

# The Impact on Consumer Behaviour after imposing GST on Jewellery Products

Paper Submission: 15/12/2020, Date of Acceptance: 25/12/2020, Date of Publication: 27/12/2020



## Yogesh Kumar

Research Scholar,  
Faculty of Commerce and  
Management Studies,  
Dept. of Business Administration,  
Jai Narain Vyas University,  
Jodhpur, Rajasthan, India

## Ravi Kumar Dadhich

Associate Professor,  
Dept of Business Administration,  
Govt. Bangur PG College,  
Pali, Rajasthan, India

### Abstract

Jewellery keeps a high importance in value market and also part of Indian cultural costume. Jewellery includes necklace, ring, ear ring, ear stud, nose ring, nose pin, bangle, bracelet, armllet, anklets, pendant, chains etc. many jewellery items are also included. Since time immemorial, jewellery in India has been an integral part of women's lifestyle. In a diverse country like India, jewellery also has a cultural connect. Occasions such as festivals and weddings have religious significance that differs from region to region. Jewellery usage is thus rooted in geographical traditions.

The following are all considered as jewellery

Platinum jewellery, Diamond jewellery, Kundan jewellery, Gold jewellery, Silver jewellery, Bantex jewellery, artificial jewellery, animated jewellery, Studded jewellery, handmade jewellery.

**Keywords:** Consumer Behaviour, Jewellery Products.

### Introduction

#### Ancient world of jewellery

Jewellery is a universal form of adornment. Jewellery made from shells, stone and bones survives from prehistoric times. It is likely that from an early date it was worn as a protection from the dangers of life or as a mark of status or rank.

In the ancient world the discovery of how to work metals was an important stage in the development of the art of jewellery. Over time, metalworking techniques became more sophisticated and decoration more intricate<sup>1</sup>

#### Brief History of Indian Jewellery

The use of jewellery in India goes back to more than 5000 years ago, touching the eras when the great epics of Mahabharata and Ramayana took place. The physical traces of some ancient Indian jewellery are found from the Indus Valley civilization. The initial jewellery was simple, made from beads, strings, and stones.<sup>2</sup> Later on, people of the Indus Valley region learnt to make ornaments and jewellery from metals.

Since time immemorial, jewellery in India has been an integral part of women's lifestyle. Women from different economic strata have different lifestyles. Their jewellery choices therefore differ. In a diverse country like India, jewellery also has a cultural connect. Occasions such as festivals and weddings have religious significance that differs from region to region. Jewellery usage is thus rooted in geographical traditions.

Despite the fast spreading westernization trend in the country, 85 per cent still adhere to the wedding customs strictly. In Hindu marriages, wearing a mangalsutra is mandatory. Yet, the design and materials differ from region to region. While Gujarati's and Marwari's often go for diamond pendants and Maharashtrian's wear a pendant of one or two vatis, Bengalis often have corals added to the design. In South India, the variation in the mangalsutra and the way it is arranged varies from region to region.

With the passage of time, a shift in the significance and preference of jewellery was apparent. Today, with global exposure and more educated women joining the workforce, jewellery has evolved to become a fashion accessory.<sup>3</sup>

**Taxation on Jewellery before Implementation of GST**

Before the implementation of GST, you had to pay 1% as service tax along with 1% VAT. So, in total, you had to pay 2% extra, over and above the selling price of the gold jewellery purchased. VAT on jewellery is subject to state tax levied and collected by state government where service tax on jewellery is subject to central tax levied and collected by central government.

**Taxation on jewellery after implementation of GST**

The Goods & Services Tax (GST), introduced in July 2017, started a new taxation regime in India. By switching to single-point taxation on all goods and services, the government aims to provide uniformity and solves issues of multiple or compounded taxations.

For gold, the Indian government imposes GST on both the supply as well as the services. When you buy gold jewellery, you have to pay GST on the gold as well its making charges. Additionally, being an imported item, gold attracts Customs Duty as well. At present, here are the applicable rates on purchasing new gold jewellery:<sup>4</sup>

1. 12.5% Customs Duty on imported gold.
2. 3% GST on the price of gold used in the jewellery.
3. 5% GST on the making charges.

In September 2019 Union Finance Minister Nirmala Sitharaman announced the reduction of GST rates on jewellery products to provide relaxation for jewellery industry.

