

**GOVERNMENT OF INDIA  
COMMERCE AND INDUSTRY  
LOK SABHA**

STARRED QUESTION NO:100  
ANSWERED ON:03.12.1999  
EXPORT OF JEWELLERY  
RAMPAL SINGH

**Will the Minister of COMMERCE AND INDUSTRY be pleased to state:**

- (a) whether the Government have formulated any special package scheme to promote export of jewellery;
- (b) if so, the details thereof;
- (c) the time by which the said scheme is proposed to be implemented; and
- (d) the details of incentives available for export of jewellery?

**Answer**

MINISTER OF COMMERCE & INDUSTRY (SHRI MURASOLI MARAN)

- (a) to (c) : A statement is laid on the table of the House. d) The exporters of jewellery have been ensured uninterrupted and easy access to duty free import of raw materials under the various export promotion schemes as envisaged under chapter 8 of the Exim Policy/Handbook of Procedures(1997-2002). The Exim Policy/ Handbook of Procedures are continuously amended/fine-tuned on the basis of suggestions received from the trade and the difficulties experienced by the exporters. Some of the important incentives announced in the Exim Policy/Handbook of Procedures w.e.f. 1st April 1999 include: (i) Permission to Export Oriented Units (EOUs)/Export Processing Zone units (EPZs) to import plain gold, platinum and silver jewellery for repairs/remake and export subject to a minimum NFEP of 7.5%. In such cases of export, wastage of 2% may be permitted,
- (ii) Permission to foreign buyers for personal carriage of gems & jewellery from all EOUs and EPZ units and also from units located in Domestic Tariff Area (DTA) in Delhi, Mumbai, Calcutta and Chennai,
- (iii) Permission for duty free import of consumables upto 1% of the Free on Board (FOB) value of the export of the preceding year under the replenishment licences,
- (iv) Permission for export by Courier through Custom Houses at Mumbai, Calcutta, Chennai, Delhi, Jaipur, Bangalore, Ahmedabad and Hyderabad upto FOB value of Rs. 20 lacs per consignment,
- (v) Permission to EOUs/EPZ units to send scrap/dust sweepings of gold to Private Mints also, apart from Government of India Mint, for refining and subsequent conversion into standard gold bars. Besides, such scrap/dust/sweepings of gold can be sold in the DTA on the payment of applicable Customs duty on the basis of gold content, as may be notified by the Customs,
- (vi) Permission for export of samples made in wax models, silver models and rubber moulds. Such exports are to be made under intimation to the Development Commissioner. The value of such exports shall not exceed Rs.1,00,000/- in a year and
- (vii) Inclusion of the item "Mangalsutra" under the category of plain gold/platinum/silver jewellery with a value addition of 10%. Similarly the item "Bangles" manufactured by fully mechanised process has been brought at par with gold/platinum/silver unstudded chains with a value addition of 3%.

Statement referred to in respect of parts (a) to (c) of the Lok Sabha Starred Question No.100 for answer on 3/12/1999.

Exporters of jewellery have been provided a special package of Export Promotion Schemes under Chapter 8 of the Exim Policy (1997-2002).

Salient features of these scheme are:

a) Export against supply by Foreign Buyer

Under the scheme export orders can be placed by the foreign buyer on the nominated agencies. In such cases gold, silver, platinum, alloys, findings and mountings of silver and gold of 18 carats and below are supplied in advance to the nominated agencies free of charge by the foreign buyers. The exports may be made by the nominated agencies directly or through their associates.

b) Export through Exhibitions/Export promotion tours/branded jewellery

The nominated agencies and their associates with the approval of Ministry of Commerce and others with the approval of Gems and Jewellery Export Promotion Council (GJEPC) may export gold/silver/platinum jewellery and articles thereof for exhibitions abroad. Personal carriage of gold/silver/platinum jewellery as samples upto US \$ 100,000 for export promotion tours and temporary display abroad is also permitted with the approval of Gems and Jewellery Export Promotion Council subject to the condition that the promoter would bring back the jewellery/goods within 45 days from the date of departure. Export of branded jewellery is also permitted with the approval of GJEPC for display/sale in the permitted shops set up abroad. An EOU/EPZ unit may also participate in exhibitions in

