



GJEPC executive director Sabyasachi Ray (left) and GJEPC chairman Praveenshankar Pandya addressing the media at a press conference in Mumbai.

India's 2016-17 Gems & Jewellery Exports Rise 10% To \$43.1bn

India's exports of gems and jewellery beat expectations by rising 9.85% to \$43.1 billion in the financial year 2016-2017 mainly due to a resurgence of demand in key markets like the US, Hong Kong and UAE.

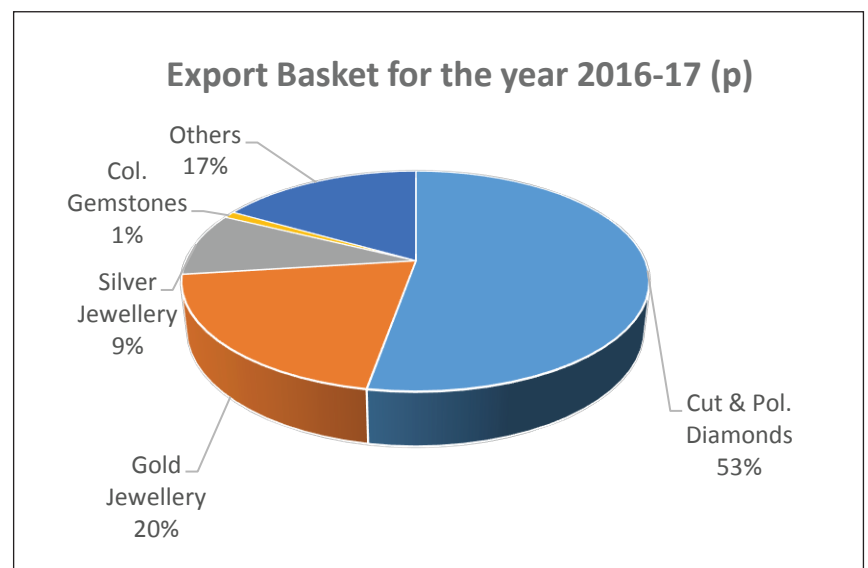
Announcing the results at a press conference in Mumbai on April 27th, Gem & Jewellery Export Promotion Council (GJEPC) executive director Sabyasachi Ray said the Indian industry had maintained its leadership position in a year of great disruption, which included developments such as demonetisation, Brexit and Trump's victory among others.

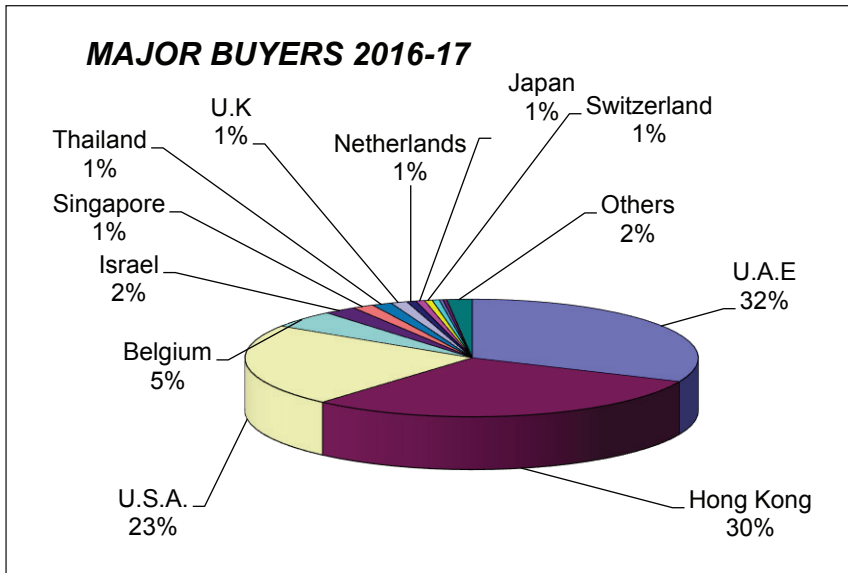
Outlining the apex body's goals for the next five years, GJEPC chairman Praveenshankar Pandya noted that it was essential for India to become a leading supplier of gold jewellery as well as the preferred destination for cutting and polishing higher value diamonds.

