

***Enhancing Global Presence of Jewellery Products
With reference to Setting up of an Office in Overseas Markets
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Preamble

India is one of the major exporters of gem and jewellery commodities in the World. According to the UN Comtrade data for the year 2018 , India with gem and jewellery exports of US\$40 billion constitutes for around 6.2% share in the World gem and jewellery exports of US\$ 652 billion and is the 6th leading exporter in the world.

According to the ITC (International Trade Centre) , India has a huge potential to increase exports of gem and jewellery to around US\$75 billion which presently are atUS\$40 billion. Therefore, this seems pertinent for Indian traders to explore new ways to realize untapped export potential and expanding businesses across the World.

Enhancing presence in the global market by setting up offices in the overseas market can be a positive way to increase exports/supplies of varied gem and jewellery products. This would not enable Indian traders to establish a direct connect with the Indian Diaspora and also with the local people ; establishing brand and presence in the different foreign markets.

At this backdrop, a brief document is prepared to throw a light on several related aspects to setting up of an office in overseas market including India's present position in the global gem and jewellery market, Indian diaspora in selected countries, procedure of setting up offices in overseas markets, Government support and tariff structures among others.

We are hopeful that the document would be helpful for the different stakeholders in a way of starting the exploration of the suggested ways.

Major Objective :

- ❑ To enable/assist Indian manufacturers, traders, exporters to enhance their global presence in overseas markets through setting up an office.

Sub Objectives :

- ❑ To provide the information related to India's position in the Global Gem and Jewellery exports.
- ❑ To highlight India's presence in different importing countries of Gold & Silver Jewellery products in the World.
- ❑ To provide the information related to government benefits available for setting up office in overseas market.
- ❑ To provide the information pertaining to procedures for setting up office in selected overseas markets.
- ❑ Finally, to provide handholding if Indian exporters would like to explore the suggested way of setting up of an office in overseas markets

1.

Global Exports of Gem and Jewellery & India's Position

(based on indicative data)

Global Exports of G&J Products & India's Position

Trade indicators	Value/share
Total World Exports	US\$652 billion
India's Exports	US\$40.09billion
India's Share	6.2%
India's Ranking	6th
Other Major Exporters	<ul style="list-style-type: none"> Switzerland(12.5%) HK(10.5%), USA(9.8%), UK(7.3%), UAE(7%), India(6.2%), China(3.1%), Belgium(2.9%)

Source : Statistics Dept., GJEPC Analysis based on UN Comtrade 2018 as on Aug 2019

Untapped Export Potential

India carries huge export potential to escalate its exports to US\$75 billion and increasing share in world exports to 10% which is presently at 6.2%

Source : ITC, Export Potential Map as on August 2019



Global Exports of Gold Jewellery & India's Position

Trade indicators	Value/share
Total World Exports	US\$103 billion
India's Exports	US\$11.5 billion
India's Share	11.3%
India's Ranking	4 th
Other Major Exporters	<ul style="list-style-type: none"> UAE (15%) China (12.4%) Switzerland (11.4%) India (11.3%) USA (9%) HK (6.3%) Italy (6.3%)



Source : Statistics Dept., GJEPC Analysis based on UN Comtrade 2018 as on Aug 2019

Global Exports of Silver Jewellery & India's Position

Trade indicators	Value/share
Total World Exports	US\$7.6 billion
India's Exports	US\$ 823 million
India's Share	10.8%
India's Ranking	3 rd
Other Major Exporters	<ul style="list-style-type: none"> Thailand (24.1%) Germany (15.3%) India (10.8%) India (11.3%) Italy (8.2%)



Source : Statistics Dept., GJEPC Analysis based on UN Comtrade 2018 as on Aug 2019

2.

How to enhance Global Presence...

A Case Study of Tiffany & Co.



USA - 93



Asia - Pacific - 90



Japan 55

Tiffany & Co.