India/abroad. The procedure for movement of the jewellery from these units and back shall be as prescribed by the customs authorities.

c) Export against supply by nominated agencies

An exporter may obtain the gold/silver/platinum as an input for export products from nominated agencies on

- (i) Replenishment basis after completion of exports;
- (ii) Outright purchase basis in advance; and
- (iii) Loan basis.

Export Obligation under all the above three options shall be completed within a period of 120 days.

d) Export against Advance Licence

This is a Domestic Tariff Area (DTA) Scheme. Under this scheme a quantity based Advance Licence may be granted for direct and duty free import of platinum/gold/silver. The exporters are also permitted to import platinum/gold/silver mountings, sockets, frames and findings. Besides the exporter can also obtain gold/silver/platinum from the nominated agencies. The advance licence holder may also import gold as replenishment after completion of exports. The export obligation will be required to be fulfilled within 120 days from the date of import of first consignment against the licence.

e) Exports from Export Oriented Units (EOUs)/Export Processing Zone Units (EPZs)

A unit holder in EOUs/EPZs may obtain the gold/silver/platinum and other essential inputs for export production. The exporters will be required to fulfil export obligation within the stipulated period as prescribed. A gem & jewellery unit holder can also import directly from abroad. These units have the facility to sell 10% of the value of exports of the preceding year in Domestic Tariff Area (DTA) on payment of a concessional rate of duty as applicable on the purchase of gold/silver/platinum from the nominated agencies for plain jewellery and a uniform duty of 5% for studded jewellery. Such supply shall however be subject to the achievement of prescribed Value Addition. Besides, units in EOUs/EPZs are allowed to receive machine made gold/silver/platinum jewellery and chains from DTA against exchange of gold/silver/platinum of the same purity and quantity in weight. W.e.f 1.4.99. EOU/EPZ units have been permitted to import plain gold/silver/platinum jewellery for repairs/re-make and export subject to a minimum NFEP of 7.5%. In such cases of export, wastage of 2% may be permitted. Moreover, personal carriage of gems & jewellery parcels by foreign buyers from all EOUs and EPZ units and also from the DTA units located in Delhi, Mumbai, Calcutta and Jaipur has been permitted.

f) Replenishment Licence

This is a value based Domestic Tariff Area (DTA) Scheme. Under this scheme nowastage or manufacturing loss is permitted. An exporter is eligible for freely transferable Replenishment licence at the rate of 87% of the FOB value of exports of plain gold/platinum jewellery and articles thereof, and 80% of the FOB value of export of studded gold/platinum jewellery and articles thereof. Besides, the exporters will be eligible for freely transferable Replenishment (REP) Licence at the rate of 70% of the FOB value of exports of plain silver jewellery and articles thereof, and 75% of the FOB value of export of studded silver jewellery and articles thereof. These Replenishment licences are valid for import of gold/ silver/Platinum; gold/silver/platinum findings, mountings, solders; rough diamonds; rough coloured gemstones and pearls within the overall value of licence. The period of validity of the Replenishment licence is 12 months from the date of issue licence.

g) Gem Replenishment Licence

Gem Replenishment licences are also issued against the export of gold/silver/platinum jewellery & articles. In the case of plain gold/silver/platinum jewellery and articles, the value of such licences shall be determined with reference to the realisation in excess of the prescribed minimum value addition. In the case of studded gold/silver/platinum jewellery and articles thereof, the value of Gem Replenishment Licence shall be determined by taking into account the value of studdings used in items exported, after accounting for the value addition on gold/silver/platinum including admissible wastages. Such Gem Rep Licences are freely transferable.