

New COVID Wave Can Impact Jewellery Exports

The COVID-19 led uncertainty made gold an attractive investment instrument in 2020 as it is purported to be a low-risk liquid asset and a hedge against inflation. This led to a spike in gold prices internationally and, therefore, fall in its imports in India.

India's gold imports declined by about 30 per cent from USD 31 billion in 2019 to about USD 22 billion in 2020. Particularly, imports declined from Switzerland, UAE, South Africa, Peru, Ghana, USA, UK, Brazil, Australia, Saudi Arabia, Chile, Malaysia and Canada, among others; whereas imports increased from Bolivia, Guinea, Hong Kong, Singapore, Argentina, Mexico, Philippines, Japan, Italy and Spain, among others.

India's exports of unset gold jewellery also declined by about 64 per cent from USD 8.7 billion in 2019 to USD 3 billion in 2020, whereas exports of gold jewellery set with diamond declined 25 per cent from USD 2.8 billion in 2019 to about USD 2 billion in 2020.

Exports of unset gold jewellery declined to UAE, Singapore, USA, UK, Malaysia, Canada, Qatar, Australia, Switzerland, Saudi Arabia, Italy, Netherland, Germany and Denmark, among others; whereas the same increased to Hong Kong, Turkey, Thailand, New Zealand, Sweden, France, South Korea, Jordan, Oman, Belgium And Spain, among others.

Similarly, exports of gold jewellery set with diamond declined to USA, UAE, Hong Kong, UK, Australia, France, Belgium, Canada, Saudi Arabia, Kuwait, Italy, Spain, Sweden, Japan, Poland, Singapore, Israel, Switzerland, Netherland, South Africa, Ireland, New Zealand, Oman and Turkey, among others; whereas the same increased to Qatar, Germany, Thailand, Norway, Malaysia, Finland, Romania, Austria, Denmark, Russia, Czech Republic, South Korea and Taiwan, among others.

However, availability of the COVID-19 vaccine, rising inflation and the government proposal in the Budget 2021 to reduce import duties on gold are drawing down the prices of the yellow metal currently. While these factors can augment gold imports in the near future, as also enhance our exports of gold jewellery, the new COVID-19 wave-led uncertainties can push up the prices of the precious metal again and reduce its demand, thereby hurting jewellery exports.

Notifications

PIB

PM interacts with the Chief Ministers on Covid-19 situation

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