

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 1068
TO BE ANSWERED ON 02.12.2024

Increase in Gold Prices

1068. SHRI MANICKAM TAGORE B:

Will the Minister of FINANCE be pleased to state:

- a) whether the Government has taken any measures to regulate gold prices and prevent artificial inflation;
- b) the manner in which the Government plan to support consumers affected by the 40% increase in gold prices during the last year;
- c) whether the RBI continues to purchase gold despite the rising prices and if so, its impact on the common man;
- d) the Government's stance on reducing import duty on gold to ease the burden on consumers;
- e) the manner in which the Government will ensure transparency in gold pricing and prevent cartelization;
- f) the steps to be taken by the Government to promote alternative investment options for consumers seeking safe-haven assets;
- g) whether the Government has assessed the impact of gold price hikes on the wedding season and festive demand; and
- h) whether the Government has any plans to consider implementing price controls or subsidies to mitigate the effects of gold price increases?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) & (b): The government had reduced the customs duty on gold imports from 15 per cent to 6 per cent in the Union Budget 2024-25.

(c) As per the RBI Act, 1934, the business of the Reserve Bank of India (RBI), *inter alia*, includes the purchase and sale of gold coins and bullion. Gold is a part of the foreign exchange reserves. In US dollar terms, gold was 7.81 per cent of the foreign exchange reserves on March 31, 2023 and 8.15 per cent on March 31, 2024. This change is due to valuation changes in addition to acquisition. RBI's purchases of gold are mostly in the international markets and have no significant bearing on the domestic market.

(d) Import duty on gold was reduced from 15 per cent to 6 per cent in the Union Budget 2024-25, to enhance domestic value addition in gold and precious metal jewelry and make gold more affordable for consumers.

(e) The Bureau of Indian Standards ensures purity of hallmarked jewelry, which helps in maintaining transparency and consumer trust. The Competition Commission of India (CCI) enforces Competition Act, 2002 to prevent anti-competitive practices, including cartelization. Under the Act, the CCI takes appropriate action as and when any complaint is received regarding cartelisation practice.

(f) The scope for investment in financial assets has increased substantially in the recent years. The financial sector regulators undertake various investor education and awareness activities on investment opportunities in various financial instruments.

(g) & (h): While the Government is monitoring the gold prices carefully, it has not done any specific assessment of the impact of gold prices on festive demand. The government has not announced any specific plans for implementing price controls or subsidies for gold.