A True Case of

Global Presence

Through

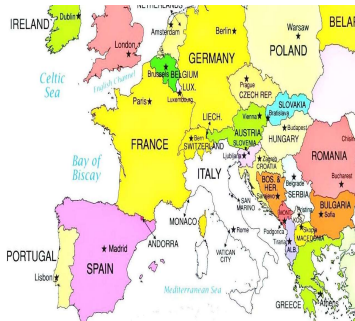
Robust marketing

program

& supply chain



**Latin
America &
Canada
31**



Europe -47

Tiffany & Co. – 2018 : Net Sales : US\$4.4 Billion



Tiffany & Co. – 2018 : Marketing Program

Retail locations operated by the Company since 2014

Year:	Americas						Total
	U.S.	Canada & Latin America	Asia-Pacific	Japan	Europe	Emerging Markets	
2014	95	27	73	56	39	5	295
2015	95	29	81	56	41	5	307
2016	95	30	85	55	43	5	313
2017	94	30	87	54	46	4	315
2018	93	31	90	55	47	5	321

Source : Tiffany & Co. Annual Report 2018

Tiffany & Co. – 2018 : Six key strategic priorities

- ✓ Amplifying an evolved brand message;
- ✓ Renewing our product offerings and enhancing in-store presentations;
- ✓ Delivering an exciting omnichannel experience;
- ✓ Strengthening our competitive position and leading in key markets;
- ✓ Cultivating a more efficient operating model; and
- ✓ Inspiring an aligned and agile organization to win.

PILLARS	MARKETING DECISIONS
Product	Tiffany True – reflecting modern love
Physical Presence	Opened 10 stores across Asia-pacific , America, Japan & Europe Closed – 4
Packaging	Tiffany Paper Flowers®
Position	Creative visual merchandising
Innovation	Jewelry Design and Innovation Workshop in New York
Modes of Sales	Offline – retail sties Online – e-commerce enabled websites in 13 countries
Frills	Blue Box Café
Physical Distribution	Strategic investment in global supply chain to maintain inventory level

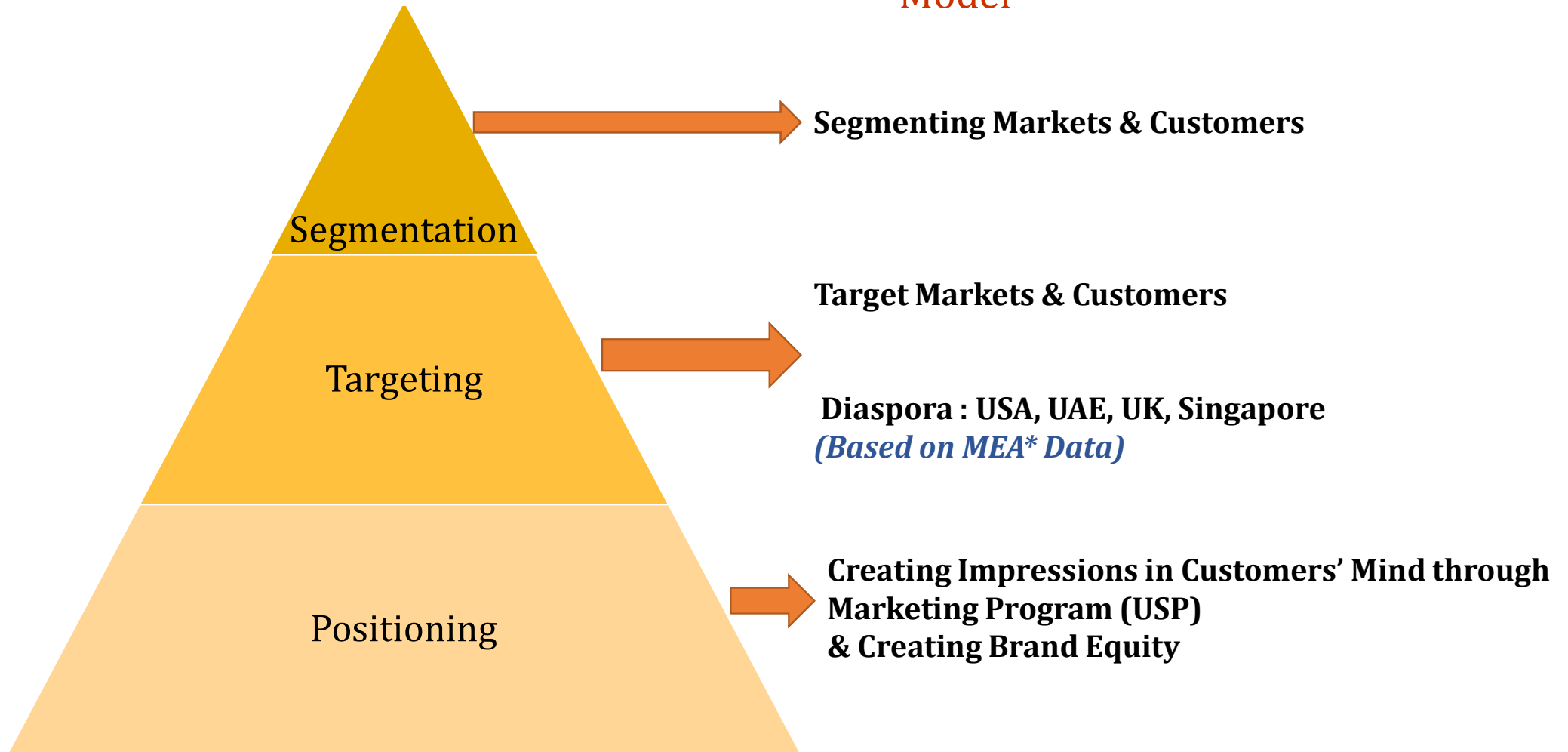
3.

