

### Box 3 Relaxation of control on gold imports into India

In 2012 and 2013 India imposed restrictions on gold imports in order to curb the appetite for gold, which was perceived to have partly caused the growing trade deficits in the country. The following chronology depicts some of the regulations imposed on gold imports by the Indian authorities:

- a gradual increase in import tax on gold from 2 per cent in January 2012 to 10 per cent in August 2013;
- an increase in excise tax from 7 per cent to 9 per cent in August 2013;
- a restriction on bank imports via consignment in May 2013;
- the implementation of a regulation in July 2013 requiring 20 per cent of gold imports to be held at a bonded warehouse for re-exports; and
- the prohibition of the import of gold coins and medallions in August 2013.

Since November 2014, authorities in India have gradually relaxed controls on the importation of gold into India, scrapping, inter alia, the rule requiring that 20 per cent of imported gold should be earmarked for export. Furthermore, in February 2015 the ban on coin and medallion imports was lifted, and nominated banks were allowed to import gold on a consignment basis. The gradual relaxation of import restrictions, while supportive of the gold market, nevertheless coincided with a decline in the international price of gold.