Pandya stated, "Prime Minister Narendra Modi, in his special live video message, congratulated GJEPC on our 50th Anniversary, and expressed his

desire to make India the world's largest diamond trading hub and a global jewellery hub. Having crossed the \$40 billion mark in exports in fiscal year 2017, we are now devising a strategy for Vision 2022, to enable India attain a global leadership position in gems and jewellery in its 75th year of independence.

"The strategic focus will be on exports, training and education, employment generation, value addition, and sustained marketing. GJEPC has expanded horizontally to encompass various aspects such as trade financing, training and infrastructure creation. We are in the process of creating a Jewellery Park





in Maharashtra and 10 Common Facility Centres across India.

“The gems and jewellery industry in India, which is the original example of Make in India, is now focussing on leveraging traditional Indian jewellery making and designs and promoting them across the globe to the Western world. We shall leverage Skill India to train existing artisans/craftsmen as they need to upgrade to global standards of excellence and innovation. We want to make India a global leader in the gems and jewellery business.”

Gems and jewellery was one of India’s leading foreign exchange earning sectors, accounting for around 15.7% of the country’s total merchandise exports during 2016-17 estimated at \$274.64 billion as per data available from commerce.gov.in.

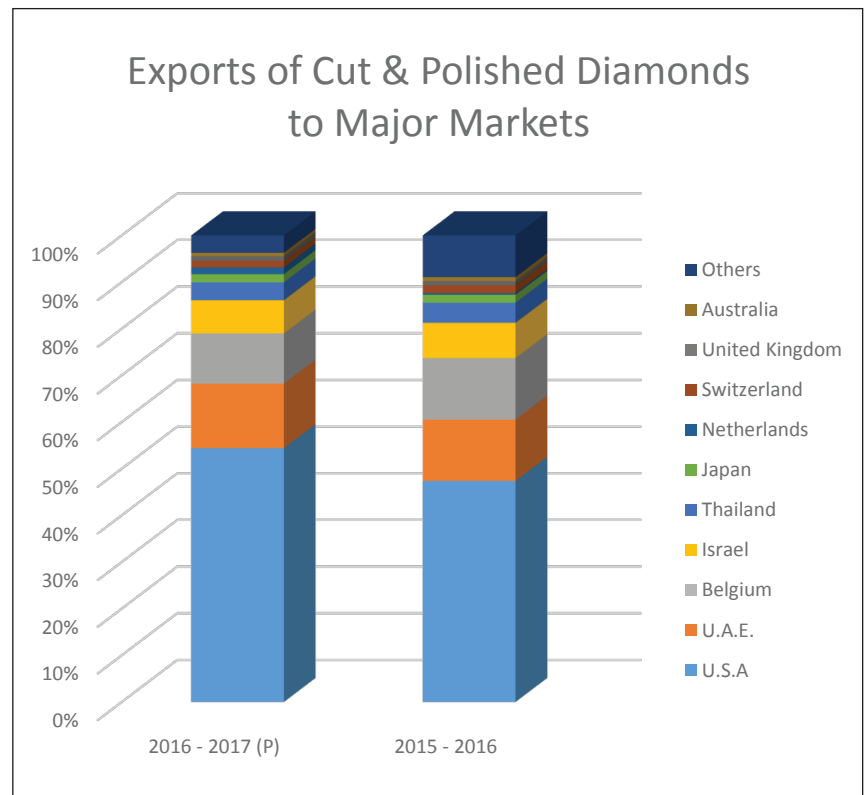
The UAE remained the single largest importer of Indian gems and jewellery during 2016-17, accounting for around 32%; it was followed by Hong Kong (30%), the US (23%), Belgium (5%) and Israel (2%).

India’s gross exports of cut and polished diamonds in the year increased 10% to \$22.7 billion as compared to \$20.6 billion in fiscal year 2016. Cut and polished diamonds accounted for more than half (52.79%) of the total gems and jewellery export basket.

