



INDIAN CHAMBER OF COMMERCE

## Press Note

### Gold Demand to drop 30%: ICC

Following the Corona virus outbreak, the Gems and Jewellery sector in the country has come to a complete standstill as Jewellery & Lifestyle stores are closed across the country. This is an Industry which **contributes 7% of GDP and employs more than 5 million people**.

Indian Gems and Jewellery industry is predominantly wedding driven. But due to corona virus such events have been cancelled and wedding shopping has come to a halt despite the ongoing wedding season. India's average long-term gold demand is likely around 850 tonnes because of its affinity to gold due to economic and social requirements. In spite of the gold demand predicted to be in the range of 700-800 tonnes in 2020, the volatility coupled with higher prices impacted the demand severely before the Corona outbreak. Now purchases are **estimated to plummet 30% in 2020 from the 690 tons last year**, according to reports, with the economic impact of the virus expected to be negative on employment and income.

The economic situation of the Gems and Jewellery industry has taken a severe beating but the most affected are the daily wage workers, as they are jobless due to the shutdown. Over and above, the sector has lot of compliance issues like Advance tax payment, Maturity date of Gold Metal Loan, Interest payment on Gold Metal Loan etc. In light of such a crisis situation, ICC appeals to the Government on behalf of the Industry for relief measures to help the Industry .

**ICC Suggests** extension of at least 180 Days for Advance tax payment and roll over of gold metal loans at lower interest rates. **ICC appeals** to the Government to allow a 50 % reduction on interest rates for term loans and working capital facilities for a span of 180 days instead of 90 days in support of all businesses and also change the definition of Non Performing Assets to 180 days for the short term.

ICC strongly requests Government to **create a special fund** and distribute one time funding to the craftsmen and artisans who are without job and who have registered their details through PAHCHAN Cards. This measure will help the backbone of this industry, the jobless artisans to take care of their basic needs.

The Government has announced relaxation on the Employees' Provident Fund (EPF) withdrawal rules to enable easier access to the money and also pay both the employer and employee contribution to the EPF accounts of establishments having up to 100 employees for next 3 months. **ICC requests** the Government to **extend the above facility for the next 6 months** as a breather to the Industry and also extend this support to all the companies without capping the upper limit on employee numbers.

With the above support measures, we believe that the Gems and Jewellery sector would be able to overcome this sudden and huge crisis.