To address this gap, PMMY was launched to expand formal credit to underserved businesses seeking loans of up to INR 2 million. These loans were collateral-free and exempt from processing charges. MUDRA was established to implement the scheme and provide refinancing support to eligible participating lenders, including scheduled commercial banks. In its first financial year, PMMY exceeded its disbursement target of INR 122 billion. This early achievement suggests effective initial implementation, making the scheme a suitable setting for examining the effects of formal credit expansion.

1.2.3 Data and Methodology

We use household-level data from the Consumer Pyramids Household Survey (CPHS), conducted by the Centre for Monitoring Indian Economy, for October 2014 to October 2015. CPHS is a nationally representative household panel covering Indian districts and records monthly consumption expenditure, including spending on precious gems and jewellery, referred to here as precious ornaments. It also provides demographic and socioeconomic variables such as household composition, head's age, marital status and gender, members' education, and monthly household income. Our sample includes approximately 130,000 households across 421 districts. We measure formal credit expansion at the district level using two dimensions: credit penetration and credit usage. Credit penetration is measured by the number of credit accounts, while credit usage is measured by outstanding credit amounts. Both measures are constructed using data on scheduled commercial banks published by the Reserve Bank of India. To define treatment, we rank districts by the change in each credit measure before and after the PMMY launch. Districts in the top decile of growth in credit accounts or credit amounts form the treatment groups, while all other districts form the corresponding control groups. We estimate the model separately using these two treatment definitions. Figure ?? and Figure ?? show the treatment districts based on credit account growth and credit amount growth, respectively. The top-decile threshold captures districts with the strongest formal credit expansion and ensures sufficient treatment intensity.

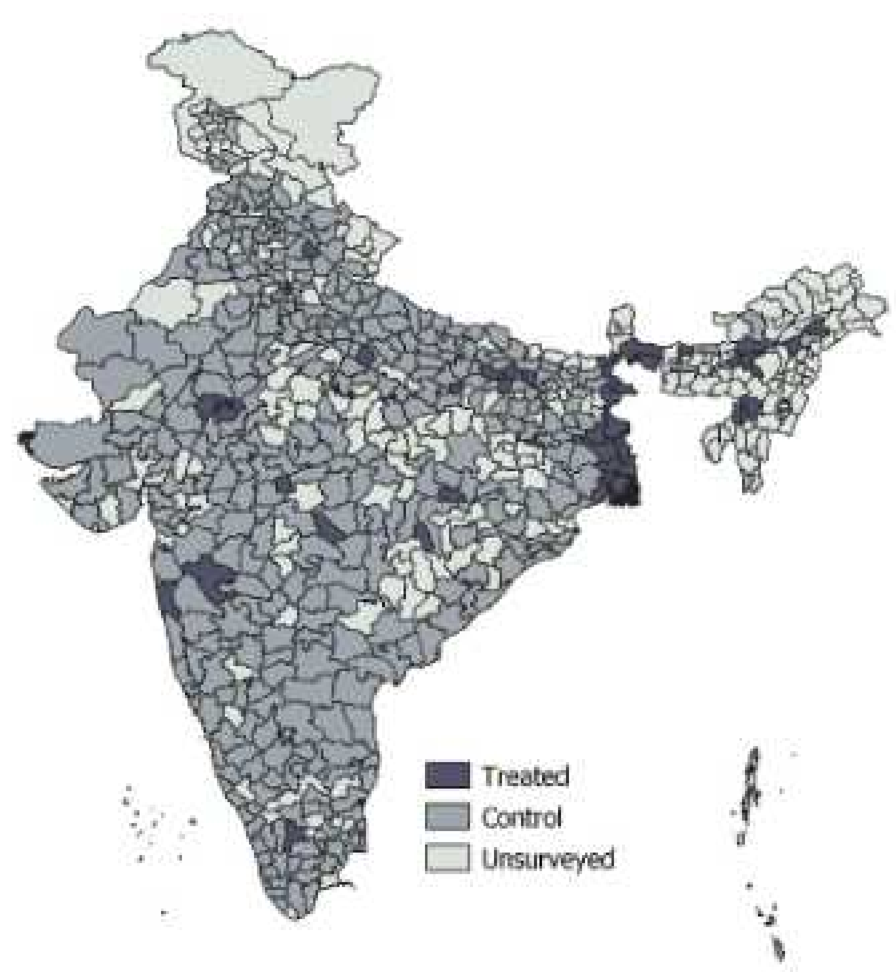

Figure 1.1: Districts with highest growth in credit penetration

We estimate the following DiD model:

$$y_{idt} = \alpha + \beta\,(\text{Treated}_d \times \text{Post}_t) + \gamma' Z_{idt} + \omega_d + \lambda_t + \varepsilon_{idt} \tag{1.1}$$

where y_{idt} is monthly household expenditure on precious ornaments, Treated_d identifies top-decile districts by post-PMMY growth in credit accounts or credit amount, and Post_t equals one from April 2015 onward. The coefficient β captures the differential post-PMMY change in ornament expenditure in high-credit-growth districts. The model includes household controls, district and month fixed effects, and PSU-clustered robust standard errors. We test parallel pre-trends using treatment-month interactions for October 2014–March 2015; Figure 1.3 and Figure 1.4 show no significant differential pre-trends. Since household borrowing is not directly observed, the estimates are interpreted as reduced-form effects of district-level formal credit expansion.

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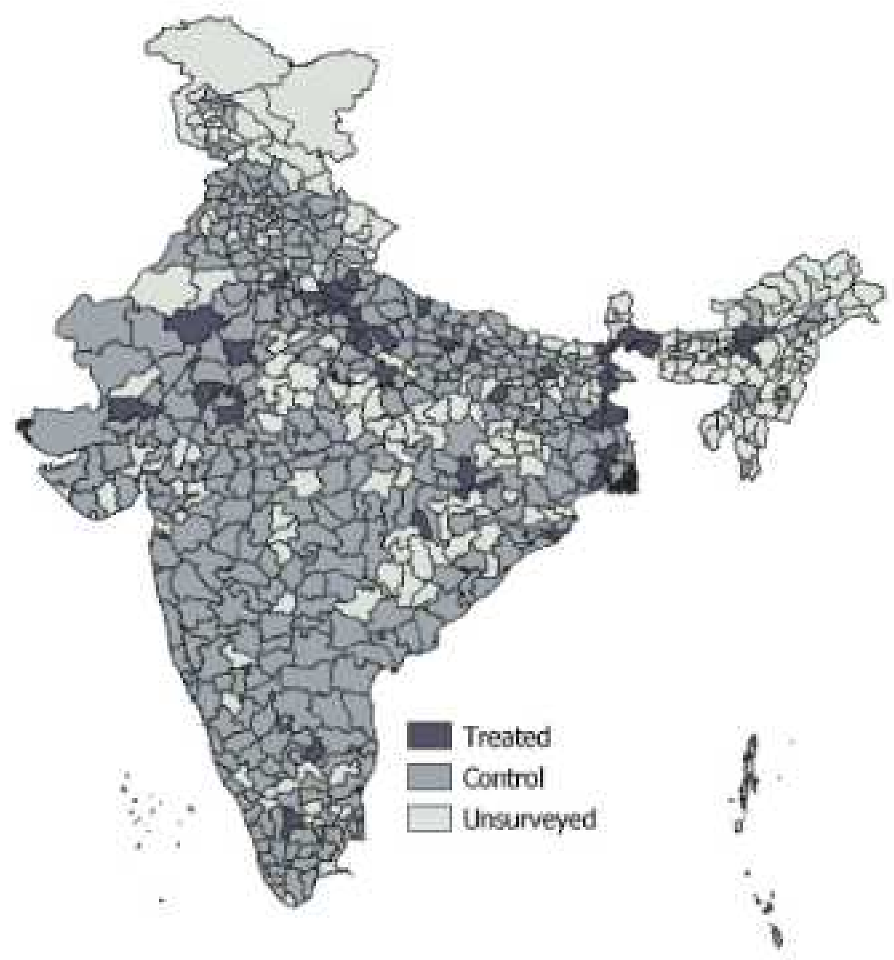


Figure 1.2: Districts with highest growth in credit usage

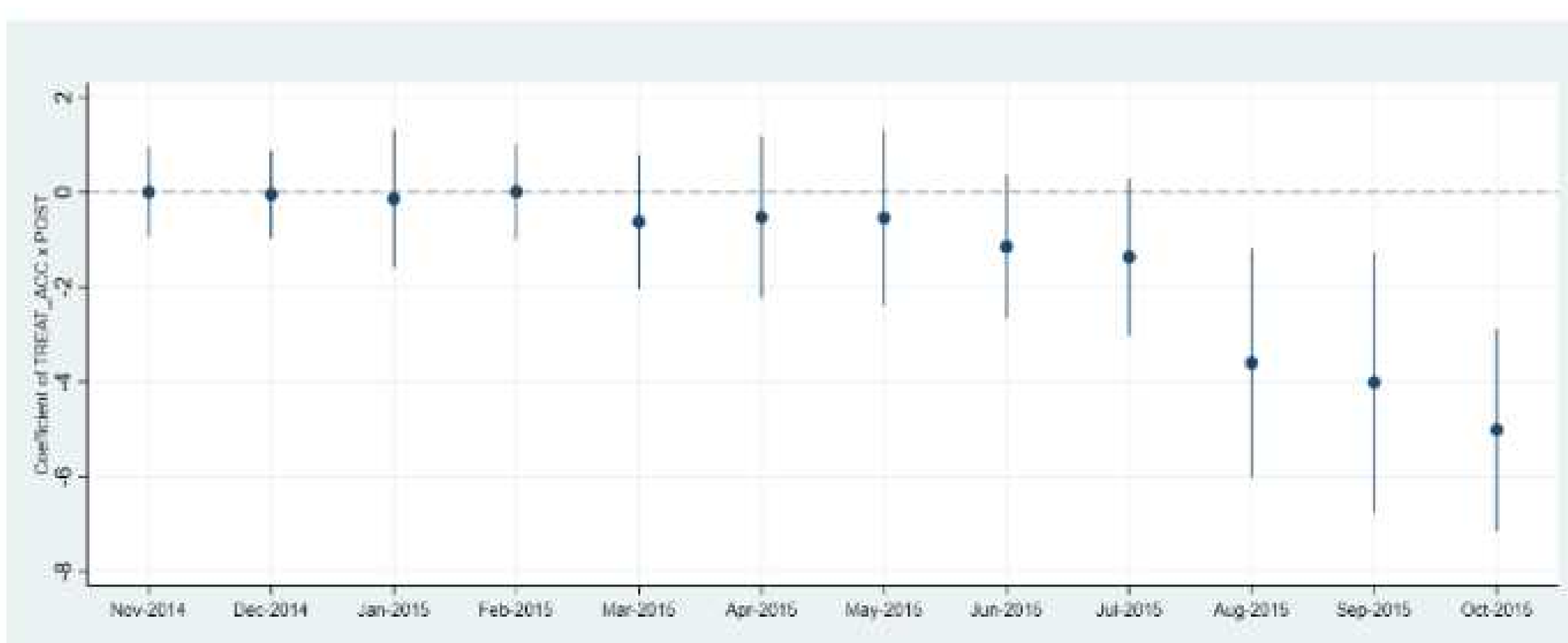


Figure 1.3: Pre-trends for credit penetration treatment

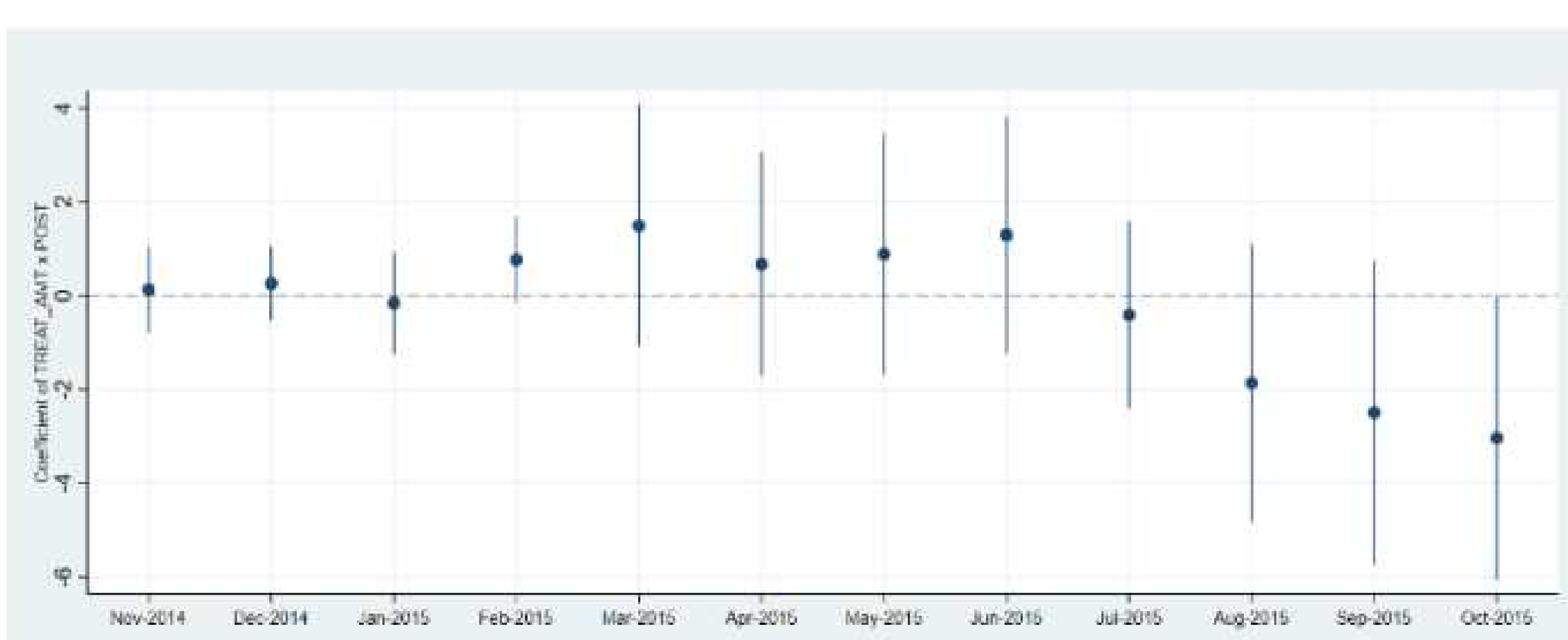


Figure 1.4: Pre-trends for credit usage treatment

Table 1.1: Heterogeneous Effects of Formal Credit Expansion on Precious Ornament Expenditure

	(1)	(2)	(3)	(4)
POST × LIT_HH	1.539***	1.397***		
	(0.518)	(0.494)		
POST × MNTH_INC			0.086***	0.082***
			(0.026)	(0.026)
TREAT_ACC × POST	−1.219***		−1.662***	
	(0.411)		(0.318)	
TREAT_AMT × POST		−0.701		−2.012***
		(0.540)		(0.448)
TREAT_ACC × LIT_HH	0.375			
	(0.296)			
TREAT_AMT × LIT_HH		0.538		
		(0.407)		
TREAT_ACC × MNTH_INC			−0.020	
			(0.014)	
TREAT_AMT × MNTH_INC				−0.027
				(0.027)
TREAT_ACC × POST × LIT_HH	−1.730***			
	(0.591)			
TREAT_AMT × POST × LIT_HH		−1.511*		
		(0.796)		
TREAT_ACC × POST × MNTH_INC			−0.054*	
			(0.032)	
TREAT_AMT × POST × MNTH_INC				0.044
				(0.059)
MNTH_INC	0.079***	0.079***	0.037***	0.036***
	(0.016)	(0.016)	(0.011)	(0.010)
FEMALE_HH	1.066***	1.065***	1.059***	1.069***
	(0.221)	(0.221)	(0.221)	(0.221)
SPOUSE	0.165	0.165	0.163	0.161
	(0.125)	(0.125)	(0.125)	(0.125)
COLLEGE	0.703***	0.703***	0.726***	0.712***
	(0.212)	(0.212)	(0.214)	(0.214)
LIT_HH	−0.517*	−0.483*	0.253	0.245
	(0.284)	(0.273)	(0.170)	(0.171)
AGE	−0.009**	−0.009**	−0.009**	−0.009**
	(0.004)	(0.004)	(0.004)	(0.004)
Constant	1.690***	1.638***	1.712***	1.697***
	(0.377)	(0.376)	(0.379)	(0.377)
Household Controls	Yes	Yes	Yes	Yes
District Fixed Effects	Yes	Yes	Yes	Yes
Time Fixed Effects	Yes	Yes	Yes	Yes
Adjusted R-squared	0.073	0.072	0.073	0.073
Observations	1,544,429	1,544,429	1,544,429	1,544,429

Note: Standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$.

Table 1.2: Effect of Formal Credit Expansion on Precious Ornament Expenditure

	(1)	(2)	(3)	(4)
TREAT_ACC × POST	-2.448^{***}	-2.472^{***}		
	(0.333)	(0.335)		
TREAT_AMT × POST			-1.782^{***}	-1.795^{***}
			(0.414)	(0.414)
MNTH_INC		0.079^{***}		0.079^{***}
		(0.016)		(0.016)
FEMALE_HH		1.060^{***}		1.058^{***}
		(0.221)		(0.221)
SPOUSE		0.166		0.167
		(0.125)		(0.125)
COLLEGE		0.701^{***}		0.701^{***}
		(0.212)		(0.212)
LIT_HH		0.240		0.241
		(0.171)		(0.171)
AGE		-0.009^{**}		-0.009^{**}
		(0.004)		(0.004)
Constant	3.236^{***}	1.788^{***}	3.159^{***}	1.707^{***}
	(0.110)	(0.366)	(0.107)	(0.367)
Household Controls	No	Yes	No	Yes
District Fixed Effects	Yes	Yes	Yes	Yes
Time Fixed Effects	Yes	Yes	Yes	Yes
Adjusted R-squared	0.071	0.073	0.071	0.072
Observations	1,544,429	1,544,429	1,544,429	1,544,429

Note: Standard errors are reported in parentheses. $^{*}p < 0.1$, $^{**}p < 0.05$, $^{***}p < 0.01$. Since the model includes district fixed effects, the coefficients on the treatment indicators TREAT_ACC and TREAT_AMT are not estimated.

1.2.4 Results

Table 1.2 reports the estimates from Eq. (1). For each credit measure, we estimate specifications with and without household controls. Both formal credit penetration and formal credit usage are associated with a negative and statistically significant decline in household expenditure on precious ornaments. The result remains robust after adding household-level controls. The magnitude is economically meaningful. In districts with the highest growth in credit penetration, monthly ornament expenditure falls by INR 2.45–2.47, equal to about 74 percent of the sample mean of INR 3.33. In districts with the highest growth in credit usage, expenditure falls by INR 1.78–1.79, or nearly 54 percent of the sample mean.

Table 1.1 examines heterogeneity by household literacy and income. The interaction between formal credit expansion and the proportion of literate household members is negative and statistically significant. At the mean literacy level of 0.78, higher credit penetration and usage reduce ornament expenditure by INR 1.73 and INR 1.51, respectively. This suggests that more literate households are more likely to substitute away from precious ornaments when formal credit expands, possibly because they are better able to recognise and use formal credit opportunities. The income interaction is negative and statistically significant only for credit penetration. At the mean monthly income of INR 15,595, higher credit penetration predicts a decline of INR 0.84 in ornament expenditure, about 25 percent of the sample mean. This suggests that higher-income households respond more strongly to expanded credit access, likely because they have greater access to alternative financial assets. Low-income households may show weaker substitution because of persistent credit constraints, risk aversion, or the continued economic and cultural importance of ornaments.

1.2.5 Conclusion

Formal credit expansion can reshape household asset allocation, but its effect on collateralizable liquid assets remains underexplored. Using a DiD design based on district-level variation in PMMY rollout, we find that higher credit penetration and usage significantly reduce household spending on precious ornaments. This suggests substitution away from assets held for collateral value. The effect is stronger among more literate households and, for credit penetration, among higher-income households.

1.3 Gold's Response to Geopolitcal Uncertainty

1.3.1 Introduction

Gold occupies a distinctive position in the Indian financial landscape, functioning simultaneously as a culturally significant store of value, a household savings instrument, and an investment asset. Extensive research, including Baur and Lucey (2010) and Baur and McDermott (2010), identifies gold as a safe haven that decouples from equities during periods of financial market stress, offering downside protection and portfolio diversification. In India, as one of the largest consumers and importers of gold worldwide, the performance of the metal depends closely on exchange rates, global price movements, and domestic demand dynamics. However, while its safe-haven properties during financial crises are well-documented in the literature, its behaviour under conditions of geopolitical uncertainty, particularly in emerging market contexts, remains underexplored. This distinction is of material importance. Geopolitical risks are structurally different from financial crises in that they are sudden, event-driven, short-lived, and often localised in nature. Unlike financial crises, geopolitical shocks need not disrupt economic fundamentals, yet they can exert a strong influence on investor sentiment, expectations, and perceived risk. Because of this structural difference, findings from the financial crisis literature cannot be directly transposed onto geopolitical settings, particularly those of emerging markets. India offers an ideal case study for examining this question, having encountered multiple geopolitical episodes between 2000 and 2025, including border conflicts, terrorist attacks, and military engagements with potential market repercussions. The extant literature has largely relied on broad international geopolitical risk indices rather than country-specific geopolitical narratives, leaving a significant gap in the understanding of how domestic geopolitical shocks shape gold market behaviour in India.

The present study is conceived as a foundational empirical inquiry into this question. Employing monthly data and a single India-specific geopolitical risk index, it establishes baseline evidence on the dynamic relationship between gold, equity markets, and geopolitical uncertainty in India. The scope is deliberately confined at this stage, with the explicit intention of extending the analysis in subsequent work along several dimensions, including the use of higher-frequency data, alternative and composite geopolitical risk measures, a broader set of asset classes, and an explicit comparison between domestic and international gold market dynamics. In this sense, the present analysis lays the empirical groundwork upon which a more comprehensive research agenda on gold and geopolitical risk in India can be built. This study examines three interrelated dimensions: (i) the dynamic relationship between gold returns and Indian equity markets under geopolitical conditions, (ii) the hedging effectiveness of gold across different geopolitical regimes, and (iii) cumulative market responses in gold, equities, and the exchange rate following major geopolitical events.

1.3.2 Data and Methodology

The study utilises monthly data spanning January 2000 to early 2025, sourced from Bloomberg. The core variables employed are the domestic gold price, the Nifty 50 as the Indian equity benchmark, a text-based geopolitical risk index for India, and the USD/INR exchange rate, which is included as a control variable to capture the currency channel through which gold prices in India are influenced. All return series are computed from price data to ensure stationarity and suitability for time-series analysis. Stationarity tests confirm that gold returns, Nifty returns, and USD/INR returns are integrated of order zero, i.e., I(0), while the GPR index is integrated of order one, i.e., I(1), and enters the model in first-differenced form. The empirical methodology proceeds in several stages. A Vector Autoregression model of order one, i.e., VAR(1), is first estimated to assess whether lagged market movements or changes in geopolitical risk carry predictive power for gold returns. Hedge ratios derived from the DCC-GARCH model are subsequently compared across low-GPR and high-GPR regimes using a two-sample t-test, and hedging effectiveness is computed for each regime. Finally, a cumulative returns analysis is conducted around six major geopolitical events, namely the Parliament Attack (2001), Mumbai Attacks (2008), Surgical Strike (2016), Balakot Airstrike (2019), Galwan Valley Clash

(2020), and Pahalgam Attack (2025), examining one-month, three-month, and six-month windows for gold, Nifty, and USD/INR. The choice of monthly frequency and a single GPR index reflects the present study's position as a baseline analysis; future extensions of this work will incorporate daily or weekly data to capture the immediate market dynamics surrounding geopolitical events with greater precision. The trends are outlined in Figure 1.5 and Figure 1.6.

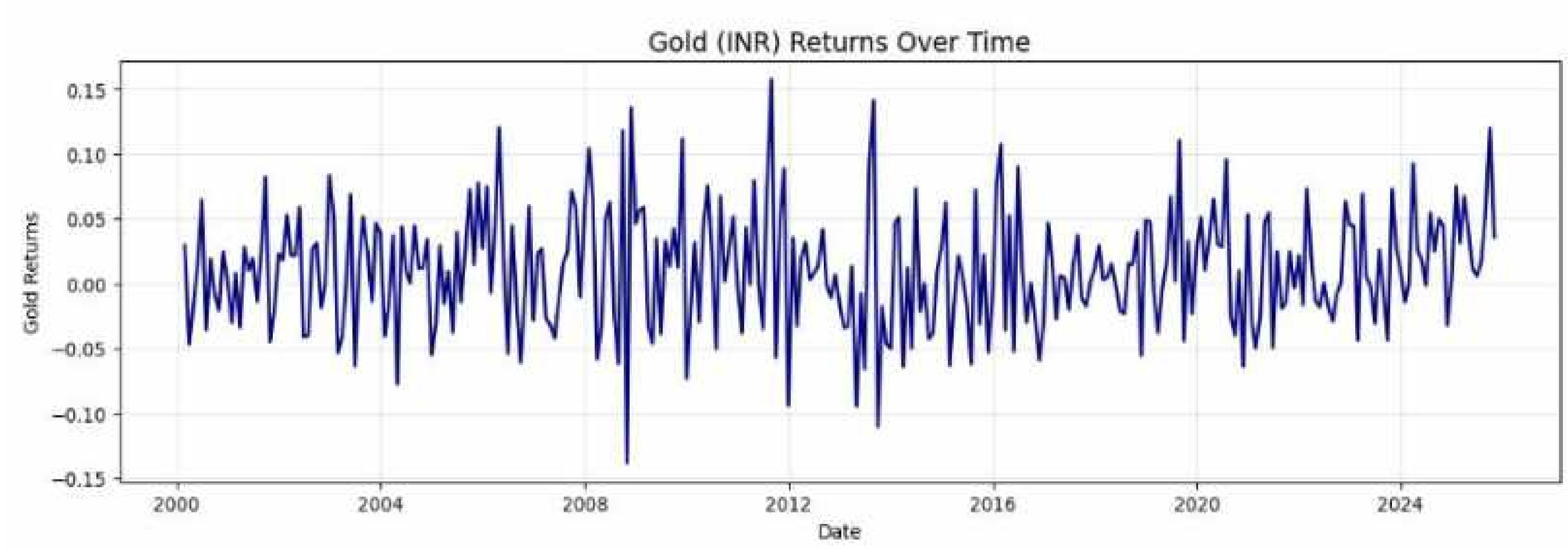


Figure 1.5: Gold returns over time

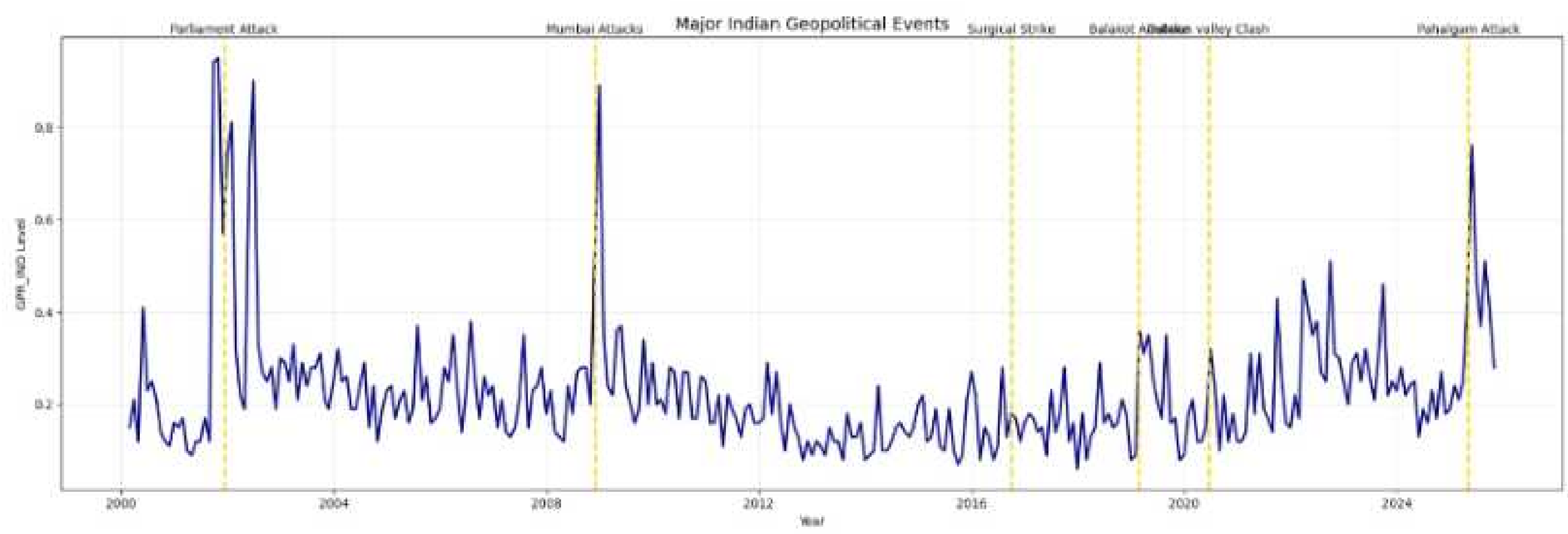


Figure 1.6: Geopolitical risk index over time

1.3.3 Analysis

VAR(1) results: The VAR(1) estimation reveals that changes in the geopolitical risk index do not significantly predict gold returns, Nifty returns, or USD/INR returns at conventional significance levels. The coefficient on the differenced GPR index in the gold returns equation is positive at 0.0169 but statistically insignificant. Lagged gold returns show a weakly significant negative coefficient of -0.1137 in the gold equation, suggesting mild mean reversion in monthly gold returns. The principal implication of the VAR results is that geopolitical risk operates primarily through the volatility and correlation channel rather than through the returns channel, motivating the shift to a GARCH-based framework. GARCH(1,1) volatility results: Individual volatility estimation reveals meaningful differences in volatility persistence across the three assets. Gold exhibits moderate volatility persistence, with ARCH and GARCH coefficients of 0.1817 and 0.4958 respectively, yielding a combined persistence parameter of 0.6775.

By contrast, the Nifty 50 displays high volatility persistence with a combined coefficient of 0.9539, and the USD/INR exchange rate exhibits very high persistence at 0.98. The comparatively lower persistence in gold volatility indicates that gold's conditional variance adjusts and stabilises more rapidly following shocks than either equity or currency markets, a characteristic that is relevant to, though not sufficient for, its role as a stabilising asset in a portfolio context.

From Table 1.3, we find that event-level cumulative returns analysis reveals a heterogeneous picture of gold's response across the six geopolitical episodes examined. Following the Parliament Attack of 2001, gold appreciated 2.3 percent over one month and 21.3 percent over six months, while Nifty declined modestly in the short term. The Mumbai Attacks of 2008 produced the most pronounced gold response, with one-month and three-month cumulative returns of 13.54 percent and 25.55 percent respectively, though this episode coincided with the broader global financial crisis, making it difficult to isolate the geopolitical contribution. By contrast, the Surgical Strike of 2016 and Balakot Airstrike of 2019 were associated with negative or near-zero gold returns at the one-month and three-month horizons, with Balakot recording a one-month gold return of -0.79 percent. The Galwan Valley Clash of 2020 produced positive short-term gold returns of 2.85 percent but was accompanied by a strong equity recovery over three and six months, with the broader pandemic-era recovery dynamic likely dominating. The Pahalgam Attack of 2025 shows a modest one-month gold response of 1.13 percent, with a notably strong six-month cumulative return of 26.59 percent, though the latter is more plausibly attributable to continued global safe-haven demand than to the domestic event alone. Across these episodes, no consistent pattern of a safe-haven jump in gold is discernible. The results are more consistent with a pattern in which gold responds to the anticipation of risk rather than to the realisation of the event itself a dynamic broadly characterised as buying on rumour and selling on fact, though this interpretation warrants more rigorous testing at higher data frequencies than monthly observations permit.

Table 1.3: Asset Market Movements Following Major Geopolitical Events in India

Event	Gold 1m (%)	Gold 3m (%)	Gold 6m (%)	Nifty 1m (%)	Nifty 3m (%)	Nifty 6m (%)	USD/INR 1m (%)	USD/INR 3m (%)	USD/INR 6m (%)
Parliament Attack	2.30	9.70	21.30	-0.76	6.84	-3.98	0.67	1.70	2.33
Mumbai Attacks	13.54	25.55	22.69	-4.63	-0.77	18.31	1.31	-1.22	1.12
Surgical Strike	0.04	-8.42	-5.36	-2.01	-6.52	0.76	-0.52	2.10	-0.46
Balakot Airstrike	-0.79	-4.80	3.53	-0.36	8.18	2.17	-0.48	-2.18	-3.25
Galwan Clash	2.85	9.85	-0.26	7.26	18.22	33.83	-0.14	-2.66	-2.10
Pahalgam Attack	1.13	3.50	26.59	1.70	1.68	5.48	1.28	3.64	5.03

Note: The table reports percentage changes in gold prices, the Nifty index, and the USD/INR exchange rate over one-month, three-month, and six-month horizons following selected geopolitical events.

1.3.4 Conclusion

This study examines gold's response to India-specific geopolitical uncertainty over a twenty-five-year period, employing a multi-method framework comprising VAR, GARCH, and event-based cumulative return analysis. The findings challenge the conventional assumption that gold functions as a universal safe haven. In the Indian context, gold provides more meaningful portfolio protection during periods of low geopolitical risk than during periods of acute geopolitical stress, with hedging effectiveness falling from 11.62 percent under calm conditions to 5.86 percent during high-GPR regimes. The gold-equity correlation does not turn strongly negative during geopolitical episodes, and cumulative return patterns across six major events reveal no consistent safe-haven response. Rather, gold's behaviour in India appears to be governed more by global risk sentiment and USD/INR dynamics than by the occurrence of domestic geopolitical events per se. As a baseline empirical study, the present analysis is necessarily limited by its reliance on monthly data and a single text-based geopolitical risk measure. These constraints, while appropriate for establishing foundational evidence, preclude a granular examination of immediate market reactions and leave open questions regarding the role of composite risk measures, alternative asset classes, and the domestic versus international gold price differential. Subsequent extensions of this research will address these dimensions by incorporating higher-frequency data, expanding the set of geopolitical risk proxies, and situating gold within a broader portfolio framework that includes bonds, commodities, and other alternative assets. Taken together, the present findings and the research agenda they motivate offer a meaningful contribution to the understanding of financial role of gold in an emerging market context shaped by recurring geopolitical uncertainty.

1.4 Modelling Diversity in India's Gold Supply Chains – A System Dynamics Perspective

India's gold economy operates through several interconnected supply channels that differ in structure, regulation, and institutional oversight. Gold enters the domestic market through formal imports, recycling networks, informal trade routes, and financial products linked to gold ownership. These channels coexist and influence one another through shifting price incentives, regulatory changes, and changing patterns of consumer and investor behaviour. Despite the scale and complexity of this ecosystem, much of the existing scholarship treats these supply routes separately. Research on imports, smuggling, recycling, or financialised gold generally remains confined within individual domains of analysis. This study approaches India's gold sector as a connected system composed of multiple supply pathways operating simultaneously. It develops a conceptual system dynamics framework that captures the interactions between formal, informal, and financialised channels. The objective is to understand how governance structures, feedback mechanisms, behavioural responses, and institutional arrangements shape the movement of gold across the economy.

1.4.1 The Indian Gold Supply System

The Indian gold supply chain extends across sourcing, refining, assaying and hallmarking, manufacturing, retailing, consumption, and financial intermediation. Government agencies, regulatory institutions, refiners, bullion traders, jewellers, logistics providers, and financial entities all occupy important positions within this network. The structure reflects the coexistence of highly regulated institutional segments alongside deeply embedded informal networks that continue to shape the movement and circulation of gold in India. Formal imports remain a dominant source of supply, though recycled gold and scrap recovery have grown in significance in recent years. Informal inflows continue to persist through unofficial channels that respond quickly to changes in taxation and import policy. Alongside these physical flows, financial products such as gold exchange-traded funds, sovereign gold bonds, and digital gold platforms have expanded the meaning of gold ownership beyond physical possession.

The study treats these flows as components of a wider system whose behaviour cannot be understood solely through static analysis. Movements within one channel often trigger adjustments in another. A change in import duties may simultaneously influence informal trade incentives, recycling activity, retail inventories, and investment demand. These interconnections form the core of the proposed modelling framework.

1.4.2 Evolution of the Study

The research draws on insights from global value chain theory, supply chain governance literature, and studies on responsible sourcing and traceability. Global value chain approaches provide a framework for understanding coordination structures, institutional control, and power relations across commodity systems. Governance literature contributes to the analysis of compliance arrangements, market organisation, and intermediary structures. Responsible sourcing literature highlights transparency, due diligence, and traceability concerns in mineral and precious metal supply chains. Existing policy and academic discussions frequently describe the Indian gold market through the lens of formalisation or regulatory compliance. This study widens the analytical frame by examining how different supply channels respond to regulation, incentives, and market conditions over time. The framework, therefore, shifts the discussion from isolated supply routes to the functioning of the gold economy as an interconnected system.

1.4.3 The Model

The study adopts system dynamics modelling because of its ability to represent complex systems characterised by feedback loops, delays, stock accumulation, and behavioural adaptation. India's gold sector contains several of these features. Import processes involve lead times; refining cycles create production delays; household recycling responds gradually to economic conditions; and financial investment behaviour shifts according to changing expectations and market sentiment.

The approach allows these interactions to be represented through stocks, flows, and feedback structures. It becomes possible to examine how policy interventions create secondary effects that emerge gradually across the system. Delays in formal imports may alter retail inventories, which in turn may increase pressure on informal channels or recycled supply. Similarly, shifts in investor sentiment towards financialised gold products may influence physical demand patterns over time. The modelling framework is also suited to sectors where informality limits the availability of complete data. System dynamics does not depend exclusively on high-frequency quantitative datasets. It enables the study of behavioural and structural relationships even in environments where significant economic activity occurs outside formal reporting systems.

1.4.3.1 The Formal Channel

The formal or organised channel includes regulated imports, refining units, manufacturing firms, retail chains, and financial institutions operating within established compliance frameworks. Capital-intensive operations, structured inventory systems, and institutional oversight characterise this segment of the supply chain. Gold flows through a long chain that extends from imports to refining, manufacturing, distribution, and retail consumption. Within this channel, inventory management occupies a central role. Retail inventories, replenishment cycles, manufacturing rates, and working capital requirements influence the pace of gold movement through the system. The framework identifies feedback loops associated with inventory targets, replenishment pressures, and financing constraints. Delays within these loops can influence import demand and alter the economy's exposure to external vulnerabilities, such as current account pressures. The organised channel also bears the burden of compliance costs associated with taxation, hallmarking, reporting standards, and responsible sourcing requirements. These costs influence the relative competitiveness of formal supply routes when compared with informal alternatives.

1.4.3.2 The Informal Channel

The informal or unorganised channel occupies a longstanding place within India's gold economy. It includes unofficial imports, cash-based transactions, artisanal refining activity, and decentralised recycling networks. These flows operate through relationship-driven networks with limited traceability and weak integration into formal regulatory systems. The framework conceptualises the informal channel as a flexible supply route that responds rapidly to changes in taxation, price differentials, and liquidity conditions. Variations in import duties create incentives for unofficial inflows when formal imports become more expensive. Informal recycling and household gold mobilisation may increase during periods of economic uncertainty or restricted access to formal supply. This channel also performs a stabilising function within the broader system. During periods of supply disruption or regulatory tightening, informal flows can sustain market availability. At the same time, reliance on opaque networks raises governance concerns regarding traceability, taxation, and compliance.

1.4.3.3 The Financialised Channel

The emergence of financialised gold products has introduced a new layer to India's gold ecosystem. Exchange-traded funds, sovereign gold bonds, and digital gold platforms have expanded investment opportunities in gold beyond physical ownership. The framework treats this channel as distinct from physical supply systems while remaining closely connected to them through investor behaviour and market expectations. Investment flows into financial products are shaped by sentiment, inflation expectations, price movements, and confidence in financial markets. Redemption pressures and changes in investor preferences may indirectly influence physical gold demand. The rise of digital and financial gold products also raises questions regarding the relationship between financial claims and underlying physical reserves. The study highlights the possibility of divergence between physical and virtual gold flows, creating new forms of systemic interdependence within the sector.

1.4.4 Major Insights and Contributions

The integrated framework generates a set of broader observations regarding the functioning of India's gold economy. Delays in formal imports and inventory adjustments may increase vulnerability to external account pressures. Informal channels may cushion disruptions in formal supply systems during periods of stress. Financialised gold products may influence volatility through rapid shifts in investment behaviour and redemption patterns. The study also points towards the importance of channel diversity in maintaining resilience within the broader system. Multiple sourcing routes distribute supply risks across different segments of the economy. At the same time, fragmented governance structures complicate efforts aimed at transparency and traceability.

The study contributes to the literature by proposing a unified system dynamics framework for India's gold sector. It brings together governance analysis and dynamic modelling within a single conceptual structure. The framework extends discussions in global value chain research by introducing a dynamic understanding of how different channels interact over time under changing regulatory and market conditions. The research also establishes a foundation for future empirical and simulation-based work. The proposed model can support further analysis of policy interventions, market disruptions, behavioural shifts, and long-term structural changes within India's gold economy.

1.5 Cultural Capital, Premiumisation, and the Evolving Economics of Gold in Indian Households

1.5.1 Introduction

India's gold jewellery industry is large by volume and deeply embedded in cultural practice, yet it remains commercially constrained in a way that is not obviously inevitable. The dominant pricing model treats artisanal labour as a cost variable rather than a value driver. Making charges, the premium nominally capturing craft and design, are modest, frequently negotiated downward, and rarely connected to any verifiable heritage credential. The consequence is that the cultural and artisanal value embedded in India's regional jewellery traditions registers very weakly at the point of transaction, even where that value is substantial. Kundan setting, meenakari enamel work, Odishan filigree, Thewa, and temple jewellery each carry technical and historical depth that, in other commercial contexts, might be expected to command a meaningful premium. In India's jewellery market, they largely do not.

The central reference case for this research is Laopu Gold, a Beijing-founded jewellery brand whose commercial trajectory over the past fifteen years offers an unusually well-documented instance of heritage-based premiumisation in a market that was, at the time of its founding, similarly dominated by weight-based commodity logic. By FY2024, Laopu was generating gross margins of approximately forty-one percent against an industry average closer to twenty percent for conventional Chinese retailers, with per-boutique revenue productivity roughly eighteen times the sector norm. The brand's strategy was built on traditional Chinese goldsmithing techniques formally designated as Intangible Cultural Heritage, positioned within premium retail environments, and communicated to consumers through craft-process content on social platforms. Examining how this conversion of cultural capital into commercial value was achieved, and what institutional conditions made it possible, is the primary concern of the research described here.

