

Press Release

GJEPC expresses dismay at imposition of 1% excise on jewellery

Supports GJF and all other associations across the Nation in their demand to roll back the announcement of excise on jewellery at Union Budget 2012

Mumbai, March 26, 2012: In a 'survival or a rather politically safe' budget, the FM had announced one-sided measures to control the FOREX reserves of the country by making gold & silver dearer for the consumer. It has been mentioned that one of the primary drivers of the current account deficit has been suspected to be the imports of gold and other precious metals in the first three quarters of this year. With the objective of checking this trend for better results, additional duties were announced and some of them have been doubled with the objective of limiting the imports of gold & silver. This has put the entire jewellery industry of India and the 3.5 million people, it directly employs, under great uncertainty for their future vis a vis such policy adopted.

Introduction of levy of excise duty of 1% on gold jewellery not bearing a brand name, along with existing 1% on branded precious metal jewellery

GJEPC earlier had already advised the Government that imposition of such excise would be disastrous for the entire Jewellery Industry of India including exports, as Excise is an ambiguous regulatory prerequisite for the Indian jewelers, which is difficult for mid-sized and small jewelers to comply and compete with.

Due to this the Indian jewellery industry is certainly not averse to contributing in revenue to the Government of India in any other form, but excise. The industry believes that there is already a steep rise in import Duty of Gold from around 1% in end 2011 to 4%, which though uncalled for and already criticized by GJEPC earlier, has already taxed the industry by four times. With the financial year drawing to a close, such announcement of excise has also seen the exports of gold jewellery from domestic tariff area (DTA) to suffer drastically and create immense hardships for the jewellery exporters and those who also manufacture and trade domestically. GJEPC has actively engaged with the government to bring clarity to application of such excise rules announced, which is not at all clear.

After the budget was announced on 16th March, the GJEPC office bearers has met various govt officials including the Tax Research Unit of the Finance Department and the Commerce Secretary and are thankful for the time given and sympathetic approach taken by them on the issue and is confident of finding an amicable solution.

Commenting on the current state of affairs, Rajiv Jain, Chairman, GJEPC said, " The roll back of Excise Duty on Jewellery is the demand of the day put across by all Jewellers in the Country. We are aware that Jewellers from each and every state of India have held protests and approached the local govt. to convey the same to the Ministry of Finance. It's our apprehension as an industry that imposition of excise may lead to unscrupulous state of affairs and and increase of import duty on Gold from 1%-4% increased probabilities of trafficking of gold into the country through illegal channels. We feel that introduction of excise is not necessary at this point of time as it was announced at the Union Budget by the Hon'ble Finance Minister that GST will be introduced in August 2012 and such excise duty imposed can be merged with the GST. "

The GJEPC is equally distressed as other stakeholders of the industry for such a harsh budget for the industry and supports GJF and all other associations across the Nation in their demand to roll back the announcement of excise on jewellery at Union Budget 2012.

GJEPC strongly urges and appeals to the government to remove tax related strangleholds that are preventing the industry from growing at a healthy and desired pace.