

GJEPC: GST Rate Cuts, Reduction in Corporate Tax and Relief for MSMEs Will Boost G & J Industry

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The Gem and Jewellery Export Promotion Council (GJEPC) has welcomed policy announcements related to GST, Corporate Tax and Export Credit Limits for MSMEs made by Hon. Union Finance Minister Smt. Nirmala Sitharaman yesterday, stating that these will provide a much needed boost to the gems and jewellery industry in India. Most of these measures are in line with recommendations made by GJEPC over the recent past.

Expressing gratitude on behalf of the industry, GJEPC Chairman Pramod Kumar Agrawal said, "The measures announced yesterday will enhance Ease of Doing business, boost exports and make India more competitive with respect to neighbouring countries and attractive as an investment destination."

Key announcements, along with their immediate benefits to the trade, that will boost the G & J industry include:

- Exemption from GST/IGST on silver / platinum by specified nominated agencies and on supply of silver / platinum by specified nominated agency to exporters for export purpose
(All precious metals supplied by nominated agencies to jewellery exporters now exempt from GST)
- GST rate on cut and polished semi-precious stones has been reduced from 3% to 0.25%
(Reduce accumulation of Input Tax Credit)
- Reduction in GST from 5% to 1.5% on supply of job work services in relation to diamonds
(Reduce burden on account of working capital blockage and enhance competitiveness in international market)
- Inclusion of Diamond India Limited (DIL) in list of nominated agencies eligible for IGST exemption on imports of Gold/ Silver/Platinum so as to supply at Nil GST to jewellery exporters
(Assist small and medium jewellery exporters, a sector DIL has been actively catering to)

The industry will also be among the beneficiaries of other overall measures announced by the Minister such as reduction in corporate tax to 25%; tax rate of just 15% for new manufacturing units; and enhancement of export credit limit to Rs. 40 crore from the earlier level of Rs. 25 crore, which will make most MSMEs including those in the gem & jewellery sector eligible for priority sector credit benefits.



GJEPC Chairman Agrawal added, “More importantly, the stimulus will bring cheer to the trade constituents and industry on the eve of the festival season. It is the right signal to send to the world especially on the eve of Hon. Prime Minister’s visit to the US, which is the biggest export market for the gem & jewellery industry.”

He also stated that the government’s announcement on corporate tax “will encourage Make in India and also international companies seeking to set up manufacturing base in India in the aftermath of the US-China trade war”.