A parallel development in India's gold economy provides both context and a second strand of inquiry. The organised gold loan market has expanded significantly in recent years and is projected to continue doing so. Gold is increasingly being pledged, leveraged, and intermediated rather than simply held. This shift in gold's economic function, from passive store of value toward an actively managed financial asset, interacts with the jewellery sector in ways that are not yet well understood. A household that increasingly relates to its gold in loan-to-value terms is, in some respects, a different kind of consumer from one that relates to it through craft heritage and intergenerational meaning. These two developments are analytically distinct, but they are linked by a broader shift in how gold is valued and used within Indian households.

1.5.2 Research Questions

The research is organised around three closely related questions that together examine how gold is valued and used within Indian households. The primary question concerns the conditions under which artisanal craft and cultural heritage can be converted into measurable pricing premiums in a jewellery market otherwise dominated by commodity logic. This is examined comparatively, using Laopu Gold as a reference case and India's institutional and market structure as the comparator. A second question follows from this: given that India's craft traditions are well established, what explains the absence of comparable premiumisation, and what kinds of institutional mechanisms, certification frameworks, artisan attribution, and retail positioning might be required to enable it? The third question addresses a parallel development in the financial domain, examining how the expansion of formal gold-backed credit is reshaping household behaviour, and whether increasing credit penetration is associated with changes in jewellery expenditure patterns.

1.5.3 Data and Methodology

The jewellery premiumisation strand draws on comparative case analysis. Financial and strategic data on Laopu Gold are drawn from equity research produced by JP Morgan, Shenwan Hongyuan, and Phillip Securities between 2024 and 2025, supplemented by World Gold Council retailer surveys, Euromonitor luxury market analysis, and Frost and Sullivan estimates for China's heritage gold segment. Consumer insights are drawn from structured interviews with Laopu loyalty members in Shanghai, Beijing, and Guangzhou, examining how valuation shifts from weight-based logic toward cultural meaning.

The India-side analysis draws on GJEPC artisan ecosystem data, Bureau of Indian Standards hallmarking circulars, Netscribes and Technavio market sizing, and academic literature on household savings behaviour and artisan supply chains. A comparative approach is used to estimate the share of jewellery pricing attributable to craft and cultural value beyond intrinsic metal content.

The gold loan and credit expansion strands draw on Reserve Bank of India publications and NBFC disclosures, particularly from Muthoot Finance and Manappuram Finance, covering portfolio size, LTV distributions, and auction rates. Household credit data are drawn from the NSO All-India Debt and Investment Survey (77th Round) and the World Bank Global Findex database. District-level analysis uses Consumer Pyramids Household Survey data from the Centre for Monitoring Indian Economy, allowing examination of patterns in credit penetration and jewellery expenditure across regions.

1.5.4 Analysis

The comparison between Laopu Gold and Indian jewellery retailers highlights the core issue. Indian organised jewellery chains typically operate with margins in the range of eleven to fourteen percent, while Laopu reports margins of approximately forty-one percent. This divergence is not explained by differences in raw material or cost structures. Both operate within comparable retail environments and serve consumers who are increasingly brand-aware and digitally engaged.

The difference lies in how value is constituted. In India, the making charge functions largely as a negotiated deduction from a commodity price. In the Laopu model, the equivalent premium reflects documented craft technique, cultural provenance, and brand credibility, supported by institutional recognition and retail positioning. Consumers in this segment treat this premium as intrinsic to the product rather than as an arbitrary markup.

The mechanisms underlying this shift operate in combination. Heritage certification provides an institutional anchor for cultural value, premium retail positioning signals value before price comparison occurs, and craft-process communication reshapes consumer perception by making production visible. Together, these elements enable the conversion of cultural capital into commercial value in a way that is not currently replicated in the Indian context.

India's jewellery ecosystem presents structural constraints in this regard. Craft traditions are geographically dispersed and less integrated into formal certification systems. While frameworks such as Geographical Indications exist, they do not yet function as strong commercial signals at the point of sale. This creates a gap between the cultural richness of the sector and its economic realisation.

The financialisation strand presents a related but distinct set of findings. Variations in Loan-to-Value ratios are associated with differences in portfolio risk, particularly during periods of price volatility. Households most exposed to high-collateral lending tend to have limited financial buffers, making them more vulnerable to auction outcomes.

At the district level, preliminary analysis suggests that the relationship between credit penetration and jewellery expenditure is not uniformly positive. In some segments, increased access to formal credit appears to coincide with reduced jewellery spending, consistent with the possibility that rising debt obligations constrain discretionary consumption. While this relationship requires further examination, it indicates that credit expansion and jewellery demand may interact in more complex ways than commonly assumed.

1.5.5 Conclusion

The research brings together two developments that are often examined separately: the underpricing of cultural and artisanal value in the jewellery sector, and the rapid expansion of gold-backed credit. The first reflects a structural gap in how value is recognised and monetised, while the second reflects a shift in how gold is used within household financial strategies.

These developments are analytically distinct, but they are linked by a broader transition in how gold is valued and utilised. Understanding this interaction is central to assessing the evolving role of gold in the Indian economy.

Chapter 2

Annual Trends in Gold Supply and Demand

The financial year 2025-26 witnessed significant developments in the global and Indian gold markets, characterised by record-breaking prices, fluctuating demand patterns, and strategic shifts in investment behaviour. WGC reports that global gold demand reached an unprecedented high of 5,025.2 tonnes in 2025, driven primarily by robust central bank purchases and a resurgence in investment demand.

Global gold supply and demand are shaped by a complex interplay of economic, geopolitical, and cultural factors. On the supply side, gold is primarily sourced from mine production and recycled material, with mine output accounting for the largest share. Geographically, production is concentrated in countries like China, Russia, Australia, and Canada. On the demand side, gold serves diverse roles ranging from investment and jewellery to industrial applications and central bank reserves. Jewellery remains the largest demand segment, particularly in countries like India and China, while investment demand fluctuates with market sentiment and macroeconomic conditions. Central banks have also emerged as consistent net purchasers in recent years, seeking to diversify reserves. Overall, gold continues to play a critical role in global financial systems and cultural traditions alike.

2.1 Trends in Gold Supply

Gold supply originates primarily from three sources: mine production, recycling of gold, and central bank sales. Mine production is the largest contributor, with gold extracted from large-scale industrial mines and smaller artisanal operations around the world. Recycled gold, derived from old jewellery, electronics, and other products, forms a significant secondary source, especially responsive to gold price fluctuations. Central banks may also contribute to supply through strategic sales, although such actions have become less frequent in recent years. Overall, the global gold supply is relatively inelastic in the short term, with production facing challenges such as declining ore grades, environmental concerns, and geopolitical risks.

2.1.1 Gold Mining

According to WGC, the global gold mining supply has exhibited modest but steady growth over the past decade (Figure 2.1), increasing from 3,490.7 tonnes in FY 2016-17 to 3,835.8 tonnes by FY 2025-26, reflecting a total growth of 9.9%. This

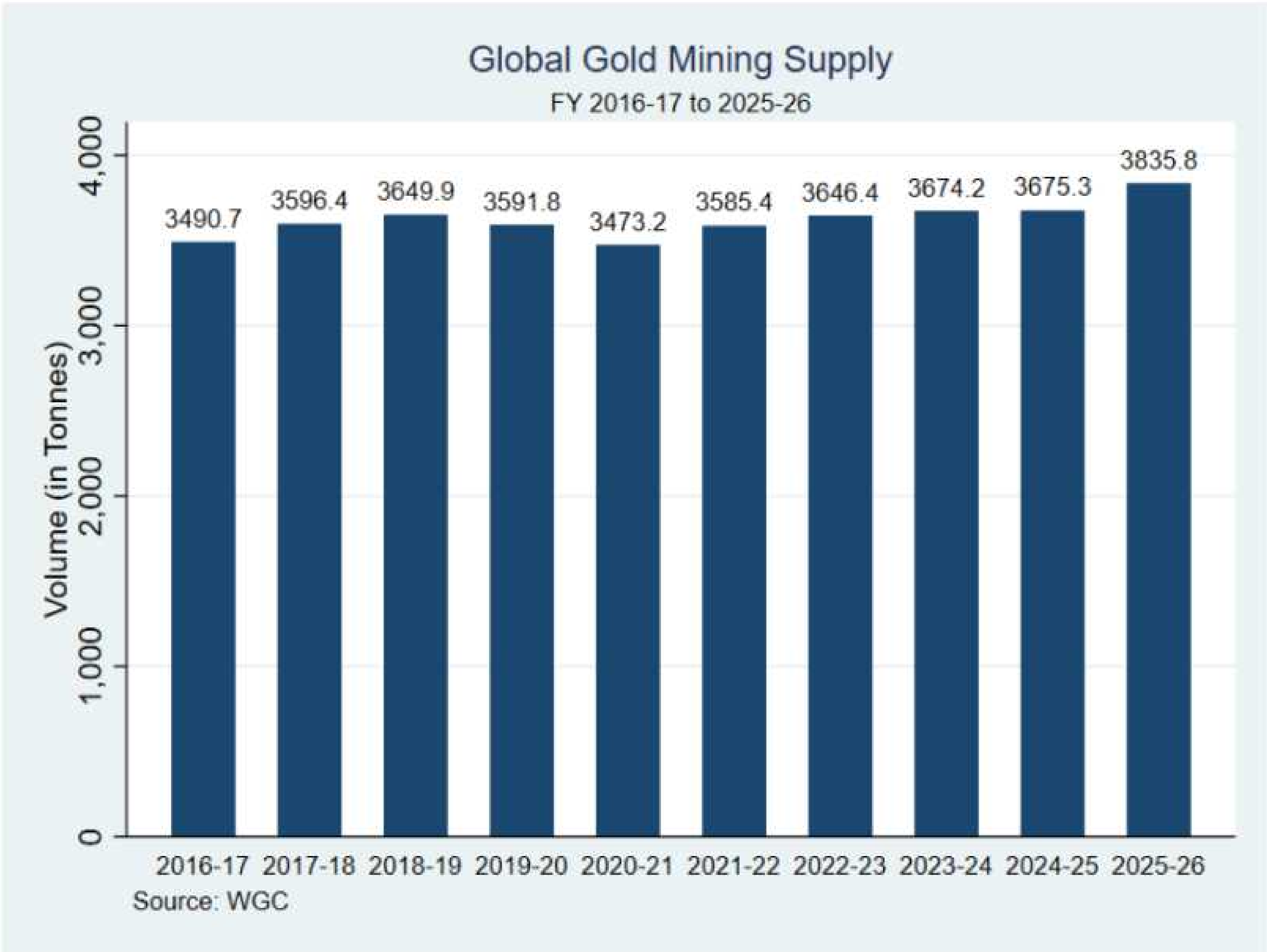


Figure 2.1: Global Gold Mine Production in the Last Decade

upward trajectory demonstrates the industry's resilience despite various challenges, with production exceeding the 3,675.3 ton threshold by FY 2024-25. However, year-over-year percentage changes reveal a pattern of declining growth rates, falling from 1.8% in the earlier periods to just 0.03% in FY 2024–25. Nevertheless, FY 2025–26 marked a significant recovery, recording a growth rate of approximately 4.4%, thus surpassing the performance of all previous periods.

This slowing growth pattern, resulting in a modest CAGR of approximately 0.7%, suggests that gold mining may be approaching production plateaus in major regions due to declining ore grades, greater mining depths, and stricter environmental regulations. With mining production levels still nearly three times that of recycled gold despite its slower growth rate, this trend underscores a gradual yet significant shift in global gold supply composition, highlighting the increasing importance of recycled gold in meeting global demand as traditional mining faces mounting challenges to expansion.

2.1.2 Recycled Gold

Figure 2.2 illustrates the volume of gold recovered through recycling over ten years, from FY 2016–17 to the projected FY 2025–26. The global recycled gold supply has consistently increased from FY 2016–17 to FY 2025–26, underlining its growing significance within the overall gold supply ecosystem. According to data from the World Gold Council, recycled gold volumes rose from 1,163.9 tonnes in FY 2016–17 to a projected 1,421.8 tonnes in FY 2025–26. While gold supply remained relatively stable during the initial years, fluctuating between 1,100 and 1,160 tonnes, a significant increase is observed from FY 2022–23 onward, except during FY 2019–20

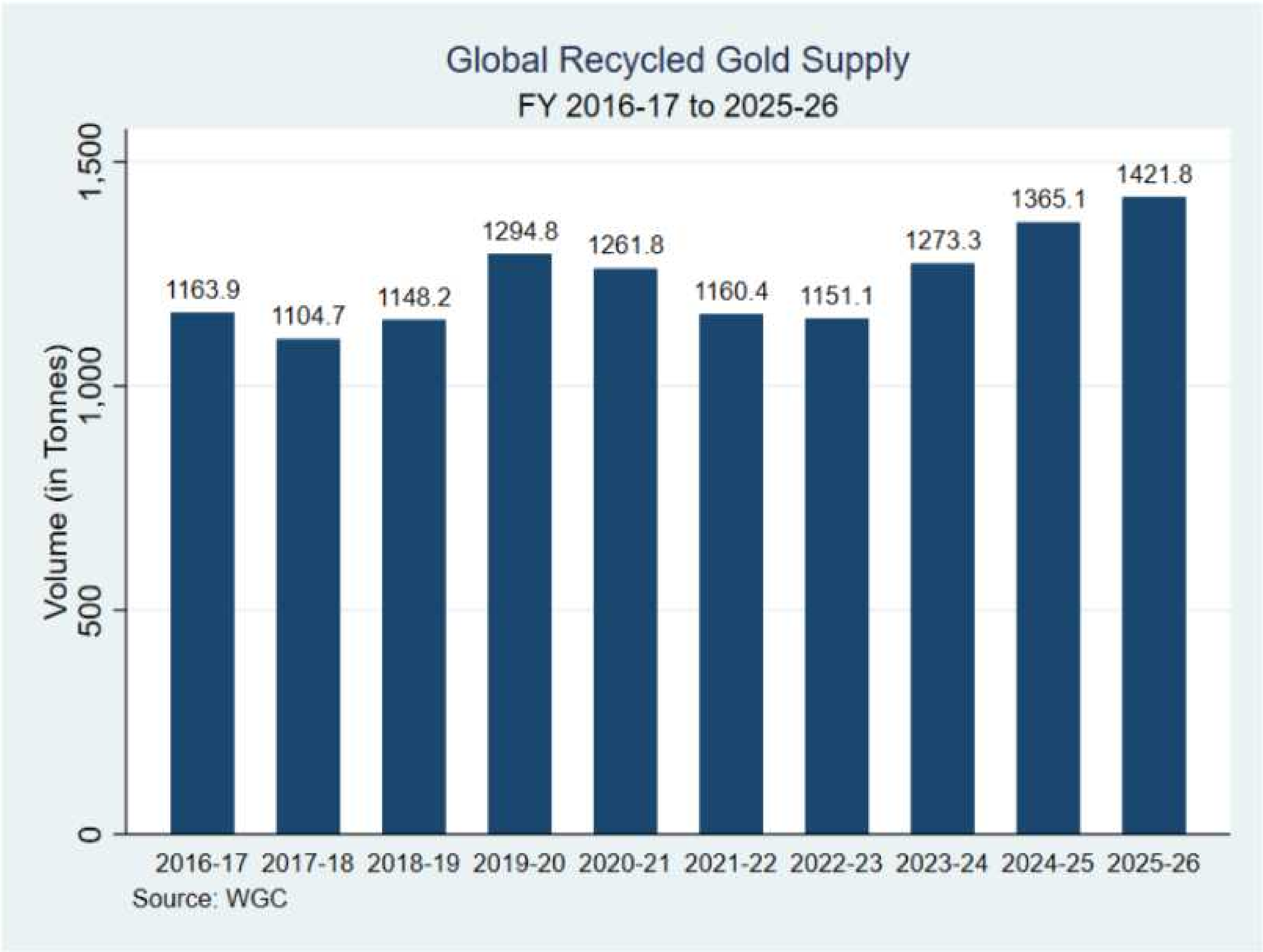


Figure 2.2: Global Supply of Recycled Gold in the Last Decade

and FY 2020–21, when global uncertainty caused by the COVID-19 pandemic disrupted market conditions. The recent surge can be attributed to persistently high gold prices, rising geopolitical risks, heightened economic uncertainty, and increased consumer participation in gold recycling.

Furthermore, technological advancements and stronger policy emphasis on circularity and sustainability have facilitated more efficient recycling practices across key markets. As the gold industry faces environmental, regulatory, and social pressures, recycled gold is emerging as a vital, low-impact source supporting market demand and sustainable development goals. The upward trend in recycled supply reflects market responsiveness and signals a structural shift towards more responsible sourcing practices within the global gold supply chain.

2.1.3 Gold Supply Channels in India

India has three primary sources of gold: net bullion imports, recycled scrap, and domestic supply. Figure 2.3 presents a decade-long overview of how India met its gold demand through various sources. It underscores India's continued reliance on imports while highlighting fluctuations in domestic sourcing. Net bullion imports consistently accounted for the largest share of India's gold supply, ranging from 560.2 tonnes in FY 2019–20 to 867.4 tonnes in FY 2017–18. A sharp decline was observed during FY 2019–20 and FY 2020–21, primarily due to pandemic-related disruptions and policy uncertainties. Imports subsequently recovered steadily, reaching 787.4 tonnes in FY 2024–25, before declining again to 718.9 tonnes in FY 2025–26 due to elevated import prices, weakened jewellery demand, and delays in the clearance of bullion consignments.

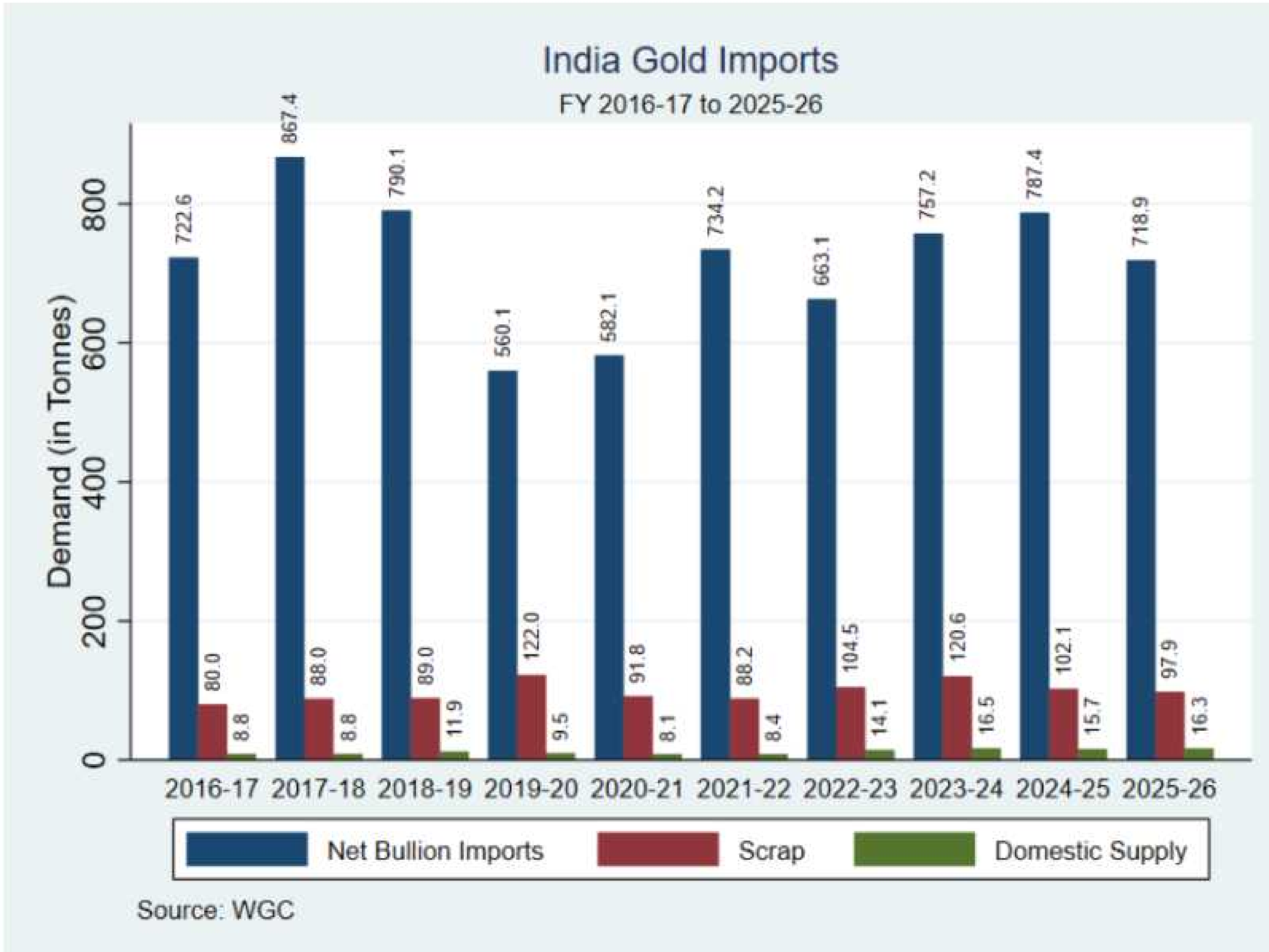


Figure 2.3: Sources of Indian Gold in the Last Decade

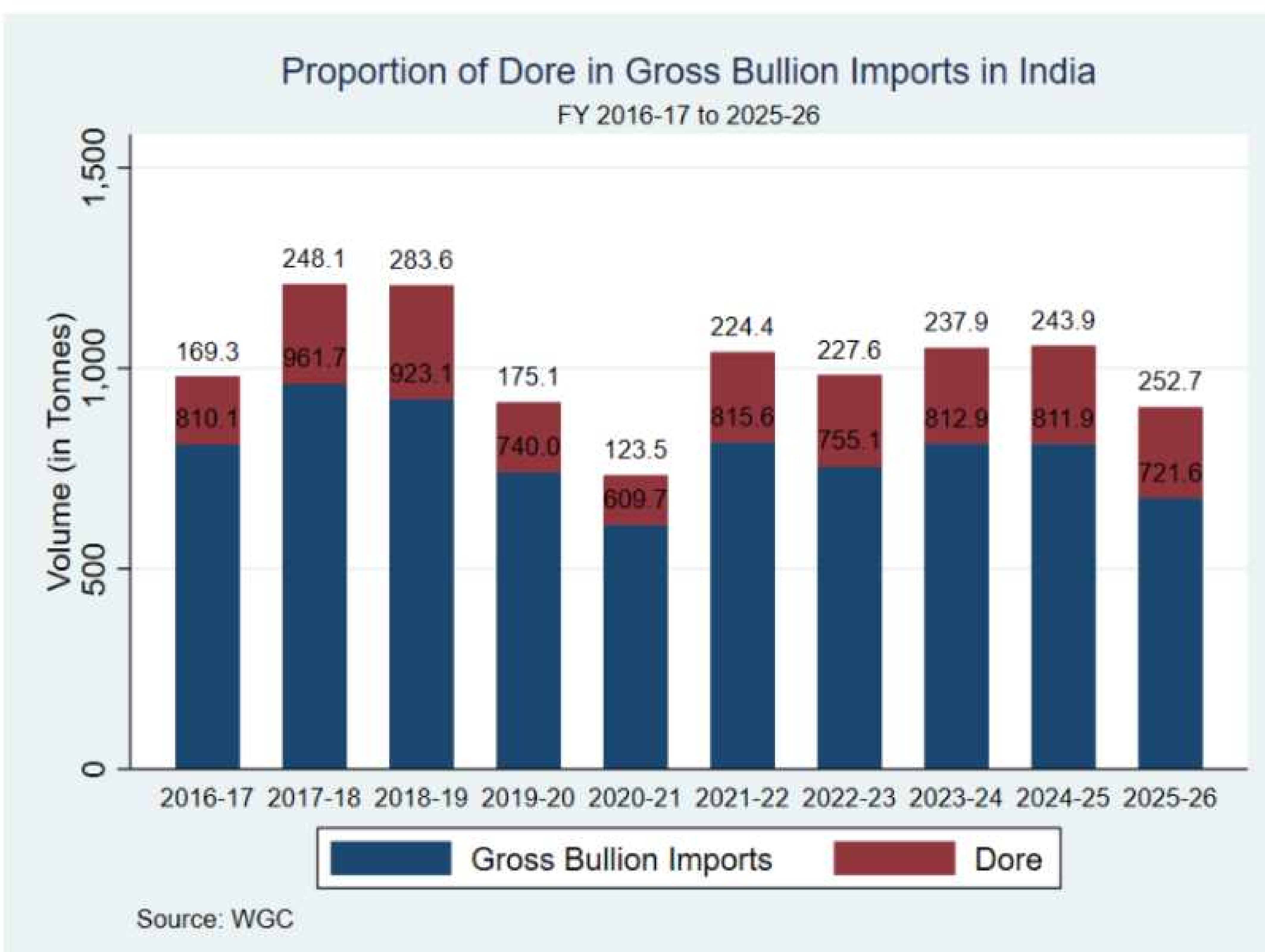


Figure 2.4: Dore in Gross Bullion Imports in India in the Last Decade

Scrap gold played a supplementary role but showed meaningful variation—peaking at 122 tonnes in FY 2019–20 and maintaining levels above 100 tonnes in the last three years. This rise may reflect higher gold prices incentivising recycling. Domestic supply, which includes mined and refined gold within the country, remained marginal throughout the period, never exceeding 17 tonnes annually. Despite efforts to boost local production, its contribution remained below 2% of the total supply. The data reaffirms that India's gold demand is overwhelmingly import-dependent, with some diversification through recycling but limited success in expanding domestic sourcing.

Figure 2.4 highlights the evolving role of gold dore in India's gross bullion imports over a decade. Dore—semi-pure gold refined domestically—has emerged as a substantial component of imports, reflecting policy shifts and changes in the refining landscape. In FY 2016–17, dore accounted for approximately 20.9% of total bullion imports (169.3 tonnes out of 983.7 tonnes). During the following years, the share of dore grew in absolute terms and proportionally, peaking in FY 2018–19 at 283.6 tonnes, approximately 23.5% of the total in that year. A sharp decline occurred during FY 2019–20 and FY 2020–21, when dore imports fell to 175.1 tonnes and 123.5 tonnes, respectively, largely due to pandemic-related disruptions, import duty adjustments, and global supply chain constraints. Despite the downturn, dore maintained a notable share of total imports, accounting for around 19.1% in FY 2019–20 and 16.9% in FY 2020–21. From FY 2021–22 onward, dore imports recovered steadily, rising to 224.4 tonnes in FY 2021–22, 227.6 tonnes in FY 2022–23, and 237.9 tonnes in FY 2023–24. The upward trend continued in FY 2024–25 with dore imports reaching 243.9 tonnes, accounting for approximately 23.1% of total bullion imports. In FY 2025–26, dore imports further increased to 252.7 tonnes, while gross bullion imports declined to 974.3 tonnes, raising dore's share to nearly 26.0%—the highest proportion during the study period. Overall, the trend suggests a gradual shift toward greater reliance on dore imports and domestic refining, influenced by import duty structures, cost considerations, geopolitical uncertainties, and policy efforts aimed at strengthening India's refining industry.

2.2 Trends in Gold Demand

Gold demand globally has shown dynamic shifts across fiscal years, shaped by economic conditions, consumer sentiment, cultural preferences, and global market influences. An analysis of trends in demand reveals how domestic consumption patterns have evolved in response to macroeconomic fluctuations, price volatility, and changing investment behaviour.

2.2.1 Central Banks

WGC reports that the central banks across the globe acquired 1,045 tonnes, marking the third consecutive year of purchases exceeding 1,000 tonnes. Central banks worldwide have increasingly turned to gold as a strategic reserve asset, driven by the need to diversify foreign exchange holdings and hedge against economic and geopolitical uncertainties. In recent years, many central banks, particularly in emerging markets, have accelerated their gold purchases to enhance monetary stability and reduce reliance on the U.S. dollar. This trend underscores gold's role as a financial asset and a cornerstone of long-term reserve management strategies.

As of FY 2025-26, India holds 880.3 tonnes of gold in its central bank reserves, ranking ninth globally among the top ten gold-reserving countries (Figure 2.5). This places India ahead of the Netherlands (612.5 tonnes) and just behind Japan (846.0 tonnes), indicating a modest yet strategic accumulation of gold reserves over time. In contrast, the United States leads by a substantial margin, holding 8,133.5 tonnes, Germany with 3,350.3 tonnes and Italy with 2,451.8 tonnes.

India's central bank gold holdings, though far smaller than those of Western economies, are significant in the context of its broader economic policy and import dependency. The accumulation of gold by RBI reflects an effort to diversify foreign exchange reserves, reduce reliance on the U.S. dollar, and hedge against global financial volatility. This strategy aligns with the increasing investor appetite for gold seen in India's rising bar and coin demand, suggesting a parallel movement at both institutional and retail levels toward gold as a safe-haven asset.

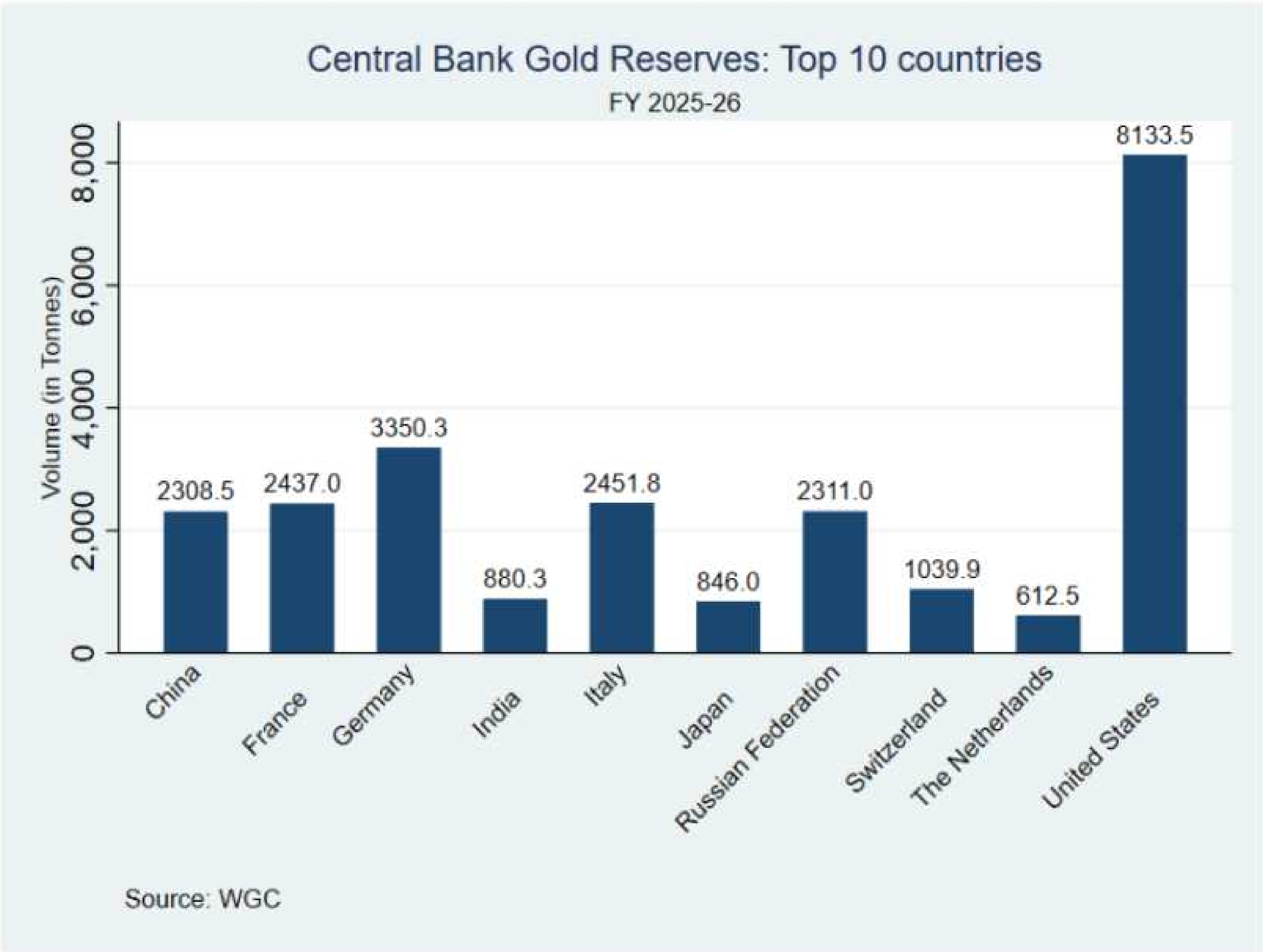


Figure 2.5: Top 10 Countries with the Highest Average Central Bank Gold Reserves

Additionally, countries like China (2,308.5 tonnes) and Russia (2,311.0 tonnes) are seen actively increasing their gold reserves as part of broader de-dollarization strategies and geopolitical positioning. India's more measured pace of reserve accumulation may reflect its balanced approach between maintaining reserve adequacy and managing trade and current account challenges, given its heavy gold import burden.

While India does not currently match the scale of gold reserves held by larger economies, its ranking among the top ten reflects its recognition of gold's importance in macroeconomic stability and financial resilience. In the long term, sustained reserve growth could enhance India's monetary credibility and help buffer against

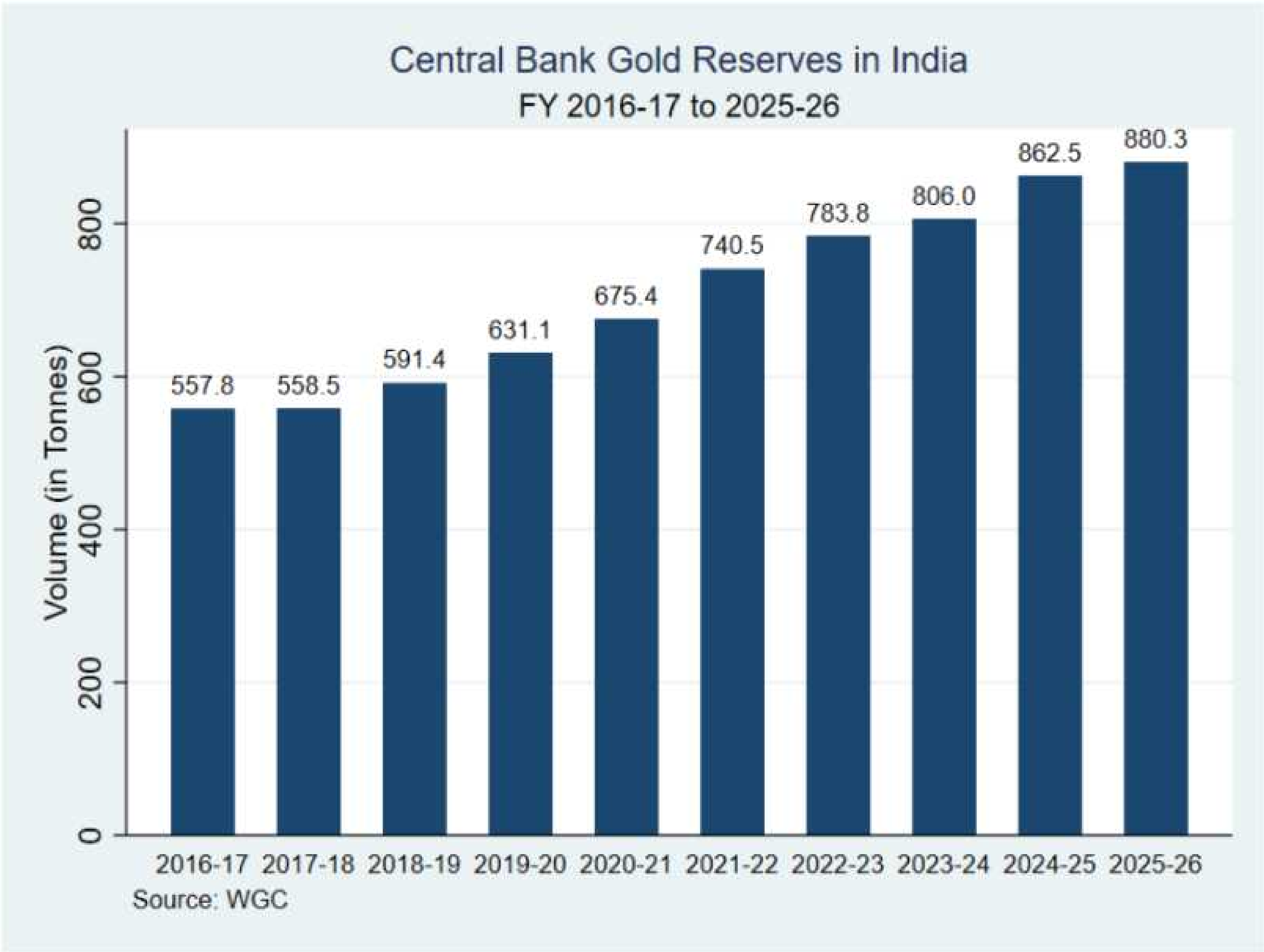


Figure 2.6: Average Central Bank Gold Reserves in India in the Last Decade

external shocks—particularly in times of currency or commodity market stress. Figure 2.6 shows that India's central bank gold reserves have steadily increased over the past decade, from 557.8 tonnes in FY 2016–17 to 880.3 tonnes in FY 2025–26. This represents a cumulative growth of over 57.9% in nine years. The most significant acceleration occurred post-FY 2018–19, with annual increases becoming more pronounced, particularly during and after the COVID-19 pandemic.

Between FY 2016–17 and FY 2017–18, reserve levels remained nearly flat, hovering around 557–558 tonnes. However, FY 2018–19 marked the beginning of a more assertive accumulation phase, with the RBI consistently adding gold to its holdings each year thereafter. This buildup can be interpreted as a response to increasing global financial uncertainty, currency volatility, and the strategic need to diversify India's foreign exchange reserves. The most significant annual jump occurred between FY 2022–23 and FY 2023–24, when reserves rose from 783.8 tonnes to 806.0 tonnes, followed by an even sharper increase to 880.3 tonnes in FY 2025–26. These additions reflect India's response to evolving global monetary dynamics and its intent to bolster economic resilience and reinforce the credibility of its external reserves. This rising gold reserve trend aligns with India's status as one of the top global consumers of gold and complements the observed increases in bar and coin demand at the retail level. It also highlights a strategic convergence between macroeconomic policy and traditional investment behaviour in the country, rooted in the perceived security and long-term value of gold.

India's central bank gold reserves have demonstrated consistent quarterly growth throughout FY 2025–26, reflecting the RBI's proactive and sustained accumulation strategy (Figure 2.7). Starting at 879.6 tonnes in Q4 of FY 2024–25, the reserves

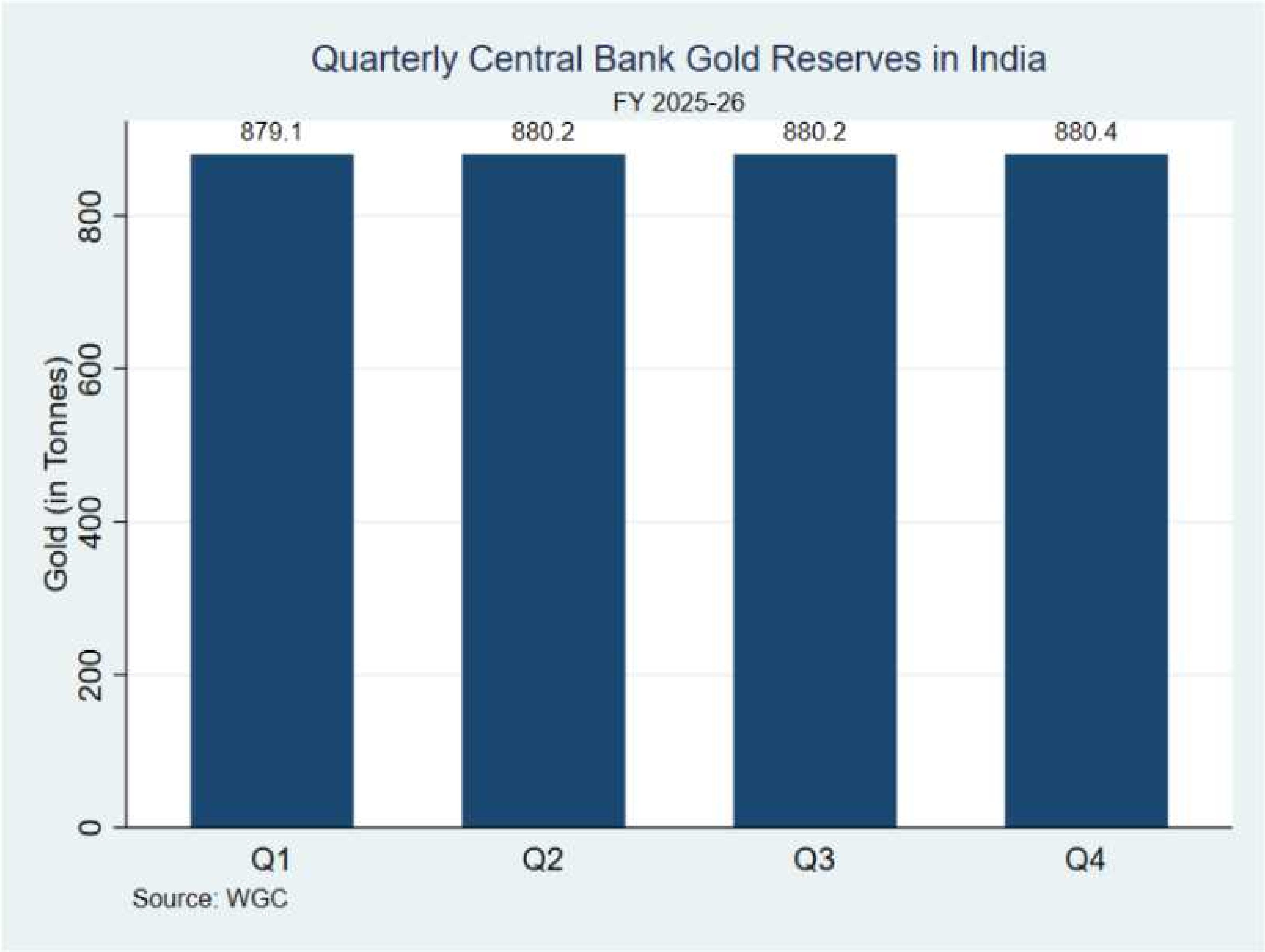


Figure 2.7: Annual RBI Gold Reserves

rose to 880.0 tonnes in Q1 of FY 2025–26, registering a 0.05% increase. This upward trend continued in Q2, with reserves climbing to 880.2 tonnes, marking a further 0.02% rise. The most substantial quarterly increase occurred in Q3 when reserves jumped to 880.2 tonnes—an increase of 0.02% over the previous quarter. By Q4 of FY 2025–26, gold reserve remained broadly stable at 880.4 tonnes 0.02% rise from Q3. Overall, the fiscal year witnessed an aggregate increase of 0.8 tonnes, equivalent to approximately 0.09% growth in gold reserves.

