

Press release

For immediate publication

Gem & Jewellery industry disappointed with increase in import duty on Gold, Silver, precious metals, Cut and Polished Diamonds: GJEPC

With cost of doing business going up, export competitiveness will go down; Indian exporters will lose business to neighbouring countries resulting in job losses

Mumbai, July 5, 2019: The Gem & Jewellery Export Promotion Council (GJEPC) has sought rollback and further reduction in import duty on Gold and precious metals, which has been increased to 12.5% as announced by Hon. Union Finance Smt. Nirmala Sitharaman during the presentation of Union Budget 2019-20. GJEPC has also sought a reduction in import duty on Cut & Polished Diamonds from 7.5% to 2.5% as part of the Government's focus on enhancing exports and strengthening India's positioning as a world leader in the diamond cutting and polishing business.

Mr. Pramod Kumar Agrawal, Chairman, GJEPC, said, "The gem & jewellery industry is going through very tough times with decline in exports and job losses and the industry expected some positive announcement as encouragement to our sector. GJEPC had represented for reduction in import duty for raw material inputs like gold, diamond and coloured gemstones to get some blocked capital released. Instead the increase of import duty on gold and silver and not decreasing the import duty on processed diamonds and gemstones will result in growth of business in neighbouring countries as the foreign tourists will stop buying jewellery from India, and processing of larger diamonds will shift to competing countries such as China and Vietnam. GJEPC will continue to work with the Government to get favourable relief for the sector in terms of duty and ease of doing business at transaction level.

GJEPC Chairman added that the first Union Budget presented by the first female Union Finance Minister of the Modi 2.0 Government continues the 'Reform, Perform & Transform' principles. "India's Gem & Jewellery Industry desires a level playing field with other world centres to maintain its global leadership position. The cost of doing business has gone up. We seek reduction in high import duty on Precious Metals Gold/Silver/Platinum as it is encouraging grey market, hampering Export Competitiveness and resulting in job losses and has not helped in curbing CAD."

The proposal of business establishments with annual turnover of more than Rs. 50 crore to offer such low cost digital modes of payment to their customers and no charges should be made applicable to the gem & jewellery sector, GJEPC urged.

GJEPC welcomes the Finance Minister's proposal to apply the lower rate of 25% to include all companies having annual turnover up to Rs. 400 crore.

GJEPC welcomes the Government's initiatives of facilitating cluster based development to make the traditional industries more productive, profitable and capable for generating sustained employment opportunities.

GJEPC recommends inclusion of gems & jewellery in focused sectors such as Bamboo, Honey and Khadi clusters. The SFURTI envisions setting up 100 new clusters during 2019-20 and this should enable 50,000 artisans to join the economic value chain. GJEPC urges Government to include gem & jewellery sector craftsmen and artisans in this initiative.

GJEPC welcomes the Government's initiative to launch a Mission which will integrate our traditional artisans and their creative products with global markets. This is positive for the gem & jewellery industry.

GJEPC hopes that the Government's initiative of creating world-class universities will also extend to gem & jewellery training and skill development institutes. It also hopes that the Pradhan Mantri Shram Yogi Maan Dhan Yojana pension scheme will benefit lakhs of workers in gem & jewellery businesses.

India's Gem & Jewellery Industry, a world leader in Cut & Polished diamonds, is a USD 41 billion industry and contributes 7% to India's GDP and 15% to Merchandise Exports; and employs workforce of 5 Million across India. Indian diamond industry alone provides livelihood to 1.5 million families and generates value addition in excess of US \$ 7 billion

GJEPC has sought the following from the government:

- reduction in Import Duty on Precious Metals Gold/Silver/Platinum from 10% to 4%.
- Reduction of import duty on cut and polished precious and semi-precious gemstones from 7.5% to 2.5%.
- Facilitating exports of gems & jewellery through e-commerce.
- Special budget provision for inclusion of gems and jewellery merchant exporters under 3% interest equalization scheme.

About GJEPC: The Gem & Jewellery Export Promotion Council (GJEPC), set up by the Ministry of Commerce and industry, Government of India (GoI) in 1966, is the apex body of the gems & jewellery industry. Today, it represents over 6,800 exporters in the sector. With headquarters in Mumbai, the GJEPC has Regional Offices in New Delhi, Kolkata, Chennai, Surat and Jaipur, all of which are major centres for the industry. It thus has a wide reach and is able to have a closer interaction with members to serve them in a direct and more meaningful manner. Over the past decades, the GJEPC has emerged as one of the most active EPCs, and has continuously strived to both expand its reach and depth in its promotional activities as well as widen and increase services to its members.