



For Immediate Release

GJEPC represents its budget recommendations to Finance Minister Nirmala Sitharaman via an online meeting.

19th December, Mumbai: In an online meeting convened by Hon'ble Finance Minister Smt. Nirmala Sitharaman for union budget recommendations, GJEPC represented the budget recommendations for the gem and jewellery sector for union budget 2021.

Thanking the Govt. for its constant support to the industry received during the pandemic and over the years to make the industry one of the renowned players in the global gem and jewellery industry, **Colin Shah, Chairman, GJEPC** said, "India is known for its Gems and jewellery and is respected across the world for its skill and craftsmanship. Today, India is the 5th largest exporter of gem and jewellery and it has a huge potential to scale to new heights with the continued support from the Govt. To make the industry more competitive and generate more jobs in the sector, we urge the Govt. to take few immediate measures."

"Over the last few years, **the import duty of cut and polished diamonds which has increased from 2.5% to 7.5%**, is impacting our dream of manufacturing and trading centre, or being a serious alternative to Antwerp, Hong Kong as lot of shift is happening specially in the last couple of years, leading to loss of business and jobs, and alternate manufacturing centres are being developed. We urge the Govt. to reduce the import duty from 7.5% to 2.5%."

"**Reduction in import duty on Precious metals Gold/Silver/Platinum from 12.5% to 4%** as this will help exports and help us to be globally competitive. Even large diaspora/NRI, go to Dubai or Hong Kong to buy jewellery which is affecting jobs in India as well as the busines in India.

"The industry in Jaipur is impacted by **high duty on cut and polished precious and semi-precious gemstones**; and the 0.5% duty on rough colour gemstones. 0.5% is not much revenue impact but the time which goes in clearing parcels is impacting ease of doing business. The trade, nurtured over 30 years in Jaipur, is now gradually moving to Thailand.

“As the world is going digital, travel is still under restrictions and will continue for the two quarters of 2021, our manufacturers need miners to sell roughs directly, we would also request a **clarification on Online Equalisation Levy of 2% for B2B International Diamond Auctions**. Vide Section 165A inserted to Finance Act 2020, an “Equalisation Levy“ of 2% is leviable on the consideration received by an ‘e-commerce operator’ from e-commerce supply of goods made or facilitated by it to an Indian resident. We think this was for B2C transaction and not for B2B, specially in the low margin business like ours, and hence we request a clarification on this.”

“We are also looking for a **Clarification regarding taxation provisions to allow sale of rough diamonds in Special Notified Zone in Mumbai**. If sales is permitted at least 20% of the rough diamond trading will be shifted to SNZ and the Indian Government will be able to collect additional tax of USD 3.48 million (equivalent to Rs. 23.20 Crores). Currently only viewing of rough diamonds is permitted with direct tax waiver in SNZ and no waiver to foreign miners under permanent establishment status is provided for doing the sale in SNZ. Till date 11 million carats of rough approximately valued at USD 1.97 billion have been sent to Mumbai SNZ on consignment/viewing basis and after bidding/tender, diamonds are shipped back to destinations like Antwerp, Dubai to be invoiced to the winner of the bids. So if the turnover tax is permitted, the miners would be able to sell rough in India itself.”

E-commerce is the future. Till last year e-commerce used to be 5% to 10% of the jewellery sold has now gone as high as 25% in the western countries. The Indian manufacturers are not able to partake in the digital economy because of various reasons. Ecommerce needs speed and low-cost freight. We would request a dedicated **fast track desk at all designated Customs Ports for Gems & Jewellery having value below US\$800 to avail of the de Minimis benefit of import duty free import at USA**. The fast track clearance facility should also be extended to foreign post office, reputed and established Couriers under Notification 36/2010 of Customs. RBI should also simplify the procedures for paperwork/compliance under FEMA for payment received through credit card in advance for such B2C shipments online.”

“**Allowance of job work to SEZ units for DTA**. During this global slowdown period, many gems and jewelry units have to remain idle in absence of any business order. These gems and jewelry units have expressed their interest in doing job work for the gems and jewelry units located in DTA units so that these units can continue working and livelihood of the karigars/workers employed

there remains stable. As a result, this idle infrastructure can also be fully utilized. Permission to accept job work from DTA with duty paid materials supplied by DTA. Such supplies by DTA to SEZ will not entitle for any export benefit. Duty may be levied to the extent of value addition taking place in SEZ out of such DTA job work.”

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.