This steady expansion suggests that the RBI is following a phased and calibrated approach to gold accumulation, likely aimed at maintaining macroeconomic stability while reinforcing its monetary reserve portfolio. The data also signals a strategic hedge against global uncertainties, inflationary risks, and currency fluctuations. The quarterly progression complements India's long-term reserve management goals. It mirrors global central bank behaviour, where gold is increasingly viewed as a dependable store of value amid geopolitical and financial volatility.

2.2.2 Jewellery

Figure 2.8 shows the decadal demand for jewellery in India and the world. India's jewellery demand reached 425.3 tonnes in FY 2025–26, slightly declining from 549.5 tonnes in the previous fiscal year. Although the sector showed signs of recovery following the sharp COVID-19-induced contraction in FY 2020–21 (368.6 tonnes), demand has yet to return to the peak of 604.2 tonnes recorded in FY 2018–19. The data underscores the lasting impact of the pandemic on consumer behaviour, discretionary spending, and retail activity.

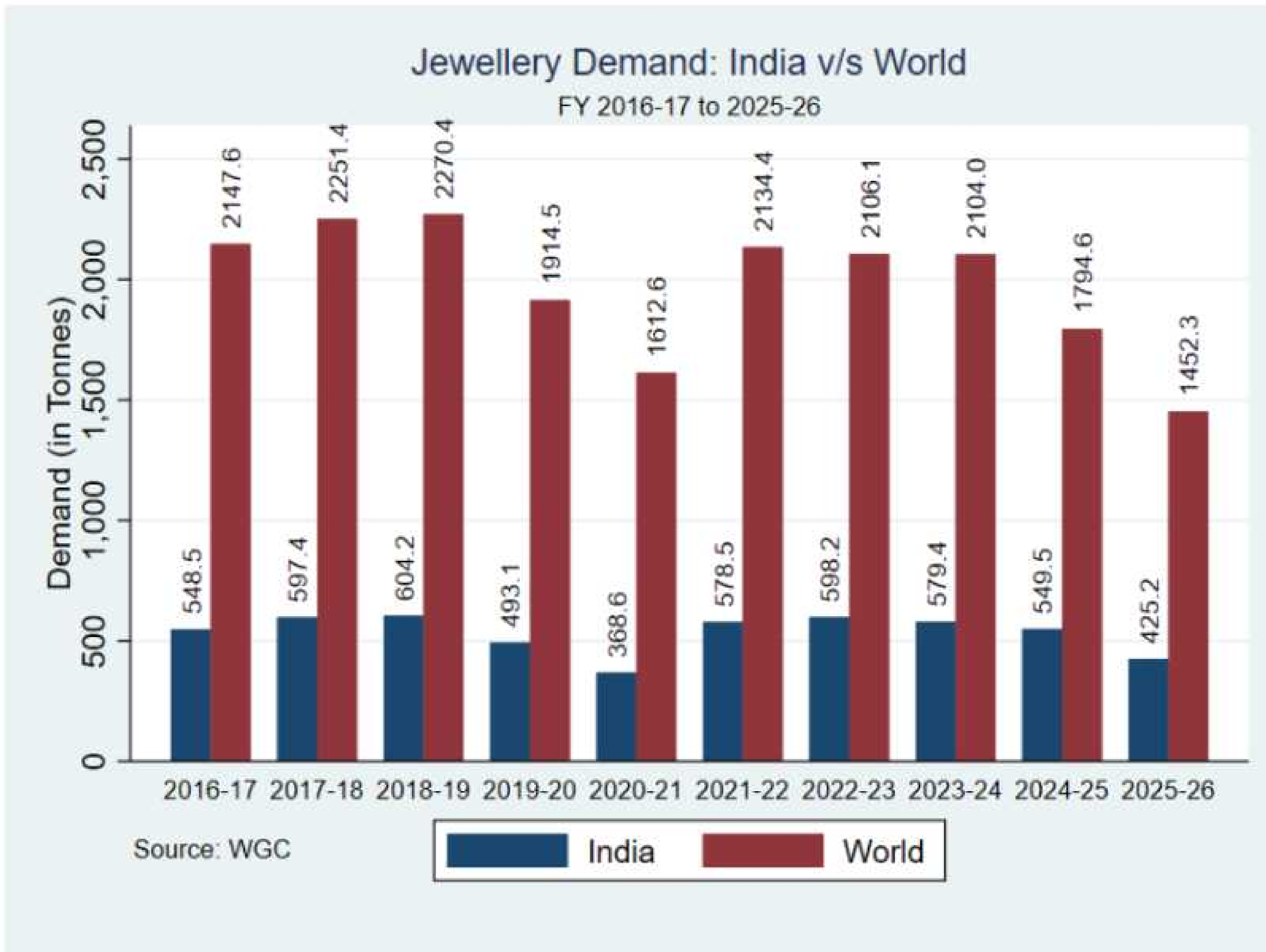


Figure 2.8: Jewellery Demand in the Last Decade

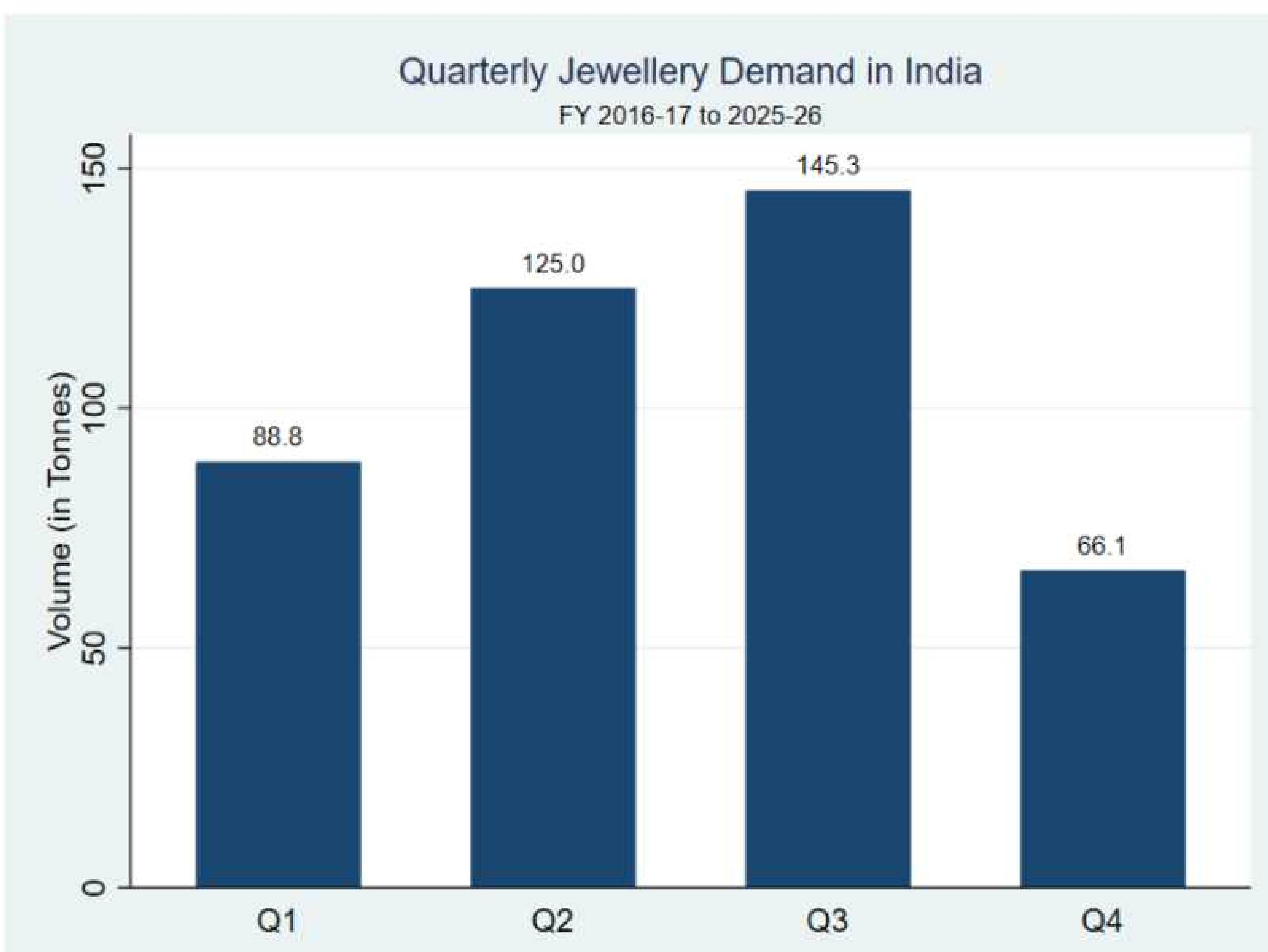


Figure 2.9: Annual Jewellery Demand in India

Despite these fluctuations, India continues to maintain a dominant position in the global jewellery market. In FY 2025–26, India is expected to account for approximately 29.3% of total global jewellery demand, which itself declined from over 2,100 tonnes in the preceding three fiscal years to 1,794.6 tonnes in FY 2024–25 and further to 1,452.3 tonnes in FY 2025–26. This continued prominence highlights the deep cultural roots of gold jewellery consumption in India, where it is not merely a luxury but a traditional store of value and a key component of social customs. While the global market shows signs of softening, India's demand has remained relatively more stable, pointing to the resilience of domestic drivers such as weddings, festivals, and long-standing household investment patterns. Nonetheless, the marginal downward trend may signal the need for market adaptations, including product innovation, increased digital access, and alignment with younger consumer preferences.

As can be seen in Figure 2.9, India's jewellery demand in FY 2025–26 exhibited considerable seasonal variation. Demand stood at 88.8 tonnes in Q1 and increased significantly to 125.0 tonnes in Q2, representing a rise of 36.3 tonnes or approximately 40.8%, likely driven by festive and wedding-related purchases. The upward trend continued in Q3, when demand reached a peak of 145.3 tonnes, reflecting a further increase of 20.3 tonnes (16.3%) over Q2. However, in Q4, jewellery demand declined sharply to 66.1 tonnes, a decrease of 79.2 tonnes or approximately 54.5% compared to Q3. This decline is consistent with post-festival seasonality and possible corrections arising from changing gold prices and market conditions. Overall, the pattern highlights the cyclical nature of gold jewellery consumption in India, which remains closely linked to cultural traditions and economic dynamics.

2.2.3 Bars and Coins

Figure 2.10 shows that India's demand for gold in the form of bars and coins reached 296.05 tonnes in FY 2025–26, marking a significant increase from the previous fiscal year (242.5 tonnes). This represents the highest level of bar and coin demand over the ten-year period from FY 2016–17 to FY 2025–26. The growth suggests heightened investor interest in physical gold as a store of value amid persistent global economic uncertainty, inflationary pressures, and geopolitical instability.

While India's bar and coin demand has increased substantially, global demand has also shown a strong upward trend in FY 2025–26. Global bar and coin demand rose from 1,219.0 tonnes in FY 2023–24 to 1,218.4 tonnes in FY 2024–25. However, in FY 2025–26, global demand surged sharply to 1,542.4 tonnes, recording a significant increase of 324.0 tonnes or approximately 26.6% over the previous fiscal year. This level also exceeded the earlier peak of 1,262.8 tonnes recorded in FY 2022–23 by about 279.6 tonnes (22.1%). India's bar and coin demand likewise exhibited remarkable growth over the same period. Demand increased from 140.2 tonnes in FY 2019–20 to 141.7 tonnes in FY 2020–21, reflecting a modest rise of 1.5 tonnes (1.0%) despite the pandemic-induced economic disruptions. Thereafter, demand of India's bar and coin demand had climbed to 296.1 tonnes in FY 2025–26 from 188.4 tonnes in FY 2021–22, representing an increase of 53.6 tonnes (22.1%). The sustained rise in India's demand highlights the country's growing importance not only as a cultural consumer of gold but also as an increasingly investment-driven market. The strong expansion in physical gold investment may be attributed to the search for safe-haven assets, heightened uncertainty in financial markets, and growing retail investor awareness regarding gold's long-term value preservation.

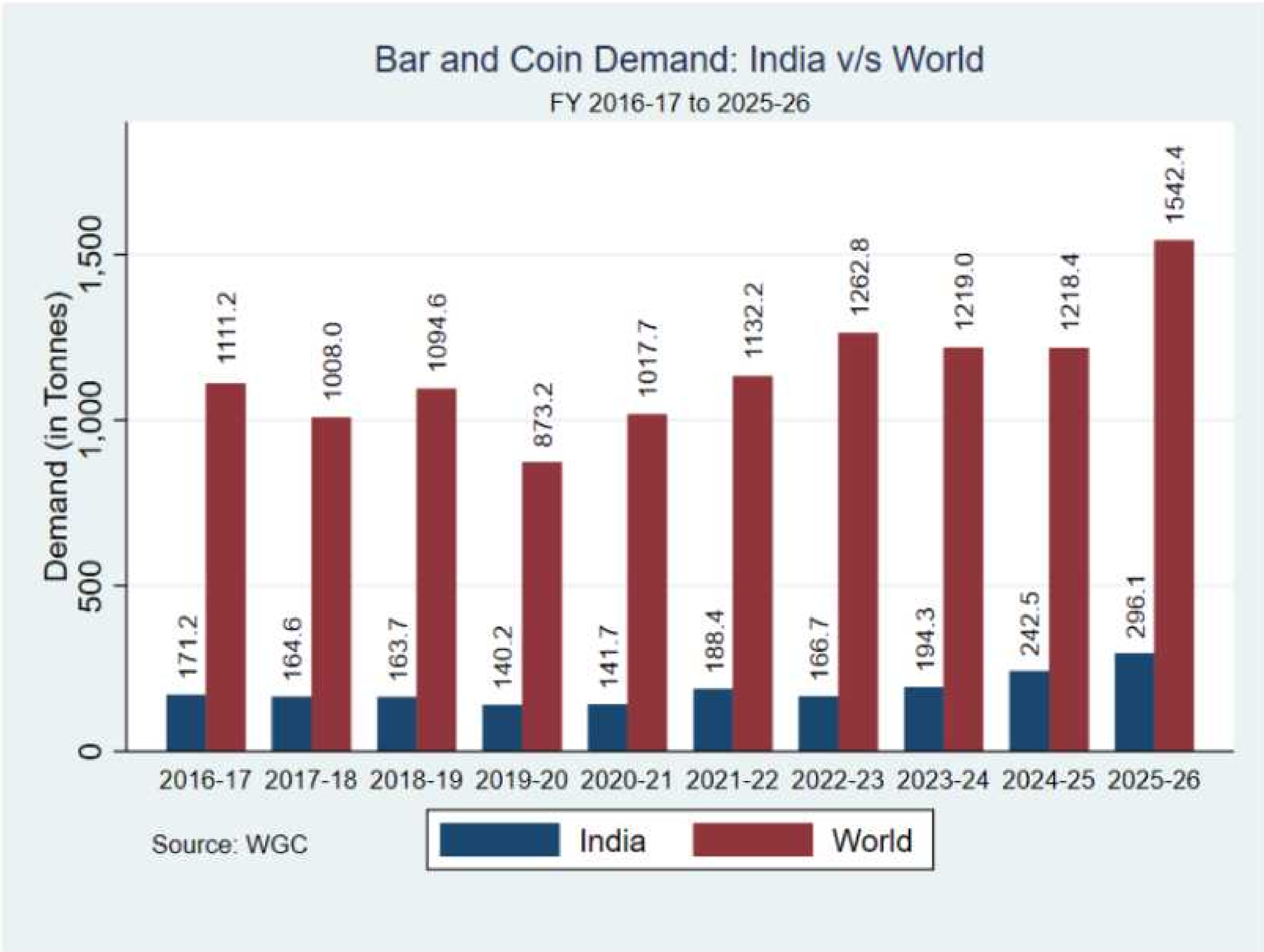


Figure 2.10: Bar and Coin Demand: India and the World in the Last Decade

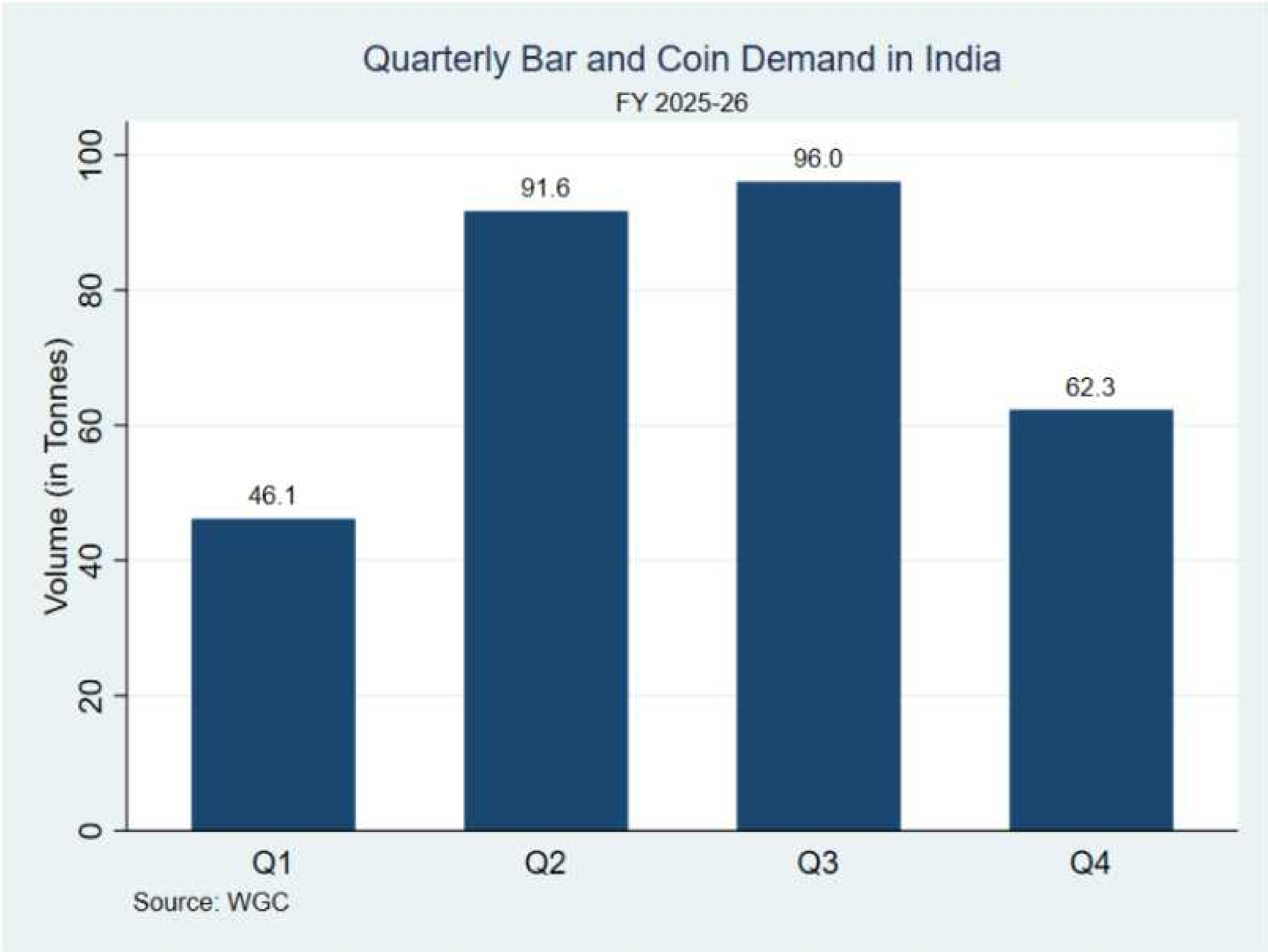


Figure 2.11: Annual Bar and Coin Demand in India

The rising domestic investment in bars and coins complements India's broader gold demand landscape, historically dominated by jewellery. The data indicates a maturing gold investment market, where physical gold in non-jewellery forms, is becoming a parallel pillar of demand. This shift could have implications for policy, import management, and the structure of gold-related financial products in the Indian economy.

Figure 2.11 shows that bar and coin demand in India exhibited a cyclical yet overall upward trend during FY 2025–26, reflecting changing investment sentiment and market dynamics. Demand stood at 46.1 tonnes in Q1 and increased sharply to 91.6 tonnes in Q2, registering a rise of 45.5 tonnes or approximately 98.7%. This substantial increase was likely driven by favourable price movements and heightened safe-haven buying amid economic uncertainties. The upward momentum continued in Q3, with demand reaching 96.0 tonnes, reflecting a further increase of 4.3 tonnes (4.7%) over Q2, indicating sustained investor interest in physical gold investment. However, in Q4, demand declined to 62.3 tonnes, marking a decrease of 33.7 tonnes or approximately 35.1% from Q3. This decline may be attributed to profit booking, seasonal adjustments, or changing market expectations toward the end of the fiscal year. Overall, the pattern suggests that bar and coin demand in India remains highly responsive to macroeconomic conditions, investor confidence, and gold's role as a preferred store of value during periods of uncertainty.

2.2.4 Exchange Traded Funds

Gold ETFs performance in India during FY 2025–26 showed a clear upward trend across key indicators AUM, fund flows, and physical gold holdings. The AUM of Gold ETFs (Figure 2.12) started at USD 7.2 billion in April 2025 and remained steady at USD 7.6 billion through July. From August onward, AUM increased sharply, rising to USD 8.1 billion in August and further to USD 11.3 billion by October. This upward momentum continued into the new year, with AUM peaking at USD 19.8 billion in January and February 2026, reflecting growing investor interest and confidence in gold-backed assets. However, AUM declined slightly to USD 17.8 billion in March 2026.

Monthly fund flows into Gold ETFs (Figure 2.13) were highly volatile during FY 2025–26, reflecting changing investor sentiment and market dynamics. Gold ETFs recorded a net inflow of USD 146.9 million in April 2025, followed by a net outflow of USD 67.8 million in May. Inflows recovered in the subsequent months, rising to USD 233.8 million in June and USD 239.5 million in August. A significant surge in fund flows was observed from September onward, with inflows reaching USD 911.3 million in September and USD 841.4 million in October. Although inflows moderated to USD 409.1 million in November, they increased sharply again to USD 1,251.1 million in December. The highest monthly inflow was recorded in January 2026 at USD 2,497.7 million, which likely contributed to the substantial rise in AUM during the same period. Fund inflows declined thereafter to USD 547.8 million in February and further to USD 176.6 million in March 2026, indicating a moderation in investor activity toward the end of the fiscal year.

Figure 2.14 shows that Gold ETF holdings in India, measured in terms of physical gold volume, broadly mirrored the trends observed in AUM and fund flows during FY 2025–26. Holdings stood at 65.3 tonnes in April 2025 and experienced a slight decline to 64.7 tonnes in May. Thereafter, holdings increased steadily month-on-

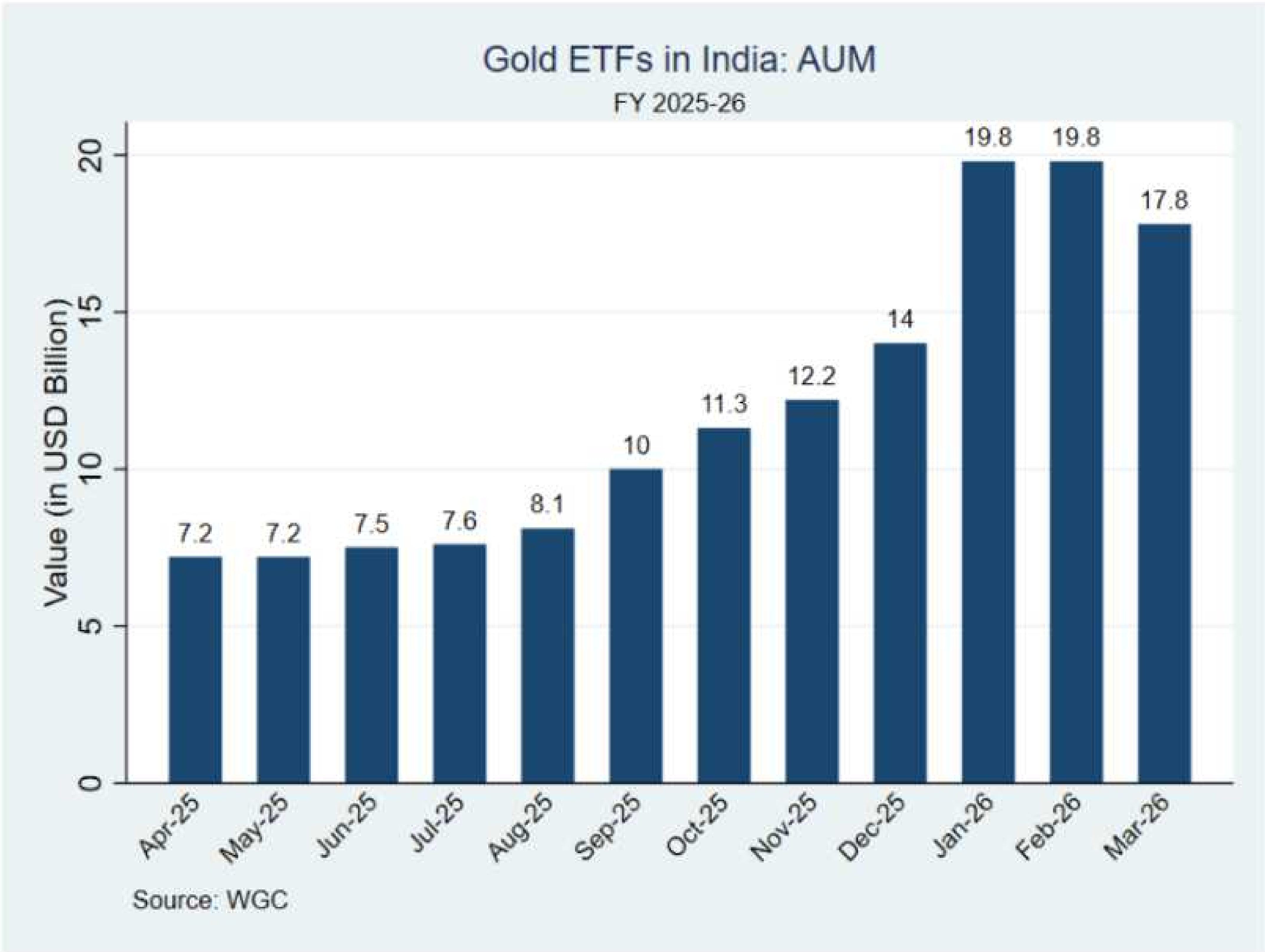


Figure 2.12: Annual ETF AUM in India

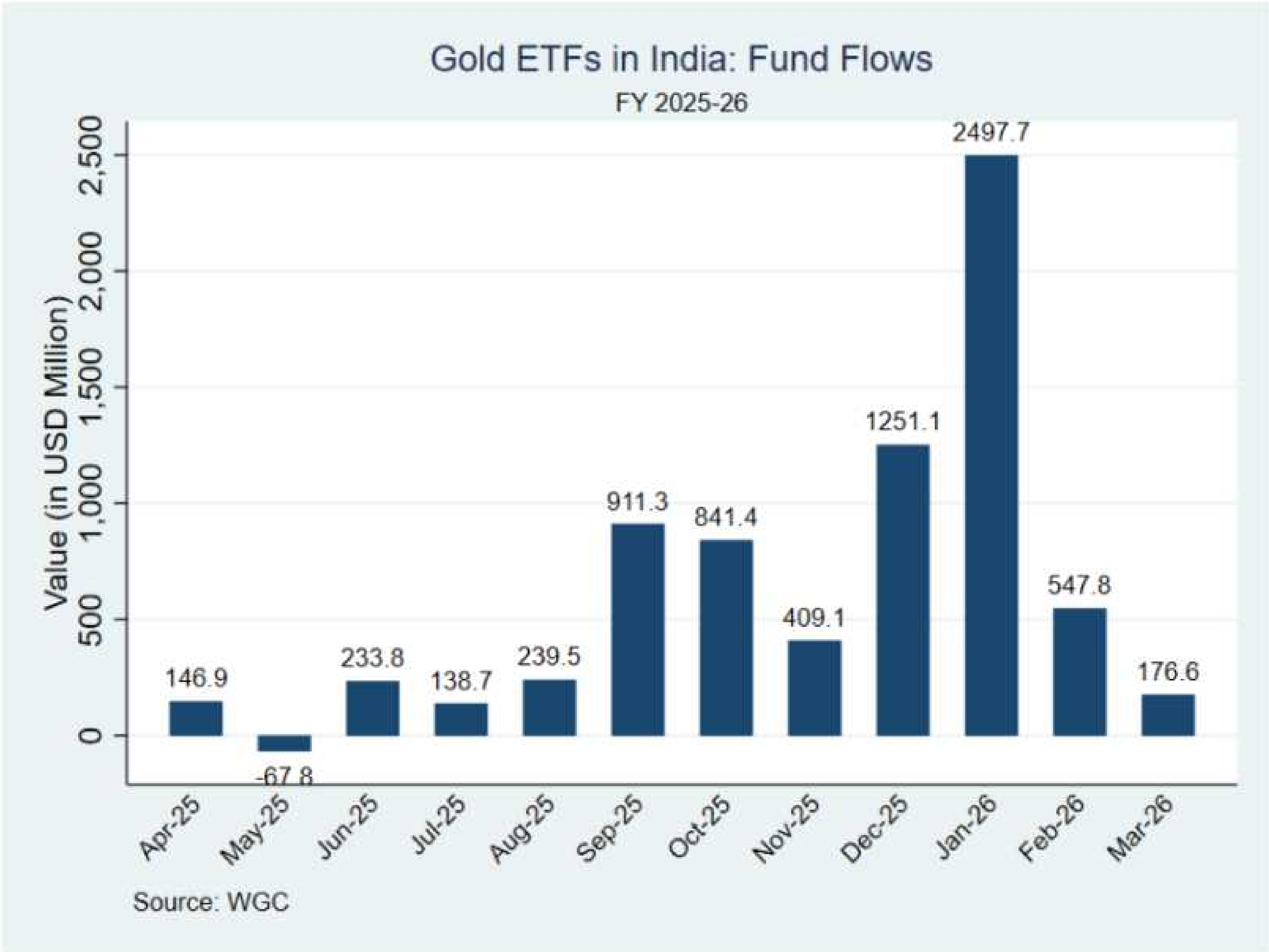


Figure 2.13: Annual ETF Fund Flow in India

month, reaching 70.1 tonnes in August and rising sharply to 77.4 tonnes in September. The upward trend continued through the second half of the fiscal year, with

Figure 2.14: Annual ETF Holdings in India

holdings increasing to 83.5 tonnes in October, 95.0 tonnes in December, and peaking at 114.9 tonnes in March 2026. The strong and sustained accumulation of physical gold by ETFs reflects growing investor demand for gold-backed financial assets, driven by portfolio diversification motives and the need for a hedge against economic and financial uncertainties.

Collectively, these trends underscore the increasing maturity and depth of the Indian Gold ETF market, with robust participation reflected in both fund inflows and physical gold accumulation. The strong performance during FY 2025–26 highlights the continued relevance of gold ETFs as an important investment avenue amid global macroeconomic volatility, inflationary pressures, and evolving investor preferences.

Chapter 3

Observations from Household Survey

This chapter examines trends in household expenditure on jewellery and investment in gold using household-level panel data for the calendar years 2024 and 2025 (till November). For this purpose, we utilize data from the Consumer Pyramids Household Survey (CPHS), a continuous panel survey conducted by the Centre for Monitoring Indian Economy (CMIE) in combination with other surveys conducted by CMIE. These surveys collect data on various indicators, such as, household income, expenses, ownership of assets, access to amenities, levels of education, financial inclusion, and self-assessment of health and employment status. Indicators related to income and expenditure are recorded every month. Others are captured quarterly.

During the study period, the CPHS surveyed approximately 161,000 households from January 2024 to November 2025. The survey covered 24 states and 4 union territories, excluding Arunachal Pradesh, Nagaland, Manipur, Mizoram, Andaman and Nicobar Islands, Lakshadweep, Dadra and Nagar Haveli, and Daman and Diu. In our analysis, we examine the indicator of household savings in gold. In the survey, gold refers to gold in all forms: paper gold (such as investment in gold exchange-traded funds) and physical gold (bars, ornaments, or jewellery). This indicator is captured on a quarterly frequency as a binary field. Since this indicator does not provide information on expenditure on gold, we supplement our analysis by referring to household expenditure on gems and jewellery, which is compiled monthly. This indicator includes expenditure on gold, gold jewellery, silver jewellery, precious gems and stones (such as, diamond or ruby). Hereinafter, we refer to this expenditure as expenditure on precious ornaments.

Our analysis below is divided into three parts. First, in Section 3.1, we evaluate how demographic characteristics influence the above mentioned indicators. For this, we identify the characteristics based on the existing literature. To illustrate, these characteristics include household income, household size, region of residence, gender composition, proportion of literate members in the household, religion, caste, and nature of the occupation. Following this, Section 3.2 covers households' preference for gold against other financial assets. Lastly, Section 3.3 covers the impact of usage of financial services on household behavior.

3.1 Demographics of Households

As mentioned before, we examine the effect of demographic characteristics on household expenditure on precious ornaments and their savings in gold.

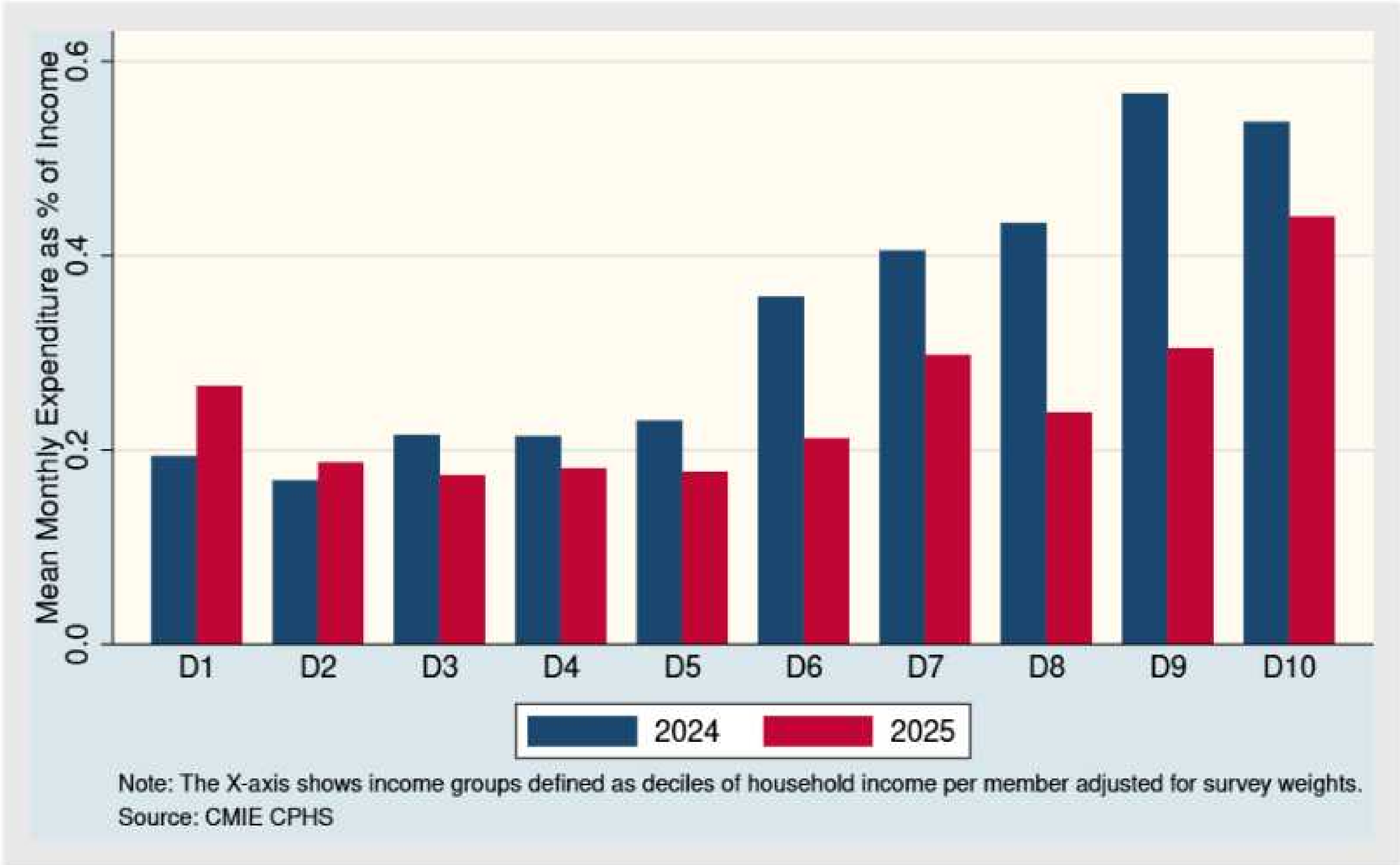


Figure 3.1: Expenditure on Precious Ornaments across Income Groups

We examine the effect of income on precious ornament expenditure in Figure 3.1. We note that the richest and the poorest households spend a higher proportion of their income on precious ornaments compared to others. Particularly, there is a dramatic rise between D9 and D10 (richest 10 percent) households. The lowest income group (D1) also spends a considerable percentage on these ornaments. We find that year-on-year there has been a fall in expenditure on precious ornaments. We also believe that such a substantive fall in expenditure can be attributed to rise in gold prices during our study period. However, it is interesting to note that households belonging to lowest income groups have increased their expenditure on precious ornaments during the past year compared to the previous year.

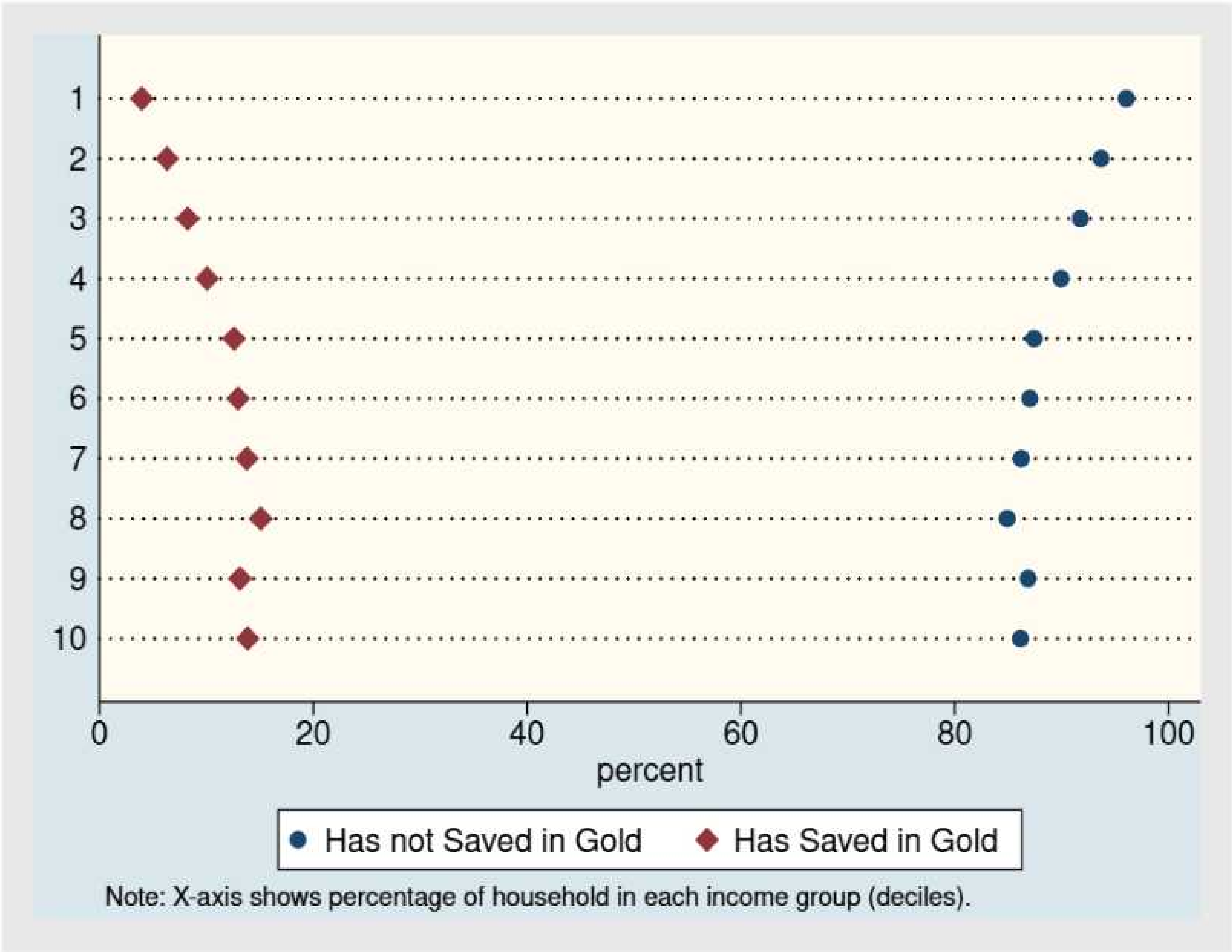


Figure 3.2: Savings in Gold across Income Groups

While examining the household behavior for savings in gold, a clear income-based divide appears in Figure 3.2. A larger proportion of higher-income households (D5-D10 on the Y-axis) saved in gold compared to households belonging to lower deciles. About 18 percent of the households belonging to D10 saved in gold.

