

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

UNSTARRED QUESTION NO:7310
ANSWERED ON:12.05.2000
EXPORT OF GEMS JEWELLERY
AKBOR ALI KHANDOKER;ANANTA NAYAK

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

- (a) whether the Government have taken any steps to increase the export of gems and jewellery;
- (b) if so, the percentage of increase made on export of gems and jewellery during the last three years;
- (c) the total foreign exchange earned therefrom during the above period; and
- (d) the steps taken by the Government to increase the export of gems and jewellery?

Answer

MINISTER OF COMMERCE & INDUSTRY (SHRI MURASOLI MARAN)

- (a) to (d) With a view to increase the exports of gems & jewellery, several steps including amendments to Export Import Policy, have been taken from time to time based on the feedback and requests received from the trade. The important steps as have been taken since 1.4.98 to boost the exports of gems and jewellery are:
- (i) Exemption from levy of sales tax by the State Government of Maharashtra on supply of gold by specified agencies for export. Many other State Governments have also reduced the incidence of sales tax on the supply of gold for exports,
 - (ii) Permission for establishment of Private/Public Bonded Warehouses in Export Processing Zones (EPZ)/Domestic Tariff Area (DTA) for import supply and re-export of rough diamonds and rough precious and semi-precious stones. Besides the above, import and re-export of cut and polished diamonds, precious and semi-precious stones was also permitted subject to the achievement of minimum value addition of 5%,
 - (iii) Reduction in the threshold limit for zero duty imports under the Export Promotion Capital Goods (EPCG) scheme from the earlier level of Rs. 20 crores to Rs. 1 crore only. With effect from 1st April 2000, Capital Goods have been permitted to be imported at 5% Custom duty subject to an export obligation on Free on Board (FOB) basis equivalent to 5 times Cost Insurance Freight (CIF) value of capital goods or 4 times the CIF value of capital goods on Net Foreign Exchange (NFE) basis to be fulfilled over a period of 8 years reckoned from the date of issuance of licence,
 - (iv) Modification in the wastage norms for gold/silver/platinum jewellery and articles by way of linking them up with the type and category of jewellery,
 - (v) Extension of the Replenishment Licence scheme to platinum and silver jewellery also,
 - (vi) Permission for personal carriage of jewellery by foreign buyers from Export Oriented Units (EOUs)/EPZ units. With effect from 1st April 2000 personal carriage of gems and jewellery parcels, from all EPZ/EOU/DTA units by all foreign bound Passengers departing from Delhi, Calcutta, Mumbai and Chennai airports, has been permitted,
 - (vii) Provision for issuance of Diamond Imprest Licence to the status holders upto 5% of the export performance of the preceding year of cut & polished diamonds, for import of cut & polished diamonds for subsequent exports subject to achieving value addition of 10%,
 - (viii) Permission to EOU/EPZ units to import plain gold/silver/platinum jewellery for repairs/remake and subsequent export subject to earning a minimum Net Foreign Exchange Earning as a Percentage of Exports (NFEP) of 7.5%. With effect from 1st April 2000, the above scheme has been extended to studded jewellery also with an NFEP of 12.5%,
 - (ix) Permission for duty free import of consumables required by the jewellery and diamond processing industries to the extent of 1% of the FOB value of gems and jewellery exports in the preceding year. With a view to simplify the scheme/procedure, issuance of a separate Replenishment Licence has been provided with effect from 1st April 2000 for duty free import of consumables,
 - (x) Permission to firms and companies dealing in the purchase/sale of rough or cut & polished diamonds with a track record of at least three years in import or export of diamonds and having an average annual turnover of Rs. 5 crore or above during the preceding three licensing years to carry out their business through designated Diamond Dollar Accounts,
 - (xi) Permission to foreign buyers to supply directly gold/silver/platinum and also plain semi-finished gold/silver/platinum jewellery to the status holders in India for manufacture and export of gold/silver/platinum jewellery,
 - (xii) Doing away with the necessity to co-relate every export consignment of gems and jewellery with the corresponding import consignment in EPZ units,
 - (xiii) Permission for personal carriage of gems and jewellery import parcels,
 - (xiv) Allowing wastage of 2.5% in case of imported gold/silver/platinum mountings used in studded jewellery,
 - (xv) Permission for duty paid import of plain/studded jewellery items under Replenishment Licence to the extent of 2.5% of the FOB value of exports of the preceding year with a view to permit import of jewellery samples for research and development purpose,
 - (xvi) Rationalisation of definition of gold/silver/platinum jewellery/articles and prescription of value addition and wastage norms for articles like medallions etc.,

- (xvii) Permission to import and supply platinum of 0.900 fineness,
- (xviii) Reduction in custom duty on platinum and cut and polished diamonds to 15%,
- (xix) Hall marking and assaying of gold items by Bureau of Indian Standards (BIS) accredited agencies has been introduced in some centres in India with a view to improve the quality standards and the 'Made in India' brand image.

The details of total foreign exchange earned and the percentage of increase made by way of exports of gems & jewellery during the last three year is as given below:

(Value in US\$ million)

Year Value of Exports Percentage variation over the previous year

1996-97	4744.30	(-) 10.07
1997-98	5345.34	12.67
1998-99	5904.05	10.45
1999-2000	8024.76	35.92

Source : Directorate General of Commercial Intelligence & Statistics, Calcutta for 1996-97, 1997-98, 1998-99 and Gem and Jewellery Export Promotion Council, Mumbai for 1999-2000.