1. GST council cuts tax rates on job work in diamond industry to 1.5% from 5%
2. In a major boost to gems and jewellery sector, the Council recommended to reduce GST on cut and polished semi-precious items to 0.25 per cent from 3 per cent now<sup>5</sup>

The RBI ban on Letter of Undertaking (LoU) as a trade finance instrument, will not have much impact on the gems and jewellery industry in West Bengal, but a hike in bank's credit margin may hurt the business, a GJEPC official said.

Pankaj Parekh, former national vice-chairman of Gems and Jewellery Export Promotion Council (GJEPC) (2018), said the instrument was used by some jewellers primarily for imports, but there was hardly any import component for Bengal jewellery manufacturers.<sup>6</sup>

Somasundaram PR, Managing Director, World Gold Council India (2019), said overall gold demand in India, in the first half of 2019 was 372.2 tones which were 9% higher than first half of 2018, despite a slowing economic environment and restrictions on the movement of cash during the election season and Akshaya Tritiya purchases along with favourable prices were two major factors driving up demand in first half of 2019.

Research from Mintel (2019) has revealed that half of those who bought jewellery within the last five years purchased a necklace, making this the most popular jewellery purchase, very closely followed by earrings. Whilst bracelets and rings are also popular

jewellery pieces, purchasing of these products is slightly lower, as rings,

Shah A. (2020) Anand Shah Jewels, the future of jewellery in India definitely looks promising as it has come a long way. "From considering gold as a mere investment to holding dignity in owning precious jewels, our country has evolved to a great extent. With changing times, we have witnessed different trends in the jewellery industry, only to desire for more. Be it the special occasions like weddings or auspicious days like 'Akshay Tritiya' etc, jewellery makes it a complete affair," says Shah, who feels the trend will continue for eternity.

Shah L. (2020), Founder & Chief Creative Director, Irasva thinks these unprecedented times have certainly affected the jewellery industry and we will have to wait and watch how the market reacts. But, at the same time the customer demands will move from heavy jewellery buying, during occasional and festive times to more minimalistic and everyday wear spends on jewellery. "As people spend less on travel and lifestyle expenses, jewellery will surely benefit from a part of this unspent income,"

**Research Methodology****Objective of the Study**

The main objective of this study is the behavior of consumer towards jewellery products after imposing GST.

**Data Collection**

In this research paper, the mainly result based on the both the secondary data as well as the primary data and mainly the tool used to collect data is questionnaire.

When we are using secondary data, secondary data are already collected data which could be very useful for preparation of research paper. Secondary data collected from various sources just like – internet, magazine, publication, news papers, unpublished research data etc.

**Scope and Limitation**

The coverage of the study is within Jodhpur division of western Rajasthan only. In this research we focused on five district i.e. Jodhpur, barmar, jaisalmer, jalore and Pali.

**Sampling Unit**

As the research deals in jewellery which are mostly used by female and less with male persons, therefore the target chosen for this purpose.

**Sampling size**

In this research paper the number of targeted respondent is 50.

**Data Collected and Analysis**

In order to analyze the data, I have used different types of statically techniques such as:-

1. Tabulation of data & developing frequency distribution with percentage
2. Graphs are used

Various types of jewellery products are available in Indian market:-

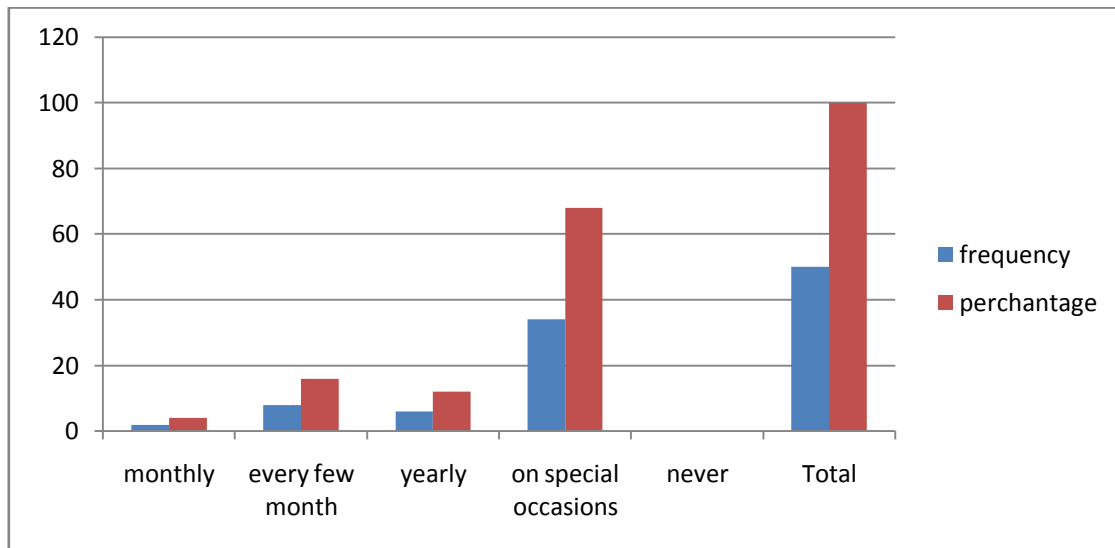
- Gold kundan jewellery
- Gold diamond jewellery
- Platinum diamond jewellery
- Gold stone jewellery

