

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

UNSTARRED QUESTION NO:2226

ANSWERED ON:05.12.2014

DIAMOND TRADING HUBS .

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

- (a) the quantum and value of diamond trade in the country during each of the last three years and the current year along with the projections made for the next three years;
- (b) the steps taken by the Government to boost the diamond trade in the coming years and to generate more revenue;
- (c) whether the Government proposes to set up a special zone with tax benefits for diamond import and trading in Mumbai, if so, the details thereof indicating the progress made in this regard and the present status thereof;
- (d) the other Diamond Trading Hubs proposed to be set up by the Government along with locations thereof;
- (e) whether a taskforce has been constituted to advise/give suggestion on tax related issues involved in diamond trading, if so, the details thereof along with the recommendations made by the taskforce and the follow-up action taken by the Government thereon; and
- (f) the other steps taken/being taken by the Government to develop Mumbai as a diamond trading hub in order to compete with Antwerp and Dubai, the current trading hubs in the world for the precious stone?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY (INDEPENDENT CHARGE) (SMT. NIRMALA SITHARAMAN)

(a) The details of diamond trade during the last three years and the current year is as under:-

	(US\$ in Million)			
	2011-12	2012-13	2013-14	2014-15 (Apr-Aug)
Import	27767.57	21660.03	22302.83	9567.69
Export	28086.65	23268.60	26132.52	9849.27

Source: DGCI&S

It is not feasible to make projections for the next three years as trade depends, inter- alia, on several factors including demand and supply in international markets.

(b) With a view to promote the Gems and Jewellery sector of the country, Government has taken a number of steps such as providing financial assistance for participation in international fairs, organizing buyer-seller meets etc. under Market Development Assistance (MDA) and Market Access Initiative (MAI) Schemes of the Department of Commerce. Government has also announced a number of measures in the Foreign Trade Policy (FTP) 2009-14 to promote export of Gems and Jewellery such as permission to import diamonds on consignment basis for certification/grading & re-export by specified agencies, increasing the limit of personal carriage of Gems & Jewellery products in case of participation in overseas exhibitions and in case of export promotion tours etc.

(c) & (d) Gem and Jewellery Export Promotion Council (GJEPC) has mooted a proposal for establishment of Special Notified zone for import and trading of rough diamonds. The Special Notified Zone is being created with view to cut out middlemen and encourage overseas diamond mining companies to open their offices in India at designated zones to sell their produce directly to Indian manufacturers. Establishment of Special Notified Zone will give the Indian diamond industry a strong competitive advantage against other diamond trading centres of the world like Antwerp, Dubai, etc., by saving time as well as foreign exchange spent on travel to these trading centres or establish offices there. It will also ensure steady supply of rough diamonds in the country.

(e) In January, 2013, a Task Group for Diamond Sector was constituted to suggest measures to increase and promote the diamond trade and to make India an International Trading Hub for Rough Diamonds. The Report of the Task Group is available on website of

Department of Commerce (<http://commerce.nic.in/>). The Task Group had made fifteen recommendations, out of which five recommendations related to tax, which also includes establishment of Special Notified Zone where taxes are paid only on invoices raised to Indian companies.

(f) The measures have been enumerated in the reply to part (b) of the question above.