

Mumbai diamond jewellers welcome import cut in budget

While diamond jewellery makers have welcomed customs duty cuts in the union budget for 2007-08 tabled in the Lok Sabha Wednesday, corporate India has deplored employees stock option plan (ESOP) being brought under the tax regime in India's financial and entertainment capital Wednesday.

Finance Minister P. Chidambaram's announcement of a cut on customs duty on polished diamonds and rough synthetic stones Wednesday was welcomed by diamond jewellery makers in the metropolis.

'The move will help promote India as a trading hub for polished diamonds and will also bridge the gap in the polishing industry and help the domestic industry as well,' said leading city diamond traders.

'The finance minister's announcement to cut customs duty on polished diamonds to three percent from the present five percent and five percent from 12.5 percent on rough synthetic stones is welcome. It will help in promoting India as a hub of polished diamond,' said a spokesperson of Gitanjali Gems Ltd., one of India's leading diamond jewellery makers.

'The customs duty cut is a clear indication of the Indian government's willingness to let the diamond polishing industry's grow and create employment, which the industry is capable of.'

Meanwhile, welcoming the finance minister's decision to extend tax holidays for another five years in industrial units in the country's backward regions, corporate leaders here said that bringing ESOP under the tax regime would be counterproductive for corporate India.

Ajay G. Piramal, chairman of Nicholas Piramal India Ltd, said: 'The biggest challenge faced today by corporate in India is the attrition of employees and ESOP has proved to be a time tested tool for retaining the employees. Bringing this under the fringe benefit tax (FBT) is deplorable.'

'To tax the Venture Capital Funds by taking away the pass-through benefit in respect of non-specified areas will bring about additional burden on the consumers and will not encourage Venture Capital Funds thereby starving the mall entrepreneurs of seed capital.'

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