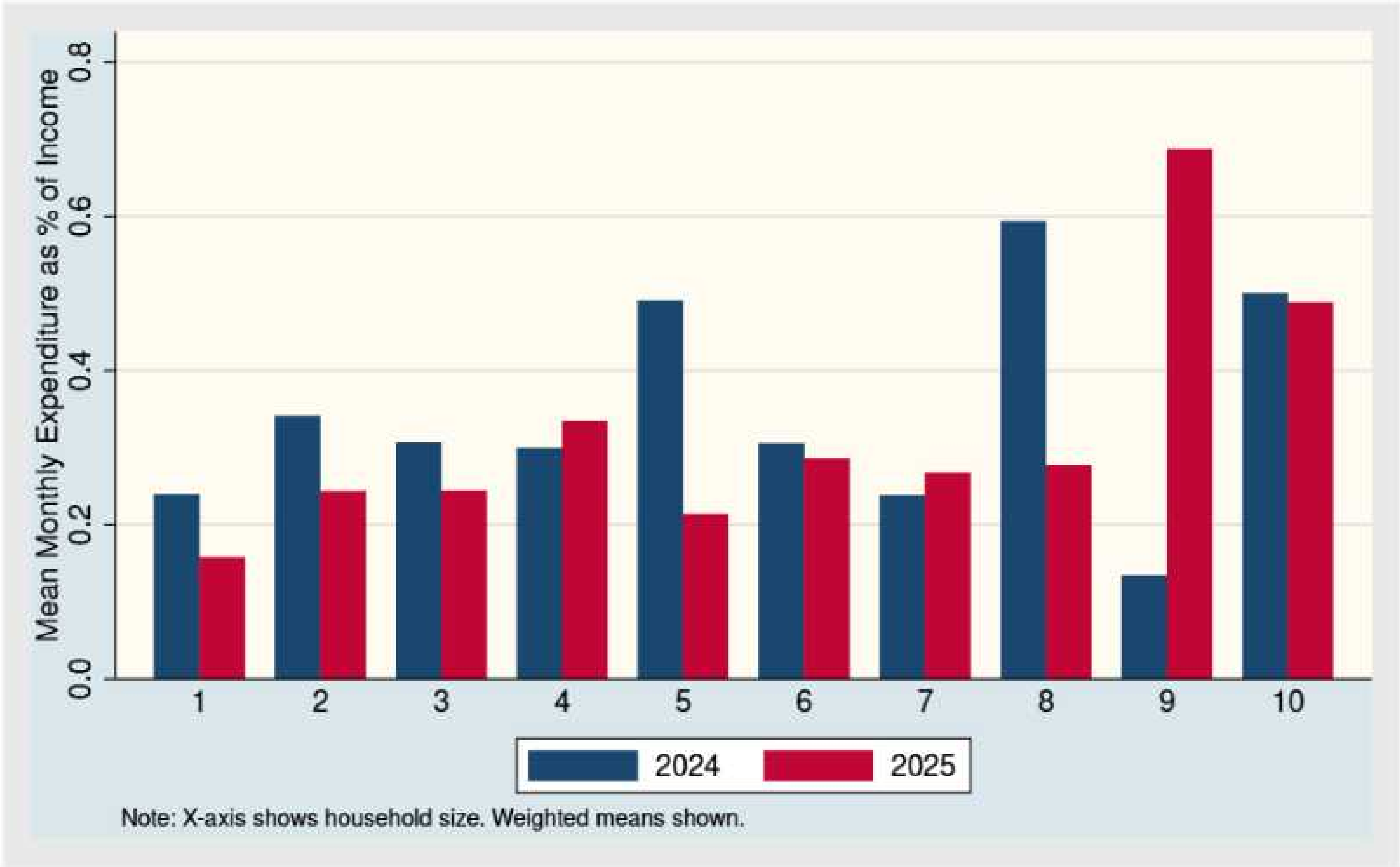


Figure 3.3: Expenditure on Precious Ornaments across Households of Different Size

To examine the expenditure on precious ornaments across households of different sizes, we categorize household size according to the number of members in a household. However, it is relevant to note that the expenditure trend has been inconsistent for the calendar years 2024 and 2025, with varied spending patterns across households of different sizes (Figure 3.3). It is relevant to note that very large-sized households exhibit distinct expenditure on precious ornaments in 2025. Such households might have higher disposable income and may have undertaken concentrated high-value purchases.

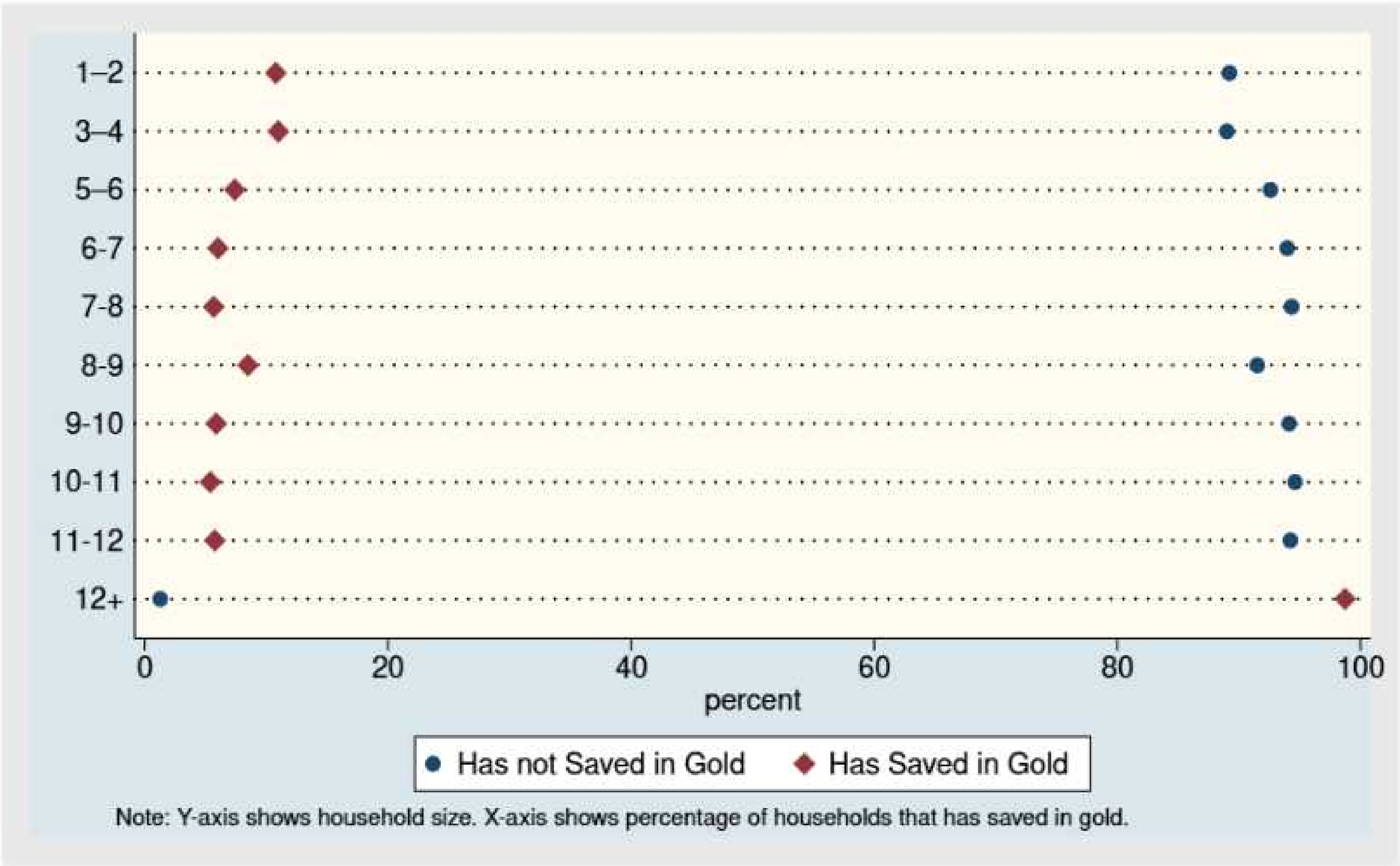


Figure 3.4: Savings in Gold across Households of Different Size

There is no clear trend in terms of the effect of the size of the household on the savings in gold if the entire sample is considered (Figure 3.4). For instance, all households with more than 12 members have saved in gold. This may constitute an outlier since there were fewer than 1 percent of observations in the sample where the household size was greater than 12.

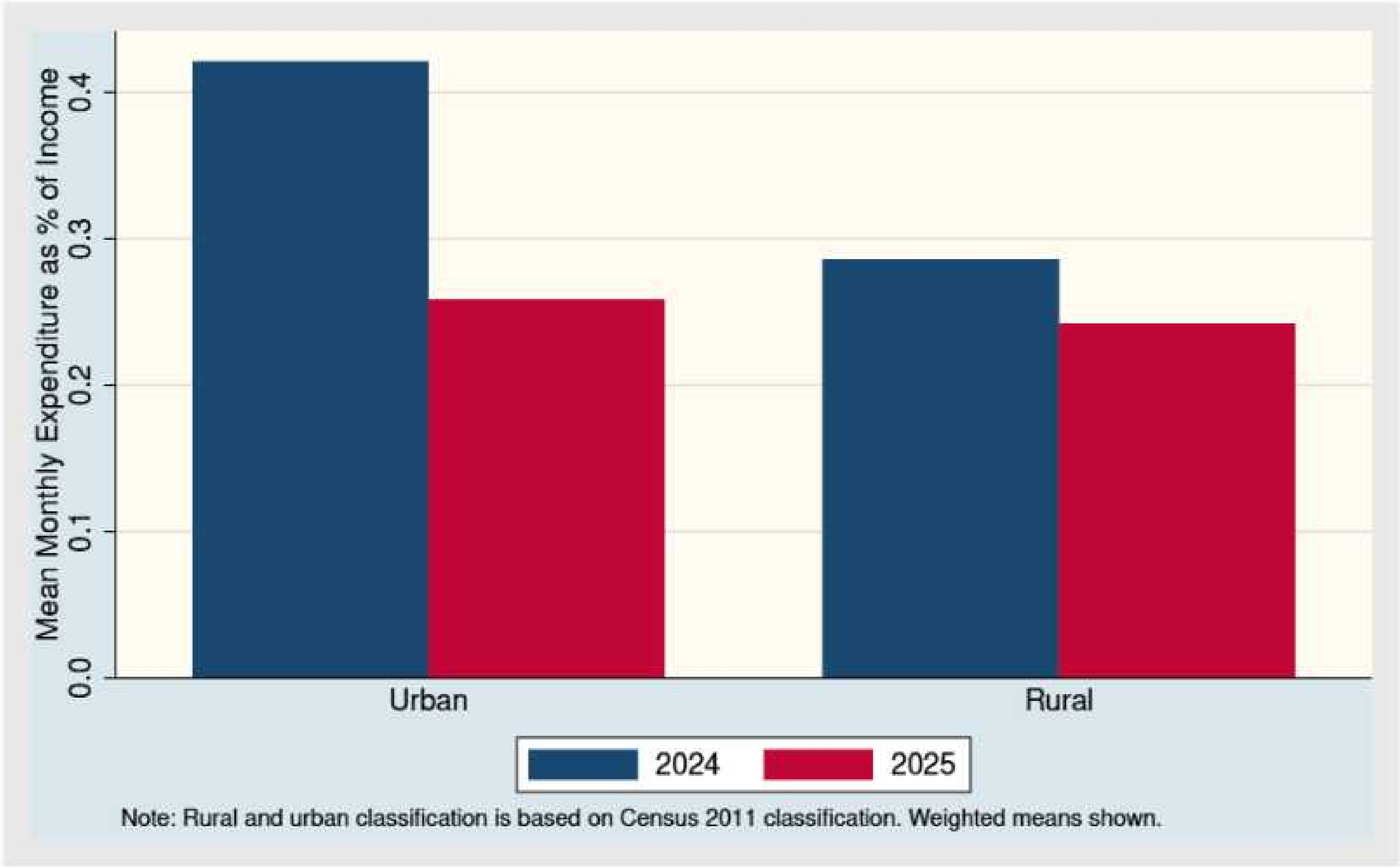


Figure 3.5: Expenditure on Precious Ornaments across Regional Segments

We examine the effect of the region of residence in Figure 3.5. The regional segments refer to the rural or urban classification of households' location. In 2025, households in both segments exhibited roughly equivalent average monthly expenditure on precious ornaments (Figure 3.5). However, in 2024, urban households had allocated a significantly higher proportion of their income, resulting in considerable disparity between rural and urban areas. Jewellery, which is viewed as a fashion statement, may have accounted for higher expenditure in urban areas in the prior period. On the other hand, relatively higher expenditure on precious ornaments in rural areas can be ascribed to the role of gold as a safe-haven asset.

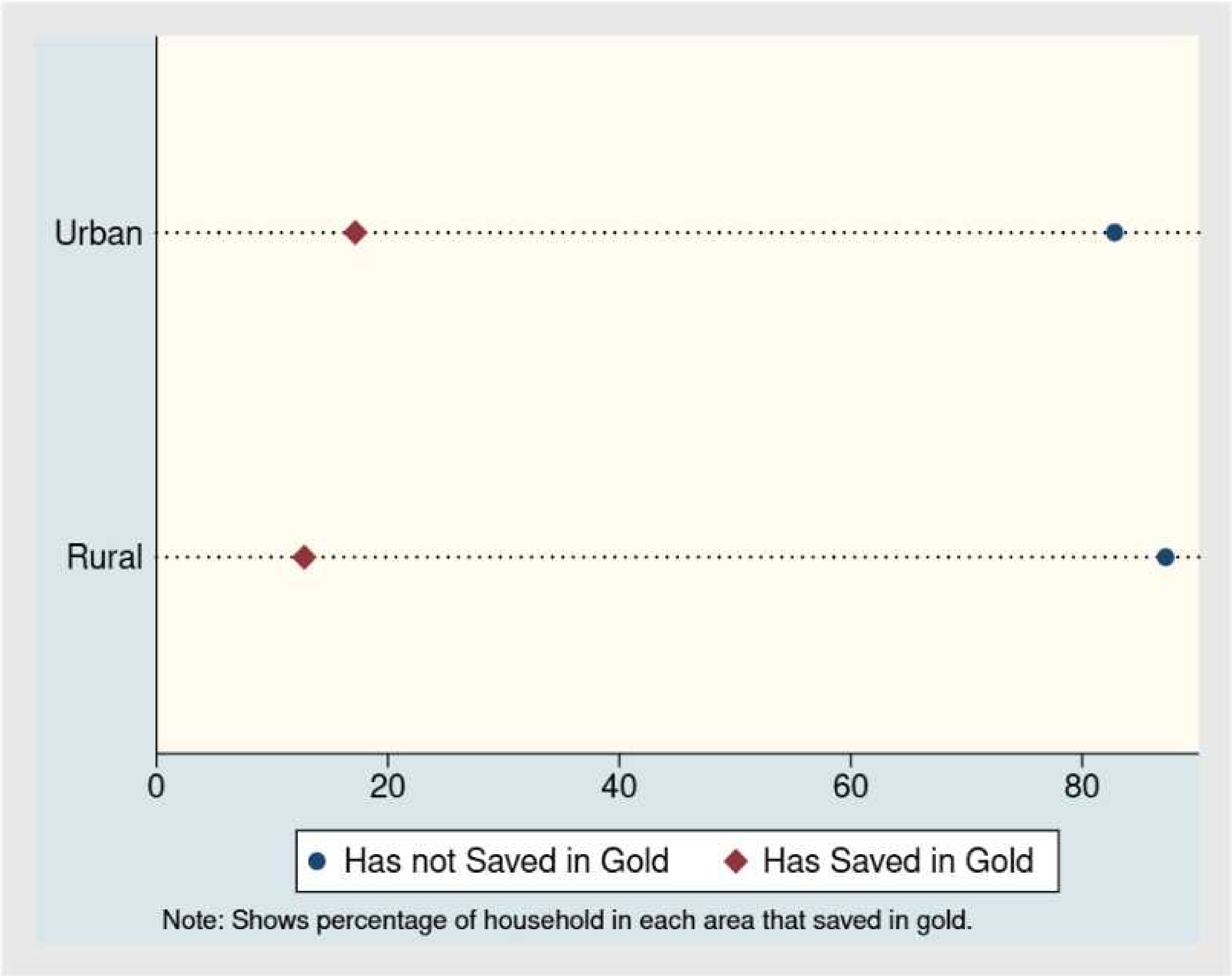


Figure 3.6: Savings in Gold across Regional Segments

As Figure 3.6 shows, a significantly large percentage of households in both regions have not saved in gold. Only 20 percent of urban households have their savings in gold, marking a significant difference from their rural counterparts. This trend of urban households spending a comparatively higher proportion of their income on precious ornaments can be attributed to the prevalence of higher disposable incomes and greater exposure to the markets.

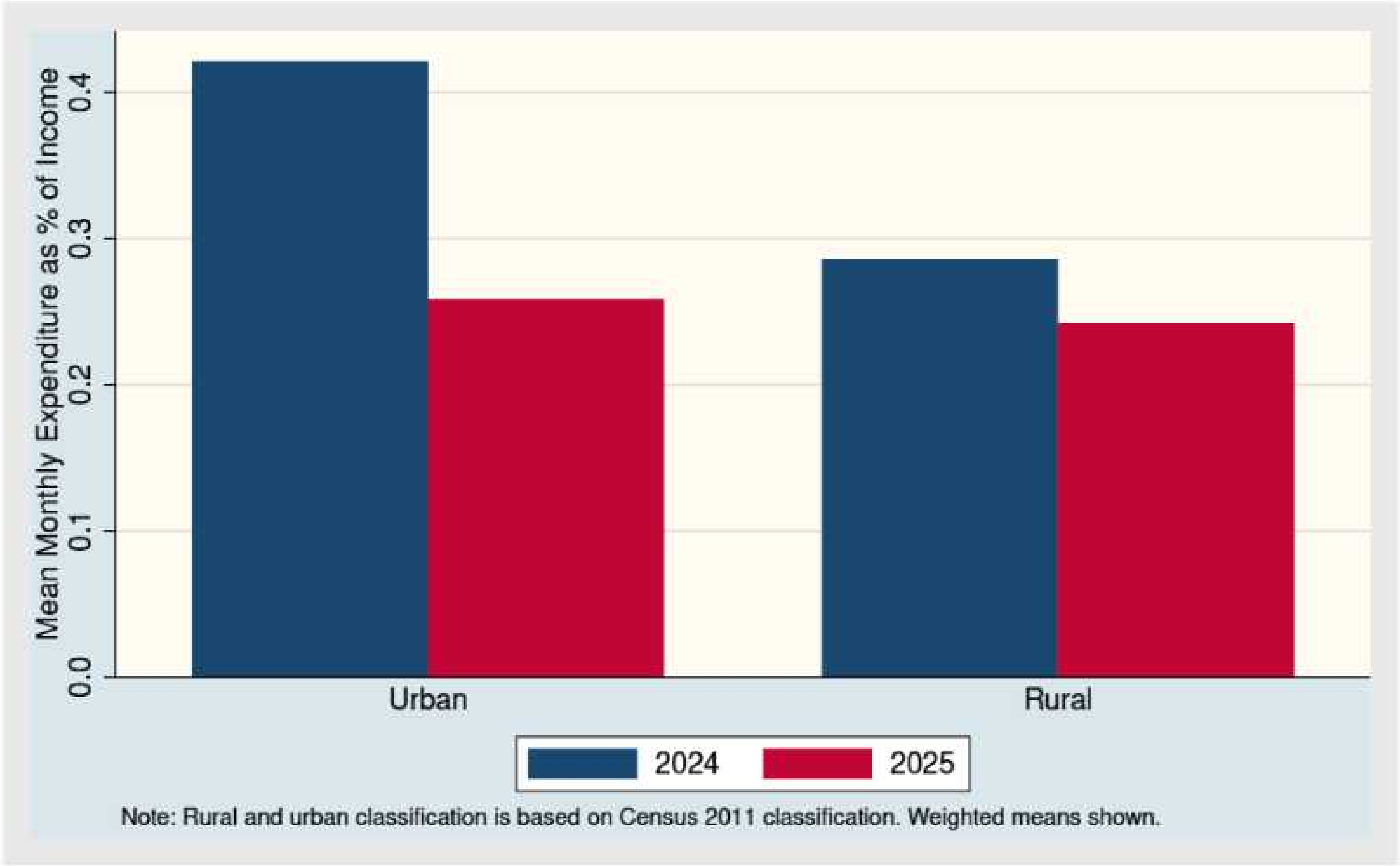


Figure 3.7: Expenditure on Precious Ornaments by Proportion of Female Members in Household

The proportion of female members in the households and their average monthly expenditure on precious ornaments have a non-linear, inverted u-shaped relationship (Figure 3.7). A peak in expenditure occurs in households with approximately 20-30 percent female members, then progressively decreases as the proportion of females increases. For all-female households, expenditure drops sharply. Such a composition witnesses a downfall in expenditure, likely due to more parsimonious spending habits or fewer dependents. Although overall expenditure on precious ornaments has increased over the years, the rise is more pronounced for households with all-female members in the family (at the right end of X-axis).

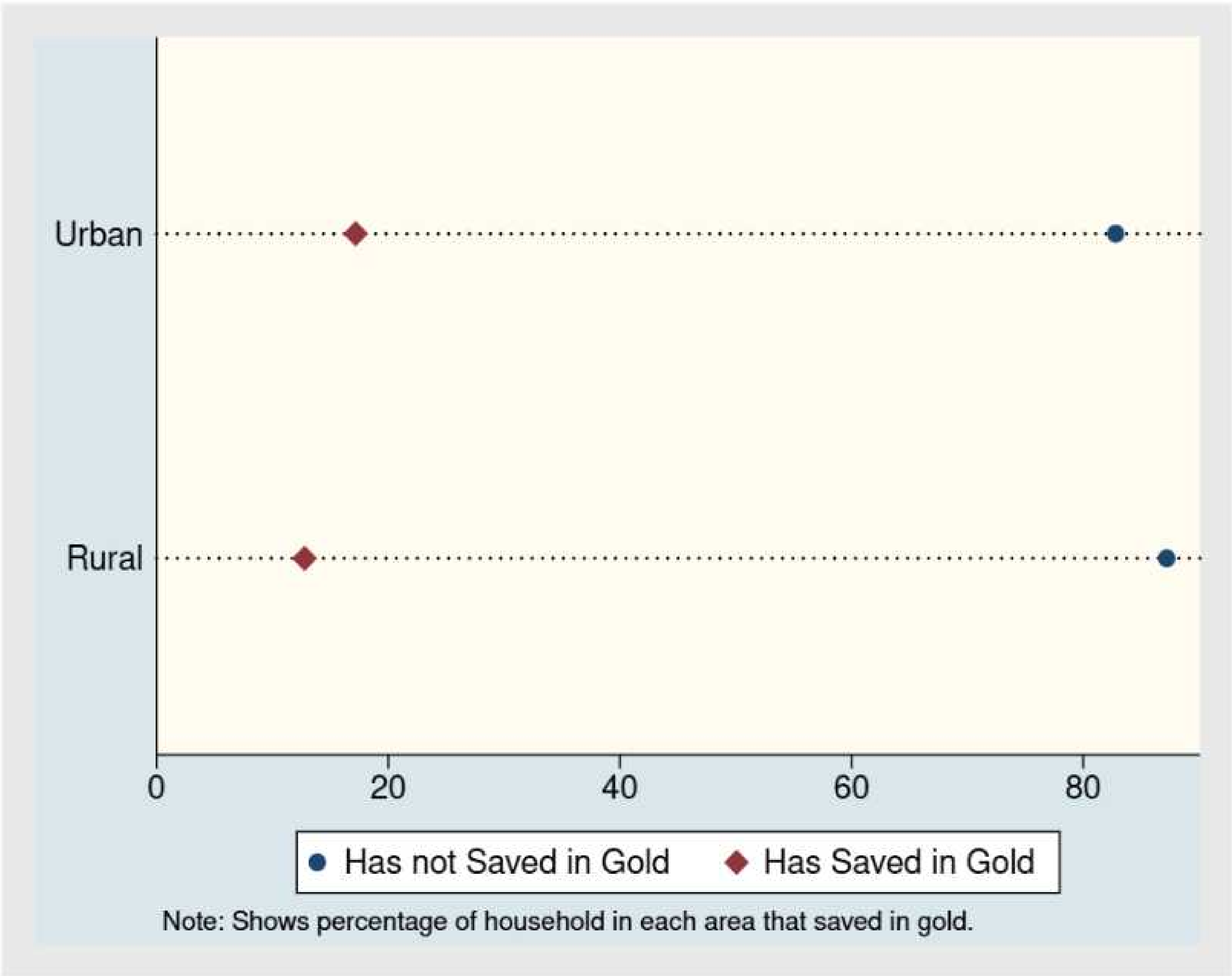


Figure 3.8: Savings in Gold for Proportion of Female Members in Household

The Y-axis of Figure 3.8 reflects the proportion of female members residing in households. It is relevant to note that the percentage of households having saved in gold is positively driven by the increased proportion of females. More than half of the households, with more than 80 percent females, have saved in gold. However, the percentage of households is low, less than even around 10 percent, when there are comparatively fewer female members in the family.

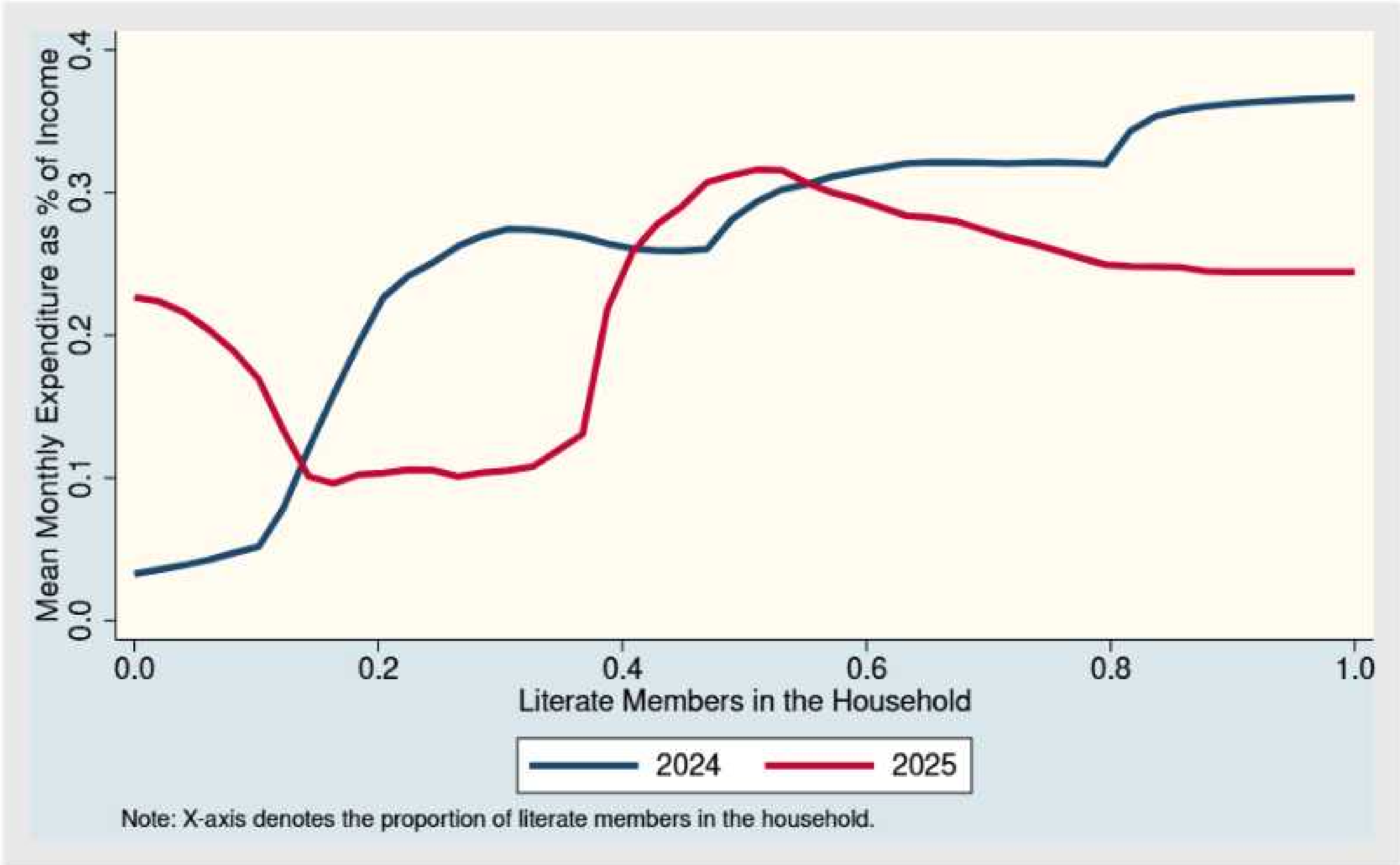


Figure 3.9: Proportion of Literate Household Members and Expenditure on Precious Ornaments

From Figure 3.9, we observe that the average monthly expenditure on precious ornaments, increases as the proportionate of literate members in the household increases. For households with all the literate members, the expenditure burden plateaus in both years. Moreover, an increasing trend in expenditure on precious ornaments across the years exhibits a significantly sharper incline in 2025 whereas it falls in 2024 with rising proportion of literate members in the household. We believe that the pronounced incline in 2025 is on account of literate families residing in urban regions and having higher disposable incomes.

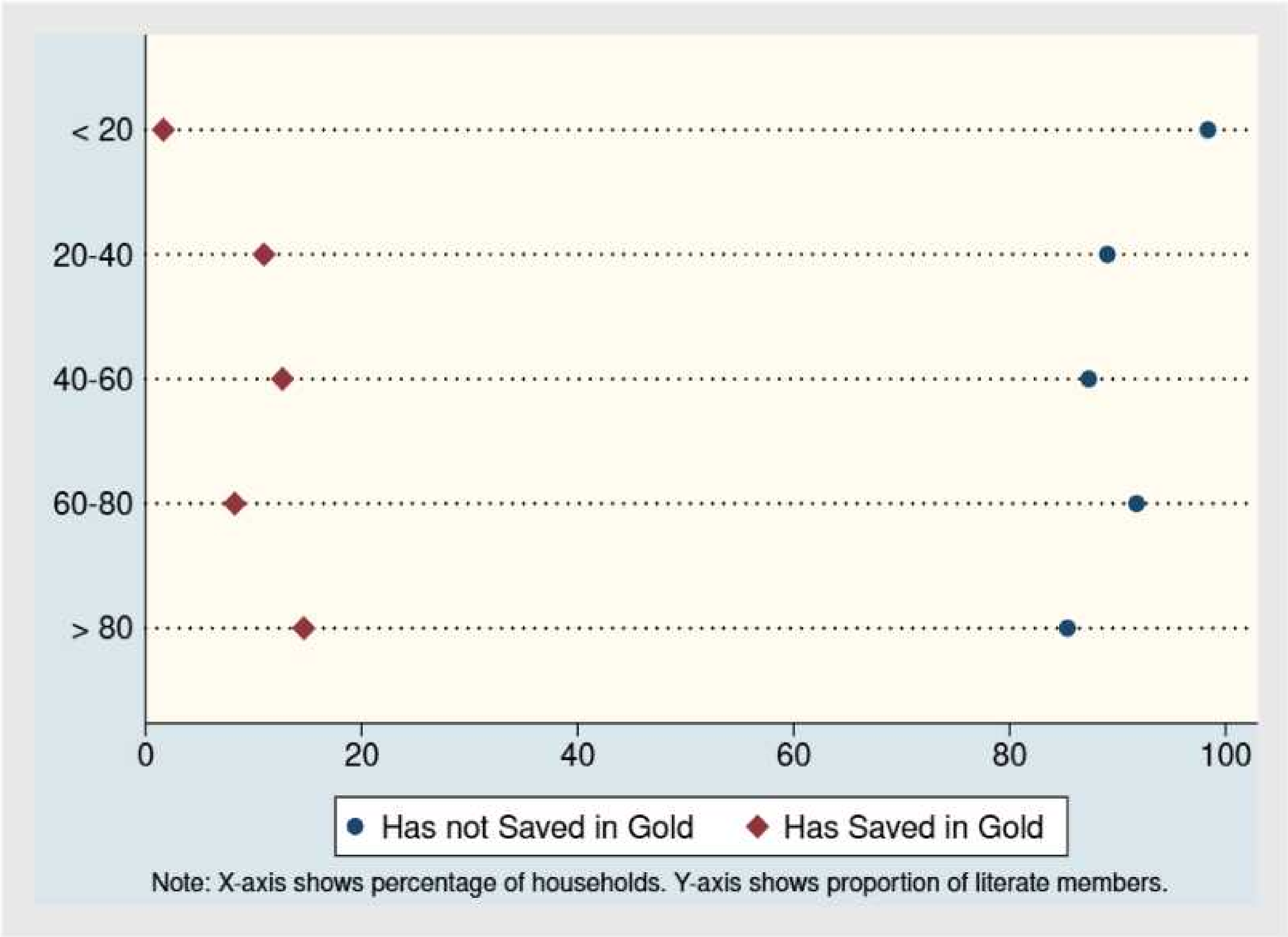


Figure 3.10: Proportion of Literate Household Members and Savings in Gold

Similar to the expenditure on precious ornaments, households exhibiting higher literacy levels tend to have savings in gold (Figure 3.10). Largely, more than 15 percent of households, with the highest proportion of literate members in the family, have saved in gold. However, 99 percent of households, with the lowest composition of literate members, do not have savings in gold.

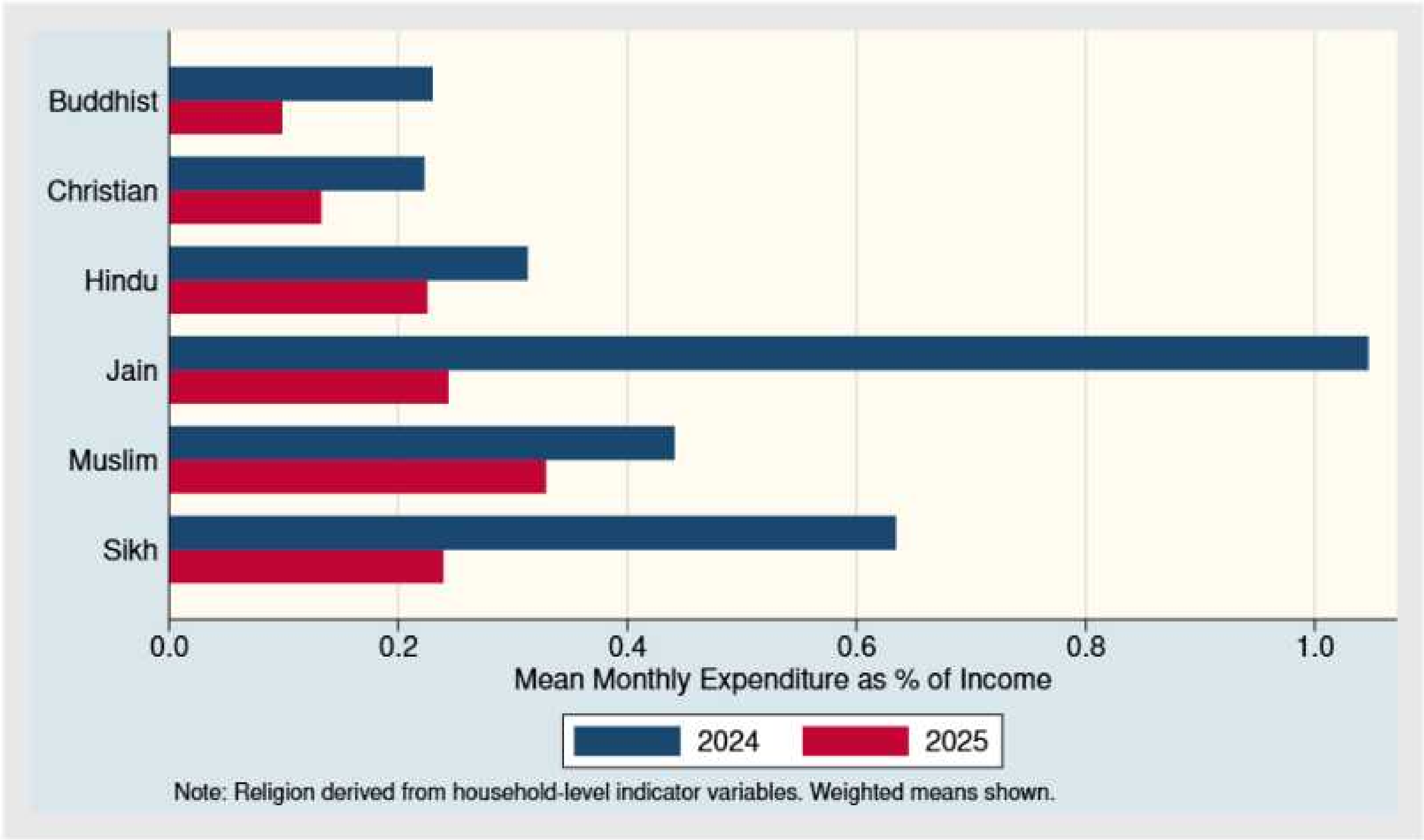


Figure 3.11: Expenditure on Precious Ornaments across Religious Groups

Gold jewellery in India is deeply interwoven with cultural traditions and religious sentiments. It thus becomes important to study the expenditure pattern of households across different religious groups in the country. In 2025, the average monthly expenditure on precious ornaments, as a percentage of income, decreased significantly across all religious groups (Figure 3.11). Jain and Sikh households observed the highest decline in monthly expenditure in 2025 as compared to their expenditure on precious ornaments in 2023. Muslim and Hindu households were relatively more conservative in their expenditures on precious ornaments as compared to Sikhs and Jains households in 2023. However, in 2025, there appears to be higher parity among religious groups in terms of their expenditure on precious ornaments.

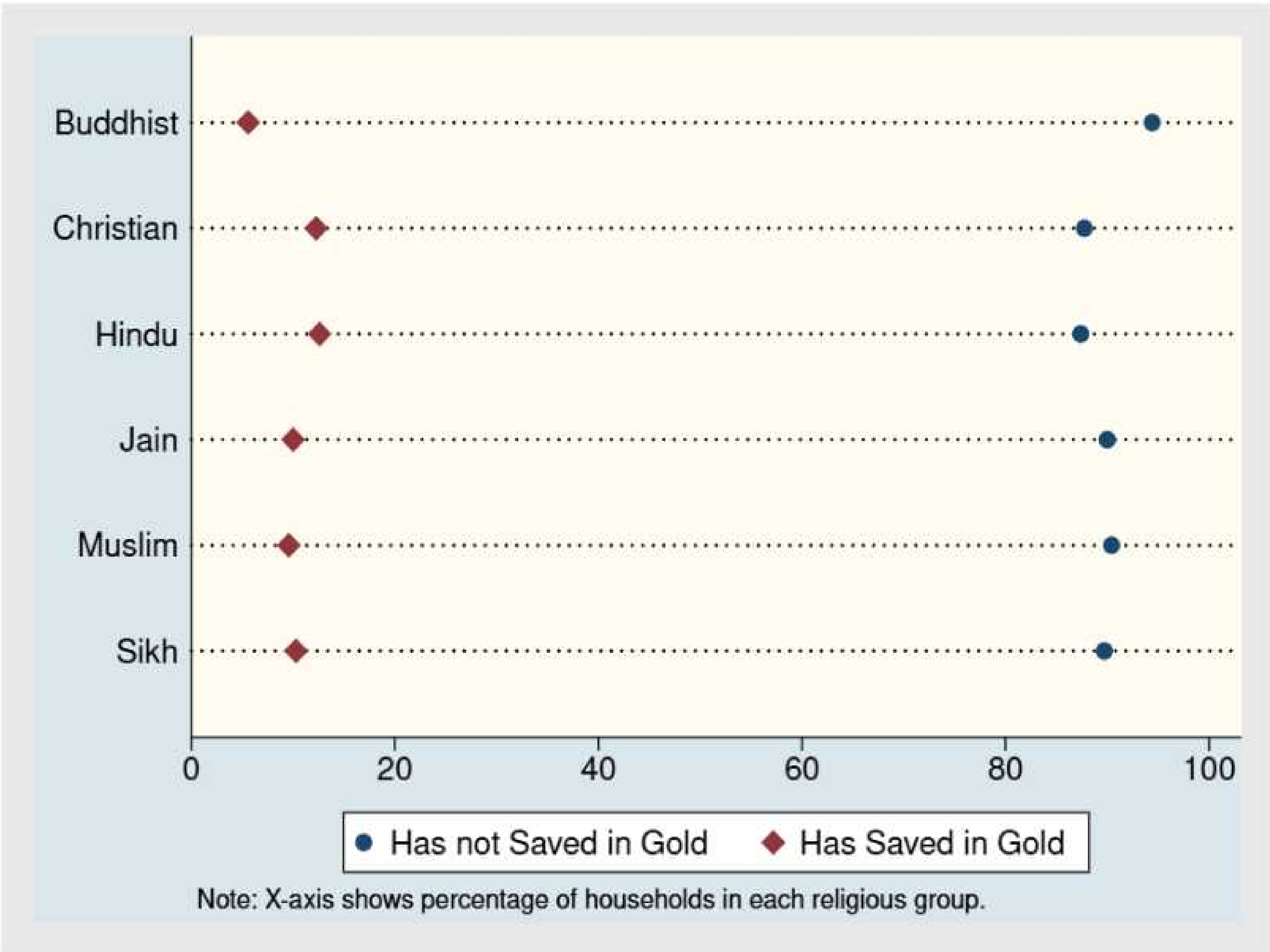


Figure 3.12: Savings in Gold across Religious Groups

As seen for the average monthly expenditure on precious ornaments, there appears to be parity in the proportion of households across religious groups in terms of having savings in gold (Figure 3.12). Buddhist households have the least proportion of households with savings in gold.

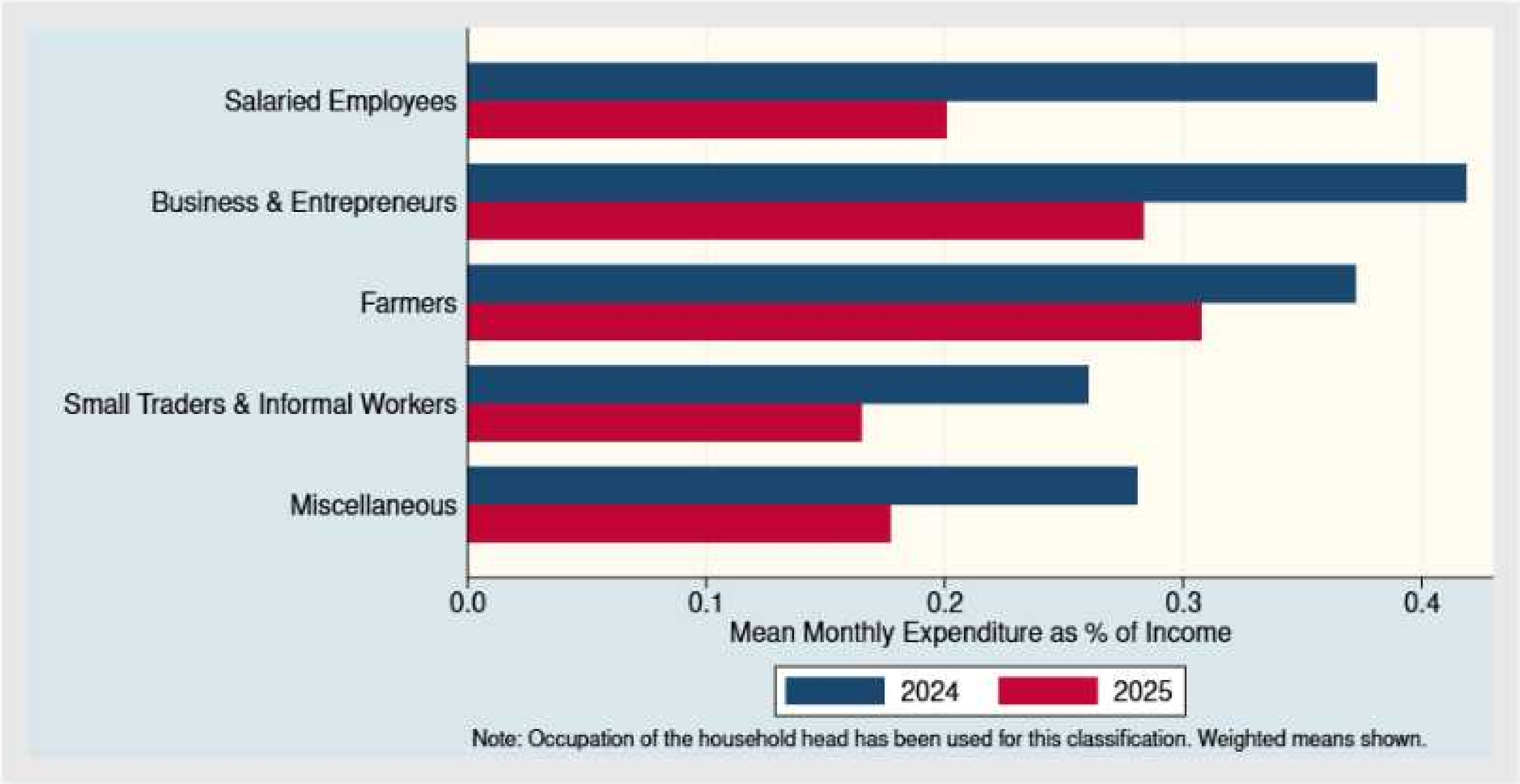


Figure 3.13: Expenditure on Precious Ornaments across Occupation Groups

As covered by CMIE in their survey, Figure 3.13 reflects households' average monthly expenditure (as a percent of income) based on the nature of occupation. Salaried employees in this group include managers, industrial workers, white-collar workers, politicians/social workers/activists, and support staff. Likewise, farmers include both organized and small farmers. Small traders and informal workers include home-based workers, agricultural labourers, and wage labourers. Lastly, the business and entrepreneur category includes businessmen, small traders/hawkers/businessmen without fixed premises, and self-employed professionals. As compared to 2024, all the occupation groups accounted for a notable increase in monthly expenditure on precious ornaments in 2025 (Figure 3.13). Salaried employees and small trader/informal worker households demonstrate a relatively higher decline in the portion of their income spent on precious ornaments in 2025. We also find that the decline appears to be the least among the households engaged in farming.

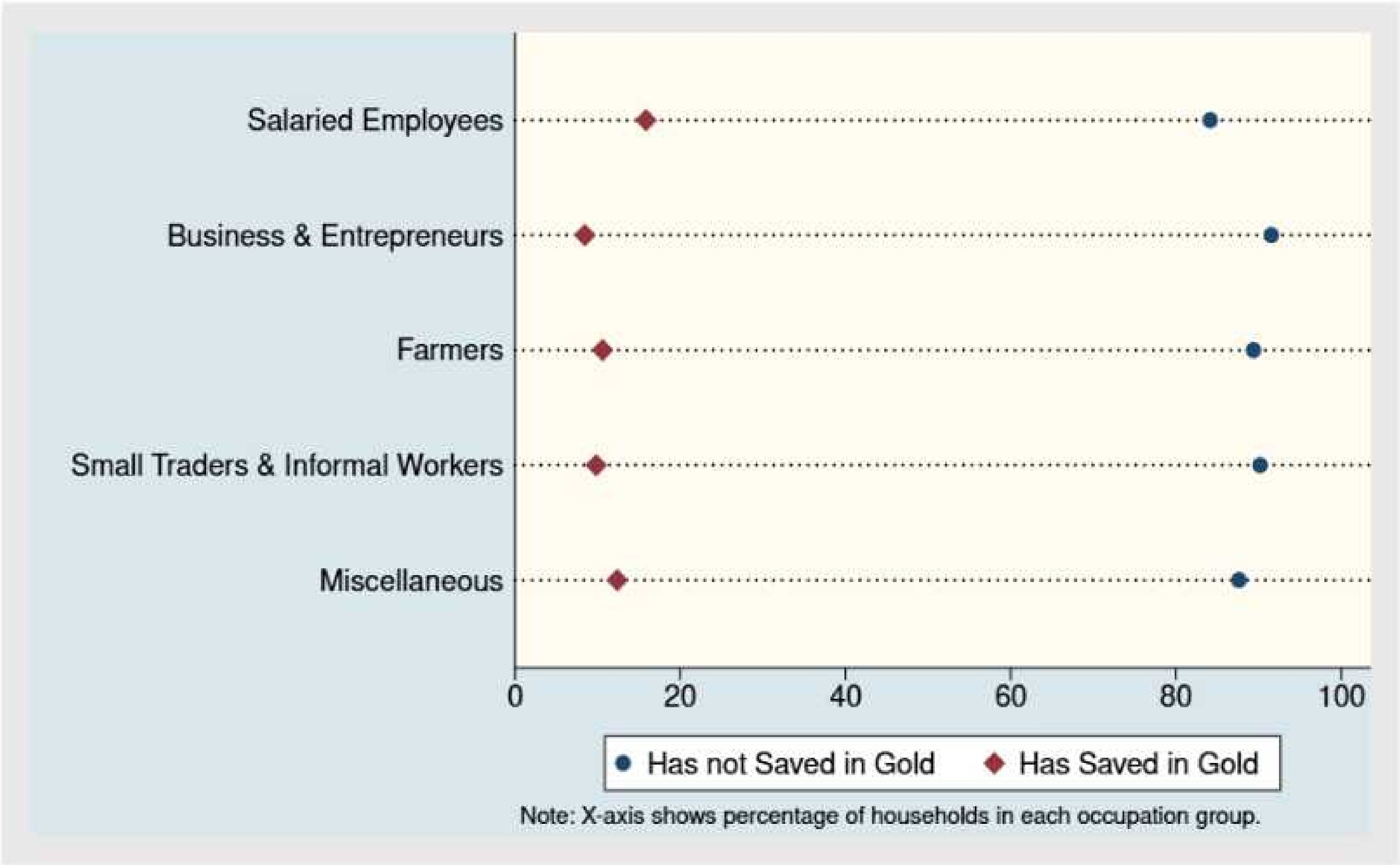


Figure 3.14: Savings in Gold across Occupation Groups

We find parity in terms of percentage of households across occupation groups that have savings in gold. The Figure 3.14 shows the trend in the percentage of households with savings in gold across different occupation groups. We find that fewer households reliant on business income have saved in gold compared to others.

3.2 Households preference for gold against other financial assets

This section covers households' preference for gold over other financial assets as their investment asset. In other words, this section examines the impact of increased financial assets on households' gold-buying behavior. The portfolio for financial assets includes fixed deposits, provident fund (PF), shares, mutual funds, kisan vikas patra (KVP), national savings certificate (NSC) bonds, post office (PO) savings, real estate, mutual funds, chit funds, pension, life insurance, and other instruments.

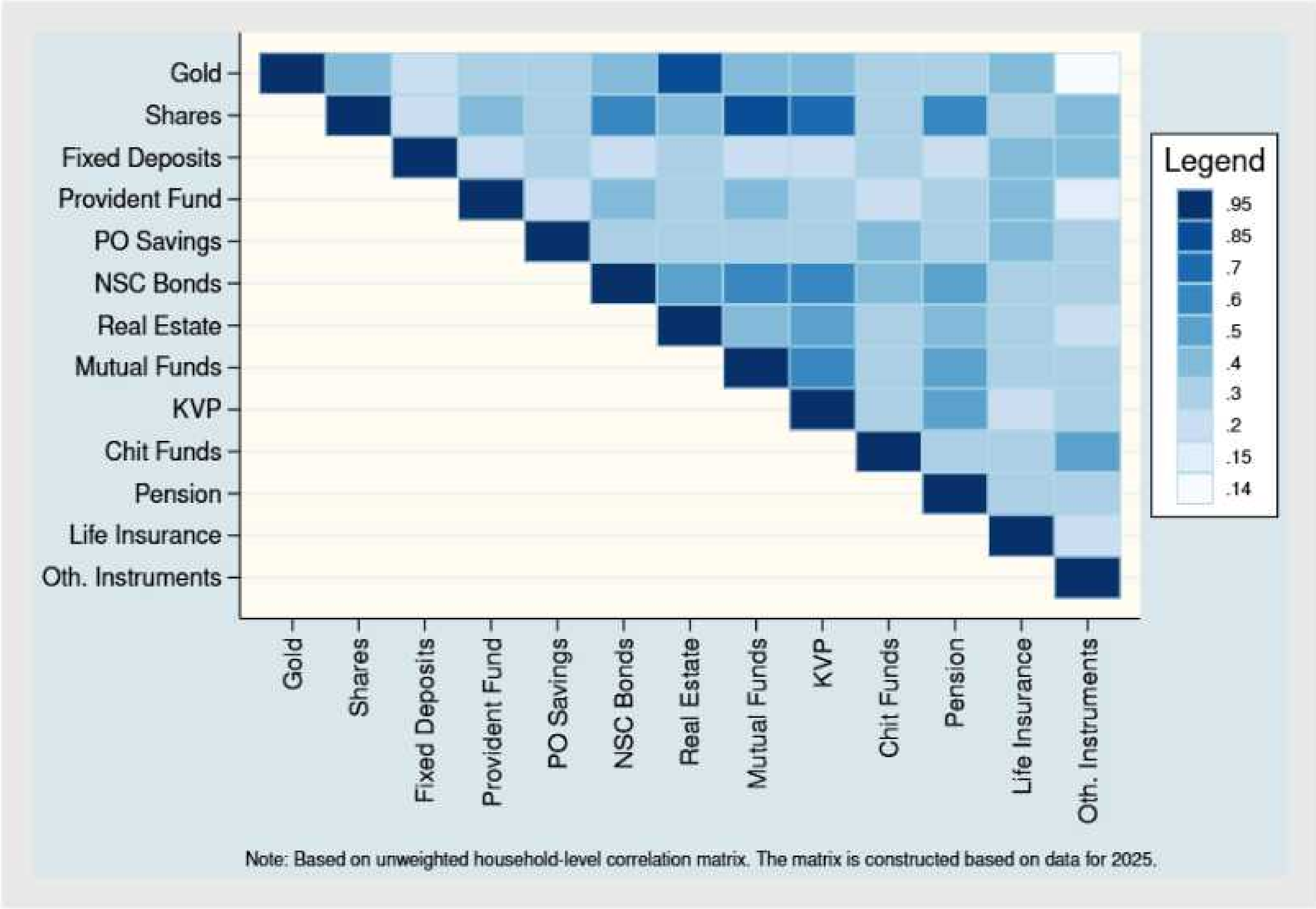


Figure 3.15: Correlation of Household-level Investment across Different Financial Assets

Figure 3.15, presents the correlation matrix of household investments across different financial assets. Gold shows a weak or very low correlation with other financial assets, except real estate. Likewise, households with investments in shares are strongly believed to have investments in mutual funds, NSC bonds, KVP and pension funds. Further, it may also be observed that households often prefer a combination of NSC bonds, real estate, mutual funds, and KVP as their investment portfolio.

The observed high correlation between household investments in gold and real estate may be indicative of the underlying preferences of risk-averse households. These households often allocate a substantial portion of their portfolio to physical assets, such as gold and property, which are perceived to offer stable value over time. Such investment choices can be interpreted as a form of self-insurance, particularly in contexts where formal financial instruments are either inaccessible or viewed as unreliable. The preference for tangible assets reflects not only a desire for capital preservation but also a behavioral inclination toward assets with perceived intrinsic value and lower perceived default risk.

The first row also suggests that household savings in gold are not negatively associated with savings in financial instruments. For example, households that invest in equities are not significantly less likely to allocate resources to gold, indicating that gold and financial assets may serve distinct roles within the household portfolio rather than acting as substitutes.

The correlations between various forms of household savings are uniformly positive, suggesting that investments in different instruments are not treated as substitutes. Rather, households appear to adopt a diversification strategy by simultaneously allocating resources across multiple asset classes. Notably, households that invest in shares are also highly likely to invest in mutual fund units. While this finding is unsurprising-given that both categories comprise market-linked securities traded on exchanges-it nonetheless serves as a useful validation of the data. The alignment of observed patterns with theoretical expectations reinforces confidence in the reliability and accuracy of the data collection process.

We also observe that households investing in shares tend to also invest in NSC bonds. This pattern is not unexpected, as NSC bonds provide a secure, tax-exempt source of income and may function as a hedge for households exposed to the volatility of equity and mutual fund investments.

Furthermore, the correlation of PF and pension savings with other financial products appears to be relatively low. This may be attributed to the distinct role these instruments play in household financial planning. Rather than being treated as discretionary investments, PF and pension contributions are likely perceived by Indian households as components of a social security framework aimed at ensuring long-term financial stability rather than short-term portfolio optimization.

Chapter 4

India's Gold Trade

4.1 Introduction

In this chapter, we will be analyzing the data concerning the Indian Gold Markets, including the trade data, foreign exchange reserves held by the Reserve Bank of India (RBI), and Net Assets Under Management (AUM) of Gold Exchange Traded Funds (ETFs) of India. Additionally, we will highlight the need for more granular data to support nuanced discussions and more informed decision-making.

4.1.1 Customs Duty on Gold

The total import tax on gold in India rose steadily throughout FY 2025–26, increasing by approximately 24.4 per cent from INR 5,13,435 per kg on 1 April 2025 to INR 6,39,015 per kg by 30 April 2026, as seen in Figure 4.1. This marks a sharp reversal from the preceding fiscal year, when the Basic Customs Duty (BCD) on gold had been reduced from 15 per cent to 6 per cent following the changes announced in the Union Budget on 23 July 2024.

In FY 2025–26, the applicable customs duties and cesses remained unchanged; the upward movement in the total import tax was therefore attributable almost entirely to the rise in the international gold price and the depreciation of the Indian rupee against the US dollar, both of which feed directly into the assessable value used as the basis for duty calculation.

The trajectory over the fiscal year was broadly upward, though not without intermittent fluctuations. After opening at INR 5,13,435 per kg, the tax figure moved modestly higher through April before a brief softening in mid-May 2025, when it eased to INR 5,17,657 per kg. A more pronounced uptick followed through the end of May and into early June, with the figure reaching INR 5,42,959 per kg by 30 June 2025. Subsequent months saw a gradual but consistent upward drift, punctuated by small reversals in late August and mid-November, both of which reflected transient corrections in the international spot price. By the close of the fiscal year on 31 March 2026, the total import tax stood at INR 6,32,420 per kg, with the figure continuing to climb into April 2026.

As noted in the previous year's report, the total import tax is derived from the sum of the applicable customs duties and cesses, including the Basic Customs Duty (BCD), Agriculture Infrastructure Development Cess (AIDC), and associated surcharges where applicable, each calculated on the assessable value of gold in INR per kg. The assessable value itself is determined by multiplying the gold tariff value (in USD per 10 grams, as notified periodically by the CBIC) by a factor of

100 to arrive at the USD per kg figure, which is then converted using the CBIC-notified USD/INR exchange rate for imports. Given that both the tariff value and the exchange rate are updated on a fortnightly basis, the import tax series reflects near-real-time shifts in global price conditions.

The sustained increase in the effective tax burden over the year has implications for landed costs and, by extension, for the domestic price of gold. It also reinforces the case for greater transparency in duty collection data. Disclosure of customs duty collections disaggregated by HS code, country of consignment, and port of entry would allow for a more granular assessment of the share of duty-paid imports relative to those entering under various Free Trade Agreements, Comprehensive Economic Partnership Agreements, and tariff exemptions for Least Developed Countries.

As the proportion of gold imports benefiting from concessional or zero-duty treatment under such arrangements has grown, understanding the effective average duty rate across all channels becomes increasingly relevant for policy analysis. Similarly, data on the distribution of imports between commercial banks and other authorised importers, including nominated agencies and export-oriented units, would add meaningful context to any discussion of the market's structural evolution. Should the DGCIS and CBIC make such data available in a standardised, accessible format, it would substantially strengthen the analytical foundation for future editions of this report.

The calculation for the total import tax is as follows:

1. The applicable customs duties and cesses, including the Basic Customs Duty (BCD), Agriculture Infrastructure Development Cess (AIDC), and associated surcharges where applicable, are taken from the CBIC.

2. The Gold Tariff (in USD per 10 grams) is updated by the CBIC through Non-Tariff Notifications.

3. The USD/INR exchange rate for imports is updated by the CBIC through notifications.

4. The assessable value of gold in USD per kg is calculated as:

$$100 \times GoldTariffobtainedfromtheCBIC$$

5. The assessable value of gold in INR per kg is calculated as:

$$AssessablevalueofgoldinUSDperkg \times USD/INRexchangerateforimportsobtainedfromtheC.$$

6. The various duties and cesses are calculated as:

$$AssessablevalueofgoldinINRperkg \times Applicabletaxrate$$

7. The total import tax for gold in INR per kg is calculated as:

$$Sumofallapplicabledutiesandcessescalculatedinthestepabove$$

Table 4.1: Total Import Tax on Gold (Source: CBIC)

Date	Total Import Tax (in INR per Kg)
01 Apr 2025	513,435
15 Apr 2025	517,657
30 Apr 2025	542,959
15 May 2025	534,797
31 May 2025	540,278
15 Jun 2025	550,606
30 Jun 2025	548,266
15 Jul 2025	560,990
31 Jul 2025	567,324
15 Aug 2025	572,399
31 Aug 2025	569,986
15 Sep 2025	576,363
30 Sep 2025	579,963
15 Oct 2025	586,770
31 Oct 2025	593,511
15 Nov 2025	589,479
30 Nov 2025	597,551
15 Dec 2025	601,953
31 Dec 2025	608,138
15 Jan 2026	614,606
31 Jan 2026	621,097
15 Feb 2026	626,976
28 Feb 2026	622,779
15 Mar 2026	628,500
31 Mar 2026	632,420
15 Apr 2026	636,699
30 Apr 2026	639,015

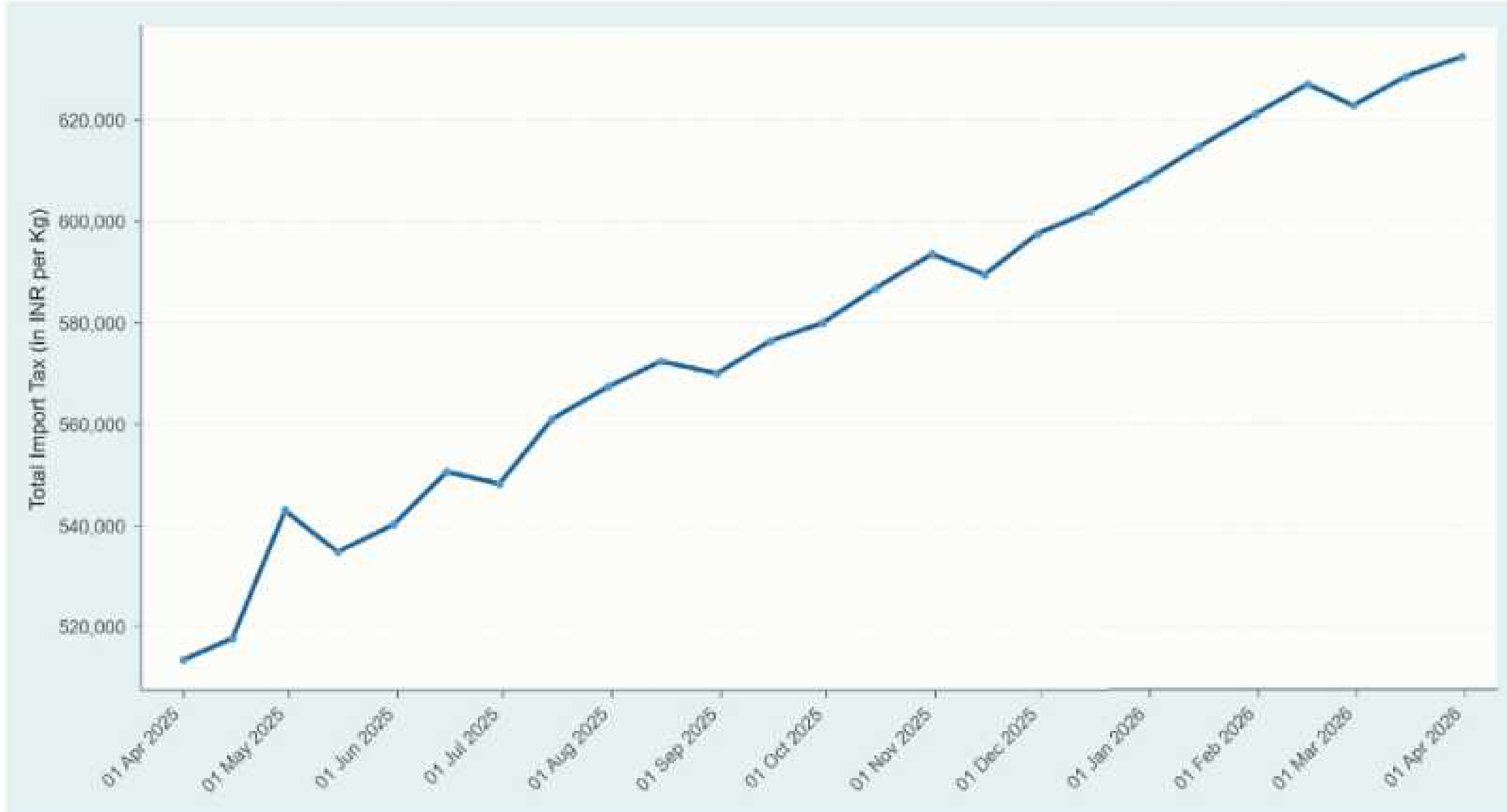


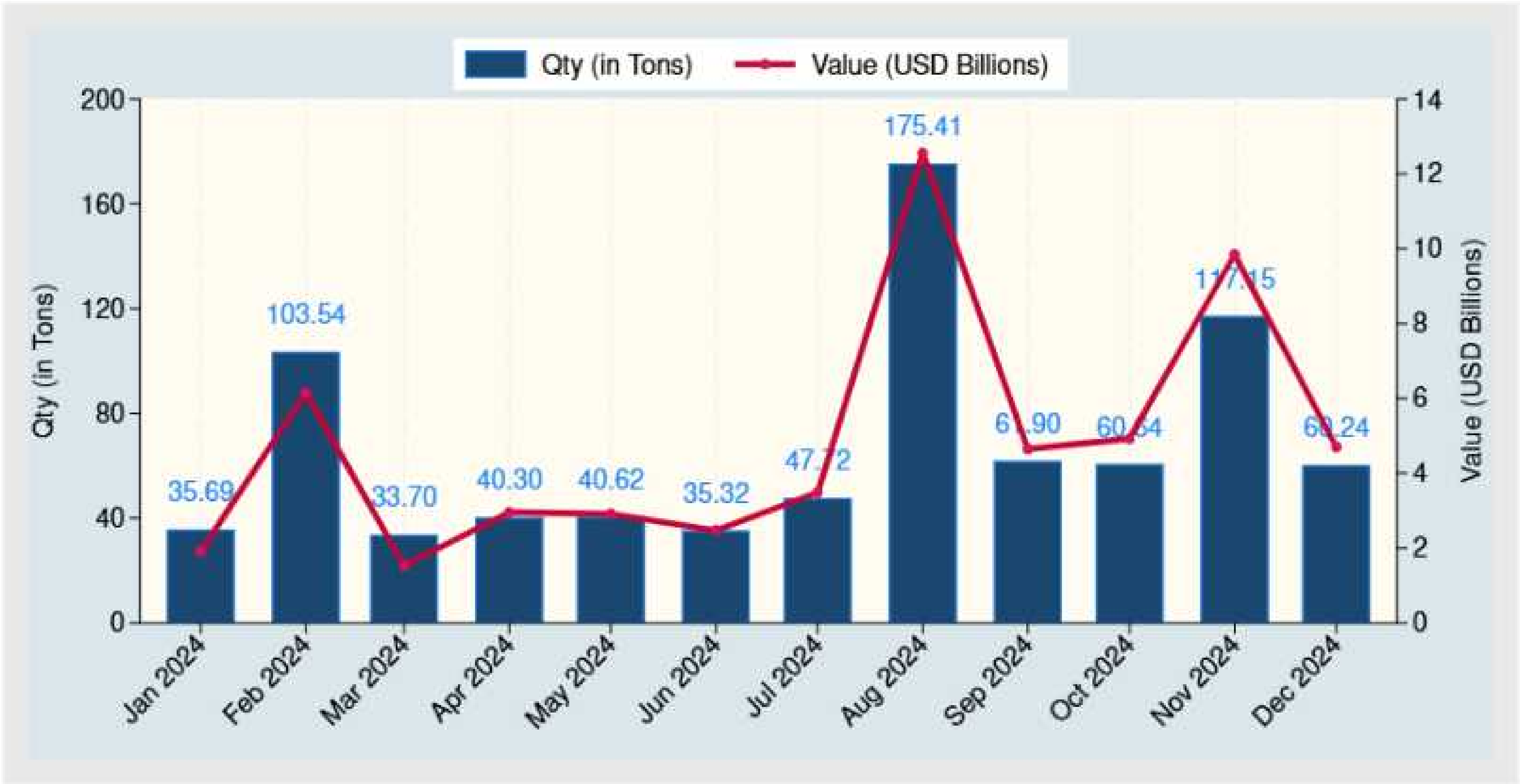
Figure 4.1: Total Import Tax for Gold in India during FY 2025–26 (in INR per kg) (Source: CBIC)

4.1.2 Imports of the Principal Commodity Gold by India

This section examines imports of gold as a principal commodity (including items under HS Heading 7108 and Subheading 711890) to analyze underlying trends in India's gold import patterns, which constitute the majority of the country's gold supply.

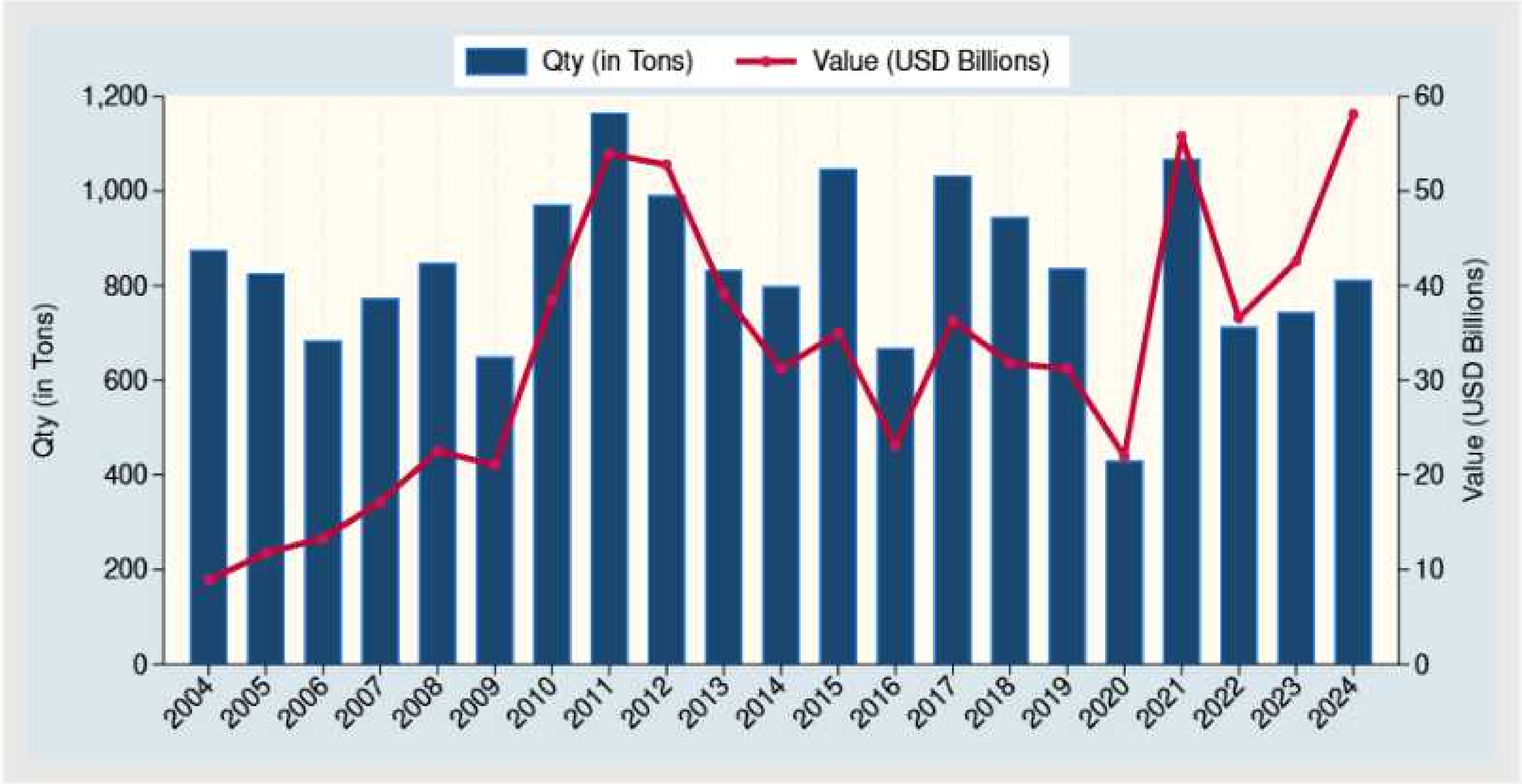
As illustrated in Figure 4.2, monthly gold imports during calendar year 2024 reveal several noteworthy patterns. Three months stand out with significantly higher import volumes: February, August, and November. The elevated imports in February and November likely correspond to India's festive and wedding seasons, when gold demand traditionally increases. August's spike appears to be a direct response to the customs duty reduction announced in late July. Additionally, the data shows a general upward trend in import levels following the customs duty cut. An important observation is the non-linear relationship between import quantity and USD value, with values rising more steeply than quantities due to rallying gold prices driven by global geopolitical risks and economic uncertainty.

Figure 4.2: Monthly Import of Principal Commodity Gold by India in CY 2024 (in Tons and USD Billions) (Source: DGCIS)



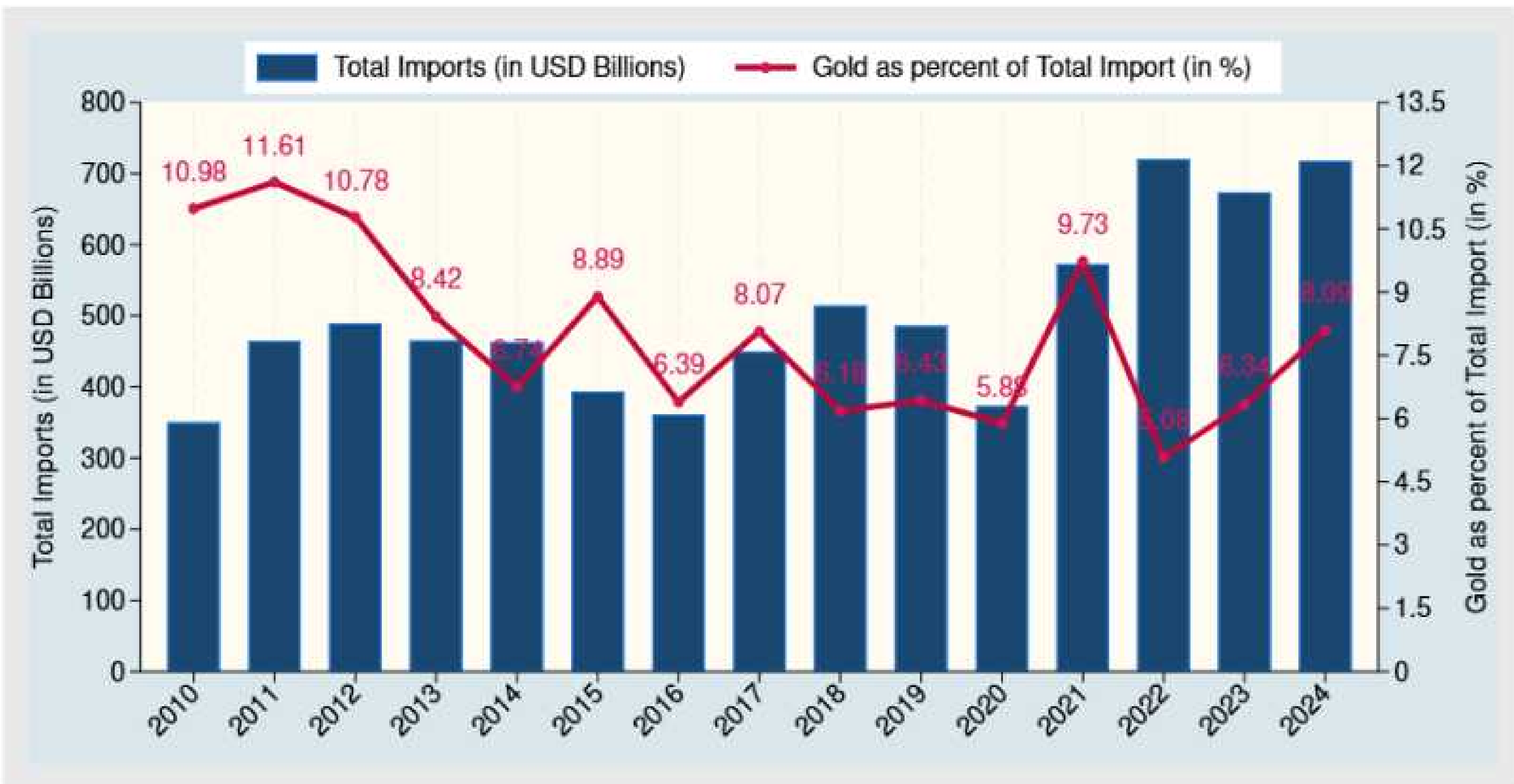
As illustrated in Figure 4.3, yearly gold imports from 2004 to 2024 reveal consistent patterns that reaffirm key characteristics of Indian gold markets. The data demonstrates the inelastic nature of India's gold demand, with imports consistently averaging 750-800 tonnes annually. Notably, even during periods of extreme price volatility, import levels generally maintain this baseline, underscoring gold's cultural and economic significance in the Indian context. The dataset does contain certain anomalies, most prominently in 2020, when imports fell dramatically due to supply chain disruptions and lockdown measures implemented during the COVID-19 pandemic. This anomaly is further highlighted by the subsequent surge in imports during 2021, reflecting the release of pent-up demand as pandemic restrictions eased and normal market functions resumed.

Figure 4.3: Yearly Import of Principal Commodity Gold by India from CY 2004 to 2024 (in Tons and USD Billions) (Source: DGCIS)



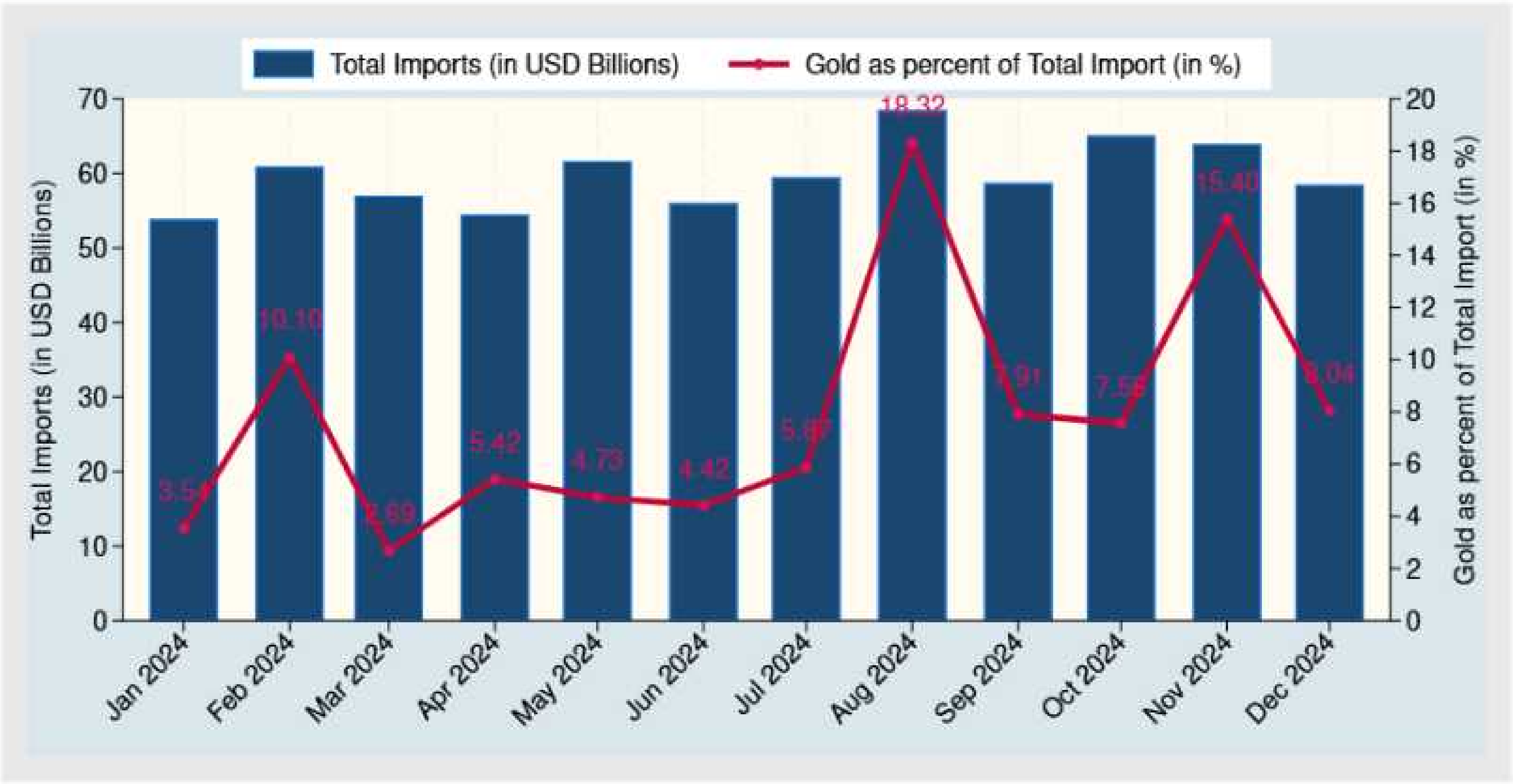
While absolute import values provide important insights, examining gold's relative contribution to India's overall import portfolio reveals its true economic significance. Figure 4.4 illustrates gold's share as a percentage of India's total imports annually from 2010 to 2024. The data shows that over this 14-year period, gold consistently accounts for approximately 8% of India's total import value. Considering that the DGCIS recognizes 169 distinct principal commodity groups (DGCIS, n.d.), this percentage confirms gold's position as one of India's most significant import commodities. Although gold's import share has gradually declined from approximately 11% in the early 2010s to 7-8% in recent years, this still represents a remarkably high concentration for a single commodity group, underscoring gold's continued importance in India's import landscape.

Figure 4.4: Yearly Total Imports of all Items by India (in USD Billions) and Principal Commodity Gold as a Percent of Total Imports (in Percent) from CY 2010 to 2024 (Source: DGCIS)



Examining this data at a more granular level, Figure 4.5 illustrates gold's share as a percentage of India's total imports on a monthly basis for CY 2024. The pattern closely mirrors the trends observed in Figure 4.2, revealing that gold initially constituted approximately 5% of total imports during the first half of the year, then stabilized around 8% following the customs duty reduction, as both import quantities and gold prices increased simultaneously. August 2024 stands out remarkably, with gold accounting for a staggering 18.3% of total imports, representing the peak concentration for the year and highlighting the immediate market response to the policy change.

Figure 4.5: Monthly Total Imports of all Items by India (in USD Billions) and Principal Commodity Gold as a Percent of Total Imports (in Percent) for CY 2024 (Source: DGCIS)



Now, we will analyze the major sources of gold for India. As illustrated in Table 4.2, the top 10 countries supplying gold to India contributed a substantial 779.44 tonnes (representing approximately 96% of the total) out of India's total gold imports of 812.23 tonnes in 2024. Switzerland and the United Arab Emirates (UAE) emerge as the dominant suppliers, together accounting for 437.68 tonnes (exceeding 50% of India's total gold imports). Table 4.3 presents these imports in USD Millions, revealing a different ranking order compared to the volume measurements. This discrepancy stems from the import of gold doré, a semi-processed raw material containing impurities used to produce refined bullion, which results in higher volume but lower value figures for countries exporting this form of gold to India.

When examining the distribution of gold imports across Indian ports in Table 4.4, we observe that the top 10 ports account for 783.27 tonnes (approximately 96% of the total) out of India's total gold imports of 812.23 tonnes in 2024. Delhi Air and J Matadee Chennai emerge as the predominant entry points, collectively handling about 464.75 tonnes (approximately 56% of total imports). Table 4.5 presents these imports in USD Millions, revealing notable differences in value distribution compared to volume measurements. Despite a relatively small volume difference of only about 15 tonnes between Delhi Air and J Matadee Chennai, the latter processes approximately 3.4 USD Billion more in value. This significant value disparity despite similar volumes strongly suggests that Delhi Air primarily handles gold doré (semi-refined gold with impurities), while J Matadee Chennai processes higher-value refined bullion.

