

**4<sup>th</sup> Open House under series  
“THE DIALOGUE – A New Beginning”**

**Topic: Interaction with Exporters**  
**23<sup>rd</sup> January, 2019 | at Hotel Crowne Plaza, Jaipur**

**Speakers at the Session:**

- Smt. Rupa Dutta, Economic Adviser, Ministry of Commerce & Industry, Govt. of India
- Shri Senthil Nathan, Dy Secretary, Ministry of Commerce & Industry, Govt. of India
- Shri Pramod Kumar Agarwal, Chairman, GJEPC

**Objective of the Session:**

The session was organised by the The Gem & Jewellery Export Promotion Council (GJEPC), Jaipur Region and chaired by Smt Rupa Dutta. The objective of organising the session was:

- To discuss the various policy level issues faced by the exporters.
- To gather suggestions for increasing exports of Gems & Jewellery from India.

**Member Presence in the session:**

Representatives from around 70 unit represented by 80+persons who attended the session to raise their issues hampering exports and gave suggestions to increase the same.

**Key Highlights of the Session:**

- The Session was organised at Hotel Crowne Plaza, Jaipur.
  - The key issues taken up during the open house were:
1. Exemption of IGST being charged on Re-import consignments exported earlier for Export Promotion Tour abroad, display at foreign exhibitions or on Consignment basis for getting orders, seeking buyer approval etc. As goods sent for the above purpose seldom gets sold and almost 95% of the goods sent are being reimported back in India. Hence, levying GST on such re-imports is blocking huge capital of exporters.
  2. Introduce policy to facilitate continuous supply of rough gemstones to Indian exporters wherein the foreign miners/ traders are allowed to ship or personally carry rough gemstones in India after declaring the same at port of entry and depositing the applicable Customs duty & GST with minimum hassles. These foreign miners and traders should be allowed to sell their rough gemstones to any Indian entity who shall be allowed to remit the proceeds through normal banking channel or pay in foreign currency up to a transaction value of USD 10000. This step will ensure increase in employment and subsequent increase in exports of gemstones and jewellery.

3. Notifying process of clearing goods for home consumption by overseas owner of goods imported in India under Temporary Importation Bond (TIB) as provided in Notification no 8/2016 – Customs. It will facilitate continuous supply of rough gemstones to Indian exporters.
4. Reduction of GST rate on Cut & polished Semi precious gemstones from 3% to 0.25%. Being an intermediate product the duty foregone would be covered in the jewellery manufactured from it.
5. Reduction of Import Duty on Cut & Polished Gemstones from 7.5% to 2.5% which has been increased twice by 200% in the year 2018 from 2.5% in January 2018. As many mining countries are imposing restriction on exporting rough gemstones hence our jewellery manufacturers have no choice but to import few gemstones as cut & polished for fulfilling buyers demand. Due to such enormous hike, our jewellery manufacturers are no more competitive in international markets. It may please be noted that when they are exported there is no duty drawback available.
6. To take steps for improving credit to the gem & jewellery industry which after few defaults by one or two units, has been squeezed and based on such incident now the whole industry is being branded by the banks as defaulters.
7. Facilitate samples and small value e-commerce parcels of gems & jewellery being imported into and exported from India. The opportunity in e-commerce is huge across the world out of which India's share is very less due to nonexistence of proper policy to promote cross border e-commerce from India. The demand of Indian jewellery across the world is enormous but our manufacturers and traders are not able to grab the same due to high cost & time involved in customs clearance of such small parcels leading to cost escalation and increase in lead time required to reach the parcel at the customers door. India shall think of exempting or ask for minimal customs clearance for parcels valued upto USD 800 similar to United States where the parcels up to USD 800 reach the Customers address without any Customs barrier.
8. The share of India in world jewellery market is hardly 2% despite of the fact that we supply 90 to 95% of Diamonds and 40% of coloured gemstones to the world which is an intermediate product used to manufacture jewellery. The Government must take steps to increase exports of jewellery from India.
9. With regards to SEZ following points were taken up:
  - a. A mechanism in GST should be introduced for taking refund of Unutilized ITC available with a SEZ unit as otherwise it is leading to capital blockage.
  - b. A SEZ unit shall be allowed to send gemstones for job work in DTA.
  - c. Presently SEZ units purchasing raw material or any other item like office equipment, furniture, daily utility items etc are being classified as Authorised category or Non authorised category. The items classified in authorised category are filed online whereas the non authorised category items are not allowed through online system due to which SEZ units are facing incidence of IGST from non authorised category as the suppliers are not able to get GST input.
  - d. The developer of Gems & jewellery SEZ in Jaipur has reduced the lease tenure from 99 years for which it was initially allotted and made it coterminous with the period of LOP. This on one hand is breach of trust and on other hand has made it difficult for SEZ units to avail credit from banks against collateral created on factory land & building as collateral.

- e. The condition of surrendering the land to the SEZ developer on the price at which it was allotted without any consideration for building is restrictive to the development of manufacturing in SEZ. The units are not even allowed to rent out their unutilised premises neither to an existing unit in SEZ nor to any other unit. The forecast for growth of a business may not always converge into reality so an infrastructure created based on the forecasts may remain unutilised or underutilized. Looking at this, the SEZ units having unutilised capacity of production shall be allowed to rent out its facility to some other unit having requirement. This will lead to more employment generation and contribute in increasing the exports.
  - f. Precious metal procured by SEZ units from any DTA supplier contains basic Customs duty @ 10% in the cost of metal. At present there being no mechanism through which this duty can be refunded. It is therefore suggested that the SEZ unit may be allowed to get duty drawback on Customs duty either from SEZ authority or the Jurisdictional Commissioner of Customs. In absence of refund mechanism, the exports from SEZ is becoming uncompetitive. It may also be noted that the Nominated Agencies do not supply metal in small quantity.
10. The exporters of Jewellery are not getting Certificate of origin for their exports to Japan & South Korea. Under FTA with these countries Indian exports are eligible to get rebate of 5.3% on import duty in these countries. In absence of the same, Indian exports have become uncompetitive against Thailand. Rules of Origin needs to be streamlined for this sector.
  11. Courier imports destined for remote ports like Jaipur are held up for two to three days in transshipment at Delhi Airport. This needs to be taken up with Customs Authorities in Delhi.
- The Ministry Official noted the issues and has assured to examine and recommend to the concerned Department for providing resolution on the issues faced by the exporters to enhance ease of doing business which could help in increasing the exports from India.

### Glimpses of the interactive Session:



