

Client: Aksha Kamboj, Executive Chairperson, Aspect Global Ventures Pvt Ltd.	Date: 21 st December, 24
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WEDDING SEASON BONANZA FOR DOMESTIC JEWELLERY CHAINS

NRI Don't Miss Golden Opportunity as Duty Slash adds Sheen to Jewellery

Buying up 10-15% in Nov-Dec; 6% levy, lower charges make India more attractive than Dubai

Sutanuka Ghosal

Kolkata: Dubai is starting to lose its lustre as a gold haven for non-resident Indians (NRIs) in transit. A Customs duty cut and labour arbitrage have made it more cost-effective to buy gold jewellery in India than stopping over in the Emirate.

Leading jewellers said NRI purchases have risen 10-15% during November-December, from a year earlier, with sales for the two months likely to touch 80 tonnes.

Dubai has traditionally been a top gold buying destination for NRIs and Indian tourists, who are now shifting their orders to local jewellers. This is because

prices fell following a cut in import duty on gold to 6%, from 15%, in July. Jewellery making charges are also much lesser in India — at least half those in Dubai — due to lower labour costs, pushing NRIs towards their native country.

NRIs usually visit India during winter — also wedding season — and were known to purchase gold jewellery while travelling via the UAE.

Joy Alukkas, chairman of the eponymous chain, said gold jewellery purchases by NRIs at its India stores have risen 10% on-year this wedding season (November 15 to December

15). “On the contrary, sales have reduced at our Dubai outlets as most NRIs are now preferring to buy gold jewellery from India,” he said. The Kochi-based chain has 160 stores, with 35 outlets in Dubai.

Dubai levies a 5% value added tax (VAT) on gold jewellery. India reducing customs duty to 6% means Dubai’s VAT isn’t sufficiently low to beat the labour cost differential.

Demand Grew 18% YoY in July-Sept >> 8



Rise & Shine

Duty differential between Dubai and India is **1%** only

Making charge of gold jewellery in India is less than Dubai

Local jewellers ask for **10-20%** against **25-35%** making charge in Dubai

Mandatory hallmarking, HUID have increased confidence among NRI buyers

NRI gold purchase is as high as **₹20-25 lakh**

In the last year, gold has given a **23%** return

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September Quarter Gold Demand Grew 18% YoY

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“Labour is cheaper in India, so jewellers ask for a making charge of 10-20%, as against 25-35% in Dubai,” said Rajesh Rokde, vice-chairman of All India Gem & Jewellery Domestic Council.

In a single instance, NRIs tend to buy at least ₹5 lakh worth of jewellery, which can increase to ₹25 lakh. Gold rate in the physical market was Rs 75,547 per 10 gm on Friday.

India's demand for the precious element surged 18% on-year in the September quarter to 248.3 million tonnes as the import duty cut and subsequent lower prices sparked a revival in jewellery demand, according to the World Gold Council. Overall, in the first nine months of calendar 2024, demand rose by 8.6% over the year-ago period. Sales were buoyant during Dhanteras and Diwali at 40 tonnes, according to industry estimates. In the past year, gold has given a 23% return, making it attractive to consumers.

“Overseas gold is cheaper than in India is just a mindset, which has started changing,” said Rajiv Popley, director at Mumbai-based Popley & Sons, which has a presence in UAE. “The labour cost is significantly lower in India. Moreover, with the introduction of mandatory hallmarking and HUID number, any question over the purity of gold in India has been addressed.”

Indian handmade jewellery holds a special appeal for NRIs. Those from Gujarat have a liking for Rajkot handmade jewellery, while those from South India are deeply drawn to temple jewellery crafted in Tamil Nadu and Kerala, said Aksha Kamboj, vice-chairman of India Bullion & Jewellers Association.

‘Kolkatti’ gold jewellery, named after Kolkata, where it is crafted and designed, is very popular among NRIs, with most stores in India and Dubai stocking these products.

Bhargav Baidya, a gold trade analyst, said the 1% duty differential between jewellery in India and Dubai can be made up because Indian jewellers will offer some discount to keep their customer base intact and for customer acquisition. “If volume increases, jewellers take that small hit in profitability,” he said.



Elaborating on the benefits of buying gold in India, Popley said jewellers often see instances of a spouse who buys gold bangles during overseas travels that do not fit well and need to be altered in India, or necklace designs that don't interest the targeted family member. “These flexibilities are in India. Before the duty cut, consumers would invariably prefer Dubai due to price differential, but not anymore,” said Popley.