Key International Marketing Development Models

1.Segmentation Targeting Positioning Model

2.Integrated Model of Brand Equity

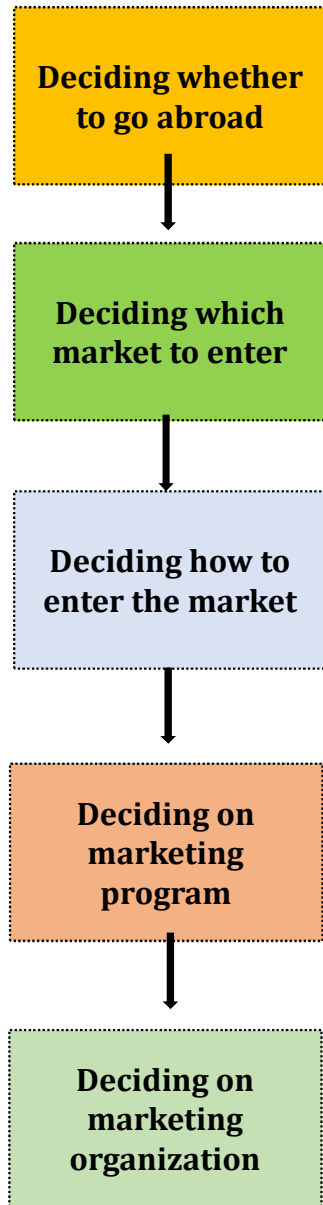
3.1 Segmentation Targeting Positioning Model



