

10

**SITAPURA GEM & JEWELLERY INDUSTRIES
ASSOCIATION
EPIP MAIN GATE, SITAPURA, JAIPUR**

Ref. no.: SGJIA/01/2020-21
Date: 4th April, 2020

Smt. Nirmala Sitharaman,
Hon'ble Finance Minister,
Government of India,
New Delhi

Sub: Seeking support for Gems & Jewellery exporters due to difficulties emerged on account of COVID-19

Respected Sir,

In the wake of COVID-19 outbreak in the world and subsequent lockdown applied by various countries including India, the Gems and Jewellery Industry has suffered the most due to various important facts listed as below:

- Major overseas & domestic exhibitions have been cancelled like, Hong Kong March Show, BaselWorld, Gem Geneva, JCK Las Vegas, IGJS 2020, JAS 2020 and many other small shows being organized in India and abroad.
- Air connectivity to all major international markets has been hampered.
- Lockdown in all major markets like China, Italy, Spain, US, UK etc.
- Mounting interest burden due to high inventory overhang which will face challenges in liquidating even after the situation corrects. The export shipments are on hold at manufacturer's place while some are on hold either at gateway port or destination port awaiting pick up or clearance respectively.
- Burden of fixed expenses despite lockdown viz. salaries & wages, PF, ESI, Insurance etc.

The Impact of COVID-19 Pandemic would be far reaching than assumed as all the major economies in the world has been affected adversely which would push whole world in severe recession surpassing the effects of year 2008. Further the impact of this would be even more on the products like Gems & Jewellery due to it being a luxury product and even after the control of pandemic worldwide the focus will remain on fulfillment of basic needs of food, health, safety etc.

Further there are certain other reasons which will emerge post lifting of lockdown when the industry resumes manufacturing.

- Around 60% of the workers who were from Bengal and Bihar have returned to their home town due to lockdown. They may not turn up for almost 3 to 6 months even if the Lockdown

ends on 14th April 2020 as the workers would be afraid and would be waiting for normalcy being established. Hence, the industry will suffer to find replacements for them who are equally skilled.

- The existing export orders in hand and under production in finished/ semi finished stages may get cancelled which will further aggravate the suffering due to capital blockage till the same gets liquidated.
- The terms of payment for buyers credit has to be relaxed by the exporters to seek orders or even where the supply has already been made thereby adding on the cost for exporters affecting their margins.
- China has now started its manufacturing post controlling the situation arised due to spread of COVID-19. Due to Lockdown in India, the orders are now going to China which may not be turning in our favor for next 6 months.

Looking at above challenges for gems & jewellery exporters and to give stimulus, we hereby request your good self to extend kind support by recommending or granting us below relaxations as a package to the gems & jewellery exporters suffering from adverse impacts of COVID Pandemic so as to stand up again for the benefit of the Country.

Sl. No.	Relief sought for	Justification
1.	<p>Allow Salary reduction for employees for the period of lockdown as below:</p> <ol style="list-style-type: none"> 1. For employees having gross salary upto Rs.15000/- per month – 20% 2. For employees having gross salary greater than Rs.15000/- upto Rs.50000/- per month – 30% 3. For all other employees having gross salary greater than Rs.50000/- per month – 40% 	<ul style="list-style-type: none"> • The cost incurred daily for mobility by an employee for transportation between his house and factory/office is saved. • The salary has various components covering basic needs like food, shelter, health, education for children etc. whereas certain portion contributes to the savings for future. In the times when everyone is concerned for survival & fulfillment of basic needs, the component "Savings" would be a luxury which can be easily foregone. • This will be helping businesses to sustain through these difficult times where there survival is at stake and would create bigger hazard if businesses fail which will lead to huge unemployment.
2.	<p>Allowing complete exemption from depositing of PF & Pension fund both employee's and employer's contribution for the period of lockdown.</p>	<p>In addition to above justifications, below more points shall be taken into consideration.</p> <ul style="list-style-type: none"> • Contribution to PF & pension fund @ 12.5% of salary by employee and being matched with similar contribution by employer has a net

		<p>effect of 25% reduction in an employee's net in hand salary.</p> <ul style="list-style-type: none"> • Such contribution is in the category of "Savings" for future which is a luxury and can be foregone. • By allowing this exemption, the businesses can be saved from such expenditure.
3.	<p>Allowing standard deduction of 20% in the income tax calculated on the income of company's/ firms and individuals having income from salary and/or Business & profession for the Assessment year 2020-21.</p>	<ul style="list-style-type: none"> • Due to lockdown the businesses are badly affected on every front viz. revenue, turnover, margins and at the same time expenses are still a cause of concern. • The credit limits may go down further on account of reduced revenue, turnover, margins etc thereby creating pressures on available funds for running business. • The individuals having income from salary should also be allowed deduction in income tax so as to leave them with more disposable income which will create demand of various commodities in the market which will help businesses to utilize their manufacturing capacity to the optimum. This will help regain the lost momentum for the economy thereby kick starting the cycle of demand and supply which got adversely affected due to COVID Pandemic.

We support and praise Government's quick actions for containing COVID spread in India. We also extend our sincere gratitude towards the Government for taking immediate actions by providing several relaxations/ relief on various timelines.

With this representation, we would like to request the Government to take measures which can save and help the industry to stand again after lockdown or once the threat caused by this pandemic is over as it is very important to save the "EMPLOYERS" who are providing employment otherwise the whole thread holding the economy of the country may be damaged. While considering our above proposal/ request, the Government must ponder upon the important question "What if the employers are unemployed".

Looking forward for your kind support in this regard.
Thanking you,

Sincerely yours,
S/d-Gaurav Jain Mandot | President +91 9829065700