Platinum stone jewellery  
 Gold plane jewellery (without stone)  
 Platinum plane jewellery (without stone)  
 Silver stone jewellery  
 Silver plane jewellery (without stone)

Bantex jewellery  
 Artificial jewellery  
 Animated jewellery  
 Handmade jewellery

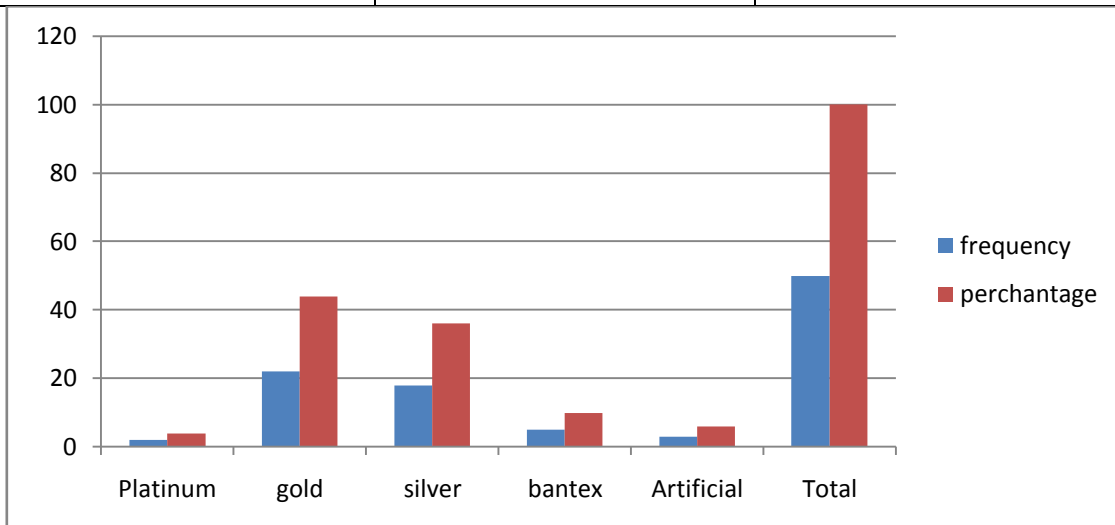
**Frequency and percentage of respondents according to period**

Basis	Frequency	Percentage
Monthly	02	04
Every Few Month	08	16
Yearly	06	12
On Special Occasions	34	68
Never	00	00
Total	50	100



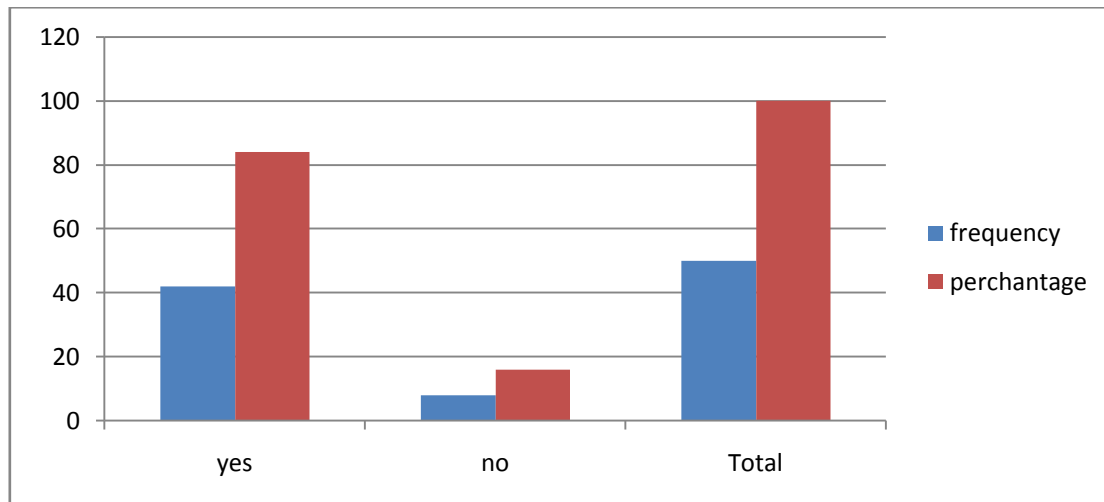
**Frequency and percentage of respondents according to types of jewellery**

