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Gold jewellery exports nearly halve in August

Reuters

Mumbai, 24 September 2013: Exports of gold jewellery from India nearly halved in August to $561 million, a leading industry body said on Tuesday, although they picked up from July, when the Reserve Bank of India (RBI) tied imports by the world's biggest bullion buyer to its overseas shipments.

The amount of gold jewellery India exports now directly impacts gold imports by the world's biggest buyer of bullion, as the government tries to curb a bulging current account deficit.

Exports fell in August to $561 million, the Gems and Jewellery Export Promotion Council said in a statement, after a fall of 70% in July to $441.4 million. Efforts to stem buying of gold, the second-biggest item in its import bill, include a rule that 20% of all imports must be turned around and sold for export as jewellery.

But confusion over how the rule would work had virtually stopped imports since the end of July. They are expected to resume soon after a high level meeting of government officials last week to clarify the rules.

India shipped $2.68 billion worth of gold jewellery in value terms from April to August, down 59.4% on year.

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Gold supply policy for jewellery exporters liberalised

Dilip Kumar Jha, Business Standard

Mumbai, 28 September 2013: With the relaxation in gold supply norms, jewellery exports from India are set to rebound in the coming months.

On Friday, the Directorate General of Foreign Trade (DGFT) agreed to all the suggestions of the Gems & Jewellery Export Promotion Council (GJEPC) for smooth supply of gold to exporters.

In the April-August 2013 period, gold jewellery exports from India fell 57.12 per cent to Rs 15,609.54 crore from Rs 36,404.17 crore in the corresponding period last year, primarily due to unavailability of gold for exporters. The unavailability had resulted from import restrictions by the government, aimed at containing the country's current account deficit.

Now, jewellery exporters would have easy access to gold, and this would help increase exports. Since the supply restrictions were implemented on July 22, a huge quantity of imported gold has been held at ports. Importers continued to pay demurrages; a number of export orders were cancelled, leading to huge losses for jewellers. This led to losses of at least Rs 25,000 for jewellery exporters for every Rs 1 crore of exports. The loss multiplied for diamond jewellery exporters, owing to higher costs of manufacturing.

"The gold export business will come on track now, with the fresh clarifications issued by DGFT. We will be able to receive gold smoothly, as all hazards have been cleared," said Pankaj Parekh, vice-chairman of GJEPC. A recent Reserve Bank of India (RBI) circular mandates the supply of 20 per cent imported gold to exporters. Jewellery exporters were afraid a higher quantity would be denied to them. And, banks were keen to supply only 20 per cent under the central bank's 20:80 formula. But now, jewellers would be able to secure higher quantities if they needed to, Parekh said.

Another major issue was documentary evidence proving inward remittance of foreign receivables of jewellery exports, showing the use of the first lot of gold procured from banks. This was required to secure a third lot of gold for jewellery exports, irrespective of the quantity. GJEPC argued exporters would have to wait for at least 280 days from the date the first lot was secured; this included 90 days of jewellery making, 180 days of inward remittance and 10 days of procedural delays. This would not only make business unviable; also, exporters would have to opt for new business. Now, DGFT has clarified a proof of exports would suffice and make jewellers eligible for a third lot.

"Another big hurdle was the supply of gold from bonded warehouses. Since the record is maintained both by customs and banks, the onus of the proof of gold supply should not lie on customers. With the undertaking given by customers, banks will now be able to supply gold without seeking clearances from multiple authorities every time," said Vipul Shah, chairman, GJEPC.

Now, the ex-bond bill of entry wouldn't have to be filed every time, as mandated by the Customs earlier; a one time receipt would suffice, said Shah. With these clarifications, both gold and diamond jewellery exports were expected to pick up soon, Parekh said.

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Gems, jewellery exports glitter in October, up 21.8 per cent

PTI

New Delhi, 4 December 2013: After falling for five months in a row, India's gems and jewellery exports rose by 21.8 per cent year-on-year in October to $3.37 billion boosted by rising demand from western markets ahead of Christmas.

In October 2012, these exports stood at $2.7 billion, according to the data provided by the Gems and Jewellery Export Promotion Council (GJEPC).

"Ahead of the Christmas season, exporters are getting a good number of orders not only from traditional markets like the US, Europe and Middle East but also from emerging ones including Latin America and Africa," a GJEPC official said.

The major markets for the country's gems and jewellery exports are the US, Europe, Middle-East, Hong Kong and Japan.

Among the categories which registered growth in October are coloured gemstones exports, followed by cut and polished diamonds and silver jewellery.

However, segments like gold medallions &coins and gold jewellery exports witnessed declines.
India is the largest importer of gold which is mainly utilised to meet demand of the jewellery industry. The country imported around 830 tonnes of gold last fiscal.

