

# India gold market update

## Encouraging start to seasonal demand



### Highlights

- Gold regains momentum, hits new records; discounts narrow in India
- Investment demand steers festive gold buying revival
- Momentum builds in gold ETFs with strong inflows and lower redemptions
- RBI maintains pause on gold purchases
- Gold imports hit 9-month high in August, reflecting festive demand momentum.

### Looking ahead

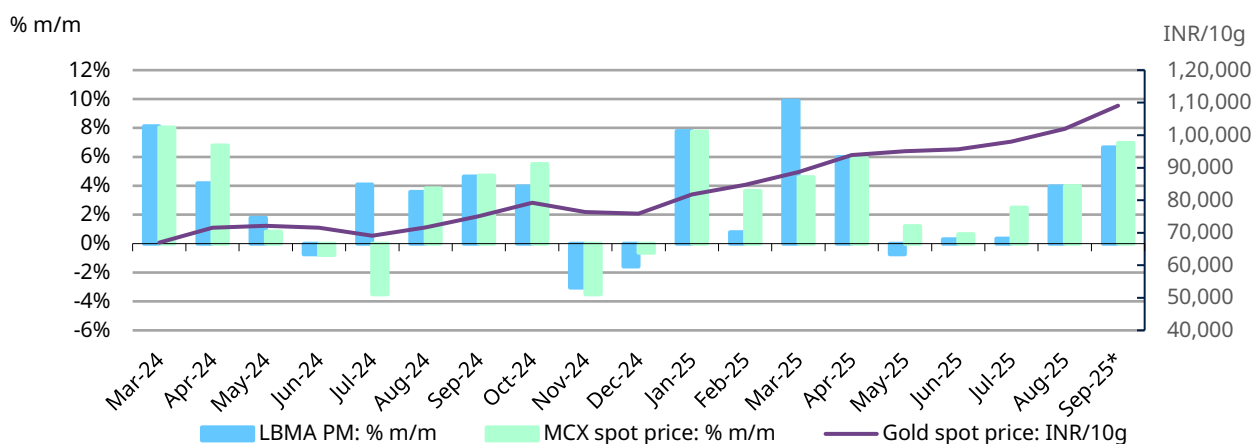
- Gold demand could strengthen during the peak festive period (October – December), aided by sustained investment interest, wedding and occasions-related jewellery purchases, and a potential boost from consumption tax cuts. However, elevated prices — and any renewed surge — may curb overall demand.

### Gold resumes climb

Gold prices saw a sharp upswing in late August, with the rally accelerating through the first half of September to hit fresh all-time highs, pushing year-to-date gains to 40%.<sup>1</sup> International gold prices climbed 4% in August and added another 6.7% in early September<sup>2</sup> as bullish sentiment deepened. Our Gold Return Attribution Model (GRAM) attributes August's gains to a weaker US dollar, elevated geopolitical tensions, and strong inflows into global gold ETFs. The continued momentum in September was supported by positive investor positioning – evidenced by rising futures net longs and sustained ETF inflows. Lower US Treasury yields, amid growing expectations of a Fed rate cut and concerns around the Fed's independence, have provided additional tailwinds.

### Chart 1: Sharp rally in gold prices

End of month LBMA Price PM and domestic spot price changes and movement\*



\*Based on the LBMA Gold Price PM in USD and MCX spot gold price as of 15 September 2025.  
Source: Bloomberg, World Gold Council