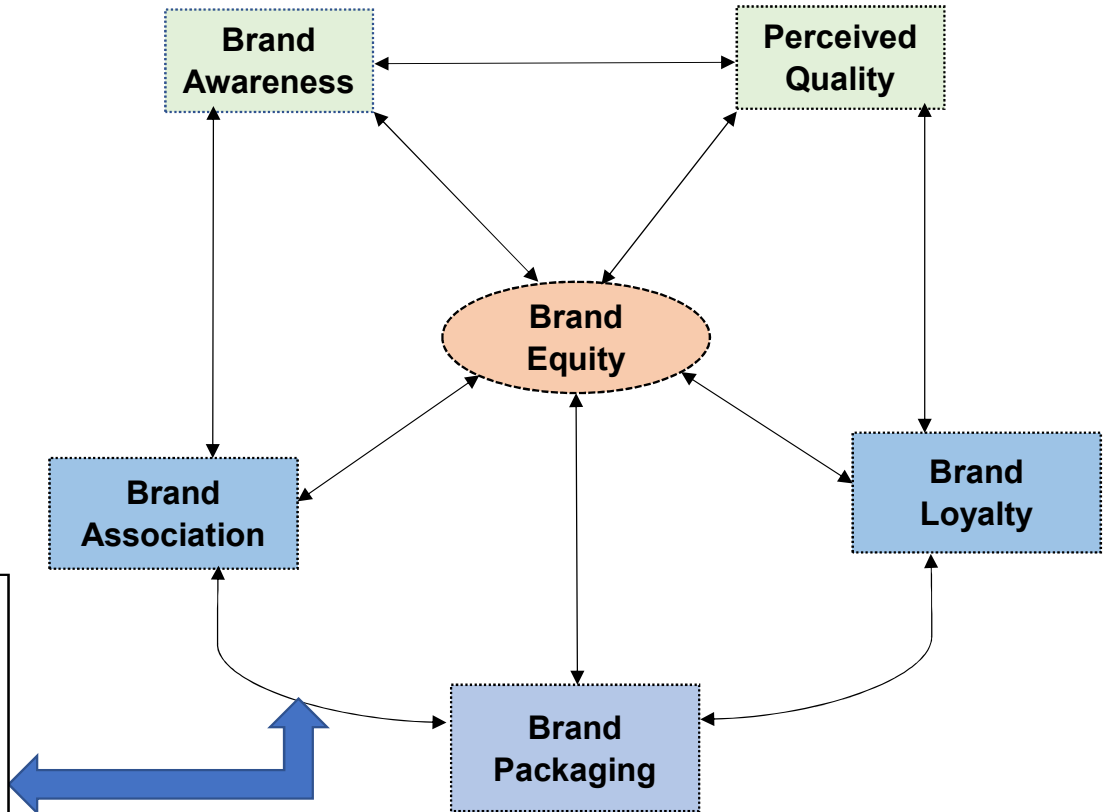
* Ministry of External Affairs

3.2 Integrated Model of Brand Equity

Major Decisions in International Marketing



- Product
- Price
- Promotion
- Physical Distribution
- Packaging
- People



Source: Adapted from David A. Aaker, *Managing Brand Equity-Capitalising Value of Brand Name*, The Free Press, New York, 1991.

4.

***India's Penetration in World Market for Gold and
Silver jewellery***

&

Identifying/ Targeting Existing/New Markets

An Analysis by GJEPC

4.1 India's Penetration in 60 World Import Markets for Gold Jewellery & Identifying/ Targeting Existing/New Markets

Markets/penetration	Very High Penetration India's %share >20% in countries imports	High Penetration % share between 15 -20	Higher Medium Penetration % share between 10-15	Medium Penetration % share between 5-10	Low Penetration % share between 2-4	Very Low Penetration % share <2%
Top 1-10 (Imports b/w US\$1.6 bn - US\$17 bn)	UAE (57.26%), USA (21.45%)	Singapore (16.55%)		HK, UK (8.5%) Qatar		Switzerland , France, Japan, Iraq
Top 11-20 (US\$600 mn- 1599 mn)	Turkey (29.71%)	Australia (16%)	Canada (12.7%) Kuwait (13.5%)	Germany (5.3%) Saudi Arabia (6.6%)		Italy, China, Macau,china
Top 21-30 (US\$300 mn - US\$599 mn)			Malaysia (10.9%)	Thailand Bahrain		Oman, Korea, Taipei, Dominican Republic, Mexico, Austria, Bangladesh
Top 31-40 (US\$130 mn - US\$299 mn)	Belgium (28%)			Russia (5.8%), Spain (9%) Poland (8.6%)	Israel (2.9%)	Netherlands, Curacao, Libya, Panama,Czech Republic
Top 41-50 (US\$50 mn- US129 mn)	New Zealand (27%) Sweden (28%)				Denmark	Lebanon, Sudan, Sri Lanka, Jordan, Ethiopia, Bahamas, Viet Nam
Top 51-60 (US\$27 mn - US\$39 mn)				Norway	Morocco Ireland	Greece, Uzbekistan, Portugal, Eswatini, Latvia, Somalia, Kazakhstan
No. of Markets	6	2	3	11	4	33 <small>16</small>

Source : Statistics Dept., GJEPC Analysis based on UN Comtrade 2018 as on August 2019

4.2 India's Penetration in 40 world Import Markets for Silver Jewellery (711311) & Identifying/ Targeting Existing/New Markets

Country/ Penetration	Very High Penetration India's %share >20% in countries imports	High Penetration % share between 15 -20	Higher Medium Penetration % share between 10-14	Medium Penetration % share between 5 - 9	Low Penetration % share between 2-4	Very Low Penetration % share <2%
Top 1-10 Imports b/w (180mn-1.7bn)	Hk,China(38.67%)	USA(18.66%)	-	UK, Australia, Canada(7.84%), UAE(9.12%)	Germany(3.03%), France(2.15%)	Italy(1.94%), China(0.08%)
Top11-20 Imports b/w (70mn-179mn)	-	-	Thailand(9.65%)	Mexico(5%), Korea	Austria(3.15%), Belgium, Switzerland(3.64%), Spain(2.84%)	Japan(1.30%), Russia, Poland
Top21-30 Imports b/w (30mn-69mn)	-	-	-	Denmark(8.44%)	Netherlands(3.78%), Singapore(3.56%)	Dominican Republic, Turkey, Portugal, Chile, Taipei, Israel(1.63%)
Top31-40 Imports b/w (15mn-29mn)	-	-	Sweden(10.70%)	New Zealand, South Africa(7.89%), Norway	Greece(2.43%), Malaysia(2.36%)	Brazil, Ireland, Panama, Saudi Arabia(1.08%)
No. of Markets (40)	1	1	2	10	10	15

