



Department of Industrial Policy and
Promotion

Department of Commerce

Gems and Jewellery Sector

Achievements Report

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MAKE IN INDIA

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Gems and Jewellery Sector

The Gems and Jewellery sector in India is one of the largest in the world and contributes to about 29% of the global consumption. In FY 2014-15, the sector constituted 13.30% of the country's total merchandise exports. India is the largest diamond processing center in the world and accounts for 95% of world's processed diamonds.

The Indian Gems and Jewellery industry has gained popularity worldwide because of its talented craftsmen and its superior practices in cutting and polishing fine diamonds and precious stones. The market in India is expected to grow at a compound annual growth rate of 16% over the period 2014-19 according to an industry report. The Industry currently employs around 4.5 million skilled and semi-skilled workers across India and is expected to provide employment opportunities to more than 8.23 million persons by 2022.

Policy Initiatives & Investments

FDI Policy

100% Foreign Direct Investment (FDI) through automatic route is allowed in the sector.

Exports

The net exports of Gems and Jewellery during FY 2015-16 was USD 39.28 billion. The export of cut and polished diamonds stood at USD 21 billion in FY 2015-16 as against USD 17 billion in FY 2012-13.

Gold Monetization Scheme

The Gold Monetization Scheme (GMS) in the form of Gold Deposit Scheme (DPS) and Gold Metal Loan (GML), launched in November 2015, allows individuals, trusts and mutual funds to deposit gold with banks in return for interest. This is helping reduce dependence on gold imports and alleviate pressure on trade balance.

The designated banks accept gold deposits under the Short Term (1-3 Years) Bank Deposit as well as Medium (5-7 years) and long (12-15 years) Term Government Deposit Schemes.

The Government also launched the Sovereign Gold Bond Scheme, under which gold bonds denominated in grams of gold are issued to individuals by the Reserve Bank of India (RBI) in consultation with Ministry of Finance.

Fiscal incentives

- Customs duty on import of Imitation Jewellery increased from existing level of 10% to 15% with the view to protect local manufacturers (Budget 2016017).
- In order to provide clarity, section 10AA of the Income-tax Act has been amended to provide a sunset date of March 31, 2020 for commencement of activity of manufacture or production of any article or thing or providing services by a unit located in a Special Economic Zone (SEZs) for availing the deduction under the section.



- The Small Scale Industry (SSI) eligibility limit has been raised from INR 12 crore to INR 15 crore
- SSI exemption limit has been raised to INR 10 crore as against INR 6 crore in a financial year.
- A separate Harmonised Systems Code (HS Code) for lab-grown diamonds has been issued. (Budget 2016-17). This would help create a fair trade environment for natural and lab-grown diamonds.
- Exporters of Imitation Jewellery segment are being incentivized under Interest Equalization Scheme and Merchandise Exports from India Scheme (MEIS).
 - Exports of notified goods/products to notified markets, is rewarded under MEIS in form of Duty Credit Scrips. The MEIS reward rate for Imitation Jewellery is 5%.
 - Interest Equalisation Scheme (previously known as Interest Subvention Scheme) on Pre & Post Shipment Rupee Export Credit was approved with effect from 1st April, 2015 for five years. Under the scheme, Banks reduce the interest rate charged to the eligible exporters as per extant guidelines on interest rates on advances by the rate of interest equalization. The current rate of interest equalisation is 3 %.

