

GJEPC's arduous efforts may provide some relief to the gems & jewellery sector

Ministry may consider GJEPC's plea towards reduction of import duty on precious metal gold from 10% to 2%

Mumbai, February 19th '2014: The Gems and Jewellery sector; which is the 2nd largest sector contributing to the [foreign exchange earning](#), has posted drop in the exports since last 12 months, hurt by the government and central banks steps to curb gold imports to help reduce [CAD](#) (current account deficit). In its on-going attempt to ease the import duty norms on gold to eventually increase the finished jewellery exports, The Gems & Jewellery Export Promotion Council has once again requested the Ministry to reduce the import duty through a recommendation letter made on January 2, 2014. There is a possibility that the Council's duty reduction proposal may get accepted in part or completely before the last session of parliament.

The import duty on import of gold bullion has been increased from Rs.300/- per 10gms to 10% in stages. **According to Vipul Shah, Chairman, Gems & Jewellery Export Promotion Council:** *"Since the imposition of 80:20 scheme, the desired curb in the total import of gold has now been duly achieved. So the import duty should be rolled back to much lower rate say 2%. At present the 10% duty as applicable makes the operations of smuggling economically viable. If the import duty is rolled back then the menace of gold through smuggling route will not be any more productive and hence the leakage will be prevented. More so, the smuggling of gold is dangerous to the overall export business and reputation of the Indian sector as per Responsible Gold and Dodd Frank Act.*

If the import duty is so reduced then it will also reduce the transaction cost of exports in as much as the exporter will not be required to block his fund of as high as 10% till the inward remittance does not come".

The Council has once again submitted its plea towards revision of the import duty and is extremely optimistic of implementation keeping the macro objective of the increase in exports in consideration.

Please find attached a copy of the letter from GJEPC to the Ministry dated January 2, 2014 for further details.

Notes to Editor

Established in 1966, the Gem and Jewellery Export (Promotion Council GJEPC) of India, has dynamically led the industry to flourish. Being a powerful engine, driving India's export-led growth, with more than 5,500 members spread nation-wide, the GJEPC is primarily involved in introducing the Indian Gem & Jewellery products to the international market and leverage their international relationships to promote exports.