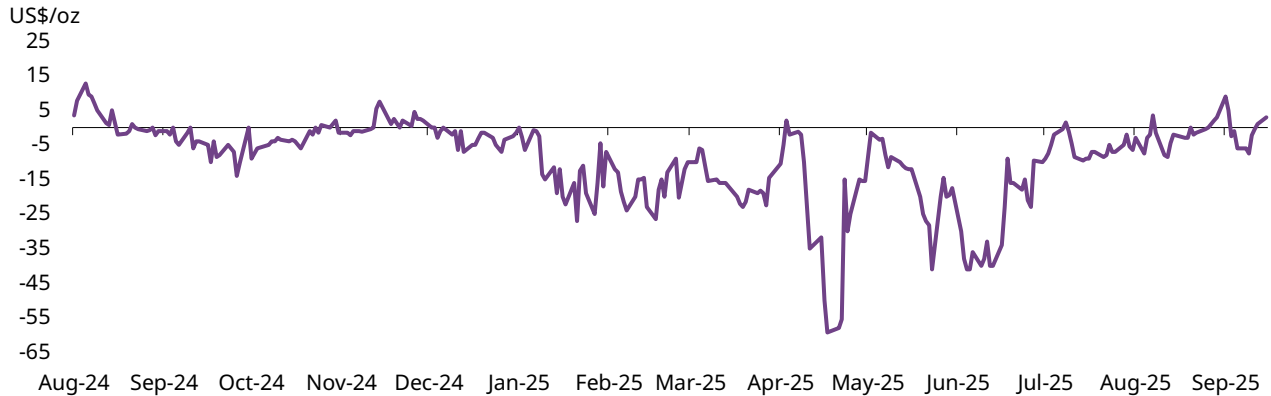
1. Based on the LBMA Gold Price PM as of 15 September 2025.  
2. 1-15 September 2025.



Gold prices in India have closely mirrored international movements, with a weaker rupee (down 3% y-t-d) magnifying domestic price gains. As of mid-September, prices had risen 7.0% month-to-date<sup>3</sup> to INR 106,863/10g, bringing the y-t-d increase to 44%. Notably, signs of demand interest have helped narrow domestic price discounts,<sup>4</sup> which briefly flipped to a marginal premium in late August and again in mid-September. This marks a noteworthy change, as domestic gold prices had been trading at a near-sustained discount since December (Chart 2)

### Chart 2: Domestic gold price discount narrows

NCDEX gold premium/discount relative to the international price\*



\*As of 15 September 2025

Source: NCDEX, World Gold Council

## Festive gold demand emerges, led by investment buying

Gold demand in India is showing signs of a pickup with the onset of the festive season, led primarily by a surge in physical investment demand for bars and coins, according to market reports and anecdotal evidence from trade channels. Investment interest is reportedly outpacing jewellery purchases, as consumers are drawn in by the renewed uptrend in prices and expectations of further increases.

Conversations with jewellery manufacturers and retailers suggest that jewellery demand, while present, remains uneven. High-value, wedding-related purchases have begun and are holding steady, while high prices have dampened lower-ticket daily-wear and discretionary buying, prompting a shift to lower carat products. Large retailers are reporting higher footfalls, supported by aggressive marketing and promotional campaigns,<sup>5</sup> along with plans for new store openings. Smaller retailers, in contrast, continue to face muted demand. Robust exchange activity, where old gold jewellery is traded in for new, has also been a key contributor to overall sales. While volumes remain lower y/y, sales value has risen aided by the higher gold prices.

Bullion dealers have reportedly stepped-up purchases since early September, likely in anticipation of stronger seasonal demand and a potential boost from increased consumer spending from the forthcoming reduction in Goods and Services Tax (GST).<sup>6</sup> The tax cut on a range of items, including consumer goods, durables, and automobiles-takes effect from 22 September, just as the festive season enters its peak following a 16-day inauspicious period.<sup>7</sup>

Overall, expectations for a strong festive season are building across the gold trade.

