

Restrictions Imposed on Gold and Silver Imports by the Central Government

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The Central Government recently imposed restrictions on the import of precious metals like Gold and Silver amidst its rising inward shipments. The import of Gold in any form has been placed under the 'Restricted Category' from the previous 'Free Category', as per the notification brought forward by the Directorate General of Foreign Trade (DGFT).

"Import policy of gold in any form, other than monetary gold and silver in any form, is amended from 'Free' to 'Restricted'; import is allowed only through nominated agencies as notified by RBI (in case of banks) and DGFT (for other agencies)," the directorate said.

However, import under advance authorisation and supplies of gold directly by the foreign buyers, to exporters against orders have been exempted. The restrictions come in the backdrop of rising imports of gold, which rose by 6.59 per cent to USD 2.94 billion in November from USD 2.76 billion a year-ago. Gold at present attracts 12.5% import duty and 3% GST.

Unscrupulous importers would import gold plates, kettles, pots etc, melt and make them into bars. They would sell the bars in the domestic market at the applicable duty, making a windfall. Gold and silver dore have also been moved from free to restricted list but refiners can import the same against license with actual user (AU) condition. Banks will not be able to

import dore as they aren't actual users.

Under the revamped rules, the import of the metals in powder, sheet, plate, tubes and pipes and other unwrought forms will be allowed only through nominated agencies (banks) as notified by RBI and those approved by DGFT. However, import under advance authorisation and supply of gold directly by foreign buyers to exporters under the relevant heading of the Foreign Trade Policy 2015-2020 against export orders have been exempted.