Table 4.2: Monthly Imports of Principal Commodity Gold in CY 2024 by the Top Countries (in Tons) (Source: DGCIS)

Country	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
SWITZERLAND	9.63	42.90	7.30	23.73	14.19	8.21	19.40	65.24	8.06	8.63	52.08	14.70	274.05
U ARAB EMTS	4.75	18.68	4.94	1.99	5.68	11.78	12.38	30.74	16.34	21.89	23.27	11.21	163.64
PERU	4.60	6.60	2.22	2.98	6.56	5.21	3.77	8.71	7.01	8.21	7.31	7.82	70.98
SOUTH AFRICA	2.10	9.50	1.23	6.90	6.62	2.90	2.12	11.96	3.98	3.28	12.27	4.20	67.05
AUSTRALIA	2.50	0.60	0.50	0.50	0.25	-	1.50	21.80	5.85	4.80	9.55	3.40	51.25
U S A	0.61	2.86	1.63	0.17	1.78	0.93	0.18	7.12	3.16	3.38	2.31	5.99	30.11
DOMINIC REP	4.80	3.46	6.80	-	-	1.14	1.85	3.63	4.18	0.96	0.05	2.36	29.23
HONG KONG	0.56	1.24	0.11	0.16	0.18	0.66	0.48	8.28	5.35	1.63	1.78	3.31	23.73
GHANA	1.24	3.10	0.19	1.10	0.71	1.55	1.80	1.56	1.33	1.10	1.11	1.26	16.03
ARGENTINA	0.15	2.07	1.96	-	0.15	0.08	0.19	4.57	1.71	1.04	0.85	1.78	14.55
Total	**35.69**	**103.54**	**33.70**	**40.30**	**40.62**	**35.32**	**47.72**	**175.41**	**61.90**	**60.64**	**117.15**	**60.24**	**812.23**

Table 4.3: Monthly Imports of Principal Commodity Gold in CY 2024 by the Top Countries (in USD Millions) (Source: DGCIS)

Country	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
SWITZERLAND	660.6	2,856.0	495.9	1,830.2	1,076.6	620.6	1,533.5	5,202.9	665.8	759.1	4,523.7	1,266.6	21,491.5
U ARAB EMTS	312.7	1,227.8	336.0	148.1	432.7	877.2	949.5	2,434.2	1,351.9	1,904.7	2,001.0	959.2	12,935.0
SOUTH AFRICA	138.3	623.7	85.0	517.6	505.0	217.7	162.7	945.0	326.4	281.9	1,053.5	358.9	5,215.7
PERU	198.9	325.4	113.0	172.1	374.9	311.3	214.9	545.5	488.1	580.2	493.3	551.1	4,368.6
AUSTRALIA	165.4	39.5	33.3	38.7	21.3	0.0	116.7	1,003.9	480.8	416.0	812.0	289.0	3,416.6
U S A	33.8	177.5	97.1	11.8	119.1	61.9	13.4	532.4	243.8	246.4	164.7	448.2	2,150.1
HONG KONG	37.6	81.8	7.9	11.9	13.6	54.3	36.4	682.1	454.4	139.0	153.0	289.7	1,961.6
GHANA	74.7	188.3	11.8	77.6	49.3	108.0	126.7	113.4	99.7	87.0	89.2	98.0	1,123.6
COLOMBIA	34.9	47.5	42.3	21.6	85.8	75.7	44.1	72.7	110.9	118.5	108.4	115.2	877.8
DOMINIC REP	84.4	53.9	89.1	-	-	24.7	59.9	96.4	113.2	38.0	4.2	62.9	626.8
Total	**1,908.3**	**6,150.3**	**1,532.4**	**2,953.5**	**2,917.4**	**2,476.1**	**3,491.2**	**12,553.5**	**4,646.7**	**4,920.9**	**9,843.9**	**4,702.0**	**58,096.3**

Table 4.4: Monthly Imports of Principal Commodity Gold in CY 2024 by Port (in Tons) (Source: DGCIS)

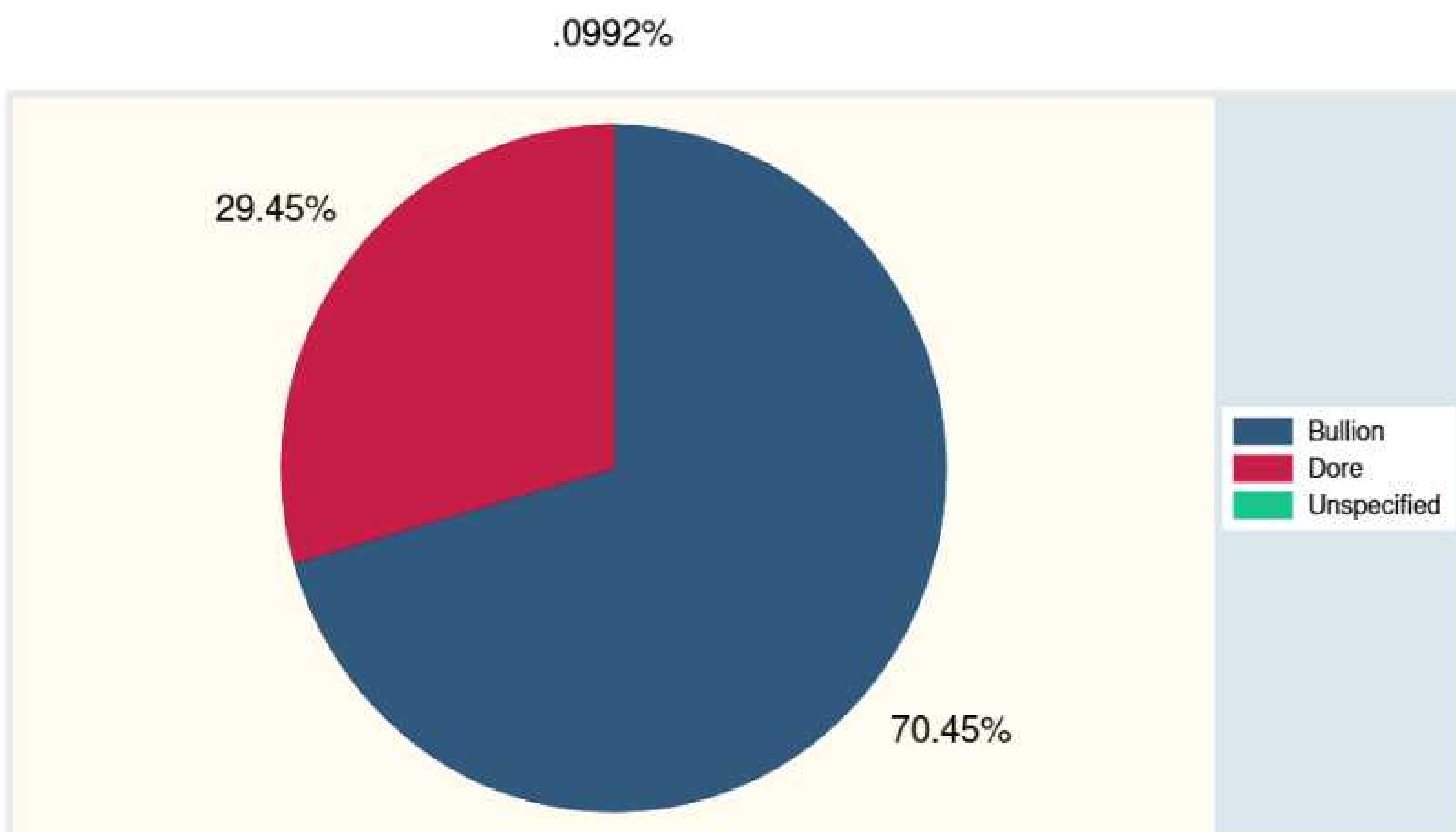
Port	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
Delhi Air	16.26	29.39	19.63	7.35	13.01	10.33	13.83	45.58	19.95	19.91	23.20	21.39	239.83
J Matadee Chennai	6.90	28.35	3.00	23.50	11.02	7.85	11.31	57.43	16.15	7.98	37.75	13.69	224.92
GIFT Sez	0.00	0.00	0.00	2.90	6.65	6.66	9.31	18.63	12.37	14.39	17.20	10.88	98.98
Chennai Air	3.34	11.37	4.24	2.95	3.12	5.55	4.43	19.90	5.32	8.53	8.18	5.00	81.93
Mumbai Air	1.52	6.13	1.17	0.93	3.27	1.93	4.41	19.08	3.33	5.12	18.53	3.88	69.29
GIFT Gandhinagar	3.82	21.98	1.82	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	27.61
Ahmedabad ACC	1.31	2.20	0.68	0.10	0.44	0.44	0.64	4.17	0.69	0.29	2.46	0.91	14.32
SEEPZ	0.81	0.77	0.78	0.72	0.79	0.72	1.00	1.05	0.97	1.10	0.76	0.72	10.18
Hyderabad Airport	0.00	0.53	0.00	0.00	0.00	0.00	1.00	5.60	0.00	0.00	1.60	0.00	8.73
RIICO SEZ-II Sitapura	0.50	0.58	0.46	0.56	0.13	0.06	0.18	0.04	0.16	1.01	2.66	1.14	7.48
Total	**35.69**	**103.54**	**33.70**	**40.30**	**40.62**	**35.32**	**47.72**	**175.41**	**61.90**	**60.64**	**117.15**	**60.24**	**812.23**

Table 4.5: Monthly Imports of Principal Commodity Gold in CY 2024 by Port (in USD Millions) (Source: DGCIS)

Port	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec	Total
J Matadee Chennai	482.0	1,901.4	206.1	1,820.7	840.6	597.7	912.7	3,908.7	1,346.2	703.6	3,278.8	1,175.4	17,173.8
Delhi Air	604.0	1,244.5	578.3	430.9	821.9	605.0	848.0	2,921.0	1,178.8	1,389.2	1,737.9	1,389.5	13,748.8
GIFT SEZ	-	-	-	216.1	505.5	502.7	716.5	1,486.6	1,017.2	1,245.7	1,486.3	929.3	8,105.9
Chennai Air	220.6	746.4	286.0	220.1	239.8	406.0	337.6	1,579.7	440.2	740.9	700.4	435.7	6,353.3
Mumbai Air	100.1	403.0	79.3	70.3	246.8	145.2	340.6	1,499.8	276.4	445.0	1,598.2	328.2	5,532.8
GIFT Gandhinagar	250.7	1,444.8	120.9	-	-	-	-	-	-	-	-	-	1,816.4
Ahmedabad ACC	83.2	143.7	44.8	7.6	32.2	32.7	48.9	329.3	56.5	24.7	208.6	64.3	1,076.6
SEEPZ	53.3	50.6	53.7	53.3	59.6	53.7	77.3	83.7	79.9	94.9	65.8	61.3	787.2
Hyderabad Airport	-	34.3	-	-	-	-	77.5	439.4	-	-	135.2	-	686.3
RIICO SEZ-II Sitapura	32.5	37.6	32.0	40.2	10.2	4.9	13.6	3.3	13.9	87.2	227.3	96.9	599.5
Total	**1,908.3**	**6,150.3**	**1,532.4**	**2,953.5**	**2,917.4**	**2,476.1**	**3,491.2**	**12,553.5**	**4,646.7**	**4,920.9**	**9,843.9**	**4,702.0**	**58,096.3**

Analysis of gold imports categorized by type, as illustrated in Figure 4.6, reveals that bullion accounts for 70% of total gold imports while doré constitutes only 29.5%. This distribution indicates that India predominantly imports finished gold products directly, which limits opportunities for domestic value addition and exacerbates the trade deficit given gold's high market price.

Figure 4.6: Share of Gold Bullion and Gold Doré Import by India for CY 2024 (Source: DGCIS)



It is important to note that the DGCIS does not explicitly identify whether a consignment contains bullion, doré, or the specific gold content of shipments. The classification presented here is derived by cross-referencing DGCIS country of consignment data with market reports from Refinitiv Eikon that identify countries as either doré or bullion exporters. This methodology is subject to change over time. Notably, the Finance Bill of 2025 has introduced an amendment to implement more precise classification at the 8-digit level, with HS Code 7108 12 10 designated for items containing 99.5 percent or more gold by weight (bullion) and HS Code 7108 12 90 covering items below this threshold (doré) (Ministry of Finance, 2025). Although this amendment has not yet taken effect, it represents a commendable government initiative to enhance transparency in the imports of this economically significant commodity. This improved classification will enable more sophisticated analysis and better-informed policy decisions in the future.

The distribution of bullion and doré imports based on the methodology described above is depicted in Figure 4.7 and Figure 4.8 respectively. As expected, bullion imports are dominated by Switzerland and the UAE, countries known for their refining capabilities and trading infrastructure. The CEPA with the UAE significantly contributes to its prominent position as a supplier due to preferential duty benefits. Among doré suppliers, Peru emerges as the dominant source, importing approximately twice the volume of the next largest supplier.

Figure 4.7: Gold Bullion Import by India (in Tons) Country Wise for CY 2024 (Source: DGCIS)

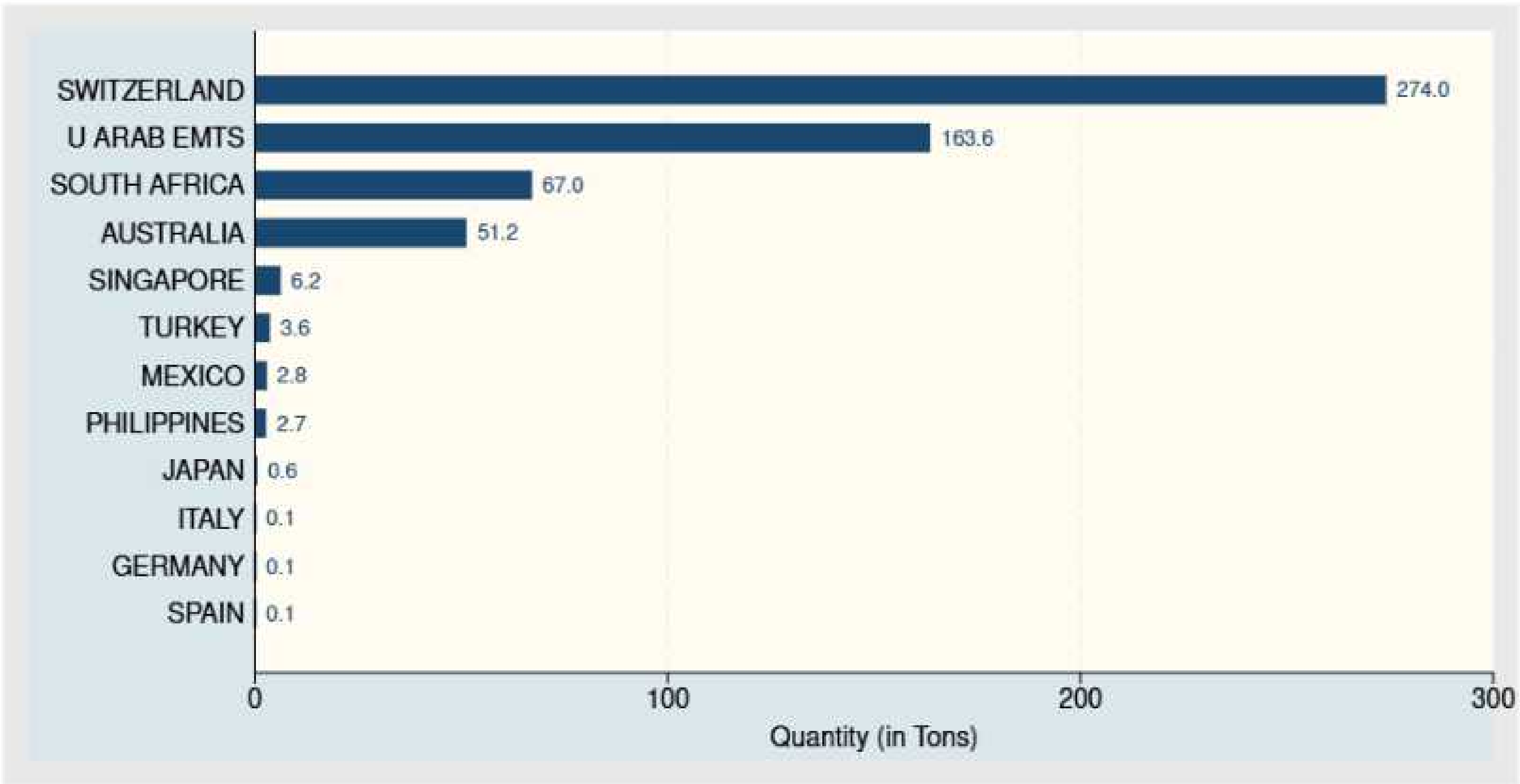
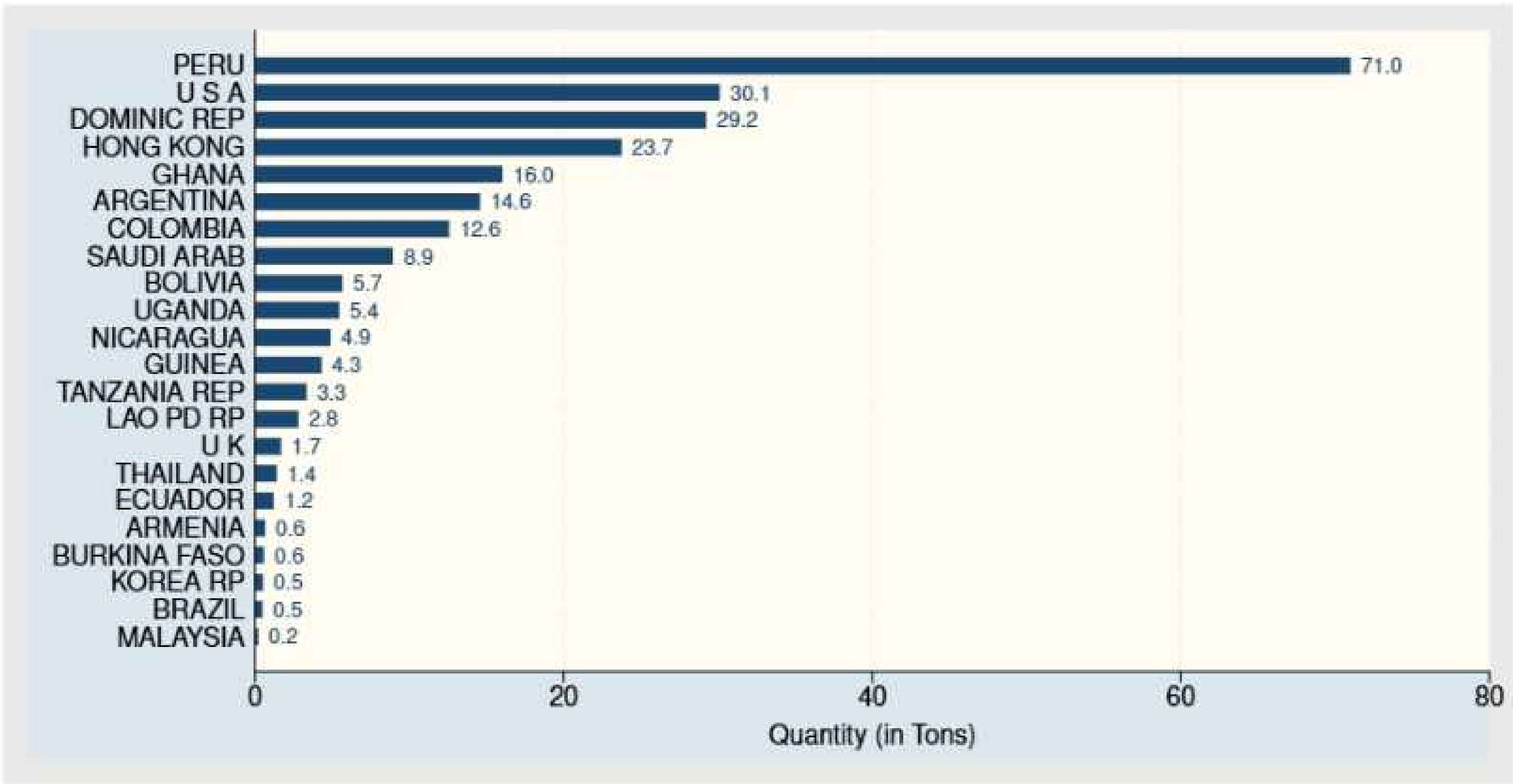


Figure 4.8: Gold Doré Import by India (in Tons) Country Wise for CY 2024 (Source: DGCIS)



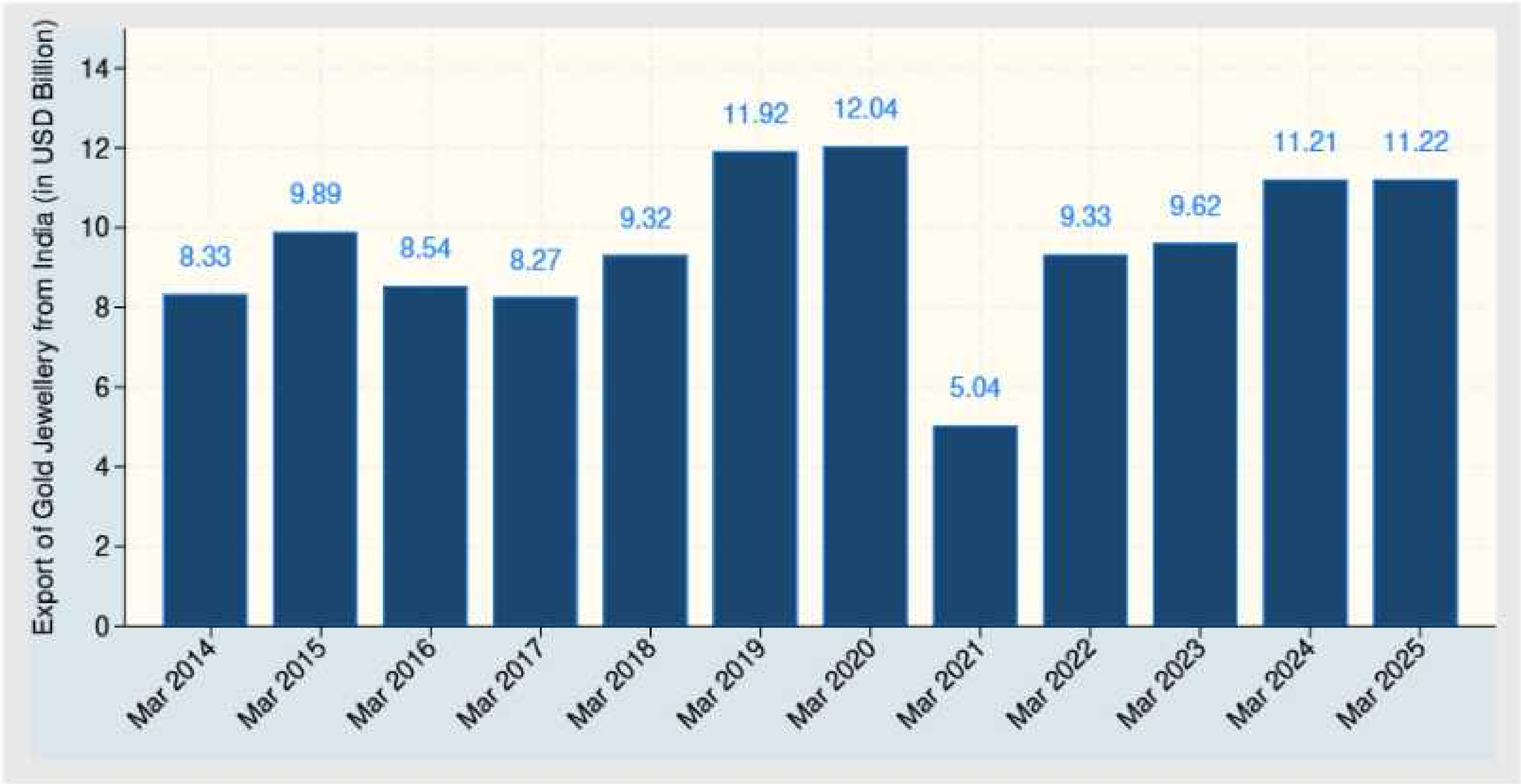
4.1.3 Exports of the Gold Jewellery by India

This section examines gold jewelry exports as reported by two key sources: The Gem and Jewellery Export Promotion Council (GJEPC) and the Directorate General of Commercial Intelligence and Statistics (DGCIS). The DGCIS data encompasses Gold and Other Precious Metals Jewellery as a principal commodity (including items under HS Headings 7113, 7114, 7115, and 7116). It is important to note that this analysis excludes exports of principal commodity gold, as these volumes are negligible compared to import figures, reflecting India's position as a net gold importer rather than exporter (Narayanaswami & Agarwal, 2025).

The yearly exports of gold jewellery from FY 2014 to 2025 are illustrated in Figure 4.9. We observe that gold jewellery exports declined sharply following the

COVID-19 pandemic and are gradually recovering toward pre-pandemic levels. Notably, export values remained virtually unchanged between FY 2024 and FY 2025 despite gold prices reaching unprecedented heights in FY 2025. This stagnation in value despite price increases potentially indicates a reduction in export quantities during FY 2025 compared to FY 2024, or possibly a shift toward exporting lower karatage jewellery.

Figure 4.9: Yearly Exports of Gold Jewellery (in USD Billions) from FY 2014 to 2025 (Source: GJPEC)



Examining monthly exports of gold jewellery for FY 2025, as shown in Figure 4.10, reveals a declining trend in the early months followed by a notable reversal beginning in July—coinciding precisely with the customs duty reduction announcement. This timing suggests that a portion of the additional gold imported after the customs cut may have been directed toward exports. The correlation indicates that the customs rate reduction has positively impacted the industry, as increased jewellery exports point to enhanced domestic value addition. However, the export value increase might also partially reflect the appreciation in gold prices during FY 2025. It is worth noting that analyzing jewellery exports solely by value presents certain limitations, as jewellery incorporates various precious metals with different market dynamics. Recording and reporting the karatage of exports would provide more granular insights into international market trends and enable more targeted policy recommendations for jewellers.

Figure 4.10: Monthly Exports of Gold Jewellery (in USD Millions) for FY 2025 (Source: GJPEC)

The above figures were reported by the GJEPC. We now turn to examining exports of the principal commodity category "Gold and Other Precious Metals" as classified by the DGCIS. This principal commodity encompasses items classified under HS Headings 7113, 7114, 7115, and 7116 (DGCIS, n.d.). It is important to note that unlike the GJEPC data, these figures are reported on a calendar year (CY) basis rather than a financial year (FY) basis. Figure 4.11 presents the yearly exports of gold and other precious metals jewellery from CY 2010 to 2024 in USD Billions. The trend closely mirrors the pattern observed in the GJEPC data. Similarly, export values have remained relatively flat in recent years despite significant price increases in the underlying precious metals, which likely indicates a decrease in the volume of pure precious metal content in exports.

Figure 4.11: Yearly Exports of Gold and Other Precious Metals Jewellery (in USD Billions) from CY 2010 to 2024 (Source: DGCIS)

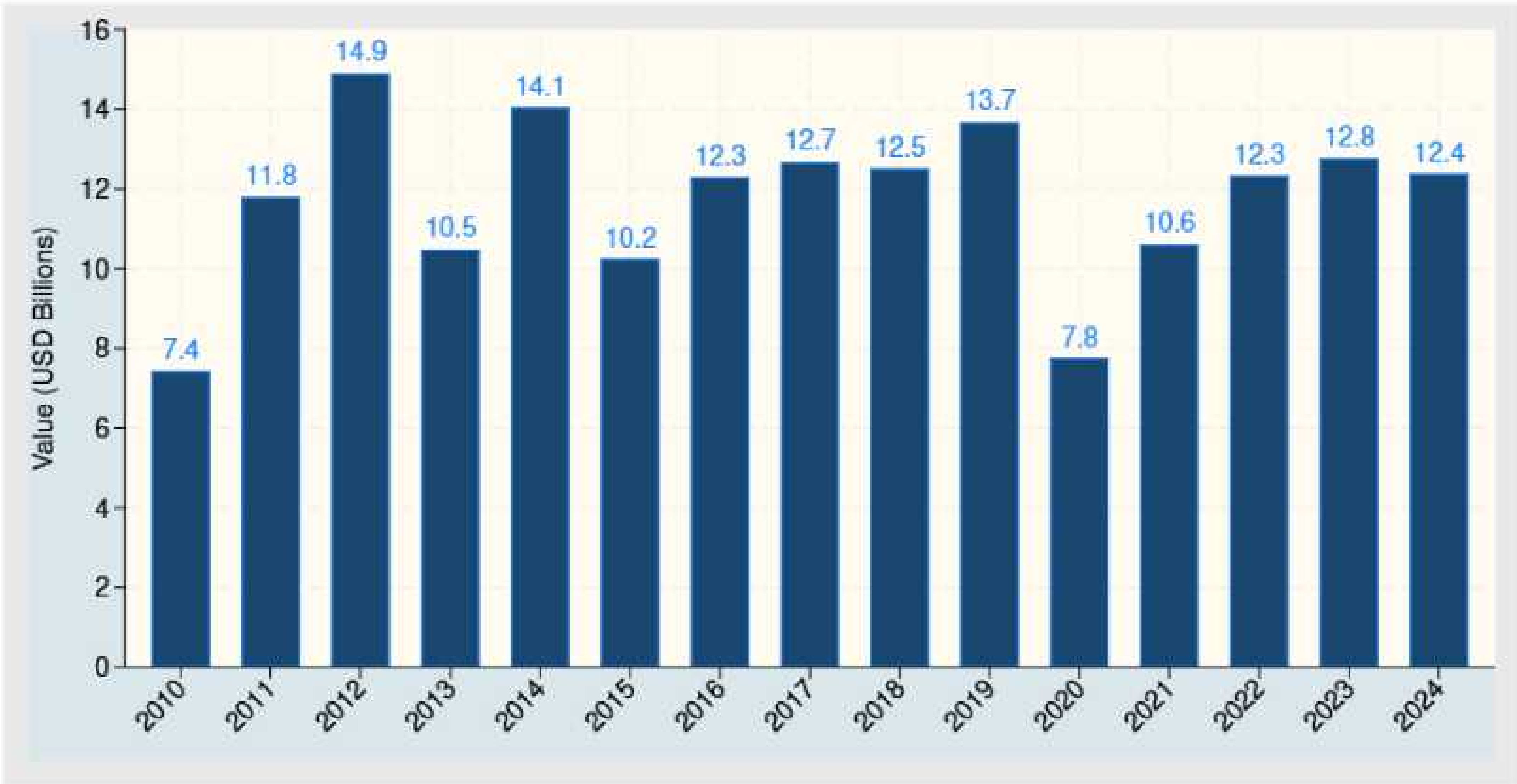


Figure 4.12 illustrates the monthly exports of gold and other precious metals jewellery for 2024 in USD Millions, providing a more granular view of export pat-

terns. The trends closely align with those observed in the GJEPC data, showing a decline in export values during the first half of the year followed by an increase after July, coinciding with the implementation of duty cuts. Beyond the impact of reduced customs duties, this second-half recovery may also be attributed to the festival and wedding season that begins toward the end of the calendar year and continues into the first half of the following year. During this period, non-resident Indians often purchase gold jewellery for cultural and ceremonial purposes, potentially contributing to the observed export growth.

Figure 4.12: Monthly Exports of Gold and Other Precious Metals Jewellery (in USD Millions) for CY 2024 (Source: DGCIS)

4.1.4 Data Related to Indian Gold ETFs

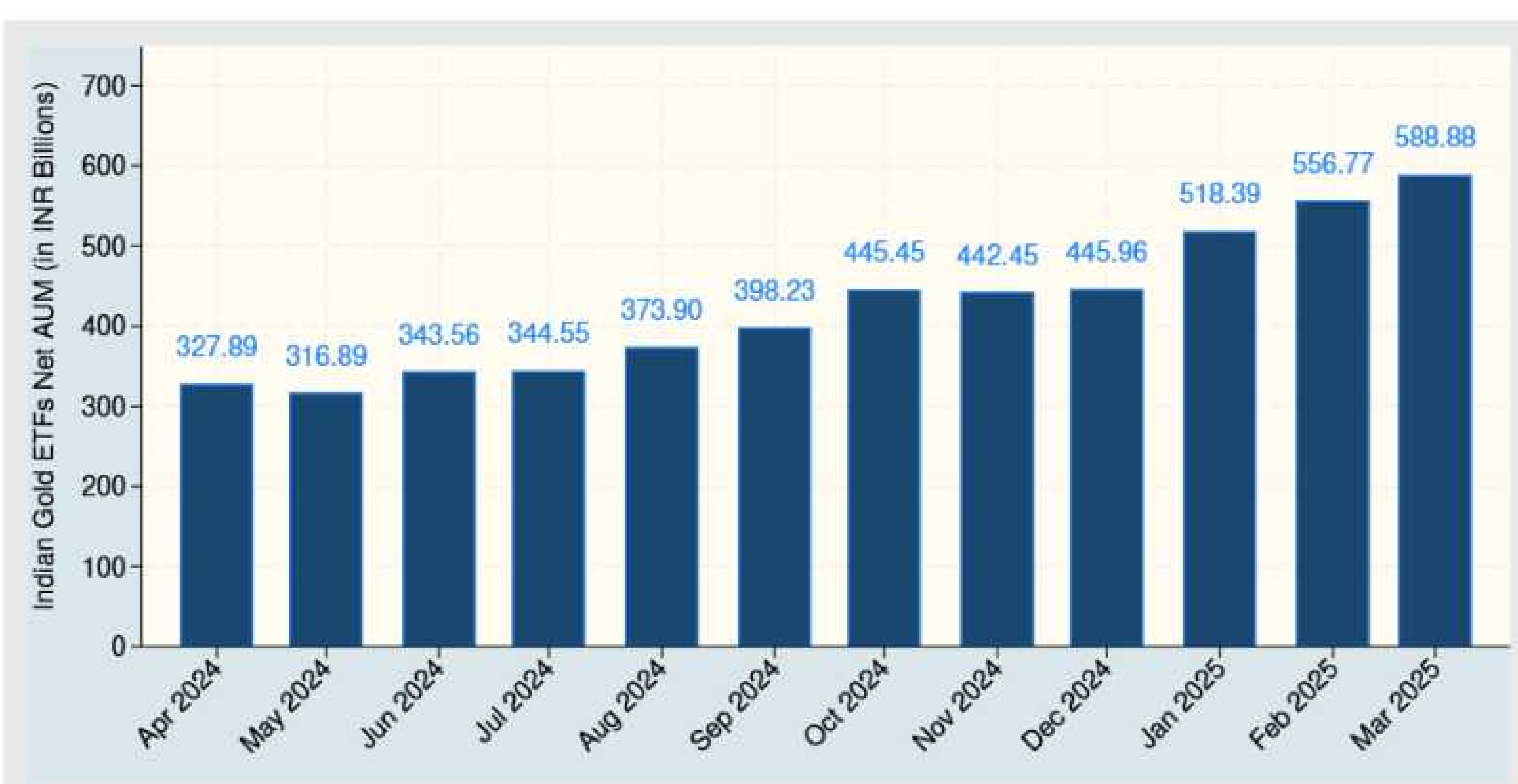
This section examines data related to Gold Exchange Traded Funds (ETFs) in India, focusing on Net Assets Under Management (AUM) as reported by the Association of Mutual Funds in India (AMFI). Gold ETFs represent one of the primary digital gold investment vehicles, particularly significant since the discontinuation of Sovereign Gold Bonds (SGBs) (Kaul, 2025). Analysis of Gold ETF investments provides valuable insights into the state of digital gold investing in India.

Figure 4.13 illustrates the Net AUM of Gold ETFs as of March end from 2014 to 2025. We notice something very interesting from March 2014 to March 2019 the value of ETFs was decresing dropping from about 48% during this period. However, after that the rise in AUM has been astronomical going from 44.47 INR Billion in March 2019 to 588.88 INR Billion in March 2025 imputing an increase of about 12 times the level in 2019. One can hypothesize that the pandemic comnbined with geopolitical tensions led investors to flock towards gold. Additionally, it is no secret that the number of demat accounts skyrocketed during the lockdown of COVID-19 and people started trading electronically. This meant people being more familiar with digital instruments and could have played a part in the meteoric rise of Gold ETFs

Figure 4.13: Net Assets Under Management for Gold ETFs in India as of March End from 2014 to 2025 (in INR Billions) (Source: AMFI)

Examining the monthly data for Gold ETF AUM throughout FY 2025 presents a clear and compelling picture as seen in Figure 4.14. The AUM increased substantially from 327.89 INR billion at the end of April 2024 to 588.88 INR billion by March 2025, representing an impressive 44% growth within a single fiscal year. This remarkable expansion can be attributed to two primary factors: the substantial appreciation in gold prices during this period and the influx of new investors allocating capital to gold, viewing it as a safe-haven asset amid global economic and geopolitical uncertainties.

Figure 4.14: Net Assets Under Management for Gold ETFs in India as of Month End for FY 2025 (in INR Billions) (Source: AMFI)

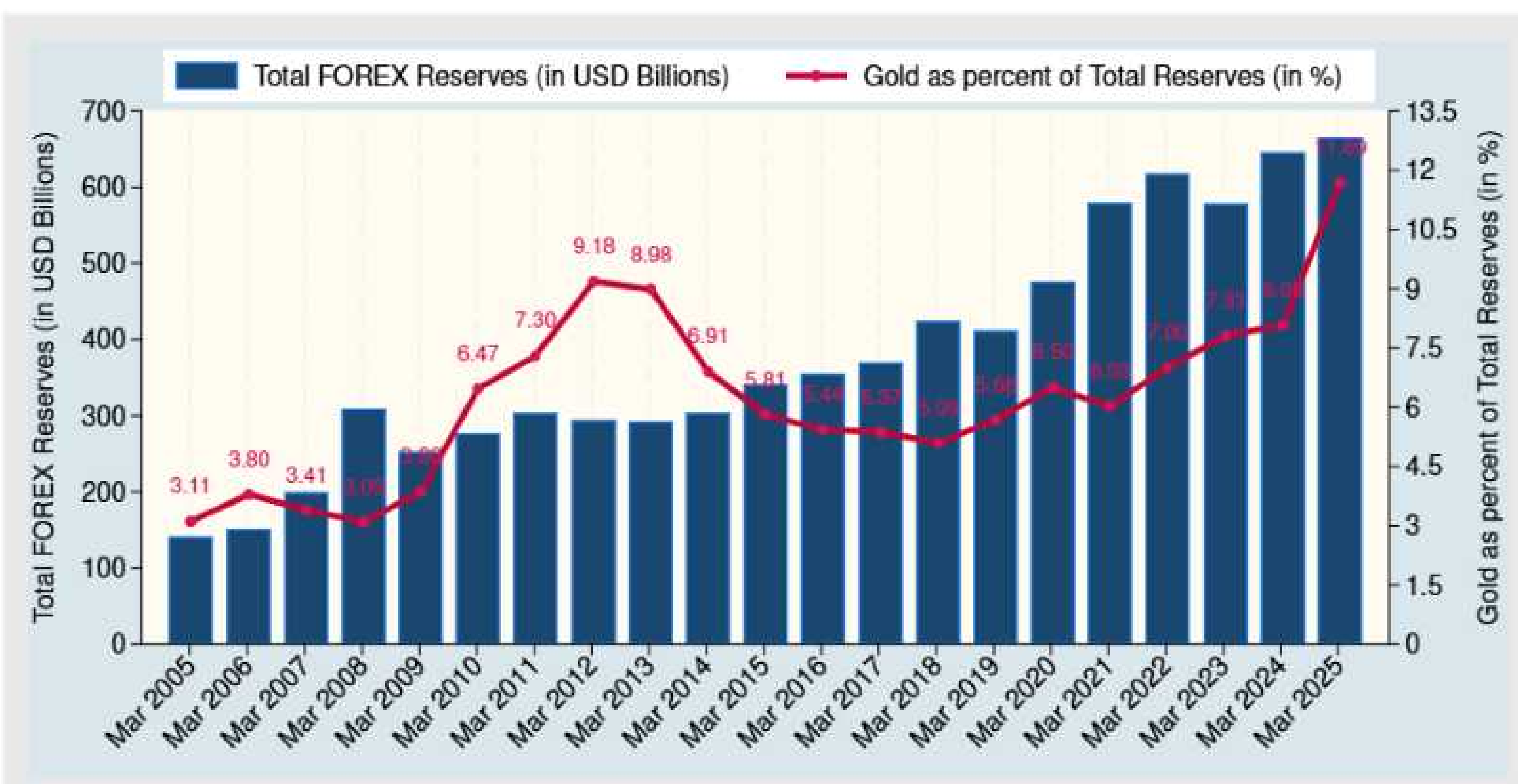


4.1.5 Share of Gold Reserves compared to FOREX Reserves

This section analyzes the Foreign Exchange (FOREX) and Gold Reserves held by the Reserve Bank of India (RBI). Examining these reserves is crucial as central banks have emerged as the most significant gold purchasers in recent years, and their acquisition patterns provide valuable insights into their assessment of the global economic landscape. Central banks typically purchase gold to diversify risk across their reserve portfolios, avoiding excessive concentration in any single currency.

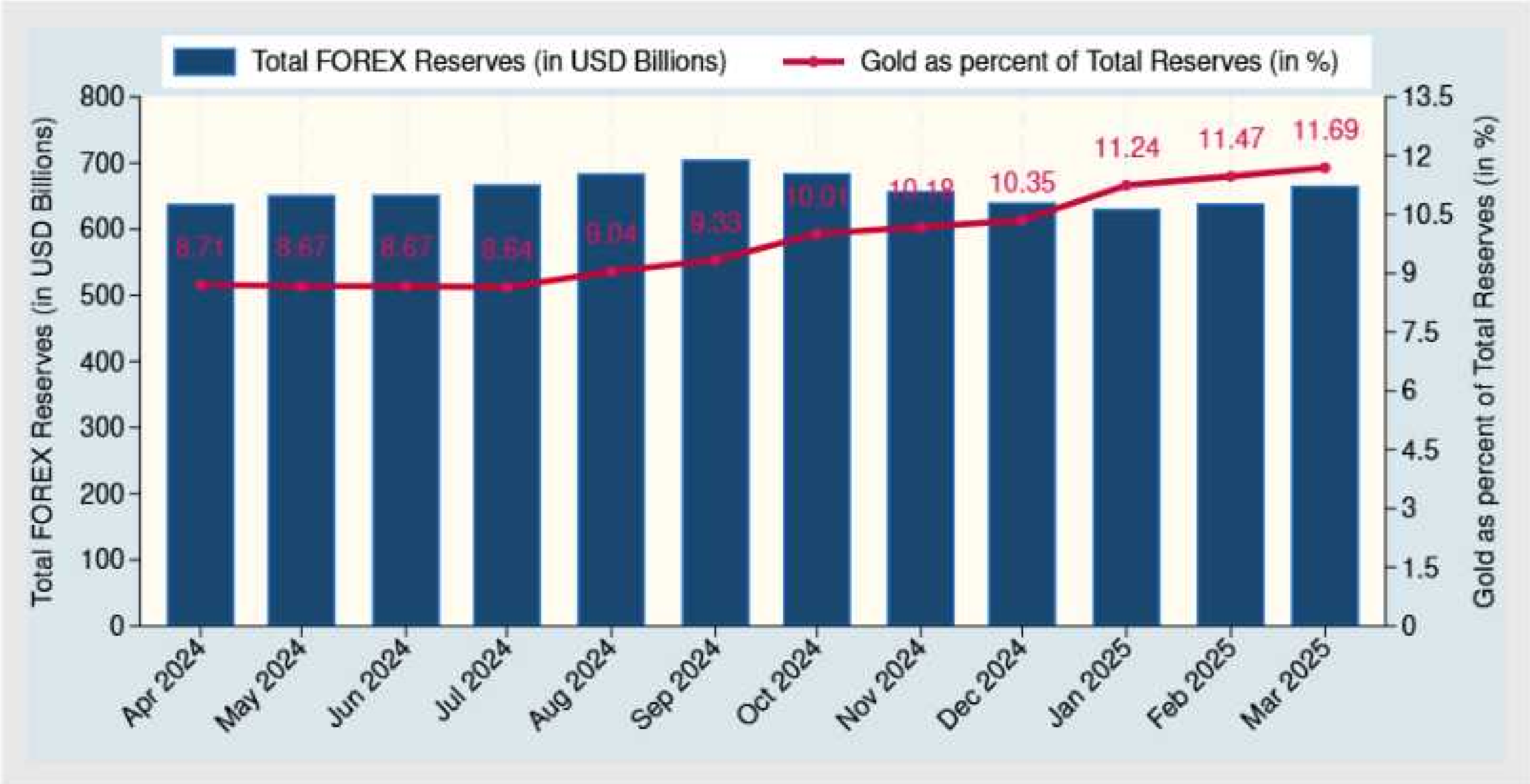
Figure 4.15 depicts the FOREX holdings (in USD Billions) and gold as a percentage of Total Reserves (in percent) as of March-end from 2005 to 2025. The data reveals several noteworthy trends: gold's share of total reserves increased dramatically from approximately 3.5% before 2008 to 9.18% by March 2012, clearly indicating central banks' flight to gold following the 2008 global financial crisis. Between 2012 and March 2019, gold's proportion subsequently declined to around 5.5%, likely reflecting both decreasing gold prices after the 2012 peak and a relatively stable global economy that reduced the RBI's gold accumulation imperative. Significantly, post-2019 data shows gold's share rising again to reach 11.69% by 2025, as the RBI resumed substantial gold acquisitions in response to economic uncertainties triggered by the COVID-19 pandemic and geopolitical tensions stemming from the Russia-Ukraine conflict.

