

## Gem & Jewellery Sector Calls for Strategic Fiscal and Policy Support Ahead of Budget 2026

Published on 15 Jan 2026 | By IFI Correspondent



The **Gem & Jewellery Export Promotion Council (GJEPC)** has submitted its pre-Budget recommendations to Finance Minister **Nirmala Sitharaman**, outlining a series of fiscal and regulatory reforms designed to strengthen India's gems and jewellery exports. The proposals aim to enhance competitiveness, encourage investment, and establish India as a global diamond trading and value discovery hub.

India's gem and jewellery sector — valued at **USD\$28.7 billion in exports in FY2024–25** — plays a central role in foreign exchange earnings and employment generation but faces **geopolitical uncertainties, tariff challenges and slowing global demand** in key markets.

### Key Calls for Duty Rationalisation and Tax Reforms

A central plank of GJEPC's recommendations is **rationalising import duties** on key inputs such as **cut and polished diamonds** and **coloured gemstones**, which currently attract a Basic Customs Duty that erodes export margins. The council has suggested reducing these duties to **2.5%** and eliminating duties altogether on certain rough gemstones to lower manufacturing costs and boost global competitiveness.

To support exporters at a time of **high tariff barriers in major markets like the United States**, GJEPC has also proposed replacing the existing **fixed-rate duty drawback system with an ad-valorem mechanism** that would offer refunds proportionate to duties paid, helping firms manage volatility in precious metal prices more effectively.

Additionally, inclusion of **platinum jewellery and gold articles under the Duty Drawback Scheme** was urged to create parity between Special Economic Zone (SEZ) units and Domestic Tariff Area (DTA) exporters, encouraging diversification and broader participation in global markets.

### Customs, SEZ and Ease of Doing Business Reforms

Beyond duty cuts, the council's proposals stress the need to **amend the Customs Act, 1962** to align procedures with the requirements of a dynamic export-driven industry. Suggested reforms include:

- **Risk-based customs clearance** for faster processing
- **AI-enabled digital appraisals**
- **Self-certification for trusted exporters**

- **Uniform compliance procedures across all ports**

These measures are intended to reduce procedural bottlenecks, lower compliance costs and improve **ease of doing business** for exporters.

GJEPC also advocated for enhanced **operational flexibility in SEZs**, including allowing SEZ units to undertake “**reverse job work**” during export slowdowns and enabling unsold inventory to be cleared into the DTA, thereby helping to manage excess capacity and protect jobs.

### **Boosting Global Trade Positioning and Tourism Retail**

In a bid to strengthen India’s standing as a **leading destination for luxury jewellery**, the council has proposed a **comprehensive tax refund scheme for foreign tourists** — refunding all applicable taxes (not just GST) on jewellery purchases, similar to models in Singapore and Dubai. Such mechanisms are seen as key to bolstering **tourism?linked retail** and reinforcing “Brand India” on the global stage.

Drawing inspiration from international models like Belgium’s “Carat Tax,” GJEPC seeks a **predictable tax regime** to attract global mining firms and brokers to operate from India, helping establish the country as a **diamond trading hub** comparable to Antwerp or Dubai.

### **Industry Support and Broader Calls for Reform**

Parallel industry voices, including the **All India Gem and Jewellery Domestic Council (GJC)**, have urged **reduction in GST rates on gold and silver jewellery** and reforms to direct tax structures to enhance affordability and expand the taxed base. Calls have also been made to operationalise the **Tourist GST Refund Scheme** with digital claim mechanisms at major international gateways.

As Budget?2026–27 preparations continue ahead of the **February 1, 2026** presentation, the gems and jewellery industry’s proposals reflect a strategic attempt to safeguard export momentum, bolster global competitiveness and stimulate growth across the value chain.

**For more style updates & exclusive fashion stories follow [indiafashionicon.com](https://indiafashionicon.com)**