In the first seven months of this fiscal, gems and jewellery exports declined 6.67 per cent to $20.94 billion due to weak demand in western markets. During 2012-13, these exports declined by 9.4 per cent year-on-year to $39 billion.

Gems and jewellery constituted 17 per cent of India's total exports in the last year. The sector employs 1.5 million people.

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Gold jewellery import dips

Dilip Kumar Jha, Business Standard

Mumbai, 30 December 2013: Gold jewellery import declined 93 per cent in the first eight months of the current financial year, following the government's decision to curb import of the yellow metal to bring the current account deficit (CAD) under control.

Data compiled by the Gems & Jewellery Export Promotion Council showed gold jewellery import fell to a negligible Rs 1,521 crore between April and November, as compared to a staggering Rs 22,989 crore in the corresponding period last year.

There are two primary reasons. The government clamped on jewellery traders taking benefit of the free trade agreement FTA signed between Thailand and India. Under this, import duty on gold jewellery was reduced to one per cent, as against 10 per cent otherwise. While , the government made 20 per cent value addition mandatory in Thailand, traders bypassed this by having all gold ornaments originating elsewhere, either China or some other major manufacturer, and then routing these through Thailand.

"Maximum import of jewellery took place during the period when import duty was inverted, with one per cent duty on finished products, mainly from Thailand, and four per cent on raw material. For survival of the gold jewellery manufacturing industry, the duty differential should be a minimum 10 per cent, as in the case of other countries, including China," said Haresh Soni, Chairman, All India Gems and Jewellery Trade Federation.

"Rising imports of finished products pushed the domestic manufacturing industry into the doldrums. Increasing import of gold jewellery from Thailand was the biggest threat for Indian artisans, rendered jobless because of shrinking manufacturing activities in India," said Pankaj Parekh, vice-chairman.
The government introduced a 20:80 formula for gold import; at least 20 per cent of the imported quantity of gold should be supplied to jewellery exporters. Since gold supplies to exporters did not offer the six to eight per cent margins as for supplies to domestic players, importers reduced the gold import business. This resulted in a huge shrinkage in gold supply to domestic entities. As a consequence, gold is currently selling at a seven to eight per cent premium in India over its imported price.

"The government raised import duty to 10 per cent in June-July this year from less than one per cent 18 months ago. The government action helped control the CAD, which hit an alarmingly high 5.5 per cent of GDP early this year and has now declined to 3.1 per cent," said an industry veteran.

To curb gold jewellery import, the government raised import duty on ornaments to 15 per cent from the earlier 10 per cent across the board.

However, with a seven to eight per cent premium and 10 per cent import duty, gold is available currently at 17-18 per cent higher than its price in the global market. In comparison, jewellery can be imported at straight premiums of 15 per cent. "Therefore, import of gold jewellery still works out cheaper," said Parekh.

Soni believes for the industry to survive, the priority is to reduce the import duty on raw material, which will result in a reduction in smuggling and narrowing of the premium on gold in India.

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Gems and jewellery exports fall 13.6% in January

Business Standard

Mumbai, 18 February 2014: Gems and jewellery exports fell 13.6 per cent in January on a year ago on lower availability of gold and uncertainty over consumer sentiment in the US after expectations of a further cut in its monetary-stimulus plan rose.

Data compiled by the Gems & Jewellery Export Promotion Council showed exports had fallen to Rs 15,098 crore in January against Rs 17,485 crore a year ago.

For the first 10 months (April to January) of the financial year, jewellery exports reported a decline of two per cent to Rs 1,63,943 crore against Rs 1,67,670 crore a year ago.

Between April and January, gold-jewellery exports declined 45 per cent to Rs 33,178 crore from Rs 59,693 crore a year ago.

In January, exports plunged 23 per cent to Rs 2,994 crore compared to Rs 3,899 crore a year ago.

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India's gems and jewellery imports up by 8 per cent in January(ET)

PTI

New Delhi, 6 March 2014: India's gems and jewellery imports rose 8 per cent to Rs 15,161 crore in January mainly on increased shipments of rough diamonds as purchases of gold bars and jewellery continued to fall due to government curbs, according to the industry body GJEPC.

The country had imported Rs 14,026 crore worth of gems and jewellery in the same month in 2013, it said.According to data released by the Gems and Jewellery Export Promotion Council (GJEPC), gems and jewellery imports improved due to increased shipments of rough diamonds.

