

# Curbs work, June gold imports fall by over 80 per cent

SURABHI

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INDIA'S near-obsessive demand for gold may finally have petered out under the onslaught of measures by the finance ministry and RBI to curb imports of yellow metal to tackle current account deficit.

Gold imports in June are estimated to have dropped by over 80 per cent to a mere 28 tonnes against 162 tonnes in May, according to market estimates.

"Import of gold and silver is understood to have declined substantially to \$2-2.5 billion in June, much below the \$8.39 billion imported in May, and over \$7 billion in April," a senior government official said. Official data on gold imports in

June will, however, be released only later this month along with trade data.

Other data pouring in also suggest that gold imports which averaged about 150 tonnes each during the first two months of the fiscal may have begun to decline. Import figures of the Ahmedabad air cargo complex for June reveal that gold imports to Gujarat fell to just 3.73 tonnes against 37.61 tonnes in May.

"Market data suggests that gold imports have fallen sharply in June in reaction to steps taken to discourage gold imports. Also, typically June and July are slack months when demand for gold is subdued due to the lull in the marriage season," said Prithviraj Kothari, managing di-

rector, Ridhi Sidhi Bullion and former president of the Bombay Bullion Association.

This will prove to be a major reprieve for the CAD that touched a seven-month high of 4.8 per cent in March this year at \$ 20.1 billion. Gold is the second highest contributor to the import bill after oil. The CAD touched 4.8 per cent in 2012-13 with gold imports touching 830 tonnes.

The finance ministry had raised the import duty on gold to 8 per cent with the RBI too putting in supportive measures to block imports by all nominated agencies or star trading houses. Finance Minister P Chidambaram has also asked banks to discourage customers from buying gold.