Basis	Frequency	Percentage
Platinum	02	04
Gold	22	44
Silver	18	36
Bantex	05	10
Artificial	03	06
Total	50	100



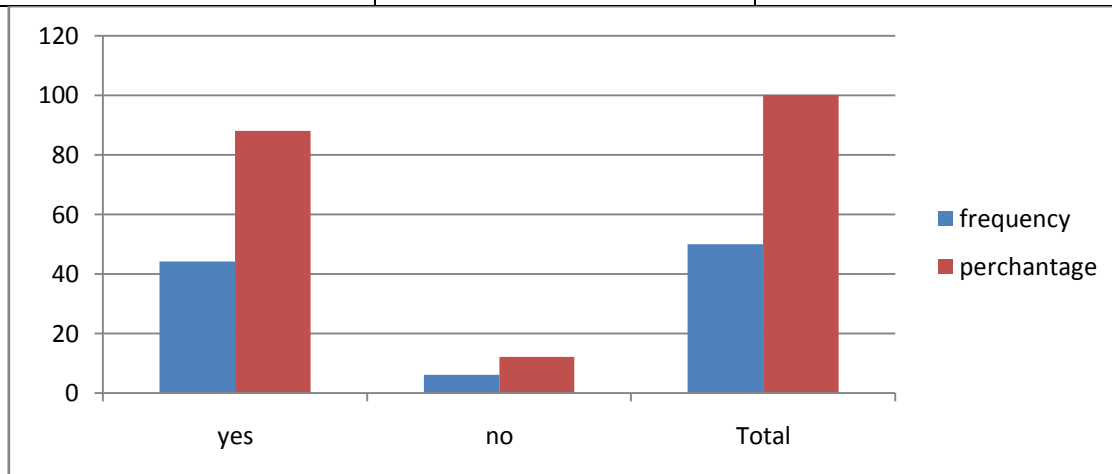
**Frequency and percentage of respondents according to post uses satisfaction**

Basis	Frequency	Percentage
Yes	42	84
No	08	16
Total	50	100



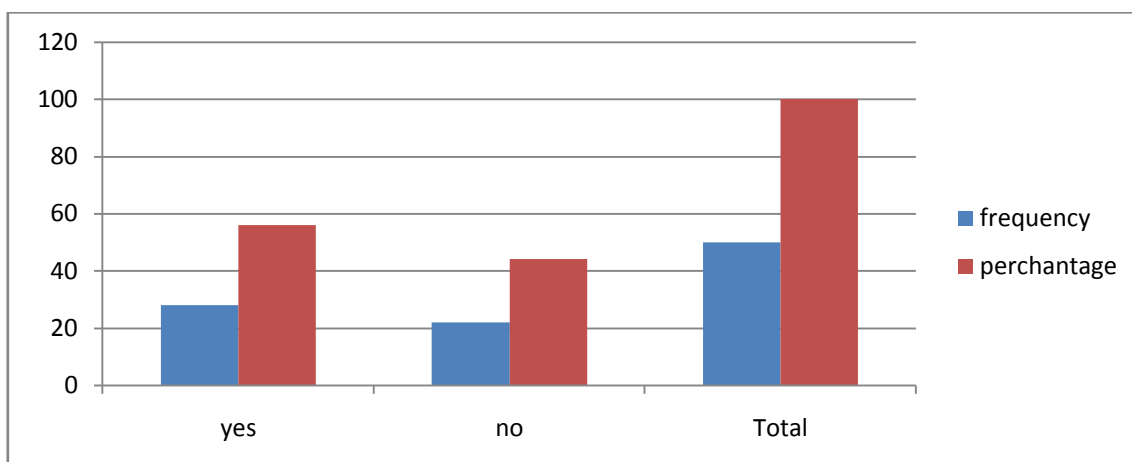
**Frequency and Percentage of respondents according to consider GST rate**