Rough diamond shipments rose 46 per cent to Rs 7,803.63 crore in January from Rs 5,358 crore in the year-ago period. Import of pearls jumped to Rs 469.28 crore from Rs 2.02 crore.
Import of gold bars fell 30 per cent to Rs 2,824.56 crore from Rs 4,037 crore in January 2013.

Inward shipments of gold jewellery declined 24 per cent to Rs 461.20 crore and import of colour gemstones fell over 79 per cent to Rs 113.33 crore.

Import of cut and polished diamonds declined 2.23 per cent to Rs 3,179.63 crore.

India meets its entire gold demand through purchases overseas. Gold is the second-largest imported item after crude oil. The government had imposed measures to curb gold imports to contain the current account deficit, which widened to a record in 2012-13.

The government hiked import duty on gold thrice to 10 per cent, banned inward shipments of gold coins and medallions and made it mandatory for importers to export 20 per cent of their shipments before purchasing more of the metal from overseas.

The curbs resulted in the jewellery industry facing a shortage of gold and traders have started quoting high premiums.

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RBI relaxes rough diamond import norms

Business Standard

Mumbai, 1 April 2014: In a further liberalizing of the norms for rough diamond imports, the Reserve Bank of India (RBI) has lifted restrictions on a number of mines abroad, to which advance remittances can be extended for such import of roughs.

Banks may use their own discretion to extend advance remittance to Indian importers in favour of global miners. Based on recommendations from the Gems & Jewellery Export Promotion Council (GJEPC), RBI had in 2007 notified five global miners of roughs — including Diamond Trading Company, UK; Rio Tinto, UK and BHP Billiton, Australia — to which an importer was allowed to make advance remittance without any limit and without a bank guarantee or standby letter of credit for import of roughs. The number was later extended to nine, including Al Rosa and Gokharan from Russia and Endiama EP from Angola.

"Henceforth, we will not notify the names of overseas mining companies from whom an importer may import rough diamonds into India, by way of advance payments, without any limit or bank guarantee or standby letter of credit," RBI stated on Monday. At present, banks extend remittances to foreign miners on behalf of importers before the dispatch of consignments.

"RBI's move will help the industry, as we will be able to procure rough diamonds from anywhere. Our hands will be free now," said Shreyas Doshi, chairman, Shrenuj & Co.

Banks are now permitted to decide on the foreign mining companies to which an importer can make advance payments, without any limit or bank guarantee or standby letter of credit, the circular clarified. RBI cautioned that mining company in question should have recommendations from GJEPC and importers, be a recognized processor of roughs and have a good record.

The advance payment should be transferred directly to the account of the company concerned, not through numbered accounts or otherwise. The regulator has ,however, restricted remittances to any mining company without certification from the Kimberly Process Certification Scheme, established in 2003 by the United Nations to prevent diamond sales from financing war or human rights abuses.

For public sector undertakings, banks may permit the advance remittance with a specific waiver of bank guarantee from the ministry of finance, where the advance payment is equivalent to or exceeds $100,000. Banks are to report all such advances or remittances of over $5 million within 15 days of every six months.

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Gems & jewellery exports dip by 1.2% in FY 2014

PTI

New Delhi, 13 May 2014: Gems and jewellery exports fell by a marginal 1.21% to Rs 2.10 lakh crore in 2013-14 due to sluggish shipment of gold ornaments, medallion and coins, industry body GJEPC said. India had exported Rs 2.12 lakh crore worth of gems and jewellery in the previous year.

"We could not export much of gold jewellery in 2013-14 because of the government curbs on gold imports", Gems and Jewellery Export Promotion Council Chairman Vipul Shah said. He said GJEPC has sought relaxation in gold import duty to ensure adequate supply of the metal and help meet export demands for jewellery, he said.

To check high current account deficit, the government had hiked import duty on gold to 10% and made it mandatory for traders to export 20% of the imported gold.

According to the latest data of GJEPC, gold jewellery exports fell to Rs 47,716 crore in 2013-14 from Rs 71,295 crore in the year-ago period. Similarly, shipments of gold medallion and coins fell to Rs 19,203 crore from Rs 28,490 crore and exports of coloured gems stones declined marginally to Rs 3,136 crore from Rs 3,543 crore in the review period.

Exports of cut and polished diamonds improved to Rs 1.18 lakh crore in 2013-14 as against Rs 94,741 crore in the previous year. Silver jewellery exports increased to Rs 8,798 crore from Rs 5,028 crore, while sale of pearl in overseas markets rose to Rs 61.41 crore from Rs 26 crore in the review period. Exports of synthetic stones also improved to Rs 481.64 crore in 2013-14 from Rs 282.71 crore in the previous year.

The US, Europe, the UAE and Hong Kong accounted for the maximum share of gems and jewellery exports.

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