



*For Immediate Release*

## **GJEPC Leadership represents Gem & Jewellery Industry concerns to Hon'ble FM through a Video Meet**

***Ease of Business, e-commerce, Amendments in Gold Monetisation Scheme, Priority Status for G&J sector, MyKYCBank platform mandatory for G&J entities, Increasing Bank Credit exposure to G&J sector, Reducing import duty, Development of SEZ's etc represented during the meeting***

**8<sup>th</sup> July, Mumbai:** The Gem & Jewellery Export Promotion Council's Chairman Colin Shah, Vice Chairman Vipul Shah, and Executive Director Sabyasachi Ray held a video meeting with the Hon'ble Finance Minister, Smt. Nirmala Sitharaman on 6th July, and made a presentation on the critical issues concerning the gem and jewellery industry.

Some of the concerns presented during the meeting included, **E-commerce policy for the gem and jewellery sector; making MyKYCBank platform mandatory for all gem and jewellery entities; sale of rough diamonds in India by miners to Special Notified Zones (SNZs); requested a clarification on Online Equalisation Levy for B2B international diamond auctions; reduction in import duty on polished diamonds, and Gold Monetisation scheme**, amongst others.

**Colin Shah, Chairman, GJEPC, said, "We need to take measures and bring in reforms that would strengthen the ease of doing business in the industry, and at the same time make the industry self-reliant or Aatmanirbhar. I would like to thank our Hon'ble Finance Minister Smt. Nirmala Sitharaman, who took time from her busy schedule to hear about the industry concerns. Madam has assured**

**us that she will look into the issues and address the concerns through periodical reviews.”**

Council has made representations that would facilitate the industry , unleash its potential in terms of export growth and create additional employment in the sector.

“Covid-19 has led to a paradigm shift in consumer behaviour across geographies. With e-commerce gaining momentum, a massive rise is seen in online purchases, and introduction of a supportive **E- Commerce policy** for the gem and jewellery sector will drive online jewellery purchases. Additionally, Council has also stressed upon the need for a dedicated system-driven Fast Track Customs Clearance of shipments for the gems and jewellery goods valued below US\$800.

We have also proposed direct **sale of rough diamonds** by miners in Special Notified Zones (SNZs) in India . Currently, rough diamonds are sent to SNZs by miners for viewing in the country, post which diamonds are shipped back to Dubai or Antwerp by SNZ. Sales aren't permitted, and if they do, it comes under the Permanent Entities as per the IT Act, and attracts income tax on the sale. The same goods are then shipped back to India via offices in Dubai or Antwerp, thus increasing costs for the importer. As much as 60% of the rough is routed through Antwerp or Dubai.

The Council has requested the Finance Minister that if customers in India choose to confirm their orders, an invoice can be made within the SNZ. Miners could pay a “turnover tax” not exceeding 0.16% (the prevailing rate in Belgium).

The Council has further urged the Government that the gem and jewellery sector be granted as **Priority Sector Status** in order to bring in operational benefits to the sector,” said **Colin Shah, Chairman, GJEPC**

Speaking on the availability of Bank Finance to the trade, **Vipul Shah, Vice Chairman, GJEPC** said, “The industry has access to about Rs 66,580 crore of bank credit , which amounts to 0.68% of the total **bank credit** of Rs. Rs.98,91,788 crore , which is minuscule in comparison to the socio-economic contributions made by this sector .We have also raised our concerns over the limited financial support extended by the private banks. In case of multiple banking/consortium, if private banks decide to freeze funds, then other PSBs are also at risk. GJEPC has proposed that banks should follow all RBI circulars and notifications, and banks should be directed to not withdraw credit limits.”

GJEPC has also urged to reduce polished diamond import duty from 7.5% to 2.5% to help India to strengthen its status as a polished diamond hub, as all distribution would then be out of India, leading to increase in duty collection due to greater volumes”, **Vipul Shah** added

India imports almost 1/3<sup>rd</sup> of world's gold bullion up to 900 Tons. While 1/3 of the gold imported is for non-productive investments the balance 2/3 is for consumption. This adds to the trade deficit and Increases Rupee Depreciation

To strengthen the **Gold Monetisation scheme**, GJEPC has shared points for consideration in the GMS 2020 which includes: Retailers can get jewellery from a consumer with KYC and confirm the pure gold weight in terms of 995; The retailer should give RBI authorised dealer's certified gold/digital in the denomination of 100/500/1000 gms along with certificate; RBI can fix the compounding interest rate based on tenure, for example: for 3 years 1.5%, 5 years 2%, 8 years 2.5% and so on; on maturity of the deposit period whatever compounding interest accrued should be added in terms of gold with the deposited quantity; RBI can give the gold deposited by the customers to the banks in place of banks getting gold loan from foreign supplier and RBI can charge interest for it accordingly.

Suggestions for **development of SEZs into economic employment enclaves** were also put forth . Exports from SEZ have witnessed a decline of (-) 8.07% during the last 5 years , with \$5.8 billion sales in 2014-15 dropping to \$3.8 billion in 2018-19. Due to seasonal nature of demand, majority of exports occur in 6 months and hence, there is over-capacity built up. This leads to the under utilisation during lean periods. To mitigate this effect, SEZ units may be permitted to do job work for DTA units by following certain safeguards and on payment of GST on labour charges, especially post Covid.

The Gem & Jewellery Export Promotion Council, has put forth concerns to the Hon'ble FM with the vision to bring in " Ease of Doing Business" in the industry in these trying times.

The Indian gem & jewellery industry is one of the leading exporter in the world, significantly contributing to the GDP of the country, 13% to merchandise exports and employing around 5 million people.