

February 1, 2018

Mr. Pramod Agarwal, Chairman, Gem & Jewellery Export Promotion Council (GJEPC) reacts to Union Budget 2018-19

We welcome the Government's development oriented Budget that will spur the India consumption story and create more employment opportunities. We are disappointed with the increase in customs duty of cut and polished Diamonds and cut and polished coloured gemstones from 2.5% to 5%, as it was not included as part of the industry's recommendations to the Government. This move hampers India's chances of becoming an international diamond trading hub. This move doesn't provide India a level playing field vis-à-vis other peers such as Belgium, Dubai and Israel. It will also have a negative impact on the Shut Out business from the US, which has been a fast growing segment.

Union Finance Minister mentioned in his Budget speech that exports will grow by 15% in FY18 and the Government is planning to enhance export growth, but we are awaiting clarity on the specific roadmap for achieving this growth. We welcome the Government's initiative to formulate a comprehensive Gold Policy to develop gold as an asset class subsequent to the GJEPC's Gold Summit held in the Capital in December 2017. This will assure a new era of development for the gold market and exports in the sector. We shall continue to seek a reduction in basic import duty on Gold, Silver and Precious Metals and hope that it will be considered as part of the Gold Policy announcement. It is good that the Government will also establish a system of consumer friendly and trade efficient system of regulated gold exchanges in the country. Gold Monetization Scheme will be revamped to enable people to open a hassle free Gold Deposit Account.

The proposal to cut corporate tax of companies with annual turnover of upto Rs. 250 crore to 25% will benefit the gems and Jewellery sector. The cut in corporate tax will result in more investments and job creation.

We welcome the Government's move to contribute 12% to Employee Provident Fund (EPF) in wages of new employment for three years in all sectors. This would help create more jobs in manufacturing sector.

The Government's emphasis on education and skill enhancement should be extended to creating more institutes for the gems and Jewellery sector.

We welcome the schemes and increased outlay for MSMEs as well as the initiative to create a database and identity for MSMEs. We welcome the Government's move to incentivise domestic value addition and Make in India in the gems & Jewellery sector in addition to others. The benefits

extended to leather, textile and footwear businesses should be extended to the gems & Jewellery sector also as it is a job-intensive industry.

In sync with the Government's emphasis on manufacturing and creating infrastructure, more Jewellery parks with shared support services and resources can be created to stimulate job creation as mentioned in the Economic Survey. The Finance Minister announced that the Department of Commerce will be developing a National Logistics Portal as a single window online market place to link all stakeholders.