Source : Statistics Dept., GJEPC Analysis based on UN Comtrade 2018 as on August 2019

5.

Tariff structure and Indian diaspora in selected countries

5.1 Tariff Structure applicable for India in Selected Countries

Products	USA	UK	UAE	Singapore
Gold Jewellery	5% to & 7% (MFN)	2.5% to 4% (MFN)	5%(MFN)	Free (MFN)
Silver Jewellery	5% to & 13.5% (MFN)	2.5% to 4% (MFN)	5%(MFN)	Free (MFN)

Source : World Tariff as on August 2019

5.2 Indian Diaspora in Selected Countries

Region	NRI's	PIOs	Total Overseas Indian Population
Singapore	350000	300000	650000
USA	1280000	3180000	4460000
UK	325000	1500000	1825000
UAE	3100000	4586	3104586

Source : Ministry of External Affairs as on December 2018

6.

***Available Government benefits w.r.t
Marketing, Promotion & Branding
&
How Government benefits can be Claimed by MSMEs***

Available Government benefits w.r.t Marketing, Promotion & Branding & How Government benefits can be claimed by MSME

About	Opening of Showrooms, Warehouses & Marketing Offices abroad	Publicity Campaign and Cataloguing	Research and Product Development
Level of Assistance	<ul style="list-style-type: none"> i) Lease/rental charges of property for setting up of showrooms/ warehouses/ marketing offices abroad for specific markets ii) Cost of setting up of showrooms/ warehouses iii) Rental charges of display space at international Departmental Stores or local distribution networks 	<ul style="list-style-type: none"> i) Publicity campaigns for Commodities/Services in identified markets through various means ii) Catalogues of global standards for identified Commodities/Services for use in the markets of focus iii) <u>Ceiling</u>: Rs.5 crore per market/ product per annum 	<ul style="list-style-type: none"> i) Modernizing and upgrading facilities for developing commodities of high technology value as per evolving trends in the global markets ii) Fees/ hiring charges for Technical Experts/Consultants/Designers associated for such a project (The consultation/coordination charges not to exceed 2% of the project cost.)
Funding	<p>a) Opening of Showrooms, Warehouses & Marketing Offices abroad</p> <ul style="list-style-type: none"> ✓ <u>Ceiling</u>: Rs.5 crore per market/ product per annum ✓ <u>Sharing</u>: 1st Year – 75%:25% 2nd Year – 50%:50% 3rd Year – 35%:65% <p>b) International Departmental Stores</p> <ul style="list-style-type: none"> ✓ <u>Ceiling</u>: Rs.1 crore per commodity/ services ✓ <u>Sharing</u>: 65%:35% of rental charges 	<p>a) Publicity Campaign and Brand Promotion</p> <ul style="list-style-type: none"> ✓ <u>Ceiling</u>: Rs.5 crores ✓ <u>Sharing</u>: 65%:35%, 90%:10% for priority sectors (Agricultural including food items, Handicrafts, Handlooms, Carpets, Leather, Sports Goods and Minor Forest Produce) <p>b) Publication of World Class Catalogues</p> <ul style="list-style-type: none"> ✓ <u>Ceiling</u>: Rs.50 lakh per market per annum ✓ <u>Sharing</u>: 50%:50% 	<p>a) EPCs/TPBs</p> <ul style="list-style-type: none"> ✓ <u>Ceiling</u>: Rs.5 crore per market/ product per annum ✓ <u>Sharing</u>: 1st Year – 75%:25% 2nd Year – 50%:50% 3rd Year – 35%:65%

7.

Procedures for Setting up a Branch Office Store in Overseas Markets

USA, UAE and Singapore

7.1 Procedures of Setting up Office in USA



Making your business a legal entity

A corporation; A non-profit organization & A limited-liability company or partnership

Registration/Name of your business

DBA (doing business as), or Fictional name to register your firm if you want to start a business.

