

Ref.No.GJEPC/Circular/Gold/2014-15/100082

29th November, 2014

TO: ALL MEMBERS OF THE COUNCIL

Sub: Scrapping of 80:20 Gold Import Scheme

Dear All,

We would like to inform you all that the Government of India has withdrawn the 20:80 scheme and restrictions placed on import of gold. Accordingly, all instructions issued about the scheme from time to time starting with A.P. (DIR Series) Circular No.25 dated August 14, 2013 stand withdrawn with immediate effect.

Along with a record duty of 10 per cent, India introduced the so-called 80:20 import rule tying imports to exports of jewellery last year to bring down inbound shipments and narrow the current account deficit that had hit a record.

Under the 80:20 norm, put in place in August 2013 to curb high gold inflows that was widening the current account deficit, at least 20 percent of the imported gold had to be mandatorily exported before bringing in new lots. However, in May 2014, six private sector trading firms were permitted to import gold leading to a surge in its imports and raising alarm bells in the government. Gold imports jumped 280 percent to USD 4.17 billion in October 2014, as per the latest trade data.

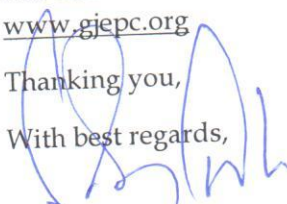
The current move is expected to cut smuggling and raise legal shipments into the world's second-biggest consumer of the yellow metal after China.

Post inclusion of PTH/STH under the 80:20 scheme, the Council had aggressively represented for inclusion of self-use condition in case of PTH/STH and restriction of non-selling of gold in the domestic market by them. It is clearly evident from the trade data, phenomenal surge in gold import occurred post RBI Circular dated 21st may, 2014 only. Apart from opening the floodgates to import, the move had resulted in nearly half the imports being routed through six agencies.

RBI Circular No. 42 dated 28th November, 2014 can be downloaded from the Council's website www.gjepc.org

Thanking you,

With best regards,


SABYASACHI RAY
EXECUTIVE DIRECTOR

The Gem & Jewellery Export Promotion Council

रत्न तथा आभूषण निर्यात संवर्धन परिषद

मुख्य कार्यालय: टॉवर-अे, अेडब्ल्यु-1010, जी.ब्लॉक, भारत डायमंड बोर्स, बान्द्रा-कुर्ला कॉम्प्लेक्स, बान्द्रा (पूर्व), मुंबई - 400 051. (भारत)
Head Office: Tower-A, AW-1010, G Block, Bharat Diamond Bourse, Bandra-Kurla Complex, Bandra (East) Mumbai - 400 051. (India)

फोन / Tel.: 91-22-2654 4600 फॅक्स / Fax: 91-22-2652 47 64

ई-मेल / E-mail: gjepc@vsnl.com / ho@gjepcindia.com वेबसाइट / Website: <http://www.gjepc.org>

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