

Import of gold coins and medallions banned

To curb the country's current account deficit, the Reserve Bank of India (RBI) has banned the import of gold coins and medallions and tweaked norms to ensure the importing banks sell gold to jewellers only against full upfront payment.

Total gold imports had risen to 47.6 tonnes in July from around 31 tonnes in June.

RBI also said banks would have to ensure 20 per cent of every lot of import consignment was used for export purpose. Gold supply for domestic use could only be done against full upfront payment, RBI said in a communication to banks.

RBI said banks should make available domestic-use gold only to entities engaged in jewellery business/bullion dealers. The upfront-payment stipulation would also apply on bank-administered Gold Deposit Scheme.

In addition, RBI said banks and gold refineries had to ensure there was no frontloading of imports, particularly in the first and second lots. These imports would be linked to normal quantities of gold supplied to exporters. The quantity imported should not exceed the highest amount supplied in any of last three years, RBI said.

"The 20-80 principle would also, henceforth, apply on import of gold in any form/purity, including gold dore (raw gold imported by refineries). Twenty per cent of the imported gold shall have to be provided to exporters," RBI said. This import of gold dore can only be done against the licence issued by the Directorate General of Foreign Trade.

Gold imported under Advance Authorisation or the Duty-Free Import Authorisation (DFIA) regime can be used only for exports (will be barred for domestic use).

It also clarified, SEZ & export-oriented units and trading houses were permitted to import gold - but exclusively for export purposes. The government would issue separate instructions to empower the Customs authorities and DGFT to administer the gold import regime.

All the instructions are to apply with immediate effect.

(Business Standard)