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# **Gold Demand Rises In India As Rupee's Strength Curbs Price Increase**

Gold demand in India, the biggest consumer of bullion in the world, emerged again at the beginning of this year, as consumers in the nation began purchasing the metal for weddings, at a time when prices of the yellow metal are falling in the country's local market due to the strength of the rupee.

Harvesting festival in India also began on the 15<sup>th</sup> of January this year. At this time, demand in rural areas for the precious metal, which contributes to 70% of imports, goes up. Weddings are also particularly common during this period, and have of course contributed considerably to demand for gold.

On the 17<sup>th</sup> of January this year however, the Indian government put up import duty on gold bullion to 2% on its value from the old flat rate, which was 300 rupees per 10 grams. It also put up import duty on silver to 6% on value from 1,500 rupees per kilo. These changes had pushed the prices up for both the metals.

But the overall strength of the rupee is still keeping prices at a reasonable level for buyers, keeping both gold and silver demand high in the nation. Some metal dealers however believe that if the gold price rises to 30,000 rupees, then demand will fall back.

On the worldwide stage meanwhile, gold demand is expected to continue as investors may still see it as necessary to put their money in it at a time when economic uncertainty, particularly in the eurozone, is still expected to continue.

[Image: Dreamstime](#)

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