

India Makes Sweeping Reforms to Promote Lab-Grown Sector



The Indian government has abolished its import tax on synthetic-diamond seeds and pledged extra funding in an effort to develop the country's lab-grown industry.

Customs duties for the parts, which growers use to create synthetic rough, will drop to zero from the previous rate of 5%, Indian Finance Minister Nirmala Sitharaman announced Wednesday in the annual Union Budget speech. The amendment — aimed at reducing production costs — will go into effect on Thursday.

A research and development grant will also become available for five years to encourage domestic manufacturing of the seeds and of the machines for growing the stones, Sitharaman added. These will go to Indian Institutes of Technologies (IITs) — elite, government-owned centers of excellence.

“Lab-grown diamonds (LGD) is a technology- and innovation-driven emerging sector with high employment potential,” the minister said. “These [are] environment-friendly diamonds which have optically and chemically the same properties as natural diamonds.”

The government has also committed to introducing a new Harmonized System (HS) shipment code for synthetic diamonds, enabling clearer segregation between natural and created stones.

The changes “will ensure India’s end-to-end world leadership in rough-to-finished lab-grown diamond and jewelry manufacturing,” said Vipul Shah, chairman of the country’s Gem & Jewellery Export Promotion Council (GJEPC). The new shipment code for lab-grown will enhance “differentiation and identification at [the] consumer level,” he added.

The government did not implement the industry’s [request](#) to reduce import levies on natural polished diamonds, which will remain at 5%. However, the GJEPC welcomed the increase in customs duty on precious-metal jewelry from 20% to 25%, claiming this would boost the domestic industry.

Image: Lab-grown diamonds. (WD Lab Grown Diamonds)