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Coverage –

 **Duty Rejig Likely to Revive Gold Refineries**

Govt waives basic customs duty and special additional duty on semi-purified gold

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The operating capacity of domestic gold refineries may go up as the government has waived basic customs duty and special additional duty for gold dore bars (semi-purified gold bars) of up to 80% gold purity imported for refining and manufacturing serially numbered gold bars in India.

There are some 25 gold refineries in India and most of them are operating between 25% and 30% of their installed capacity as against between 35% and 40% around the same time last year due to a scarcity of scrap.

NIBL Bullion MD Harmesh Arora, said: "The sort of dore bars that has been mentioned in the budget is generally found in Australian and African gold mines. We have started contacting international agents for this sort of material. The question is the availability of this kind of product."

According to jewellery industry sources, dore gold is a bar of semi-purified gold. After gold ore is mined, the first stage of purification produces a cast bar (gold dore) that is approximately 90% gold. The other 10% comprises mostly metals like silver and copper. "Generally, gold dore with 90% gold is available in the market. Therefore, we have to give a real drive for the kind of dore gold that has

Rescuing the Refineries

- Most of Indian gold refineries are operating much below their installed capacity due to a scarcity of scrap
- Used gold sales have declined in the last year as consumers are holding jewellery in anticipation of higher prices
- Dore gold is a bar of semi-purified gold. After gold ore is mined, the first stage of purification produces a cast bar that is around 90% gold
- A concessional excise duty rate of ₹200 per 10 gm is being extended to serially numbered bars made through the refining of dore bars too



gold from domestic sources for melting into coins and bars for further processing," said Prithviraj Kothari, director of RiddhiSiddhi Bullion.

Kothari added that the refining industry in India will improve following the minister's announcement. "This will improve the domestic refinery, which is in a bad shape, and will create jobs for locals. Most of the refineries have turned sick in the last few years," said Pankaj Parekh, chairman (eastern region), Gem and Jewellery Export Promotion Council. This will also help state-owned MMTTC, which has set up a gold refinery at Sohna, Haryana.

With the beginning of the festival season in the south, especially in Kerala and Tamil Nadu, used gold sales go up. The April-May holiday season in the south coincides with "Akshaya Tritiya", a religious festival for buying gold. During this period, most non-resident Indians bring huge amounts of gold jewellery from abroad and sell in local markets which increases the availability. "Since gold has suddenly become so expensive, people will tend to move away from this trend this year," said a Mumbai-based bullion dealer. Arora added that gold refineries work on a wafer margin. "What we look at is volume which has gone down in the last couple of year," he added.