Acquisition of Federal Tax ID/ Employee Identification Number (EIN)

Distinguish business entity using ID no; Can be applied by online for free after getting to know in which state you need the ID, U.S. Internal Revenue Service

Registration in State Revenue Department

To get TAX ID for permit of state's revenue agency

If you are selling product's then to collect sales tax from customers & To pay income tax obligations.

Payment of state worker's compensation insurance and unemployment insurance taxes

Acquisition of business license

Every business is required to have a business license or permit to work formally

Understanding the licensing rule is also important according to the states

Permits should be taken seriously, as it can result in costly fines

7.2 Procedures of Setting up Office in UAE

Can a Foreign Company Open a Branch in the UAE?

YES, A company can open a branch in UAE after maintaining a certified letter from the parent company and getting the approval of UAE's Ministry of Economy

Conditions of Setting up offices in UAE

The UAE national could be: A partner with at least 51 per cent ownership of the business or A local service agent (LSA), with the investor having a 100 per cent ownership of the business.

Need to involve a UAE national as a sponsor.

Locations of setting up offices in UAE

Free Zone

Non Free Zone Area

Benefits of setting up offices in FREE ZONE

Area Free from Tax and restrictions.

Goods may be handled without the intervention of the custom authorities.

Application to be submitted

Application to be submitted to Dubai Multi Commodity Centre (DMCC) online for having a representative office in Dubai free zone area, you can visit this link: <https://www.dmcc.ae/free-zone/application-form?hsCtaTracking=7663eab0-2d76-4ce7-a2b3-7308e33d3854%7Cd1f016c7-bc37-41c2-a4e1-e5a04bf33497>

7.2 Procedures of Setting up Office in UAE Contd..

Documents to be submitted

Following are the documents to be kept ready to submit to DMCC for the proposed office.

- ✓ For opening the Bank account and representative office. The said documents needs to be submitted after notary by the Mantralaya office / Ministry of External Affairs and then to be attested by the Consulate General of UAE Embassy in India.
- ✓ Memorandum & Articles of Association / Partnership Deed
- ✓ Certificate of Incorporation / Partnership Deed
- ✓ Board Resolution
- ✓ Certificate of Incumbency
- ✓ Good Standing Certificate from the Bank
- ✓ Once the documents have been submitted and the payment of fees as may be prescribed by DMCC, the Service License will be issued for the period of One (1) year.
- ✓ The Service License needs to be renewed every year.

7.3 Procedures of Setting up Office in Singapore

Set Up a Branch Office

Extension of foreign parent company

Non-resident for tax purposes

Not eligible for tax incentives and exemptions available to Singapore private limited companies.

Taxation of Singapore

Are not eligible for tax incentives for new start up or resident companies

Most foreign companies prefer to set up a Subsidiary Company rather than a Branch Office.

Employment

Work on Visa for Staff

Branch Office without relocating any staff

Opening of a Corporate Bank Account

Branch should be incorporated then open account with any local or international banks

choose a bank that allows opening of a corporate bank account without your presence

Registration with ACRA

Name approval

Branch Office registration

7.3 Procedures of Setting up Office in Singapore Contd..



Post Incorporation

Licenses and Permits

Registered Office Hours

Registration Number

Custom Registration

Singapore Goods and
Services Tax Registration

Registration of Singapore
Central Provident (CPF)

Ongoing Branch Office Statutory Compliance Considerations

Once your Singapore Company is incorporated, you must comply with the statutory requirements set by Accounting and Corporate Regulatory Authority ([ACRA](#)) and Inland Revenue Authority of Singapore ([IRAS](#)).

8.

Procedures for setting up a branch office store in overseas markets Domestic Procedural Framework

- 1. Movement of Goods – DGFT***
- 2. Regulatory authorities for Movement of Goods - Customs***
- 3. Movement of Money – RBI***

8.1 Authorities/Organisations involved in Movement of Goods & Money at Different stages : A Glimpse

BUY

Order/Prepare

Exporter/ Importer
DGFT (IEC)
EPC/ CB/ EDA/ FIEO
GST
Embassies
ECGC/Credit
Checking
Suppliers
/intermediaries

SHIP

Transport

Freight forwarder
Packers &
Consolidators
Transporter
Fumigation & Pest
Control
Shipping line
Export Inspection
Agency