3. Based on MCX Spot gold price PM as of 15 September 2025

4. The premium/discount of local gold prices is based on the LBMA Gold Price AM adjusted for import taxes and exchange rate, which is also referred to as the 'landed price'

5. [Jewellery brands boost festive advertising spends: Storyboard18.com, 05 September 2025.](#)

6. [GST council approves rates rationalisation: Ministry of Finance, 03 September 2025.](#)

7. [Pitru Paksha 2025 start and end date: Times of India, 09 September 2025.](#)



## ETFs: Sustained inflows and investor momentum

India's gold ETFs saw a notable surge in inflows in August, marking the fourth consecutive month of positive growth. Cumulative net inflows totalled INR21.9bn (US\$250mn), up 74% m/m, aligning closely with our earlier estimate.<sup>8</sup> This surge is the second highest of the year, since January.<sup>9</sup> The increase is likely driven by the sustained demand for safe-haven assets by investors seeking stability amid weak domestic equities and persistent global trade and geopolitical risks. Initial observations point to a continuation of this momentum, with strong positive net inflows during the first two weeks of September.<sup>10</sup>

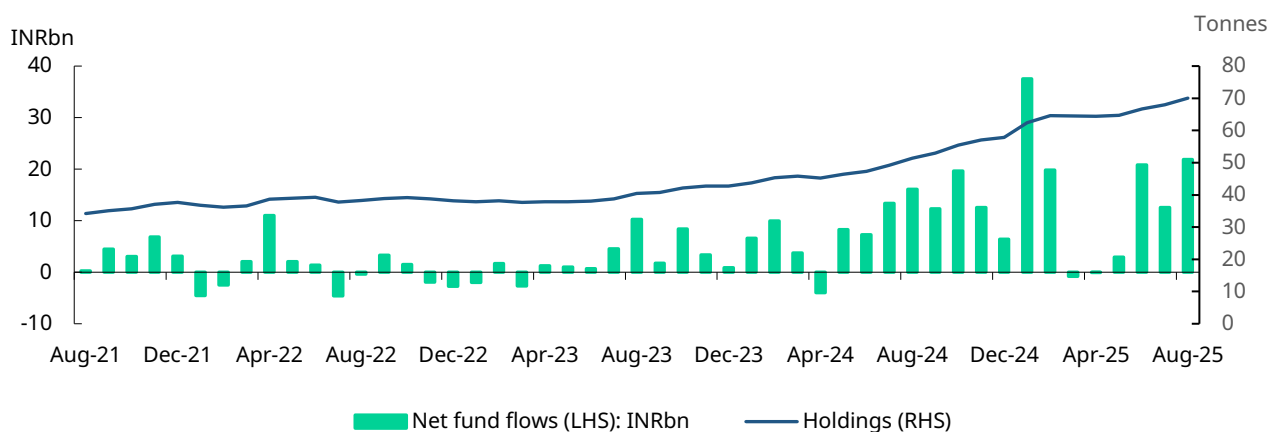
Redemptions during the month were the lowest in seven months, totalling INR1.5bn (US\$17mn) – a significant decline from the average redemption of INR7.5bn (US\$83mn) recorded in the first seven months of the year. This drop in redemptions suggests that investors are adopting a longer-term perspective, choosing to stay invested rather than cashing out, despite the recent price gains. The total assets under management (AUM) in gold ETFs in India reached record highs of INR724bn (US\$8.3bn), with holdings increasing by 2.1t to a total of 70t.

Along with strong inflows, investor participation also saw a significant increase, with 164 thousand new accounts (folios) added, pushing the total number of active folios to 8.03mn, a 24% increase since the start of the year.

Furthermore, a new gold ETF was launched in August,<sup>11</sup> bringing the total number of gold ETFs listed in India to 22.<sup>12</sup>

### Chart 3: Inflows gained pace in August

Monthly gold ETF flows in INRbn, and total holdings in tonnes\*



\*As of end August 2025.

Source: AMFI, ICRA Analytics, CMIE, World Gold Council

## RBI stays on hold

The RBI's gold purchases have moderated in 2025, with no additions for the second straight month in August. Gold was bought in only three of the first eight months of the year, compared with near-consistent monthly additions through 2024. The scale of buying has also slowed sharply, with cumulative purchases at just 3.8t between January and August 2025, against 45.4t in the same period last year.