Figure 4.15: Total FOREX Reserves (in USD Billions) and Gold as Percent of Total Reserves (in Percent) as of March end from 2005 to 2025 (Source: RBI)



Examining the month end disclosure for the FOREX and gold reserves of FY 2025 shows a very straightforward picture. We see gold as a percent of total reserves started off at 8.71% in April end 2024 and went on to rise to 11.69% by March end 2025. These levels of gold reserves are historic for the RBI which clearly showcases the macroeconomic uncertaininty of the current times.

Figure 4.16: Total FOREX Reserves (in USD Billions) and Gold as Percent of Total Reserves (in Percent) as of Month end for FY 2025 (Source: RBI)



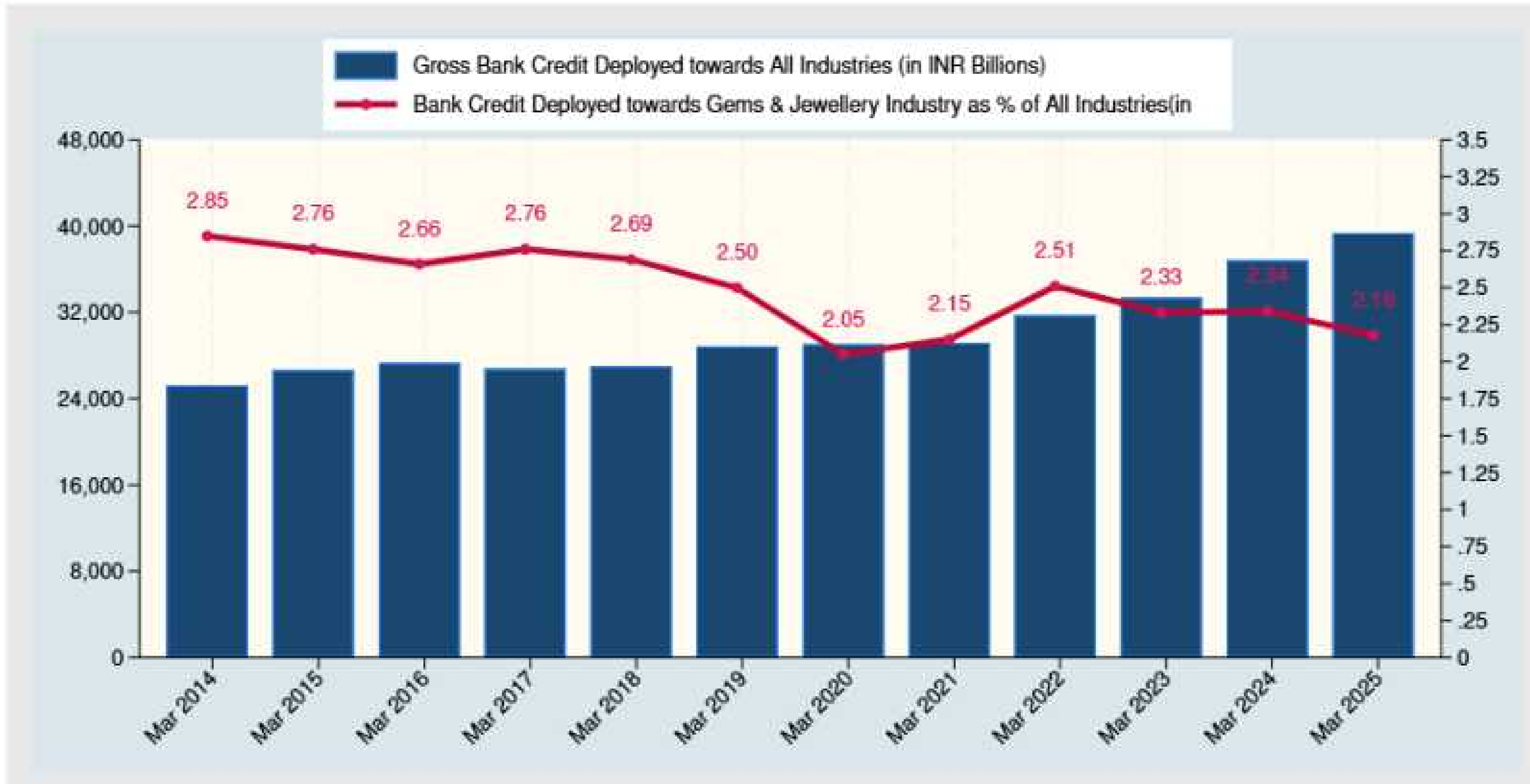
4.1.6 Share of Gems & Jewellery in overall Industry Credit Lending

This section examines the sectoral deployment of bank credit to the gems and jewelry industry based on data collected from 41 select scheduled commercial banks (SCBs), which account for approximately 95% of total non-food credit deployed by all SCBs.

Looking specifically at the gems and jewelry sector, our analysis reveals several noteworthy trends. As illustrated in the Figure 4.17, bank credit deployed toward the gems and jewelry industry stood at 857.34 INR billion as of March 2025, marking a slight decrease of 0.7% from 863.59 INR billion in March 2024. This decline is particularly significant when contrasted with the broader industrial credit landscape, where gross bank credit deployed toward all industries increased by 6.9% to reach 39,371.49 INR billion in March 2025.

The share of gems and jewelry industry in total industrial credit has shown a gradual decline over the examined period, decreasing from 2.85% in March 2014 to 2.18% in March 2025. This represents a decline in the relative importance within the industrial credit portfolio over the eleven-year period. Despite the post-pandemic recovery, the sector's share in total industrial credit has not returned to pre-2019 levels, suggesting that banks may be exercising greater caution in lending to this industry or that other industrial sectors are experiencing faster credit growth. The marginal year-on-year decrease in absolute credit to the gems and jewelry sector in 2025, against the backdrop of overall industrial credit growth, may indicate challenges specific to the industry despite the general economic expansion.

Figure 4.17: Gross Bank Credit Deployed towards all Industries (in INR Billions) and Bank Credit Deployed towards Gems & Jewellery Industry as percent of Total Industries Credit (in percent) (Source: RBI)



4.1.7 Number of Jewellers Registered with the BIS

The Bureau of Indian Standards (BIS) provides data on jewelers registered with it at specific points in time. Table 4.6 presents the distribution of BIS-registered jewelers across Indian states as of April 21, 2025, arranged in descending order. Maharashtra leads with the highest number of registered jewelers, closely followed by West Bengal, after which there is a significant drop in registration numbers among other states.

We note that for assaying and hallmarking centres (AHCs), the BIS maintains a separate portal providing monthly records of applications received, rejected, and accepted. However, comparable data transparency does not extend to jeweler registrations. Enhanced disclosure regarding jeweler applications, acceptance rates, rejections, and registration cancellations would significantly improve market analysis capabilities.

In previous reports, we included statistics on the number of hallmarked articles per year based on BIS annual reports and periodic information releases. We are currently awaiting the latest data in this category to incorporate into our analysis.

Table 4.6: Number of Jewellers Across Indian Regions as of 21 April 2025 (Source: BIS)

Region	Number of Jewellers	Region	Number of Jewellers
Maharashtra	32,059	Jammu & Kashmir	1,951
West Bengal	30,718	Jharkhand	1,574
Tamil Nadu	14,683	Himachal Pradesh	1,551
Gujarat	14,498	Tripura	483
Uttar Pradesh	12,134	Goa	384
Rajasthan	8,466	Chandigarh	376
Karnataka	8,036	Pondichery	228
Kerala	7,129	Sikkim	80
Delhi	5,965	Andaman & Nicobar	62
Assam	5,502	Arunachal Pradesh	59
Andhra Pradesh	5,440	Dadra & Nagar Haveli	45
Madhya Pradesh	5,372	Meghalaya	42
Odisha	4,853	Daman & Diu	40
Punjab	4,691	Nagaland	34
Bihar	4,575	Manipur	10
Haryana	3,855	Lakshadweep	3
Telangana	3,295	Mizoram	3
Chhattisgarh	2,397	Ladakh	1
Uttarakhand	2,114		

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Chapter 5

Understanding Gold Prices in India

This chapter examines the evolution of Indian gold prices during the FY 2025–26, using MCX gold spot prices and related indicators, including the INR/USD exchange rate, international gold benchmarks (LBMA), and premium/discount trends. The year was marked by heightened price volatility, with sharp upward movements followed by corrections. The metal experienced significant price changes during the fiscal year, driven by both domestic factors and international developments.

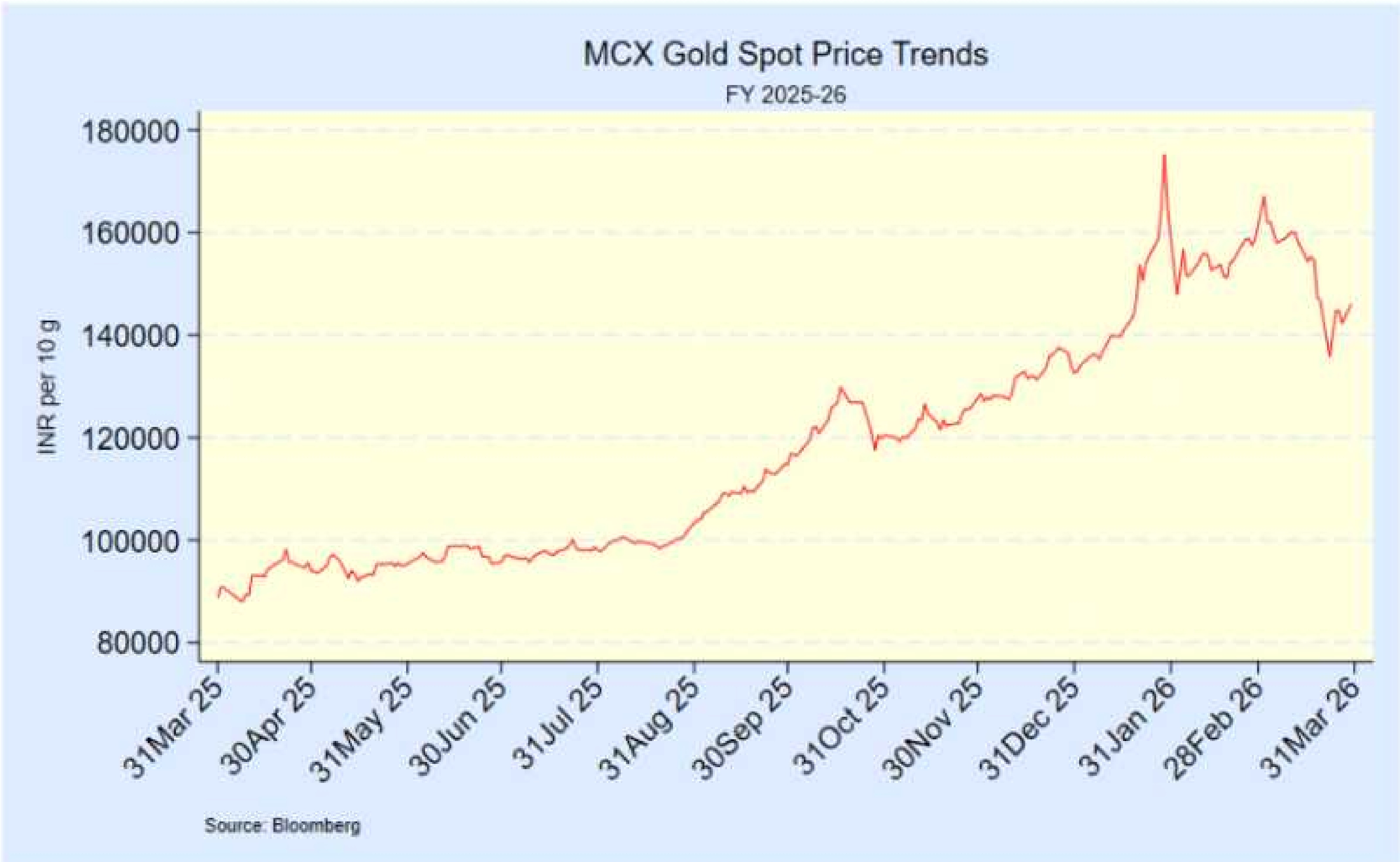

Figure 5.1: Annual Trends in MCX Gold Spot Price

Figure 5.1 illustrates the daily movement of gold prices in the FY. At the beginning of the fiscal year in April 2025, the price of gold hovered around INR 90,000. The prices exhibit a gradually rising trend with moderate volatility up to early August 2025, indicating steady market momentum in the early part of the year. However, from late August onwards, the graph shows a more pronounced upward trend, with prices breaching the INR 1,10,000 – 1,20,000 range and continuing to climb. This bullish phase is accompanied by intermittent fluctuations during October and November, indicating brief phases of consolidation. In the latter part of the FY, particularly in January 2026, a sharp spike is observed, with gold prices reaching peak levels of around INR 1,75,000 per 10 grams. This surge is followed by a noticeable decline and increased volatility during February and March 2026, with prices correcting and stabilizing around INR 1,40,000 – 1,50,000 levels by the end of the FY. This sharp rise and subsequent correction may be attributed to heightened geopolitical uncertainties, including ongoing global conflicts, trade tensions, and economic instability, along with evolving monetary policies and strong investment demand. These factors may have reinforced gold's role as a safe-haven asset, while profit-booking at elevated price levels contributed to the subsequent correction. Overall, the graph underscores a strongly bullish yet highly volatile trend in gold prices on the MCX during the year, particularly in the latter half, reflecting the significant influence of geopolitical tensions and global economic uncertainty on the gold market.

Figure 5.2: MCX Gold Spot Prices in the Last Decade

Figure 5.2 presents India's gold price movement over the past decade. It reveals a clear trend of price increases, reflecting global and domestic macroeconomic developments. From around INR 30,000 in early 2016, gold prices remained relatively stable for the initial years but began to rise sharply after 2019. The price acceleration coincided with heightened global uncertainties, including the COVID-19 pandemic, geopolitical tensions, and increasing inflationary pressures. A notable surge is visible from around 2020–21, corresponding to the pandemic period when gold gained appeal as a safe-haven asset. After a temporary plateau, the prices picked up again in late 2023 and continued to rise strongly through the FY 2024-25 and 2025-26. This sustained long-term rise, combined with recent volatility, can be attributed to multiple factors, such as currency fluctuations, changes in import duties, central bank policies, and substantial investment demand along with recent geopolitical tensions and global economic uncertainties.

Figure 5.3 presents the monthly peak values of MCX gold prices and the INR/USD

Figure 5.3: Comparison of Annual MCX Gold Spot Price and INR/USD Exchange Rate Trends

exchange rate where it captures the relationship between domestic gold prices and the INR/USD exchange rate over the FY. Throughout the year, the Indian rupee depreciated gradually, moving from around INR 85-86 per USD in April 2025 to approximately INR 92-94 per USD by March 2026, which is an increase of approximately 10 percent over the year. This currency weakening coincided with a significant rise in domestic gold prices, as reflected in the MCX spot price, which increased from around INR 90,000 to nearly INR 1,65,000 per ten grams by the end of the fiscal year. The trends underscore the sensitivity of India's gold prices to exchange rate movements and other related factors. As India imports most of its gold requirements, a depreciating rupee makes gold imports more expensive, which is reflected in higher domestic prices. The horizontal reference line at around INR 1,75,231 marks the highest level that gold prices approached during early 2026, which may indicate a new potential psychological threshold or resistance zone in the market, especially at the time of global uncertainties and geopolitical tensions. The relationship between domestic gold prices and exchange rate movements can be approximated as follows:

$$P_{\text{gold\_INR}} = f(P_{\text{gold\_USD}}, \text{INR/USD}, T) \tag{5.1}$$

where $P_{\text{gold\_INR}}$ is the domestic gold price (INR/10g), $P_{\text{gold\_USD}}$ is the global gold price (USD/oz), and T captures applicable taxes, duties and market premiums.

Figure 5.4 presents the monthly peak values of MCX gold prices and the LBMA AM Fixing prices, illustrating the co-movement of domestic and international gold prices over the FY. Both prices followed a closely aligned upward trend throughout the year, indicating a strong linkage between global benchmarks and domestic pricing. However, slight divergences in specific months may reflect the influence of local market dynamics, during the early part of the FY, the MCX price remained slightly higher than the LBMA price when converted, reflecting domestic premiums

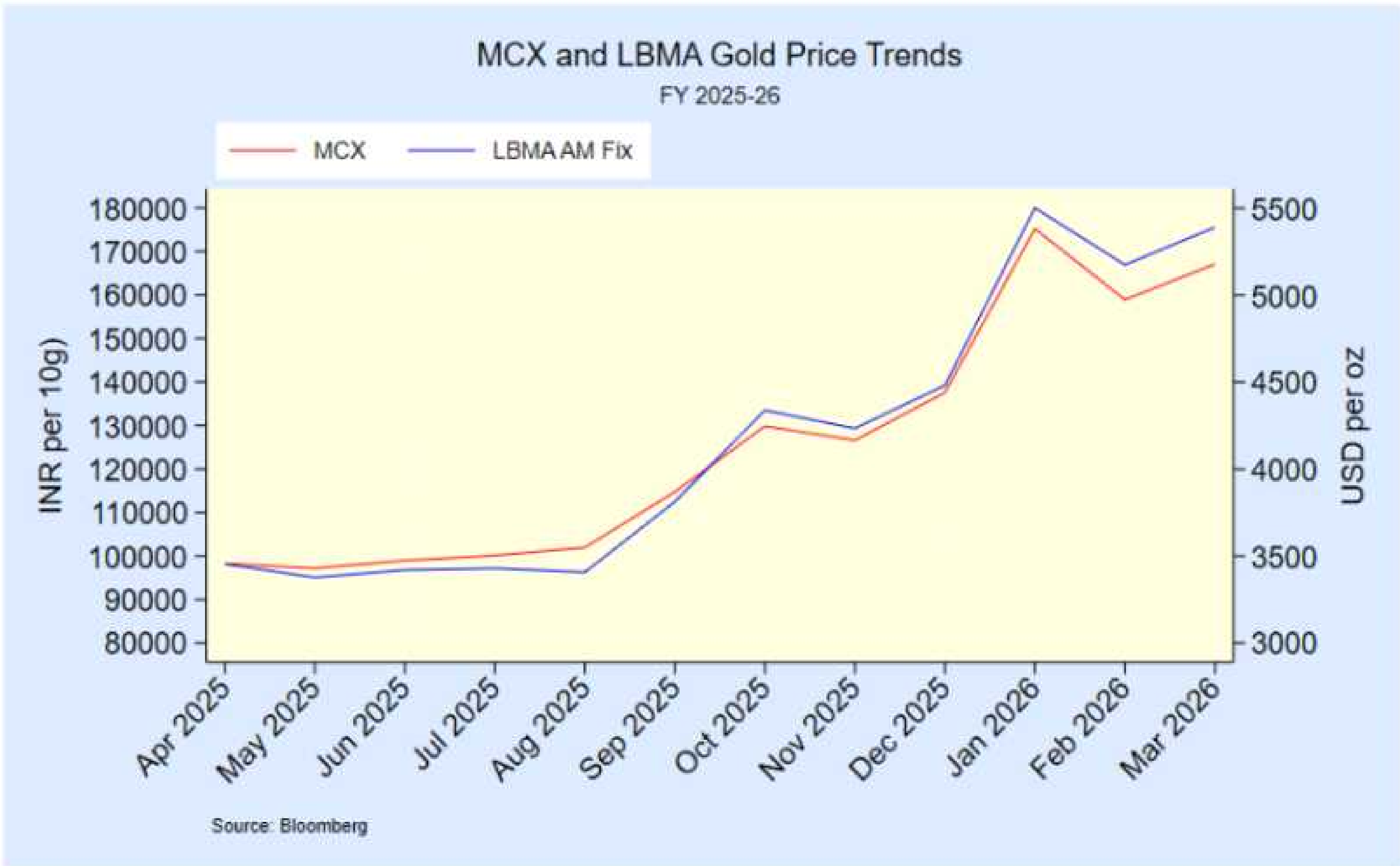

Figure 5.4: Comparison of Annual MCX Gold Spot Price and LBMA AM Fix

and currency effects. As the year progressed, both price series moved upward in tandem, particularly from September 2025 onwards, indicating strengthening global price momentum. A notable surge is observed around January – March 2026, during which both MCX and LBMA prices increased sharply, reaching peak levels before declining towards the end of the period. This movement suggests the combined effect of rising global gold prices and subsequent market correction. The tight coupling between MCX and LBMA prices reaffirms the importance of international benchmarks in determining local gold valuations while highlighting the role of premiums, taxation, and currency volatility in driving temporary price gaps. The interaction between global gold prices and the Indian rupee–US dollar exchange rate plays a vital role in determining the domestic gold price and can be expressed as:

$$P_{\text{MCX}} = (P_{\text{LBMA}} \times \text{INR/USD}) + \text{Import Duty} + \text{Premium} \tag{5.2}$$

where P_{MCX} is the gold price on MCX (INR/10g), P_{LBMA} is the international gold price (USD/oz), and the additional components reflect domestic cost structures and market premiums.

Figure 5.5 presents the yearly peak values of MCX gold prices and the LBMA AM Fixing prices, which provides a long-term perspective on domestic and international gold price movement over the past decade. Both prices exhibited a strong upward trend since 2016. However, the MCX price appears to have risen more steadily in INR terms, partly influenced by fluctuations in the rupee-dollar exchange rate. There is an increasing alignment of Indian gold prices with international trends, reflecting the layered influence of local economic conditions, regulatory interventions, and currency dynamics on domestic bullion markets.

Figure 5.6 tracks the daily premium or discount on Indian gold prices relative to international benchmark prices over 2025–26. A positive reading indicates that Indian gold prices were trading at a premium, meaning buyers in India were paying

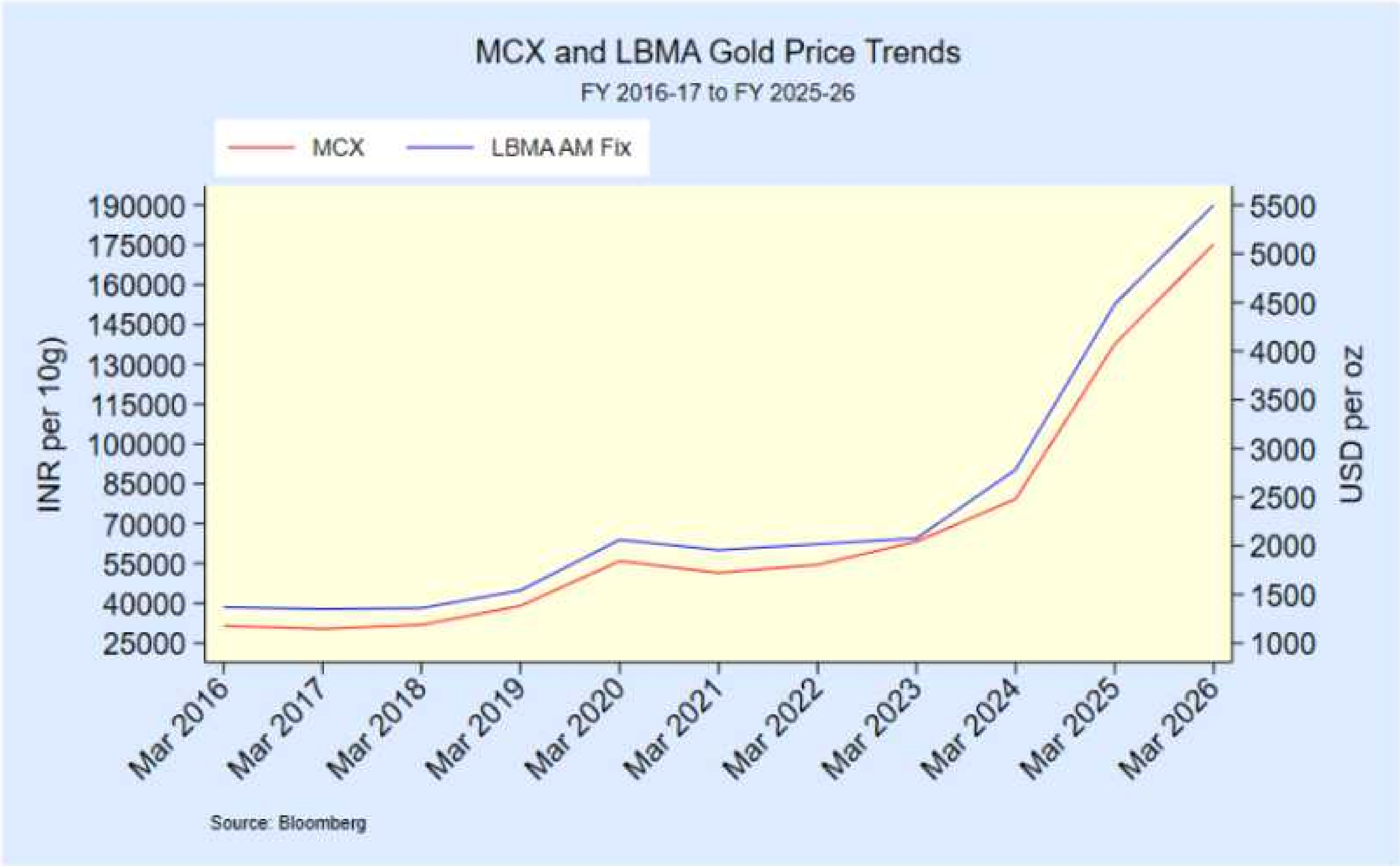

Figure 5.5: Comparison of MCX Gold Spot Price and LBMA AM Fix in the Last Decade

Figure 5.6: Annual Trends in Indian Gold Price Premium/Discount

more than the global market rate. Conversely, a negative value represents a discount, where gold was available in India at a lower price than international rates. The red-dashed line at zero serves as a reference point, highlighting periods when domestic prices crossed into either a premium or a discount. Throughout the fiscal year, the Indian gold market experienced significant volatility in its premiums and discounts. The graph demonstrates frequent oscillations, reflecting the dynamic interplay of local supply-demand imbalances, changes in import duties, currency fluctuations, and broader macroeconomic conditions. The magnitude of fluctuations appears more pronounced, with periods of sharp premiums observed around January 2026, followed by steep discounts in the subsequent months. These sharp swings indicate episodes of strong domestic demand as well as phases of subdued buying or excess supply in the local market.

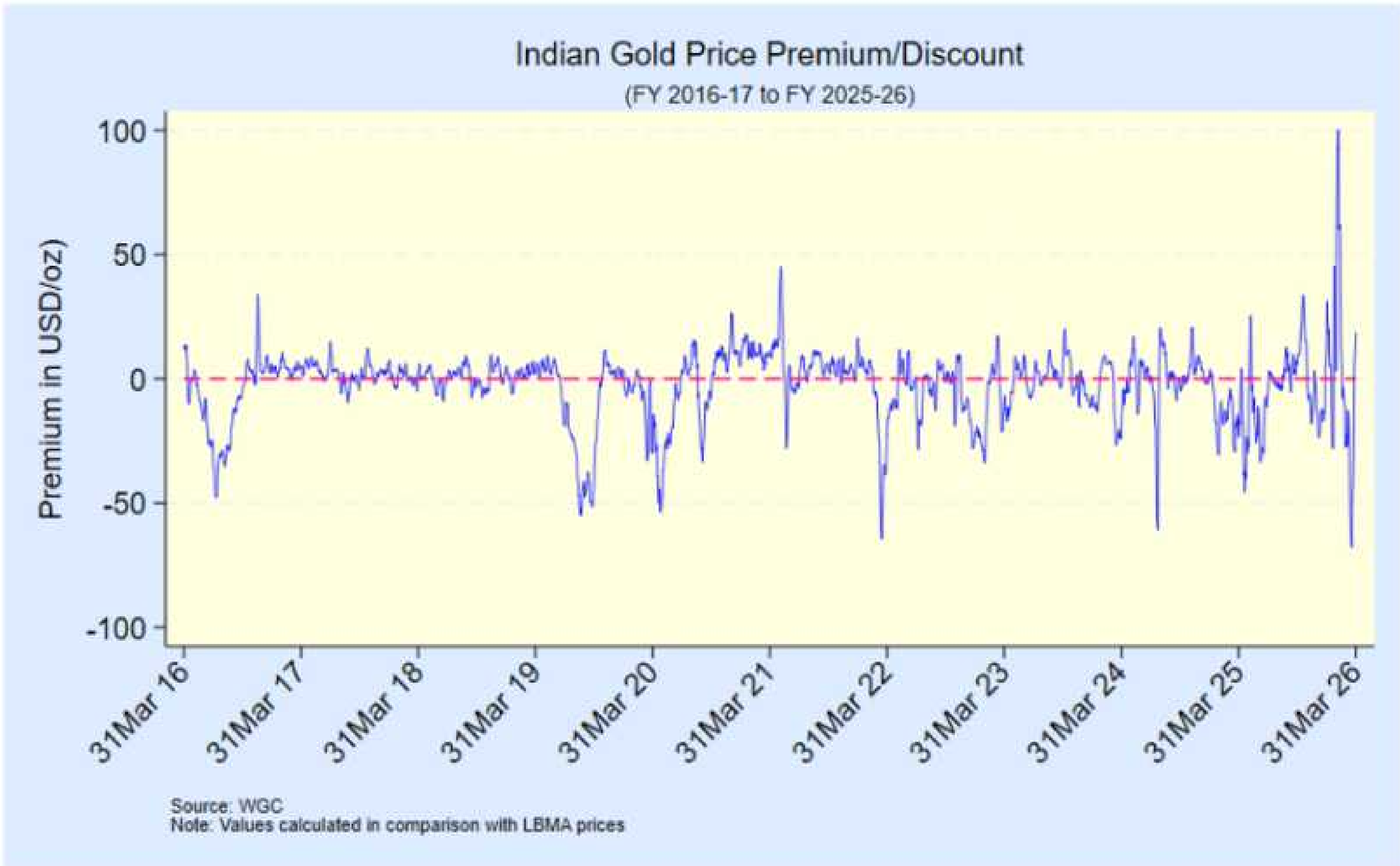

Figure 5.7: Trends in Indian Gold Price Premium/Discount in the Last Decade

Figure 5.7 presents a historical view of the difference between Indian gold and international benchmark prices over the past decade. From late-2016 to early-2019, the market showed relative stability, with minor fluctuations around the zero line. However, from mid-2019 onward, particularly during the COVID-19 pandemic, volatility increased significantly, marked by sharp swings into premium and discount territory. In the post-pandemic years, while volatility remained elevated, it exhibited intermittent phases of moderation. In the most recent period, particularly during FY 2025–26, the magnitude of fluctuations appears to have increased again, with more frequent and sharper movements into both premium and discount zones. This heightened fluctuation reflects disruptions in global supply chains due to geopolitics, evolving import policies, and shifts in both domestic demand and global price movements. Overall, the data underscores the sensitivity of India's pricing to global events, domestic policy changes, and seasonal consumption patterns.

Chapter 6

India Management Research Conference

6.1 India Management Research Conference 2025 (IMRC 2025)

The India Management Research Conference (**IMRC 2025**) was held on the IIMA campus from **December 5-7, 2025**. Track 03: **Gold Precious Metals: Business and Economic Policies** was hosted by the **India Gold Policy Centre (IGPC).** IMRC 2025 was curated for inquisitive minds engaged in high-quality research, seeking opportunities to collaborate and think together with like-minded individuals. The theme for this years' conference "The Future of the Economy: People, Organizations, and Policy" featuring 12 tracks, hosted by the Centres of Research Excellence and disciplinary areas, ensures a comprehensive and enriching experience for all participants.

The conference brought together participants from the IIMA campus, as well as industry experts, academics, and researchers from the precious metals sector. IMRC proved to be an excellent platform for sharing market insights and discussing current developments. Experts and researchers gained valuable knowledge and exchanged policy thoughts on gold markets.

Following the inauguration of the conference, which was attended by the esteemed Prof. Bharat Bhasker, Director, IIMA, along with faculty members and notable experts from various industries, IGPC Track 03 hosted chief guest address, keynote sessions, panel discussions, fire-side chat, executive address and paper presentations by researchers and academicians.

6.1.1 Chief Guest Address

Shri Duvvuri Subbarao delivered his Chief Guest Address on the allure of gold for central banks, examining its enduring strategic significance through a historical and macroeconomic lens, while outlining its evolving role in reserve management amid global financial uncertainties.

6.1.2 Special Address

Shri Sridhar Vembu (Founder, Zoho Corporation) delivered his Special Address on rural gold, reflecting on its deep socio-economic roots in India's villages, and highlighting its role as a resilient store of value and an informal pillar of financial security in rural economies.

6.1.3 Keynote Address

Ms.Praveena Rai, Managing Director of Multi Commodity Exchange of India Ltd., delivered her keynote on the gold industry, providing insights into market dynamics, institutional frameworks, and the evolving role of exchanges in shaping a transparent and efficient gold ecosystem.

Ms. Anindita Chakrabarti, Professor at Indian Institute of Technology Kanpur, delivered her keynote on The Gold Economy in India: People, Policy and Practice, examining the interplay between societal behavior, regulatory approaches, and ground-level practices that define India's relationship with gold.

Mr. V. S. Sundaresan, former Executive Director at Securities and Exchange Board of India, delivered his keynote on transforming trust in gold from lockers to markets, highlighting pathways to reposition gold as a financial asset rather than merely a physical good.

Mr. Pradeep Ramakrishnan, Executive Director at International Financial Services Centres Authority, delivered his keynote on bullion markets in the IFSC, outlining the emerging role of international financial services centres in strengthening India's position in global bullion trade

6

6.1.4 Panel Discussions

Panel 1: Exchange Trading over Consignment Model

Moderator - Mr. Mahendran K, Karur Vysya Bank

Panelists:
1. Mr. Ashok Gautam, IIBX
2. Mr. Kaushal Mehta, Motilal Oswal Financial Services
3. Ms. Jennifer Difiva E, MEPZ, Tamil Nadu
4. Mr. Manish Goel, ICICI Bank
5. Mr. Haresh Acharya, Parker Precious Metals LLP

The panel discussion explored the growing relevance of exchange-based gold trading models as an alternative to the traditional consignment framework widely followed in the bullion and jewellery industry. Experts deliberated on the benefits of exchange trading, including enhanced price transparency, improved market efficiency, streamlined settlement mechanisms, and better risk management for market participants.

Panelists highlighted the role of institutions such as IIBX in strengthening India's bullion ecosystem and discussed how exchange-led platforms could support greater formalization of gold trade. The conversation also covered the importance of regulatory support, banking participation, and infrastructure development to facilitate smoother adoption of exchange-based transactions across the value chain.

Discussions further emphasized the need to create an inclusive ecosystem that enables refiners, bullion dealers, exporters, and jewellers of all scales to participate effectively. The session concluded with a shared view that a balanced integration of exchange trading mechanisms alongside existing models could contribute significantly to improving transparency, liquidity, and global competitiveness within India's gold industry.

Panel 2: Responsible Sourcing Framework

Moderator - Prof. Biju Varkkey, Faculty – IIMA

Panelists:
1. Mr. Kinjal Shah, RJC
2. Mr. Arnav Datta, MCX CCL
3. Mr. Hemant Verma, IFSCA
4. Mr. Mohammed Shafi Poyilan, Ministry of Economy, UAE
5. Mr. James Jose, CGR Metalloys

The panel discussion focused on the growing importance of responsible sourcing practices within the global gold and precious metals industry. Experts deliberated on evolving international compliance standards, ethical sourcing requirements, and the increasing need for transparency across the bullion supply chain.

Panelists highlighted the role of regulatory bodies, exchanges, and certification frameworks in strengthening trust and accountability within the ecosystem. Discussions also explored cross-border collaboration opportunities, particularly between India and the UAE, to align sourcing practices with globally accepted due diligence standards and sustainability benchmarks.

The session emphasized the importance of traceability, responsible refining practices, and technology-driven monitoring systems in ensuring supply chain integrity. Speakers also underlined the need for industry-wide awareness, policy support, and stakeholder participation to create a robust and globally competitive responsible sourcing framework for the gold sector.

Panel 3: Digital Gold Innovation Space

Moderator - Mr. Sachin Jain, World Gold Council

Panelists:
1. Mr. Surendra Mehta, IBJA
2. Mr. Keyur Shah, Muthoot Pappachan
3. Mr. Johnson Lewis, Finmet India Pvt. Ltd.
4. Mr. Harshit Gupta, MMTC-PAMP
5. Ms. Gaurav Mathur, SafeGold
6. Mr. Gernot Hinteregger, Gold Invest

The panel discussion examined the rapid evolution of digital gold platforms and the growing role of technology-driven innovation within the gold industry. Experts discussed changing consumer preferences, increased digital adoption, and the emergence of new investment avenues that are reshaping how gold is bought, stored, and traded.

Panelists highlighted the importance of building secure, transparent, and accessible digital ecosystems to enhance consumer trust and broaden market participation. Discussions also explored the integration of fintech solutions, blockchain-enabled traceability, digital payment infrastructure, and innovative investment products aimed at attracting younger and tech-savvy investors.

The session further emphasized the need for robust regulatory frameworks, investor awareness, and collaboration between traditional bullion players and digital platforms to ensure sustainable growth in the digital gold segment. Speakers agreed that innovation and technology would continue to play a transformative role in expanding the reach and relevance of gold investments in the modern financial landscape.

Panel 4: Changing Role of Bullion in a Turbulent Geopolitical Environment – How Far?

Moderator - Prof. Anish Sugathan, Faculty – IIMA

Panelists:
1. Mr. Chirag Sheth, Metals Focus
2. Mr. Chandan Satyarth, IFSCA
3. Mr. Ajit Mauskar, World Gold Council
4. Ms. Krishna Gangopadhyay, IIDI

The panel discussion explored the evolving role of bullion amid increasing geopolitical uncertainties, global economic volatility, and shifting financial market dynamics. Experts examined how gold continues to serve as a strategic asset during periods of inflationary pressure, currency fluctuations, and international trade disruptions.

Panelists discussed the impact of geopolitical tensions, central bank policies, and global investment trends on bullion demand and price movements. The conversation also highlighted the growing significance of gold in portfolio diversification, reserve management, and long-term wealth preservation across global markets.

The session further emphasized the importance of regulatory preparedness, market resilience, and institutional participation in strengthening the bullion ecosystem during uncertain economic conditions. Speakers agreed that despite changing global dynamics, bullion is likely to retain its relevance as a trusted financial asset and a key pillar within the international precious metals market.

Panel 5: How to Increase Exports? Challenges Opportunities

Moderator - Prof. Anand Jaiswal, Faculty – IIMA

Panelists:
1. Prof. Priya Narayanan, Faculty – IIM Kozhikode
2. Mr. Somasundaram PR, Industry Expert
3. Mr. Ajit Mauskar, World Gold Council

The panel discussion focused on strategies to enhance India's gold and jewellery exports while addressing the key challenges impacting global competitiveness. Experts examined the current export landscape, changing international demand patterns, and the opportunities available for India to strengthen its position in the global precious metals and jewellery market.

Panelists highlighted the importance of policy support, trade facilitation measures, and infrastructure development in boosting export growth. Discussions also explored the role of innovation, product diversification, quality standards, and branding in expanding access to new international markets and improving value addition within the sector.

The session further emphasized the need to leverage Free Trade Agreements (FTAs), strengthen domestic manufacturing capabilities, and enhance collaboration between industry stakeholders and government bodies. Speakers agreed that with a balanced approach towards policy reforms, skill development, and global market integration, India has significant potential to accelerate exports and reinforce its leadership in the gold and jewellery industry.

6.1.5 Hot Seat Conversation

Discussion on Key Issues with Jewelers

Moderator - Mr. Sachin Jain, World Gold Council

Speakers:
1. Dr. Joy Alukkas, JoyAlukkas
2. Mr. Thomas Mathew, JoyAlukkas

The session focused on key issues and emerging trends shaping the jewellery industry, with discussions centered around evolving consumer preferences, business expansion strategies, and the changing dynamics of the gold market. Industry leaders shared insights on the opportunities and challenges faced by jewellers in an increasingly competitive and technology-driven environment.

Speakers highlighted the importance of customer trust, transparency, product innovation, and omnichannel retail strategies in driving sustainable growth within the jewellery sector. Discussions also explored the impact of regulatory developments, digital transformation, and organized retail expansion on the future of the industry.

The conversation further emphasized the need for stronger industry collaboration, policy support, and enhanced consumer engagement to strengthen India's position as a global leader in gold and jewellery. The session concluded with an optimistic outlook on the sector's long-term growth potential, supported by innovation, brand value, and evolving market opportunities.

6.1.6 Executive Presentations

Mohammed Shafi Poyilan of the Ministry of Economy UAE delivered his presentation on the journey of anti-money laundering policies of the precious metals sector in the UAE, outlining regulatory evolution, compliance frameworks, and global best practices.

Moses Bodea of Gold Invest delivered his presentation on redefining gold ownership in India, highlighting emerging models, technological shifts, and evolving consumer preferences shaping access to gold as an asset.