Major Investments & FDI Inflows

During the last two years (April 2014-Sept 2016), a total of USD 418 Million has been received as FDI

equity inflow in Diamond, Gold & Ornaments.¹

Details of major FDI equity inflow during (April 2014 - September 2016) are provided in the table below

| # | Name of Indian Company | Country | Name of Foreign Collaborator | FDI Equity Inflows (USD Million) |
|---|----------------------------------|-----------|----------------------------------|----------------------------------|
| 1 | Kalyan Jewellers India Pvt. Ltd. | Mauritius | Highdell Investments Ltd. | 193.18 |
| 2 | Caratlane Trading Pvt Ltd | Singapore | Internet Fund III Pte Ltd | 29.81 |
| 3 | Firestar International Pvt Ltd. | Cyprus | Jade Bridge Holdings Ltd. | 20.26 |
| 4 | Firestar International Pvt Ltd. | Mauritius | Forocom Worldwide Investment Ltd | 17.71 |

Infrastructure Development

Special Notified Zone

With a view to develop India into an international diamond training hub, a Special Notified Zone (SNZ) was opened at Bharat Diamond Bourse in Mumbai on December 20, 2015. The creation of SNZs has ensured the regular availability of direct supply of rough diamond in the country itself and within easy access, not only save time and effort of travel by diamond manufacturers, who move to different centres to procure rough diamonds, but has also minimized middlemen commissions and eventually costs.

1. Data from DIPP FDI Cell



- Total 28 viewing sessions (200 days) have been organized at SNZ as on December 16, 2016, wherein foreign rough diamond mining companies have displayed 31,48,314 carats of rough diamonds worth USD 486.6 million.
- Since inception 482 companies have participated in the viewing sessions at SNZ

Jewellery Park

A Jewellery park is being developed at Mumbai to encourage the local handmade workers and factories in Zaveri Bazar, Dahisar areas of Mumbai to relocate them in the park and develop their trade. This will help in improving living standard of the workers and small scale manufacturers and improve the work environment in which the workers currently operate.

Common Facility Centres

Setting up of 4 Common Facility Centres (CFCs) in Ahmedabad, Amreli, Visnagar and Palanpur has been approved by the Government at a cost of INR 16.15 crore. The Centres will provide access to common pool of state of the art machinery/equipment at a reasonable rate for individual small & medium diamond manufacturer, which will improve the quality, productivity and yield of the finished diamonds. CFCs will also be served as a platform for technology transfer and re-skilling of the existing artisans by providing them training on diamond grading aspect. A total of 200 small & medium diamond manufacturer will get access to the facility.

Skill development

- Under the Pradhan Mantri Kaushal Vikas Yojana (PMKVY), which was launched in July 2015, 70,205 people have enrolled for training out of which 51,569 have been certified.
- Under Recognition of Prior Learning (RPL), a sub-component of PMKVY, 22,640 artisans have been certified across the country.
- Gem & Jewellery Skill Council of India (GJSCI) is working towards development of 310 National Occupational standards (NOSs), which specifies the standard of performance the individual has to meet.
- In December 2016, the foundation stone for the fifth centre of Indian Institute of Gem & Jewellery (IIGJ) was laid in Varanasi, UP. The other four centres are located in Mumbai, New Delhi, Jaipur and Kolkata. IIGJ offers several courses in Jewellery Design, Manufacturing & CAD, extending from 6-months to 1-year, with emphasis on job training.
- GJSCI certified India's third Centre of Excellence at Mallapuram, Kerala on August 29, 2016. This centre in Kerala is upskilling artisans by providing access to a state of the art facility and offering training by qualified trainers.
- An exclusive gems & jewellery sector online job portal (www.gjscijobs.com) was launched by GJSCI on August 4, 2016 to bridge the gap between employers and workers in the industry.

Contact Us

Department of Industrial Policy and Promotion,

Ministry of Commerce and Industry,
Udyog Bhawan, Rafi Ahmed Kidwai Marg,
Rajpath Road Area, Central Secretariat,
New Delhi, Delhi 110011

<http://www.dipp.nic.in>

Department of Commerce

Ministry of Commerce & Industry
Udyog Bhawan,
New Delhi, Delhi 110107
Phone: 91-11-23062261

www.commerce.gov.in

Knowledge Partner : KPMG

Building No. 10, 8th Floor, Tower B & C,
DLF Cyber City, Phase II,
Gurgaon, Haryana 122 002

<https://home.kpmg.com/in/en/home.html>