

## ECONOMY

# Duty hike unlikely to tame imports, say jewellers

## Fears over import through illegal channels

### Our Bureau

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The hike in customs duty on gold imports is unlikely to impact imports as jewellers expect customers to adjust to the rise in prices.

India imported 600 tonnes of gold in the first three quarters of this fiscal. Gold imports in the March quarter is expected to slow down to 100-150 tonnes against 200 tonnes logged in the December quarter, said Mohit Kamboj, President, Bombay Bullion Association.

“The hike in duty will only lead to large scale smuggling and loss in revenue for the Government. An increase of just Rs 60 per gram will not drive away imports,” he said.

Vinod Jain, President, Mumbai Wholesale Gold Jewellers Association said the price difference of gold in the domestic and overseas markets would widen with the constant hike in duty and over a period of time, it would be cheaper to buy jewellery abroad.

“The cost of a kilogram of



gold will increase from Rs 1.40 lakh to Rs 2 lakh. This will act an incentive for people to bring gold through the illegal route,” he said.

Prithviraj Kothari, Manag-

ing Director, RiddiSiddhi Bullions, said there would be a difference of seven per cent between domestic and international prices.

The rise in imports of gold through illegal channels is expected to lead to increase in unemployment among the skilled artisans of the country (around 1-2 million people depend on this sector to earn their livelihood) as well the businesses of local jewellers across the country, he said.

“The Government should harness the existing reserve of

gold in our country rather than turning towards imports and implementing this alarming hike on customs duty. Also, other opportunities for revenue generation, like increasing exports should be explored by the Government,” he said.

Hiking the duty on imports would not curtail demand, as the precious metal has always been regarded as one of the best investment options for social security, he added.

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