Customs

Custom Clearance
Custom House
Agent ICDs/ CFSs
Health
Authorities/
PHO
Terminal
Operators Port
Management
Other
Intermediaries

PAY

Payment

Bank Financial
Institutions
Factor /
forfeiteders Other
Intermediaries

8.2 Regulatory authorities for Movement of Goods - Customs

Ministry of Finance

Customs	GST
Coverage	
Validity of imports and exports	Export & import
Assessment and valuation	Waiver of GST for both exports & imports
Determination of import / export duty applicable	Collection of GST
Collection of duty	Monitoring GST
Inspection and supervision of cargo	
Examining co-relation and compliance with other laws	

8.3 Movement of Money : RBI Rules

Direct Investment by Residents in Joint Venture (JV) / Wholly Owned Subsidiary (WOS) Abroad

- Overseas Investment (or financial commitment) can be made under two routes viz:
 - (i) Automatic Route
 - (ii) Approval Route

- With effect from July 03, 2014, it has been decided that any financial commitment (FC) exceeding USD 1 (one) billion (or its equivalent) in a financial year would require prior approval of the Reserve Bank even when the total FC of the Indian Party is within the eligible limit under the automatic route (i.e., within 400% of the net worth as per the last audited balance sheet)

- The Indian Party should not be on the Reserve Bank's Exporters' caution list / list of defaulters to the banking system circulated by the Reserve Bank / Credit Information Bureau (India) Ltd. (CIBIL) / or any other credit information company as approved by the Reserve Bank or under investigation by any investigation / enforcement agency or regulatory body

8.3 Movement of Money : RBI Rules Contd..

- **Investment (or financial commitment) in an overseas JV / WOS may be funded out of one or more of the following sources:**
 - Drawal of foreign exchange from an AD bank in India;
 - Capitalisation of exports;
 - Swap of shares
 - Proceeds of External Commercial Borrowings (ECBs) / Foreign Currency Convertible Bonds (FCCBs);
 - In exchange of ADRs/GDRs issued in accordance with the Scheme for issue of Foreign Currency Convertible Bonds and Ordinary Shares (through Depository Receipt Mechanism) Scheme, 1993, and the guidelines issued thereunder from time to time by the Government of India;
 - Balances held in EEFC account of the Indian Party and
 - Proceeds of foreign currency funds raised through ADR / GDR issues

8.3 Movement of Money : RBI Rules Contd..

Prior approval of the Reserve Bank would be required in all other cases of direct investment (or financial commitment) abroad. Application together with necessary documents should be submitted in Form ODI through their Authorised Dealer Category – I bank

Reserve Bank would, inter alia, take into account the following factors while considering such applications:

- Prima facie viability of the JV / WOS outside India;
- Contribution to external trade and other benefits which will accrue to India through such investment (or financial commitment);
- Financial position and business track record of the Indian Party and the foreign entity; and
- Expertise and experience of the Indian Party in the same or related line of activity as of the JV / WOS outside India

8.3 Movement of Money : RBI Rules Contd..

- With effect from August 05, 2013, a resident individual (single or in association with another resident individual or with an 'Indian Party' as defined in the Notification) satisfying the criteria as per Schedule V of the Notification, may make overseas direct investment in the equity shares and compulsorily convertible preference shares of a Joint Venture (JV) or Wholly Owned Subsidiary (WOS) outside India. The limit of overseas direct investment by the resident individual shall be within the overall limit prescribed by the Reserve Bank of India under the provisions of Liberalised Remittance Scheme, as prescribed by the Reserve Bank from time to time
- Wherever, the host country Regulations stipulate that the investments (or financial commitment) into the country are required to be routed through a designated account, an Indian Party is allowed to open, hold and maintain Foreign Currency Account (FCA) abroad for the purpose of overseas direct investments (or financial commitment) subject to certain terms and conditions stipulated under A.P. (DIR Series) Circular No. 101 dated April 02, 2012

About GJEPC

The Gem & Jewellery Export Promotion Council (GJEPC) was set up by the Ministry of Commerce, Government of India (GoI) in 1966. It was 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 the gems & jewellery industry and today it represents almost 6,000 exporters in the sector. With headquarters in Mumbai, the 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, the 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.

For any assistance , please call at Toll Free Number : 1800-103-4353

We would connect you to the concerned person.



Thanks