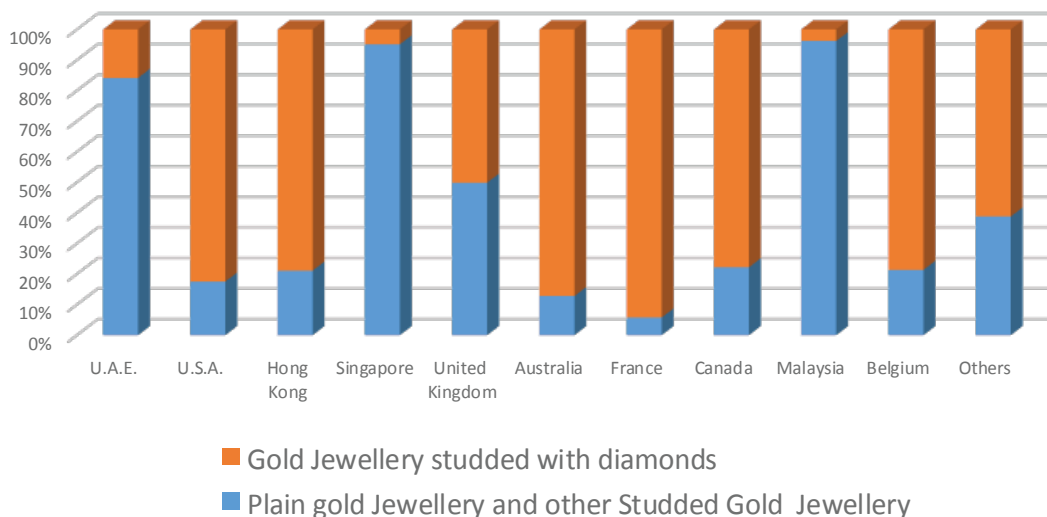
The top five markets for exports of cut and polished diamonds from India

cumulatively accounted for 91%: Hong Kong (40% / \$9.1 billion), USA (33% / \$7.4 billion), UAE (8% / \$1.8 billion), Belgium (6% / \$1.4 billion), and Israel (4% / \$0.97 billion).

Gold jewellery exports climbed 1.9% to \$8.7 billion during the year, constituting 20% of total exports. Valued at \$3.4 billion, exports of gold jewellery studded with



Gold Jewellery Exports 2016-17 (p)



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diamonds comprised 40% of all gold jewellery exports. Diamond-studded gold jewellery was exported mainly to the US, Hong Kong, Australia, France, Canada and Belgium. However, the major markets for \$5.2 billion-worth of plain gold jewellery exported from India in 2016-17 were UAE, Singapore and Malaysia.

Exports of gold medallions and coins went up a modest 3% to \$5.4 billion, accounting for approximately 13% of total exports.

Silver jewellery exports at \$4.02 billion during 2016-17 showed a growth of 36% when compared with 2015-16. Coloured gemstone exports at \$419.90 million during 2016-17 showed a decline of 3% compared to \$433.26 million in the previous year. Exports of rough diamonds increased 28% to \$1.5 billion from \$1.16 billion in fiscal 2015-16.

The overall gross imports of gems and jewellery at \$28.7 billion showed a growth of 19% as compared to \$24.2 billion for the same period in the previous year.

Imports of rough diamonds grew 22% to \$17.08 billion as compared to \$14.04 billion in fiscal year 2015-16. However, imports of cut and polished diamonds

dropped 5.13% to \$2.6 billion as compared to the prior year.

On the subject of the impending Goods & Services Tax (GST), Pandya urged the government to follow the equivalence principle when preparing the GST regime, cautioning that any tinkering with the rate would have an adverse impact on businesses, especially in the states of Maharashtra and Gujarat.

GJEPC has sought exemption for gem and jewellery export transactions and all related consumption of raw materials, inputs and input services. In a representation to the centre and various ministries, GJEPC said that all transactions, whether direct or indirect, for exports, should continue not to be taxed in the form of GST. It has urged the Central Board of Direct Taxes (CBDT) to give appropriate directive and relief to the trade under Levy of Penalties for Non-Maintenance of Adequate Transfer Pricing Records under Section 271G of the Income-tax Act, 1961. It has also urged Customs to allow job work for diamond, precious and semi-precious stones, and has sought a reduction of import duty on gold. ■