Despite this moderation, India's gold reserves have climbed to a record 880t. While volumes rose by a modest 4% y/y, the valuation gains have been pronounced, with the value of the holdings up nearly 40%, on the back of higher gold prices. Gold now accounts for 12.5% of India's foreign exchange reserves as of end-August, up from 9% a year earlier. This highlights how price appreciation has significantly strengthened reserves, even amid restrained buying.

8. WGC's preliminary estimate, based on partial data, indicated net fund inflows of INR2,184cr (US\$233mn).

9. Net fund inflows in January 2025 of Indian gold ETFs totalled INR3751cr (US\$435mn).

10. Based on World Gold Council's estimates of fund-wise net inflows.

11. Angel One Gold ETF was launched in August 2025.

12. A full list of the physically-backed gold ETFs we tracked can be found in: [Gold ETF: Stock, Holdings and Flows | World Gold Council](#)

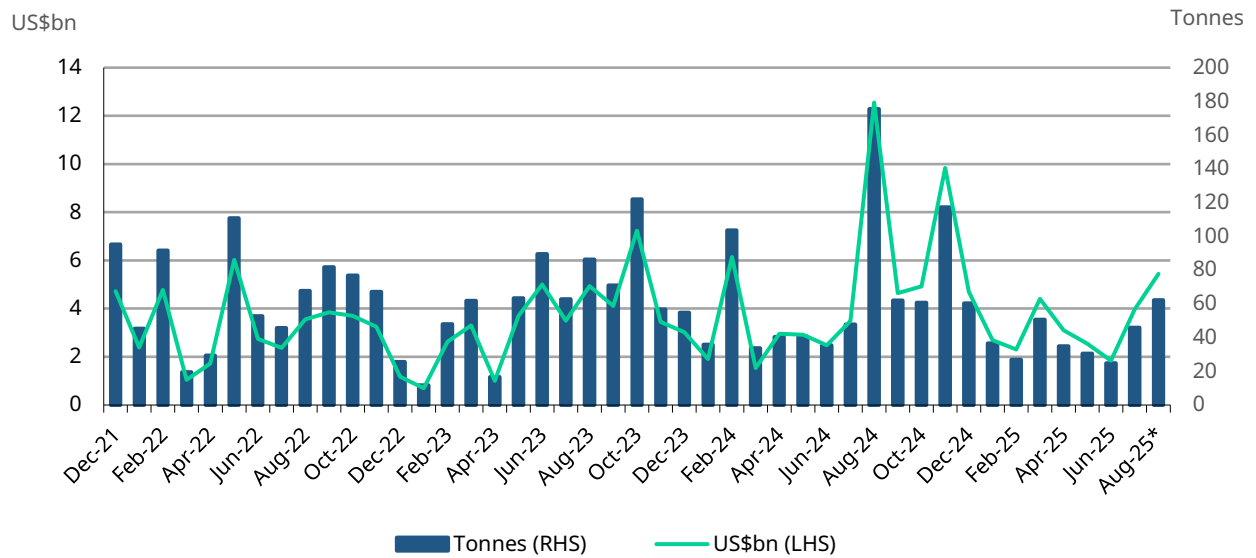


## Gold imports rise signals resilient demand

India's gold imports rose sharply in August, reaching a nine-month high and marking the second consecutive month of high imports, underscoring resilient domestic demand. Imports during the month totalled US\$5.2bn, a 37% m/m increase, reflecting seasonal buying interest despite elevated prices. We estimate import volumes of 60-65t, up from 46t in July.

### Chart 4: Imports rise to a multi-month in August

Monthly gold imports in tonnes and US\$bn\*



\*Includes World Gold Council estimates.

Source: Ministry of Commerce and Industry, CMIE, World Gold Council



## World Gold Council

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We drive industry progress, shaping policy and setting the standards for a perpetual and sustainable gold market.

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