



***Gem and jewellery exports witness a growth of 16.63% to US\$ 3369.65 million in April 2021 as compared to US\$ 2889.12 million in April 2019, the pre pandemic year***

*GJEPC Seeks Support From Govt. To Continue The Momentum Of Gem & Jewellery Exports Achieved Over The Last Few Months*

*International markets are open and demand for G&J has started to come back  
However domestic challenges due to Covid-19 second wave are hurdles in first half of the year*

**Mumbai, May 14, 2021:** The Gem and Jewellery sector has witnessed a decent recovery in exports over the last few months, as demand is back in major export markets. In the month of April 2021, the overall gross exports of gems and jewellery is showing a growth of 16.63% to US\$ 3369.65 million as compared to US\$ 2889.12 million in April 2019, the pre pandemic year. The Exports in April 2020 stood at \$36.11 million owing to the first pandemic outbreak.

The Cut & Polished Diamond exports in April 2021 grew 38% to US\$ 2250.45 million as compared to US\$ 1633.41 million in April 2019. Gold Jewellery Exports decreased 35% to \$630.96 million in April 2021 as compared to US\$ 963.89 million in April 2019. Silver Jewellery Exports rose 251% to US\$ 300.60 million in April 2021 as compared to US\$ 85.71 million in April 2019. Coloured Gemstone Exports increased 8% to US\$ 21.99 million in April 2021 as compared to US\$ 20.28 million in April 2019.

The gems and jewellery industry gives this credit to the relentless efforts by GJEPC, Department of Commerce, Customs, Ministry of Finance and other arms of Central Govt, the State Govt. and various exports organisations for working

tirelessly during the pandemic for a sustained and consistent gems and jewellery export business.

However, the second wave of Covid-19 has again come as a rude shock for gems and jewellery exports as the industry is witnessing a roadblocks in exports due to different issues like migration of workers, lesser workers working in lesser shifts in manufacturing, raw material sourcing bottlenecks due to strict restrictions and lockdown measures in various states due to which the sectoral exports have been hit hard. To continue the momentum of gem and jewellery exports achieved over the last few months, the Gem and Jewellery Export Promotion Council (GJEPC) has proposed several relief measures to the honourable Commerce, Industries, Railways, Food and Consumer Affairs Minister Shri Piyush Goyal and honourable Finance Minister, Smt. Nirmala Sitharaman which will save the industry from further losses.

Commenting on the relief measures proposed, **Colin Shah, Chairman, Gem and Jewellery Export Promotion Council of India (GJEPC)**, said, “The Gem & Jewellery Exports in April in comparison to the Pre pandemic year of April 2019 have outperformed and grown by 16.63%. The reason why India managed to export USD 3369.65 million despite the ongoing second wave of pandemic was unlike last time, this time there was no national lockdown imposed and in almost all our manufacturing locations, activity for export has been facilitated by the Govt. Our key export markets have opened for economic and social activities and we are receiving good orders from our major export markets. Even the SEZs dedicated for gems and jewellery exports have been operational and are able to cater to the growing demand especially in US, UAE and China.”

**Colin** further added, “Domestic hurdles like imposition of internet equalisation tax on online purchase of rough diamonds, non-availability of gold, less flight connectivity, new policy of customs of filing online Bill of Entry (BoE) on same calendar day of Import General Manifest (IGM) filed by airlines service providers, etc. are playing as growth inhibitors.”

Gem and Jewellery Export Promotion Council have proposed following relief measures to the Govt to prevent any economic fallout and distress among the entrepreneurs and the workers:

**(A) Ministry of Commerce**

1. Extension of period of Export obligation from 90 to 180 days against duty free gold taken in advance on loan/replenishment

**(B) Ministry of Finance**

1. Relief to the diamond industry from levy of internet equalisation tax on online purchase of rough diamonds from Foreign Mining Companies.

2. **Extension of Export Finance realization period:**

In view of the global disruption and fresh restrictions on international travel caused by the second wave of the COVID-19 pandemic, *the time period for realization and repatriation of export proceeds for exports made up to 30<sup>th</sup> June 2021, should be extended by 3 months from the date of export.*

*Similarly, due to disruption in the manufacturing activity, the permissible period of pre-shipment export credit sanctioned by banks should be extended by 3 months, for disbursements made upto 30<sup>th</sup> June 2021.*

3. **Extension of Import Payments:**

As per the RBI guideline - RBI/FED/2016-17/12, remittances for import of Gold & other precious metals, wherein “clean credit’ has been given by the foreign supplier, is to be completed within 90 days from shipment.

It should be noted that 85-90% of the raw material is being imported for manufacturing in the G&J sector. Therefore, as there are delays due to logistical issues, uncertainties & lockdowns, the timeline for import payments for Gold & other precious metal should be extended to 180 days with delegation of power to the AD Bank.

4. **Rescheduling of Payments – Term Loans and Working Capital Facilities/Relaxation of SMA & NPA norms:**

To avoid financial hardship to all the stakeholders in the trade including entrepreneurs, workers and various service providers, we request the

Government to grant a moratorium of three months on payment of all instalments and interest falling due between 1<sup>st</sup> April 2021 and 30<sup>th</sup> June 2021. The same should not apply for term loan repayments and interest payments pertaining to facilities that were rescheduled during the prior moratorium from 1<sup>st</sup> March 2020 to 31<sup>st</sup> August 2020.

Consequently, the above shall not result in an asset classification downgrade as the same is being provided specifically to enable the borrowers to tide over the economic fallout.

5. **Status Quo to be maintained for credit ratings:**

As informed by several trade members, on account of the reduced turnover and decline in demand, thereby increasing the risk perspective, external credit rating agencies have downgraded the sector which is leading to increase in interest rates and collateral requirements. Further, this is directly impacting the internal rating of individual banks.

The Government should direct all credit rating agencies to maintain “Status Quo” till 31<sup>st</sup> March 2022 till operations are back to normal levels, else it will lead to a serious economic fallout for the sector.

6. **Extension of ECLGS 3.0 to the G&J sector:**

The Government with press release dated 31<sup>st</sup> March 2021 extended the scope of the 20% ECLGS facility to 40% for specified sectors including Hospitality, Travel & Tourism, Leisure & Sporting sectors.

*It may be noted that MSME exporters having facilities/limit above 500 Crores are left out completely and isolated from all the packages announced till date by the Government during these Covid times & are employing huge amount of people in Export Manufacturing segment hence some relief, if not in% with a cap should be provided to them.*

7. **Extension of statutory due dates:**

The second wave of the COVID-19 forcing limited lockdowns in several states of the countries with restrictions on operations, there likely will be a delay in complying with statutory requirements.

Accordingly it is advisable to extend due dates for compliance and submission related to Income Tax Act, Companies Act, payment of TDS

and GST related regulations. Further, extension in due date for compliance and submissions under MCA for companies and LLP should also be provided.

### **About The Gem and Jewellery Export Promotion Council (GJEPC)**

The Gem & Jewellery Export Promotion Council (GJEPC), set up by the Ministry of Commerce, Government of India (GoI) in 1966, is one of several Export Promotion Councils (EPCs) launched by the Indian Government, to boost the country's export thrust, when India's post-Independence economy began making forays in the international markets. Since 1998, the GJEPC has been granted autonomous status. The GJEPC is the apex body of gems & jewellery industry and today represents 7000 exporters in the sector. With headquarters in Mumbai, 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, 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.

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