

Jewellery prices to come down by 9% due to duty cut

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THERE is every reason for women to smile and even laugh out louder as their favourite ornaments are going to get cheaper by at least 9% with finance minister Nirmala Sitharaman slashing Customs duty on gold to 6% from 10% (effective cut including in the cess is 9 percentage points from 15% to 6%). The lower duty can reduce retail price of jewellery by about 9% while the wholesale reduction will be about 4%.

Announcing her seventh consecutive Budget and the first in the Modi government's third term, she said, "To enhance domestic val-

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ue addition in gold and precious metal jewellery, I propose to cut Customs duties on gold and silver to 6% from 10% and that on platinum to 6.4%." However, the Budget has left the 1% agriculture infrastructure and development. The step aims at reducing input costs, deepen value addition, promote export competitiveness, correct inverted duty structure, and boost domestic manufacturing. An unstated impact will be lesser incentive to smuggle in the yellow metal, which has seen a massive spike in recent years. The minister slashed the Custom duty on the gold bars

from 15% to 6%; gold ore to 5.35% from 14.35%, and gold and silver findings to 6% from 15%.

MCX Gold prices falling by ₹4,000/1 gms from ₹69,000 as a knee-jerk reaction after the announcement and are expected to fall further to about ₹67,000/10 gm according to international price, while silver fell by 2.5% to ₹87,000/kg after the announcement.

Kinjal Shah, a senior VP & co-group head-corporate ratings at Icra Ratings, said, "Gold prices, which rose by 40% in the last three years, will soften with the reduction in Customs duty to 5% from the current 10% and AIDC to 1% from 5%.