

Gold prices soar after duty hike: Hold or book profits?

By Mohit Dubey, Published on May 13, 2026



The Indian government's decision to raise import duties on gold and silver to 15% has sent shockwaves through the market.

The move is aimed at curbing rising import costs amid the ongoing West Asia crisis.

Following the announcement, the MCX gold rate jumped ₹9,206 or 6%, to ₹1,62,648 per 10gm while the MCX silver price surged ₹16,743 or 6%, to ₹2,95,805 per kg.

India's gold import trends

As the world's second-largest gold consumer after China, India relies heavily on imports to meet its jewelry demand.

In 2025-26, gold imports surged over 24% to a record \$71.98 billion, despite a 4.76% decline in import volumes to 721.03 tons.

The new duty hike is likely to make bullion imports more expensive, thereby increasing jewelry prices and investment demand while possibly reviving smuggling activities.

Jewelry demand may weaken

The increased cost of gold due to higher import duties could weaken jewelry demand in India.

This is because high prices often deter consumers from purchasing gold jewelry.

If the trend continues, it may also slow down the demand for gold coins and ETFs.

Higher domestic premiums could mean that gold in India trades at significantly higher prices than global markets, further impacting consumer behavior.

Portfolio rebalancing recommended as gold prices soar

Vishal Dhawan, founder & CEO of Plan Ahead Wealth Advisors, sees this as a chance to reassess gold investments and rebalance portfolios.

He said, "With gold prices rising sharply over the past few years, many investors who already hold gold may now be overweight on the asset class."

He added that those underweight on gold can consider adding exposure but in a balanced and disciplined manner.

Jewelry stocks under pressure as demand concerns loom large

Jewelry stocks have been under selling pressure for the third consecutive day on Wednesday. Sky Gold fell over 11%, amid concerns of reduced demand due to import duty hikes.

Other companies such as Kalyan Jewellers, Senco Gold, PC Jeweller, Tribhovandas Bhimji Zaveri and Titan Company also saw their shares decline on the BSE index.

Concerns over potential rise in smuggling

Rajesh Rokde, chairman of the All-India Gems and Jewelry Council, expressed concerns over a possible rise in smuggling.

He said, "Business is now going to become difficult on the back of the Prime Minister's austerity measures and following the import duty hike in bullion."

He explained that this could lead to a parallel economy in India if not checked.