6.1.7 Research Paper Presentations

Paper 1: "A Study of Financial Landscape Post COVID Exploring Intermarket Linkages of Gold"
Authors: Dr. Sugandha Sharma, Jagan Institute of Management Studies
Co-Authors: Dr. Manmeet Bawa; Dr. NP Singh

Paper 2: "Assessing the Effectiveness of India's Auction-Based Framework for Gold Mining: Regulatory, Financial, and Institutional Barriers to Private Sector Participation"

Authors: Aishwary Kant Gupta, Pahlé India Foundation
Co-Authors: Kuhu Singh; Abhishek Jha

Paper 3: "Gold – A 360 Degree Perspective"
Authors: Mr. Basu Vansit, Amity University and Dr. Monika Sheoran, Amity University

Paper 4: "Lab-Grown Diamonds and Spiritual Legitimacy: A Multidimensional Consumer-Astrologer Study on Sustainability, Trust, and Astrological Substitutability in India" (Presented Online)
Authors: Sidhharrth S Kumaar, NumroVani

Paper 5: " Case Study on the Glitter Shift: Gold Prices and the Rise of Imitation Silver Jewellery in India"
Authors: Dr. Geeta Sharma, Jagan Institute of Management Studies
Co-Authors: Dr. Priyanka Gandhi

Paper 6: "Asymmetric Effects of Exchange Rate Movements on Gold Prices in India"
Authors: Manav Nagi, Indian Institute of Foreign Trade

Paper 7: "Safe Haven Properties of Gold and Gold ETFs Against Risk-Class Assets in the Indian Financial Market: A Wavelet Quantile Correlation Approach"
Author: Moni M, University of Kerala
Co-Authors: Anoop S Kumar; Sreeraj V

Paper 8: " Gold and the U.S. Dollar Index: A Cointegration and Vector Error Correction Analysis"
Authors: Akanksha Sehgal, Banasthali University

Paper 9: "Gold's Shifting Significance: A Study of Its Determinants in a Volatile Global Economy"
Authors: Abhishek Kumar, Banaras Hindu University
Co-Authors: Dr. Vikas Jaiswal

Paper 10: "Gold Loans and Financial Inclusion in India: A State-Level Comparative Analysis"
Authors: Shweta Dasgupta, Maulana Azad National Institute of Technology

Paper 11: "Revisiting the Consumer Psychology of Gold: Implications for Policymaking" (Presented Online)
Author: Dr. Priya Narayanan, Indian Institute of Management Kozhikode

Paper 12: "The Role of Gold in Evolving World Order and Options for India"
Author: Chandan Satyarth, International Financial Services Centres Authority

Paper 13: "Cultural Heritage as the New Luxury: Lessons from China's Laopu Gold for the Evolution of India's Gold Jewellery Market"
Author: Shubham Bhaskar Patil, India Gold Policy Centre, IIMA

Paper 14: "Modelling Diversity in India's Gold Supply Chains: A Multi-Channel Framework"
Author: Dr. Aparna Raj C, India Gold Policy Centre, IIMA

Paper 15: "Digital Gold in India: A Regulatory Framework"
Author: Akshita Jain, India Gold Policy Centre, IIMA

Paper 16: "Formal Credit Expansion and Expenditure on Gold Ornaments: Evidence of Substitution Effect in Household Finance"
Author: Anumeha Saxena, India Gold Policy Centre, IIMA

Paper 17: "Gold's Response to Geopolitical Uncertainty: An Empirical Analysis from the Indian Market (2000–2025)"
Author: Prerana Mudaliar, India Gold Policy Centre, IIMA

Paper 18: "Climatic Variability and Gold Market Dynamics in India
Author: Harshita Deka, India Gold Policy Centre, IIMA

6.1.8 Few Captured Moments

Chapter 7

Events and Engagements

7.0.1 22nd India Gold Conference IGC 2025

Eventell Global Advisory Private Limited, supported by India Bullion and Jewellers Association (IBJA) and World Gold Council India, organised 22nd edition of India Gold Conference held in New Delhi, on September 12-13, 2025. Prof.Sundaravalli Narayanaswami, Chairperson-India Gold Policy Centre was invited to moderate a debate on "Gold bullion imports into India should be only through one channel" at the India Gold Conference.

Prof. Sundaravalli's moderation underscored the central dilemma: Should India pursue a monopoly channel, risking inefficiency, or adopt a more inclusive multi-channel approach? She highlighted the importance of balancing pragmatism with policy intent, while keeping in mind India's long-term aspiration of becoming the global gold capital.

Key Takeaways:
1. India must aim to set its own benchmark gold price globally.
2. Vibrant derivative and digital products like BDRs can strengthen India's bullion ecosystem.
3. The unresolved debate remains: Should India pursue a single channel or multiple channels?
4. A potential paradigm shift lies in moving from quantity-based pricing to volume-based pricing, defining India's distinct brand of gold.

7.0.2 Governing Committee Meeting

The World Gold Council (India team) visited the India Gold Policy Centre for the Governing Committee Meeting on 3 October 2025. During the meeting, Mr. Sachin Jain, Regional CEO, World Gold Council, along with his team, held discussions with Prof. Bharat Bhasker, Director- IIMA and Prof.Sundaravalli Narayanaswami, Chairperson-India Gold Policy Centre to review the Centre's progress and deliberate on the strategic agenda for the coming year.

Along with this, they also engaged with the Centre's team in detailed discussions on developments and trends in the gold industry.

7.0.3 Executive Education Programme

The 3-day residential programme on Gold and Bullion Trade Policies, organised by IIM Ahmedabad Executive Education and chaired by Prof. Sundaravalli Narayanaswami, Faculty - Indian Institute of Management Ahmedabad Chairperson – India Gold Policy Centre (IGPC), IIM Ahmedabad, held on 12–14 October 2025.

The programme brought together an exceptional mix of participants from the gold and bullion trade, financial services and regulatory bodies. Over the course of three days, participants engaged in insightful discussions, immersive case-based learning, and thought-provoking sessions on India's evolving gold ecosystem.

Participants gained strategic knowledge on trade frameworks, regulatory reforms, and market mechanisms. The participants also experienced the vibrant culture of Ahmedabad through curated city explorations. A special networking dinner added to the spirit of collaboration, creating meaningful industry- academia connections in an informal, engaging setting.

The programme was a perfect blend of rigorous learning, cultural immersion, and professional networking, making it a truly memorable experience for all involved.

7.0.4 MoU Extension Ceremony

The World Gold Council (India Team) and the India Gold Policy Centre, marked the extension of their Memorandum of Understanding, reaffirming a strong partnership and shared commitment to advancing research, policy dialogue, and engagement within the gold ecosystem.

On this occasion, a Governing Committee Meeting and Presentation followed by Ceremonial Lunch was held on 16 January, 2026 in the presence of Bharat Bhasker, Director- IIMA and key stakeholders to commemorate this important milestone.

The Centre expressed its sincere appreciation to the World Gold Council for its continued trust, partnership, and support. It also acknowledged the valuable engagement and contributions of its stakeholders, which remain integral to the Centre's ongoing work and future initiatives.

7.0.5 11th India International Bullion Summit 2026

Prof.Sundaravalli Narayanaswami, Chairperson-India Gold Policy Centre, participated in a panel discussion at the India International Bullion Summit 2026 (IIBS-11), held on February 27- 28, 2026 in Mumbai. The panel explored the theme, “Fiat Currency vs Bullion vs Crypto”.

The panel was moderated by Ms. Manisha Gupta, Editor of Commodities Currencies at CNBC, the panel brought together a distinguished group of industry leaders and experts to explore the changing dynamics between traditional currencies, precious metals, and digital assets. Prof. Narayanaswami shared her thoughts on the topic with relevance to India.

Key Takeaways:
1. De-dollarization has made India move ahead of fiat currencies, whereas it could be too early for us to discuss crypto, considering that India mostly adopts a harvested approach in high-risk, uncertainty-ridden initiatives.
2. Specifically, for the bullion industry, the competition is not between direct peers anymore. The landscape has changed so much that it is between physical vs. digital gold and jewelry gold vs. bullion bars and coins, etc.
3. The threat of pure gold jewelry getting obsolete is real, and trust-building through responsible business models is the need of the hour.

7.0.6 9th India Gem Jewellery Show (GJS) 2026

The 9th edition of "Humara Apna Show"- India Gem Jewellery Show (GJS) held on 4- 7 April 2026 in Mumbai.

Prof. Sundaravalli Narayanaswami, Chairperson- India Gold Policy Centre, was invited to moderate a panel discussion on "Vision 2047: Building a Roadmap to Sustain and Develop." Her moderation highlighted the critical need for a forward-looking and resilient roadmap for the gem and jewellery sector, aligning industry growth with India's long-term economic aspirations. She emphasized the importance of sustainability, innovation, and policy coherence in shaping the future trajectory of the sector.

Abbreviations

Abbreviation	Expansion
AHS	Assaying and hallmarking centres
AIDC	Agriculture Infrastructure Development Cess
AMFI	Association of Mutual Funds in India
AUM	Asset Under Management
BCD	Basic Customs Duty
BIS	Bureau of Indian Standards
BSE	Bombay Stock Exchange
CAGR	Compounded Annual Growth Rate
CBIC	Central Board of Indirect Taxes and Customs
CEPA	Comprehensive Economic Partnership Agreement
CMIE	Centre for Monitoring Indian Economy
CPHS	Consumer Pyramids House-hold Surevey
COMEX	Commodity Exchange Inc
CY	Calendar Year
DBIE	Database on Indian Economy
DCC	Dynamic Conditional Corelation
DGCIS	Directorate General of Commercial Intelligence and Statistics
DGCX	Dubai Gold and Commodities Exchange
DMCC	Dubai Multi Commodities Centre
EFTA	European Free Trade Association
ESG	Environmental Social Governance
ETFs	Exchange-Traded Funds
ETP	Exchange Traded Products
FY	Financial Year
FTA	Free Trade Agreement
GARCH	Generalized Autoregressive Conditional Heteroskedasticity
GBP	Great Britain Pound
GDP	Gross Domestic Product
GIFT City	Gujarat International Finance Tec-City
GJEPC	Gem and Jewellery Export Promotion Council
GPR	Geo Political Risk
GST	Goods and Services Tax
IBJA	Indian Bullion and Jewellers Association
IFS	International Financial Statistics
IFSCA	International Financial Services Centres Authority
IGC	India Gold Conference
IGPC	India Gold Policy Centre
IIBX	India International Bullion Exchange (IFSC) Limited
IIM	Indian Institute of Management
IMF	International Monetary Fund
INR	Indian Rupee
JPY	Japanese Yen
KC	Karigar Centre
KVP	Kisan Vikas Patra

Table 1.1 – continued from previous page

Abbreviation	Expansion
LBMA	London Bullion Market Association
LDCs	Least Developed Countries
LTV	Loan to Value
MCX	Multi Commodity Exchange
MSME	Micro, Small, and Medium Enterprises
NBFC	Non-Banking Financial Company
NRI	Non-Resident Indian
NSE	National Stock Exchange of India
NSC	National Saving Certificate
NSO	National Statistical Office
ONDC	Open Network for Digital Commerce
PF	Provident Fund
PMMY	Pradhan Mantri Mudra Yojana
PRICE	People Research on India's Consumer Economy
RBI	Reserve Bank of India
RIICO	Rajasthan State Industrial Development and Investment Corporation
S&P	Standard & Poor
SCB	Scheduled Commercial Bank
SEBI	Securities and Exchange Board of India
SEEPZ	Santacruz Electronics Export Processing Zone
SEZ	Special Economic Zone
SENSEX	Sensitivity Index
SGB	Sovereign Gold Bond
SGE	Shanghai Gold Exchange
SGEI	Shanghai Gold Exchange International
SPDR	Standard & Poor's Depositary Receipt
TEPA	Trade and Economic Partnership Agreement
UAE	United Arab Emirates
USC	United States Code
USD	United States Dollar
VAR	Vector Autoregression Model
WGC	World Gold Council

Appendix

Table 1.1: World Official Gold Holdings: International Financial Statistics

Sl No.	Country/Entity	Tonnes	Percentage of Reserves	Holdings as of
1	United States	8133.5	83.3%	Mar 2026
2	Germany	3350.3	82.9%	Feb 2026
3	IMF	2814.0	1)	Mar 2026
4	Italy	2451.8	80.1%	Mar 2026
5	France	2437.0	80.7%	Feb 2026
6	Russian Federation	2304.7	44.9%	Mar 2026
7	China, P.R.: Mainland	2315.5	9.1%	Mar 2026
8	Switzerland	1039.9	14.1%	Feb 2026
9	India	880.5	18.5%	Mar 2026
10	Japan	846.0	9.1%	Mar 2026
11	Turkey[5)]	534.9	61.7%	Mar 2026
12	Netherlands, The	612.5	72.1%	Feb 2026
13	ECB	508.4	53.4%	Jan 2026
14	Poland, Rep. of	581.6	29.6%	Mar 2026
15	Taiwan Prov. of China	423.9	9.4%	Feb 2026
16	Portugal	382.7	78.0%	Feb 2026
17	Uzbekistan, Rep. of	415.5	88.3%	Mar 2026
18	Saudi Arabia	323.1	9.1%	Feb 2026
19	United Kingdom	310.3	21.0%	Mar 2026
20	Kazakhstan, Rep. of	353.6	77.3%	Mar 2026
21	Lebanon	286.8	81.2%	Mar 2025
22	Spain	281.6	32.0%	Feb 2026
23	Austria	280.0	74.1%	Feb 2026
24	Thailand	234.5	12.4%	Mar 2026
25	Belgium	227.4	58.1%	Feb 2026
26	Singapore	193.9	6.5%	Feb 2026
27	Algeria	173.6	37.0%	Feb 2026
28	Iraq	174.6	25.6%	Nov 2025
29	Venezuela, Republica	161.2	92.5%	Jun 2018
30	Libya	146.7	20.4%	Mar 2026
31	Philippines	133.5	18.6%	Mar 2026
32	Brazil	172.4	7.1%	Mar 2026
33	Egypt, Arab Rep. of	129.5	38.2%	Mar 2026
34	Sweden	125.7	24.8%	Mar 2026
35	South Africa	125.5	23.6%	Feb 2026
36	Mexico	120.1	6.6%	Mar 2026
37	Greece	114.7	68.3%	Feb 2026
38	Qatar	115.2	30.4%	Mar 2026
39	Hungary	110.0	24.2%	Mar 2026
40	Korea, Rep. of	104.4	3.6%	Jan 2026
41	Romania	103.6	16.6%	Mar 2026

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Sl No.	Country/Entity	Tonnes	Percentage of Reserves	Holdings as of
42	BIS[2)]	102.0	1)	Mar 2024
43	Australia	79.9	16.8%	Mar 2026
44	Kuwait	79.0	22.8%	Feb 2026
45	Indonesia	87.0	8.7%	Mar 2026
46	United Arab Emirates	75.3	3.7%	Dec 2025
47	Denmark	66.5	7.5%	Mar 2026
48	Pakistan	64.8	35.2%	Mar 2026
49	Argentina	61.7	21.9%	Mar 2026
50	Czech Rep.	76.6	6.3%	Mar 2026
51	Belarus, Rep. of[4)]	53.9	53.1%	Jan 2026
52	Serbia, Rep. of	53.8	27.0%	Mar 2026
53	Cambodia	56.1	29.6%	Feb 2026
54	Finland	43.8	28.6%	Feb 2026
55	Bulgaria	41.0	66.3%	Feb 2026
56	Malaysia	43.9	5.1%	Mar 2026
57	WAEMU[3)]	36.5	20.8%	Mar 2025
58	Peru	34.7	5.4%	Jan 2026
59	Kyrgyz Rep.	47.8	81.1%	Mar 2026
60	Slovak Rep.	31.7	25.3%	Feb 2026
61	Ghana	19.2	34.0%	Feb 2026
62	Ukraine	27.4	7.8%	Mar 2026
63	Ecuador	26.3	35.4%	Feb 2026
64	Syrian Arab Republic	25.8	18.7%	Jun 2011
65	Bolivia	22.5	85.2%	Apr 2025
66	Morocco	22.1	6.6%	Feb 2026
67	Afghanistan, Islamic Rep. of	21.9	28.2%	May 2021
68	Nigeria	21.6	6.4%	Feb 2026
69	Bangladesh	14.3	7.0%	Feb 2026
70	Cyprus	13.9	67.1%	Feb 2026
71	Mauritius	12.4	18.7%	Mar 2026
72	Ireland	12.0	13.1%	Feb 2026
73	Curaçao and Sint Maarten	9.2	38.0%	Feb 2026
74	Paraguay	8.2	11.9%	Nov 2025
75	Nepal	8.0	5.6%	Dec 2025
76	Tajikistan, Rep. of	7.4	20.3%	Feb 2023
77	Zimbabwe	4.1	49.7%	Dec 2025
78	Georgia	7.1	16.7%	Mar 2026
79	Mongolia	7.9	17.7%	Jan 2026
80	North Macedonia, Republic of	6.9	16.9%	Mar 2026
81	Guatemala	15.5	6.9%	Mar 2026
82	Tunisia	6.8	10.6%	Oct 2025
83	Oman	6.7	5.2%	Mar 2025
84	Latvia	6.7	15.7%	Feb 2026
85	Guinea	13.2	55.3%	Sep 2025
86	Lithuania	5.8	11.6%	Feb 2026
87	Ajerbaijan, Rep. of[8)]	178.1	35.9%	Mar 2026
88	Colombia	4.7	1.0%	Jan 2026
89	Bahrain, Kingdom of	4.7	12.1%	Oct 2025
90	Brunei Darussalam	4.5	12.2%	Dec 2025
91	Mozambique, Rep. of	3.9	13.7%	Jul 2025
92	Bosnia and Herzegovina	3.5	5.4%	Mar 2025
93	Slovenia, Rep. of	4.2	17.5%	Feb 2026
94	Albania	3.7	6.4%	Feb 2026
95	Aruba, Kingdom of the Netherlands	3.1	20.4%	Dec 2025
96	Bolivia	2.1	0.1%	Feb 202

Continued on next page

Table 1.1 – continued from previous page

Sl No.	Country/Entity	Tonnes	Percentage of Reserves	Holdings as of
97	Luxembourg	2.2	10.8%	Feb 2026
98	BEAC[8)]	4.7	1)%	Mar 2026
99	Iceland	2.0	4.2%	Mar 2026
100	El Salvador	2.1	6.2%	Mar 2026

Sources: World Gold Council, March 2026; Official Gold Holdings (International Financial Statistics as of May 2026)

Table 1.2: World Official Gold Holdings

	Tonnes	% of Reserves	Holdings as of
World[6]	36,660.8	27.5%	Feb 2026
Euro Area (incl. ECB)	10,808.4	72.6%	Feb 2026

Source: International Financial Statistics, April 2026*

Table 1.3: India: Total Reserves and Gold Reserves (1960-61 to 2025-26)

Year	Total Reserves (USD mn)	Gold Reserves (USD mn)	Gold (% of Total Reserves)
1960-61	637	247	38.80%
1961-62	624	247	39.60%
1962-63	619	247	39.90%
1963-64	642	247	38.50%
1964-65	524	281	53.60%
1965-66	626	243	38.80%
1966-67	638	243	38.10%
1967-68	718	243	33.80%
1968-69	769	243	31.60%
1969-70	1,094	243	22.20%
1970-71	975	243	24.90%
1971-72	1,194	264	22.10%
1972-73	1,219	293	24.00%
1973-74	1,325	293	22.10%
1974-75	1,379	304	22.00%
1975-76	2,172	281	12.90%
1976-77	3,747	290	7.70%
1977-78	5,824	319	5.50%
1978-79	7,268	377	5.20%
1979-80	7,361	375	5.10%
1980-81	6,823	370	5.40%
1981-82	4,390	335	7.60%
1982-83	4,896	324	6.60%
1983-84	5,649	320	5.70%
1984-85	5,552	325	5.50%
1985-86	6,520	417	6.40%
1986-87	6,574	471	7.20%
1987-88	6,223	508	8.20%
1988-89	4,802	473	9.90%
1989-90	3,962	487	12.30%
1990-91	3,584	3,496	90.50%
1991-92	9,220	3,499	38.00%
1992-93	9,832	3,380	34.40%
1993-94	19,254	4,078	21.20%
1994-95	25,186	4,370	17.40%
1995-96	21,687	4,561	21.00%
1996-97	26,423	4,054	15.30%
1997-98	29,367	3,391	11.50%
1998-99	32,490	2,960	9.10%

Table 1.3 – continued from previous page

Year	Total Reserves (USD mn)	Gold Reserves (USD mn)	Gold (% of Total Reserves)
1999-00	38,036	2,974	7.80%
2000-01	42,814	2,725	6.40%
2001-02	54,106	3,047	5.60%
2002-03	76,100	3,534	4.60%
2003-04	1,12,359	4,198	3.70%
2004-05	1,41,514	4,500	3.20%
2005-06	1,51,622	5,755	3.80%
2006-07	1,99,179	6,784	3.40%
2007-08	3,09,723	10,039	3.20%
2008-09	2,51,985	9,577	3.80%
2009-10	2,79,057	17,986	6.40%
2010-11	3,04,818	22,972	7.50%
2011-12	2,94,398	27,023	9.20%
2012-13	2,92,647	26,292	9.00%
2013-14	3,03,674	20,978	6.90%
2014-15	3,41,378	19,837	5.80%
2015-16	3,55,560	19,325	5.40%
2016-17	3,69,595	19,869	5.40%
2017-18	4,24,361	21,615	5.10%
2018-19	4,11,905	23,406	5.70%
2019-20	4,74,660	30,550	6.40%
2020-21	5,76,869	34,023	5.90%
2021-22	6,42,678	43,241	7.00%
2022-23	5,76,761	44,027	7.60%
2023-24	6,42,631	51,487	8.01%
2024-25	6,65,396	77,793	11.69%
2025-26	6,88,058	1,13,520	16.49%

Sources: DBIE; RBI

Table 1.4: Global Gold Supply and Demand by Sector in Tonnes (FY 2025-26)

Supply	**Quantity (Tonnes)**
Mine production	3,671.6
Net producer hedging	-73.6
Recycled gold	1,404.3
Total supply	**5,002.3**
Demand	
Jewellery fabrication	1,638.0
Jewellery consumption	1,542.3
Jewellery inventory	95.7
Technology	322.8
Electronics	270.4
Other industrial	44.2
Dentistry	8.2
Investment	2,175.3
Total bar and coin	1,374.1
Bars	1068.2
Official coins	170.5
Medals/Imitation coins	135.4
ETFs & similar products	801.2
Central banks & other inst.	863.3
Gold demand	**4,999.4**
OTC and other	2.9
Total demand	**5002.3**

Note: For definitions, refer to World Gold Council.

Sources: Metals Focus, Refinitiv GFMS, ICE Benchmark Administration, World Gold Council.

Table 1.5: Global Gold Jewelry Fabrication (FY 2010-11 onwards)

Year	**Volume (Tonnes)**[1]
2010-11	2088.5
2011-12	2133.4
2012-13	2162.2
2013-14	2768.4
2014-15	2543.7
2015-16	2479.3
2016-17	2023.2
2017-18	2267.3
2018-19	2297.6
2019-20	2162.2
2020-21	1331.8
2021-22	2252.4
2022-23	2208.3
2023-24	2208.2
2024-25	2026.5
2025-26	1638.0

Sources: Gold Demand Trends; WGC

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NOTES

* This table was updated in May 2026 and reports data available at that time. Data are taken from the International Monetary Fund's International Financial Statistics (IFS), May 2026 edition, and other sources where applicable. IFS data are two months in arrears, so holdings are as of March 2026 for most countries, February 2026 or earlier for late reporters. The table does not list all gold holders: some countries are known to hold gold but they do not report their holdings publicly. Where the WGC knows of movements that are not reported to the IMF or misprints, changes have been made.
**The percentage share held in gold of total foreign reserves, as calculated by the World Gold Council. The value of gold holdings is calculated using the end of month LBMA Gold price published daily by ICE Benchmark Administration. In March 2026 the end of month gold price was US$4608.35/oz. Data for the value of other reserves are taken from IFS, table 'Total Reserves minus Gold'.

1. BIS and IMF balance sheets do not allow this percentage to be calculated. In the case of any countries, up to date data for other reserves are not available.
2. BIS data are updated each year from the BIS's annual report to reflect the Bank's gold investment assets excluding any gold held in connection with swap operations, under which the Bank exchanges currencies for physical gold. The bank has an obligation to return the gold at the end of the contract.
3. West African Economic Monetary Union members include Benin, Burkina Faso, Côte D'Ivoire, Guinea-Bissau, Mali, Niger, Senegal, and Togo.
4. Includes only "Monetary gold" as of February 2014.
5. The figure provided is official sector gold reserves, i.e. the sum of central bank owned gold and Treasury gold holdings. This is equivalent to gross gold reserves less all gold held at the central bank in relation to commercial sector gold policies, such as the Reserve Option Mechanism (ROM), collateral, deposits, and swaps. Please see this link for information on this new methodology: https://www.gold.org/download/file/16208/Central-bank-stats-methodology-techincal-adjustments.pdf
6. World total as calculated by the IMF. This will not equal the total for the countries in the table as 'World total' will include data for countries beyond the top 100 and for countries that do not publish their reserves. World total also captures BIS holdings inclusive of swap operations (please see footnote 2 above for World Gold Council treatment of BIS holdings).
7. In July 2015 The State Bank of Vietnam stated that gold reserves totalled 10 tonnes. This is omitted from our ranking above due to the current absence of any published data.
8. SOFAZ accumulates gold in accordance with the amendments made to the Investment Policy of the Fund for the purposes of diversification. Its investment policy was amended in 2024 to extend the gold allocation limit from 10% to 15%, along with maximum upper deviation of 3% (www.oilfund.az/en/investments/investment). Currently, the Central Bank of Azerbaijan does not hold any gold.
9. Bank Central African States (BEAC) is a central bank serving Cameroon, Central African Republic, Chad, Equatorial Guinea, Gabon, and the Republic of the Congo. These six countries make up the Economic and Monetary Community of Central Africa.

Table 1.6: Annual Average Gold Prices (2012 onwards)

Currency	**2012**	**2013**	**2014**	**2015**	**2016**	**2017**	**2018**	**2019**	**2020**	**2021**	**2022**	**2023**	**2024**	**2025**
US$/oz	1,669.0	1,411.2	1,266.4	1,160.1	1,250.8	1,257.2	1,268.5	1,392.6	1,769.6	1,798.6	1,800.1	1,940.5	2,386.2	3,431.5
€/oz	1,298.7	1,063.8	952.8	1,045.3	1,129.5	1,114.1	1,073.7	1,244.9	1,549.0	1,520.6	1,710.0	1,795.0	2,205.5	3,028.5
£/oz	1,052.9	903.8	768.1	759.0	927.3	976.1	949.6	1,092.9	1,379.0	1,307.5	1,457.6	1,560.7	1,865.5	2,598.7
CHF/kg	50,312.7	42,903.3	37,205.9	35,863.2	39,575.5	39,771.9	39,882.1	44,477.0	53,307.7	52,849.7	55,241.6	56,078.9	67,561.7	91,186.8
¥/g	4,278.9	4,410.4	4,297.5	4,513.8	4,464.0	4,531.7	4,502.4	4,876.8	6,069.6	6,342.8	7,588.1	8,776.4	11,619.0	16,522.8
Rs/10g	29,557.7	29,122.5	28,137.6	26,308.5	29,395.3	28,970.3	30,601.9	34,810.6	46,451.8	47,363.4	50,964.4	59,031.1	70,754.3	1,01,572.7
RMB/g	338.5	279.2	250.8	234.2	267.0	273.1	269.4	309.7	392.4	377.0	388.9	442.1	551.9	792.0
TL/g	96.6	86.0	89.0	101.4	121.3	147.3	196.2	254.3	402.1	513.7	955.7	1,487.6	2,529.5	4394.9

Sources: ICE Benchmark Administration; Refinitiv Datastream; WGC

Table 1.7: Consumer Demand Per-capita in Selected Countries (grams)

Country	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024	2025
India	0.81	0.77	0.72	0.74	0.64	0.65	0.50	0.57	0.56	0.50	0.32	0.57	0.55	0.53	0.56	0.49
Pakistan	0.20	0.23	0.22	0.24	0.19	0.19	0.21	0.22	0.19	0.18	0.13	0.19	0.20	0.19	0.19	0.15
Sri Lanka	–	–	–	–	0.44	0.51	0.49	0.52	0.44	0.36	0.19	0.18	0.17	0.47	0.26	–
Greater China																
China, Mainland	0.48	0.61	0.63	0.98	0.73	0.72	0.67	0.69	0.71	0.60	0.43	0.68	0.56	0.65	0.58	0.56
Hong Kong SAR	3.43	6.16	6.92	11.86	8.47	7.23	5.81	6.20	6.96	5.26	2.40	3.33	3.28	5.12	3.89	3.20
Taiwan	0.27	0.56	0.53	0.80	0.64	0.59	0.54	0.52	0.51	0.46	0.46	0.44	0.49	0.46	0.53	0.62
Japan	0.15	-0.28	0.04	0.16	0.11	0.26	0.27	0.21	0.23	-0.02	0.04	0.12	0.03	0.13	0.14	0.14
Indonesia	0.21	0.25	0.25	0.35	0.25	0.23	0.23	0.22	0.24	0.20	0.14	0.17	0.18	0.16	0.17	0.17
Malaysia	0.58	0.68	0.66	0.88	0.81	0.65	0.56	0.55	0.58	0.54	0.40	0.46	0.57	0.50	0.54	0.62
Singapore	1.95	2.52	2.79	3.86	3.75	3.26	3.05	2.96	2.91	2.63	1.65	2.10	2.64	2.11	2.20	2.56
Korea, Rep.	0.39	0.53	0.56	0.81	0.78	0.89	0.76	0.80	0.79	0.75	0.68	0.77	0.63	0.53	0.60	0.80
Thailand	1.08	1.68	1.62	2.26	1.53	1.31	1.18	1.03	1.16	0.67	1.17	0.52	0.63	0.62	0.69	0.84
Vietnam	0.94	1.18	0.95	1.11	0.73	0.69	0.63	0.58	0.63	0.58	0.41	0.44	0.59	0.55	0.55	0.46
Australia	–	–	–	–	–	–	–	–	–	–	–	1.20	1.38	0.93	0.71	0.78

Sources: Metals Focus; Refinitiv GFMS; IMF WEO; WGC

Table 1.8: Imports of Precious Metals, Stones and Jewelry in INR crores (FY 2016-17 onwards)

Commodity Category	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Articles of Gold Smith	4.73	5.63	6.31	9.73	1.6	3.28	1.43	0.86	0.06	0.03
Articles of Pearls	0	0	0	1.77	0.08	0	0.14	1.2	1.48	1.08
Articles of Precious/Semi Precious Stones	0.62	0.49	7.6	2.18	0.77	1.04	2.69	1.99	3.61	5.13
Articles of Silver Smith	0.56	4.62	6.37	8.6	8.64	9.01	10.14	16.18	17.79	19.88
Coloured Gemstones (Unworked)	3826.4	5836.25	2437.22	1769.36	1297.26	2447.89	3334.68	3453.19	3476.21	4099.89
Coloured Gemstones (Worked)	9581.8	3517.7	2788.87	3730.97	4199.95	11228.42	21286.91	1043.81	1122.14	1201.12
Cut and Polished Diamonds	17649.34	14407.64	9269.05	12198.22	16120.93	10326.79	10483.16	15842.22	10242.37	13822.85
Dust and Powder	0	0	0	33.39	27.93	29.77	9.82	8.96	12.17	19.28
Gold Bar	28756.8	37755.89	55904.18	55634.41	11260.28	17992.03	17847.05	24901.92	35958.76	37097.07
Gold Jewellery	1781.65	1770.53	2009.6	2061.65	1517.76	2036.1	2262.81	8628.26	8021.55	11800.73
Gold Medallions and Coins	0	0	0.14	0.02	0	0.03	0.02	0	0.04	0.26
Imitation Jewellery	20.89	6.42	12.03	11.79	14.74	2.95	13.63	27.32	21.49	34.53
Lab Grown Diamonds (Unworked)	768.9	1550.85	949.58	2438.07	4535.3	10247.38	10079.37	9743.56	7299.24	9071.68
Lab Grown Diamonds (Worked)	286.32	453.21	727.55	696.36	280.53	364.61	765.2	953.36	788.89	432.53
Other Articles of Precious Metal	0	0	0	0.16	0.5	0.87	0.61	2.13	159.27	9945.45
Pearls (Unworked)	4002.33	6701.79	513.73	79	10.67	45.82	84.52	121.61	63.84	66.96
Pearls (Worked)	10570.41	8885.97	457.22	45.48	16.9	29.27	81.35	60.77	85.68	54.49
Platinum Bar	20.99	23.72	132.97	150.91	201	432.04	849.46	626.51	6352.07	7114.35
Platinum Jewellery	20.99	23.72	20.13	23.93	19.72	27.51	42.95	299.42	263.75	9307.02
Rough Diamonds	114506.4	121744.54	109523.79	92168.81	80240.91	141175.85	139371.85	118028.21	91355	92217.31
Silver Bar	341.41	362.14	293.05	291.42	278.79	2900.74	365.14	505.5	735.29	1761.24
Silver Jewellery	267.27	416.66	476.13	400.95	185.81	493.03	837.95	1079.21	528.61	3974.69
Synthetic Stones (Unworked)	101.83	76.81	65.52	25.52	13.48	32.07	30.02	41.57	60.93	65.67
Synthetic Stones (Worked)	264.6	309.26	168.32	93.32	42.5	75.93	71.08	110.98	82.68	89.47
Waste and Scrap	-	-	-	0	0	-	-	0	0.23	0.34
Total	**192954.25**	**204258.14**	**185145.24**	**173656.31**	**121326.13**	**200300.68**	**207841.18**	**149149.9**	**166653.15**	**202203.05**

Source:GJEPC

Table 1.9: Exports of Precious Metals, Stones and Jewelry in INR crores (FY 2016-17 onwards)

Commodity Category	**2016-17**	**2017-18**	**2018-19**	**2019-20**	**2020-21**	**2021-22**	**2022-23**	**2023-24**	**2024-25**	**2025-26**
Articles of Gold Smith	2886.37	2006.86	758.8	2521.18	413.68	6.02	20.67	16.66	32.1	24.38
Articles of Pearls	0.35	1.23	2.66	1.94	0.96	6.57	4.84	2.24	4.19	7.2
Articles of Precious/Semi Precious Stones	52.9	154.75	176.42	180.91	157.32	276.88	271.31	258.5	297.45	339.87
Articles of Silver Smith	49.37	21.22	26.58	32.99	50.27	77.56	78.39	71.05	118.83	145.27
Coloured Gemstones (Unworked)	343.83	153.95	143.34	66.9	69.85	66.85	75.25	73.72	87.11	91.21
Coloured Gemstones (Worked)	2618.66	2791.65	2790.78	2272.62	1391.74	2321.83	3376.6	3293.39	3730.5	3870.87
Cut and Polished Diamonds	152682.6	152898.69	166573.51	132017.89	120153.57	182114.79	176722.76	108294.62	112422.39	107460.11
Dust and Powder	0	0	0	11.81	15.52	25.17	30.06	28.93	26.95	27.93
Gold Bar	168.97	1.71	2.98	6.64	10.43	42.41	125.18	7.19	1165.88	1785.43
Gold Jewellery	55402.87	60079.06	83238.46	85236.55	37106.75	69555.68	77246.65	78192.21	96257.06	99366.52
Gold Medallions and Coins	43.21	33.61	12.86	9.26	6.91	12.25	12.57	19.13	33.36	28.61
Imitation Jewellery	448.75	415.78	471.34	424.17	343.42	575.15	517.83	459.26	555.86	636.75
Other Articles of Precious Metal	0.08	0.1	1.86	0.5	9.8	33.5	16.26	583.11	24.48	21.86
Lab Grown Diamonds (Unworked)	9.68	48.32	92.16	115.41	52.38	194.62	521.02	9428.42	473.55	447.49
Lab Grown Diamonds (Worked)	413.78	876.61	1392.98	1574.28	2985.34	4698.67	9807.83	13486.96	10716.29	10011.1
Pearls (Unworked)	3.69	3.9	4.49	1.84	0.08	0.44	0.21	8.54	16.46	8.86
Pearls (Worked)	34.42	14.67	11.2	9.49	5.99	14.69	28.04	52.21	41.19	49.14
Platinum Bar	35.17	122.25	219.3	132.77	380.07	462.47	76.36	211.02	298.6	709.71
Platinum Jewellery	122.4	133.47	74.75	73.64	139.8	215.41	238.01	1177.22	1547.33	2257.23
Rough Diamonds	10055.91	9217	9479.23	7841.91	3704.3	7430.63	5861.03	5326.59	3527.42	2542.3
Silver Bar	31.91	27.92	37.1	40.32	59.64	102.08	97	82.67	1784.18	507.92
Silver Jewellery	26430.18	21809.54	5908.3	12027.1	17726.51	20387.52	23574.67	11908.01	8140.35	13013.54
Synthetic Stones (Unworked)	2.79	5.98	9.54	4.5	4.61	7.06	2.26	13.46	4.86	0.99
Synthetic Stones (Worked)	25.89	30.34	8.04	6.39	21.76	29.21	49.83	85.26	97.21	149.27
Waste and Scrap	0	0	0	94.66	131.95	370.41	254.47	127.84	205.32	379.54
Total	**253000.96**	**251408.19**	**271636.23**	**240653.56**	**186239.22**	**294457.82**	**302670.23**	**219699**	**241600.85**	**243883.4**

Source:GJEPC

Table 1.10: Commodity Composition of Indian Imports (in INR million) (FY 2007-08 onwards))

Year	All Commodities	Petroleum & Crude Products (POL)	Electronic Goods	Gold	POL (% of imports)	Electronic Goods (as % of imports)	Gold (as % of imports)
2007-08	10051594.9	3205471.8	812086.1	672260.4	31.9	8.1	6.7
2008-09	13744355.6	4199676.1	1073197.8	953238.0	30.6	7.8	6.9
2009-10	13637355.5	4116490.7	994186.1	1358779.1	30.2	7.3	10.0
2010-11	16834669.6	4822816.9	1210172.0	1847422.1	28.6	7.2	11.0
2011-12	23546322.5	7430748.8	1565036.2	2699007.1	31.7	6.7	11.5
2012-13	26691619.6	8918708.6	1709851.7	2921462.9	33.4	6.4	10.9
2013-14	27154339.1	9978854.5	2165832.7	1662426.2	36.7	8.0	6.1
2014-15	27370865.8	8428744.8	2471533.1	2106580.4	30.8	9.0	7.7
2015-16	24902980.8	5405046.9	2844345.8	2074875.3	21.7	11.4	8.3
2016-17	25776655.9	5832171.7	3055918.3	1844387.6	22.6	11.9	7.2
2017-18	30013304.3	7003208.1	3593334.1	2170720.7	23.3	12.0	7.2
2018-19	35946746.12	9862750.58	4208724.31	2295365.3	27.4	11.7	6.4
2019-20	33609544.56	9251675.22	4050789.51	1992497.4	27.5	12.1	5.9
2020-21	29159577.01	6113531.29	4201139.38	2542884.7	21.0	14.4	8.7
2021-22	45727745.9	12078029.6	5752065.48	3440935.1	26.4	12.6	7.5
2022-23	57498012.71	16824753.69	6409123.26	2804808.1	29.3	11.1	4.9
2023-24	56160423.66	14802323.43	7533629.64	3772503.4	26.4	13.4	6.7
2024-25	60899092.33	15333666.27	8674544.13	4897497.4	25.8	14.2	8.0
2025-26	60899092.33	15702261	10525751.08	6395220.87	22.4	15.4	9.3

Source:DGCIS

Table 1.11: Historical Gold Import Volume and Prices

Year	Domestic (INR/10g)[2]	Foreign (USD/oz)	Volume (Tonnes)[3]
2025-26	1,05,000.00	4,100.00	721
2024-25	98,279.00	3,378.42	812
2023-24	60,205.31	1,978.13	794
2022-23	52,730.77	1,804.82	678.3
2021-22	47,999.25	1,814.43	879
2020-21	48,723.22	1,824.08	651.2
2019-20	37,017.91	1,462.16	720
2018-19	29,653.28	1,258.13	796.4
2017-18	29,654.05	1,258.03	957.9
2016-17	29,765.21	1,147.43	959.8
2015-16	26,534.26	1,147.43	995.4
2014-15	28,383.85	1,263.15	915.8
2013-14	29,190.39	1,326.68	608.2
2012-13	31,195.91	1,572.56	602.4
2011-12	25,722.48	1,694.87	1,028.50
2010-11	18,495.05	1,421.43	1,066.10
2009-10	15,896.55	1,097.30	884.20
2008-09	12,572.22	872.71	492.68
2007-08	9,962.46	695.39	717.10
2006-07	8,299.52	603.76	441.1
2005-06	6,900.56	476.58	320
2004-05	6,236.35	409.25	512
2003-04	5,718.95	377.65	594.5
2002-03	4,915.13	345.42	595
2001-02	4,579.12	277.74	434.4
2000-01	4,473.60	272.12	410.2
1999-00	4,393.56	279.65	417.6
1998-99	4,268.17	292.32	387.6
1997-98	4,347.07	316.94	422
1996-97	4,711.73	375.52	600.4
1995-96	4,957.60	389.36	406
1994-95	4,627.24	382.79	345
1993-94	4,531.87	373.42	406
1992-93	4,103.56	338.35	384
1991-92	4,297.63	357.4	190
1990-91	3,451.52	324.7	170

Source: DBIE RBI

Notes

[1]Data is compiled by WGC on a quarterly basis for a calendar year; it has been accordingly adjusted to reflect the relevant values for an FY

[2]Data has been compiled as of April 2026. Except for 2024-25, the prices reflect the yearly average.

[3]India started importing unrefined gold (dore) in large quantities from 2012. Therefore, the volumes in the table include unrefined gold. Further, do note that the dollar payout is only on the gold content in the total dore volume.

Statement of Funds

Profit Center	Profit Center Text	G/L Account	G/L Account Name	Sum of Opening Balance	Sum of Balance
40000001	GOLD POLICY(OTHER EXPS)	1021150015	Fund For Gold Policy Research Centre	-60,534,768.72	993,324.31
		7141050005	Basic Pay - Non TS	0.00	834,000.00
		7141050015	Dearness Allow.- NTS	0.00	453,930.00
		7141050020	HRA- Non TS	0.00	235,800.00
		7141050025	Consolidated Salary	0.00	2,809,686.00
		7141051025	Consolidated Salary-Teaching	0.00	979,839.00
		7141051030	Transport Allow.-NTS	0.00	136,296.00
		7143050005	CPF Contri-Non TS	0.00	78,600.00
		7146050005	Medical Exp- Non TS	0.00	125,187.00
		7151050090	Room Rent Expenses	0.00	8,000.00
		7152050055	Professional Development Allowance	0.00	78,876.00
		7153050010	Mess	0.00	101,677.00
		7162050010	Postage	0.00	2,814.00
		7163050005	Stationery - Printing/Designing	0.00	51,183.80
		7163051001	Int Goods Issue- Stationery Items	0.00	9,787.17
		7163052001	Int.Goods issue - Consumbales	0.00	36.18
		7163200015	Professional Fees (Others)	0.00	5,900.00
		7163250005	Advertisement	0.00	157,701.60
		7164050005	Conveyance For Local Travel	0.00	47,305.70
		7164050035	T A - Miscellaneous	0.00	206,473.00
		7165050045	Misc Expenses	0.00	530,720.84
		7165050095	Overhead Exp from RA salary	0.00	140,000.00
		7165050120	Overhead from Project Program	0.00	789,063.00
		7165990120	Rounding off	0.00	0.20
		7184050005	Comp Centre Exp	0.00	26,826.80
Grand Total				**-60,534,768.72**	**8,803,027.60**

IIMA

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