Basis	Frequency	Percentage
Yes	44	88
No	06	12
Total	50	100



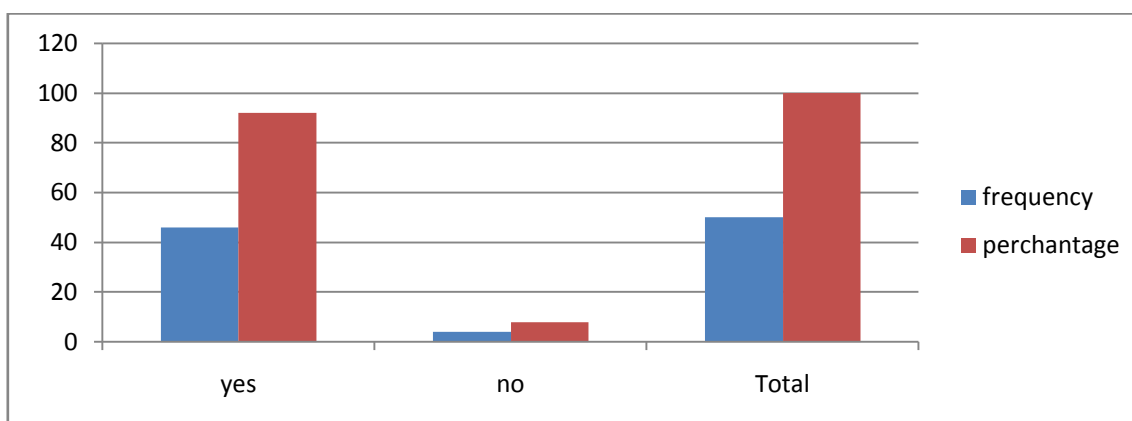
**Frequency and Percentage of respondents according to paid GST.**

Basis	Frequency	Percentage
Yes	28	56
No	22	44
Total	50	100



**Frequency and Percentage of respondents according to GST is more than earlier tax rate.**

Basis	Frequency	Percentage
Yes	46	92
No	04	08
Total	50	100



**Conclusion**

The gem and jewellery sector is largely unorganized at present. Branded jewellery is a new concept in this sector and it is gaining importance among the people who look for quality, reliability and wearability factors. Today, traditional handcrafted jewellery is slowly giving way to machine-made jewellery.

The price of gold has increased to a level beyond expectation, but nothing seems to stop the gold-lust customers from buying and investing in gold. Industry experts say that the high prices had not affected the sales of gold jewellery. Indian jewellery industry has been gaining prominence as an international sourcing destination for high quality jewellery. Policy changes implemented by various governments over the past decade and even before have resulted in an overall development of the jewellery industry in India.

1. As per survey we find out that jewellery products are part of people appurtenance.
2. Average adults or females.
3. Most of the people are using jewellery regular and daily basis.

4. Among the jewellery range the gold jewellery is mostly used by persons.
5. People prefer to buy good quality and antique design jewellery.
6. Among all jewellery products mostly stone and kundan gold jewellery prefer by the people in Rajasthan.
7. Most of people purchasing jewellery on special occasion.
8. Most of people purchasing gold and silver jewellery.
9. 84% of people satisfy after post uses satisfaction level of jewellery purchases.
10. 88% of people consider GST rate while purchasing jewellery.
11. 58% of people paid GST on jewellery products.
12. Most of people who purchasing jewellery think that tax rate under GST are more than earlier tax rate.

**References**

1. *Kothari, C.R., Research Methodology, New Delhi, Willey Eastern Limited, 2004*
2. *Webster, F.E., "Social Aspect Of Marketing" Prentice Hall Of India, New Delhi, 1993*

