

Mumbai, July 10, 2014:

Press Statement

Views from Mr. Vipul Shah, Chairman, Gem & Jewelry Export Promotion Council

## **No Bold Reforms by the Modi Govt's First Budget**

### **GJEPC welcomes the Export Promotion Mission and SEZ revival**

Announcing the reforms and budget for 2014-15, the Finance Minister, Mr. Arun Jaitley has maintained the populist front, announcing various small measures and state level schemes however none of them promise any major impact on the gem & jewelry sector. The industry is happy that our recommendation for rationalization of import duty of broken diamonds and withdrawal of import duty on pre forms of semiprecious and precious stones have been accepted. Also the rationalization of import duty on processed diamonds to 2.5% will help the domestic manufacturing sector. However the Jewelry sector is largely disappointed as the import duty on gold has not been reduced even by 2-3%; which will continue the occurrence of gold smuggling.

- The Gem & Jewelry industry has a reason to cheer with the renewed focus on promotion of exports and reviving the SEZs in the country. The GJEPC is in the process of presenting its recommendations for reviving the G & J SEZs in the country and will submit the same to the Govt. shortly.
- We also welcome the steps to improve the infrastructure for exports in all states by forming an Export Promotion Mission along with the State by the Central Govt. The Council's long standing demand of creating a convention center of 1 mn sq. ft. in Mumbai may soon become a reality.
- The formation of skilled India is encouraging and the sectorial skills will also get the right focus.
- The industry welcomes the intent of the Govt. to rationalize the direct tax mechanism for faster settlement of tax disputes as this industry is one of the main victims of such disputes.
- We will also wait for the fine print of Transfer Pricing which may have impact on the diamond industry due to its international nature of business.
- The industry also expects that the Govt will accept its recommendations on benign tax under the tax reforms program in the long run.

The budget is almost industry neutral without any of the sector's demands like introduction of benign tax at practical rates, decrease of import duty on gold bullion and introduction of procedurals for creation of SEZ for rough diamonds finding any mention in the budget. However, we believe that this budget shows the intent of the Govt is positive which will improve the fiscal position of the country.

**Notes to Editor:**

The Gem & Jewellery Export Promotion Council is an all - India apex body for Gem & Jewellery representing about 5,500 members. Set up in 1966, it operates under the supervision of the Ministry of Commerce & Industry, Government of India.