3. Beri, G.C. *Marketing research*, Tata Mc Graw Hill Public company ltd. New Delhi, 3<sup>rd</sup> editions.
4. Kotler, P., & Armstrong, G. (2012). *Principles of marketing*. 2<sup>nd</sup> Edition, New Jersey: Prentice Hall
5. Kotler, P., & Keller, K. (2016). *A framework for marketing management*. Boston: Pearson.
6. Ramaswamy v s, namakumari. S, (2002), *marketing management*. 10<sup>th</sup> Edition planning, implementation & control, MacMillan India ltd, Delhi.
7. Kotler, P., & Armstrong, G. (2004). *Principles of marketing*. 2nd Edition, New Jersey: Prentice Hall.
8. Kotler, P., (2002). *Principles of marketing*. 2nd Edition, New Jersey: Prentice Hall.
9. Cravens David w., hills Gerald e., woodruff Robert b., (2005), *marketing management*, New Delhi, AITBS.
10. Jain n.c.,jain saakshi, (2004). *Marketing management*, New Delhi, AITBS.
11. Peter J. Paul, Olson jerry c., (2005). *Consumer behavior & marketing strategy*, 7th Edition, New Delhi, Mc Graw hill.

**Referred Journal**

1. Lily J. customer perception & preference towards branded product. *Indian Journal of marketing*, 2010, 40, 49-55.
2. August-September 2020-Indian jeweller-international journal house.
3. Balderjahn. I. (1998) " personality variables and environmental attributes as predictors of ecologically responsible consumption pattern" *Journal of Business research* 17(1) :51.56

**Referred Website**

1. <https://sites.google.com/a/ku.edu.tr/stones-of-jewellery/4/ancient-world-jewellery>
2. <https://dede.facebook.com/105268847882262/posts/the-use-of-jewellery-in-india-goes-backto-more-than-5000-years-ago-touchingthe/105357657873381/>
3. <https://www.magzter.com/stories/Fashion/Business-Of-Fashion/Womens-Jewellery-In-India>
4. <https://www.adityabirlacapital.com/abc-of-money/how-is-gst-ongold-calculated>
5. <https://www.livemint.com/politics/policy/gst-council-meet-ingoa-live-updates-fm-nirmala-sitharaman-1568992298758.html>

6. [https://www.firstpost.com/business/rbis-letters-of-undertakingban-not-to-impact-bengal-jewelleryindustry-4400737.html?FP\\_Source=FP\\_Hi\\_DT\\_TS\\_Wgt\\_4400737&FP\\_Medium=FP\\_Hi\\_Topstories\\_140940](https://www.firstpost.com/business/rbis-letters-of-undertakingban-not-to-impact-bengal-jewelleryindustry-4400737.html?FP_Source=FP_Hi_DT_TS_Wgt_4400737&FP_Medium=FP_Hi_Topstories_140940)

**Website Visited**

1. <http://www.Gst.gov.in>
2. <http://www.Thejewelrymagazine.com>
3. <http://www.Fluorescentmag.com>
4. <http://www.Adommag.in>
5. <http://www.ibef.org/industry/indian-consumer-market.aspx>
6. <http://www.neueluxury.com/issues/issue-2/six-dimensions-of-luxury/>
7. <https://www.upmarkit.com/concept-of-luxury-brands/>
8. <https://www.marketingmind.in>
9. <https://www.researchgate.net/>
10. <https://scholar.google.co.in/>
11. <http://www.Artofjewellery.com>
12. <http://www.Goldbookmagazine.com>
13. <http://www.thetimesofindia.com>

**Websites**

1. <https://sites.google.com/a/ku.edu.tr/stones-of-jewellery/4/ancient-world-jewellery> (Merve Ersoy)
2. <https://dede.facebook.com/105268847882262/posts/the-use-of-jewellery-in-india-goes-backto-more-than-5000-years-ago-touchingthe/105357657873381/>
3. <https://www.magzter.com/stories/Fashion/Business-Of-Fashion/Womens-Jewellery-In-India>
4. <https://www.adityabirlacapital.com/abc-of-money/how-is-gst-ongold-calculated>
5. <https://www.livemint.com/politics/policy/gst-council-meet-ingoa-live-updates-fm-nirmala-sitharaman-1568992298758.html>
6. [https://www.firstpost.com/business/rbis-letters-of-undertakingban-not-to-impact-bengal-jewelleryindustry-4400737.html?FP\\_Source=FP\\_Hi\\_DT\\_TS\\_Wgt\\_4400737&FP\\_Medium=FP\\_Hi\\_Topstories\\_140940](https://www.firstpost.com/business/rbis-letters-of-undertakingban-not-to-impact-bengal-jewelleryindustry-4400737.html?FP_Source=FP_Hi_DT_TS_Wgt_4400737&FP_Medium=FP_Hi_Topstories_140940)