

Government of India
Ministry of Finance
Department of Revenue
Central Board of Excise and customs, New Delhi

Subject : Diamond GEM & Jewellery Export Promotion Scheme - Amendments regarding.

The revised EXIM Policy, 1997-2002, and corresponding Hand Book of Procedures (HOP), incorporating amendments in Policy upto 31.3.99, comes into force from 1st April, 1999. The amendments made in the Chapter-8 of EXIM Policy and HOP and agreed to by our Department have necessitated amendments in Notification No. 3/88-Cus, dated the 14th January, 1988, governing the Jhandewalan Gem & Jewellery Complex, 277/90-Cus, dated the 12th December, 1990, governing stand-alone 100% Gem & Jewellery EOU's & 177/94-Cus, dated the 21st October, 1994, governing Gem & Jewellery units in the seven Export Processing Zones. These notifications have been amended vide Notification Number 40/99-Customs, dated the 28th April, 1999 (copy enclosed). The salient features of the amendments are as under :-

i) **Import of Old Jewellery** : It has been provided that the Gem & Jewellery units can now import old plain gold / silver or platinum jewellery for repair or remaking for export. The jeweller might have been exported from India, by the unit or any other unit or might have been made in any other country.

However, in case the units want to import studded gold jewellery exported by them for repairs, the same may be allowed export under provisions of Notification No. 158/95-Cus, dated 14.11.95, under the cover their existing bond, subject to separate accounting of precious stones & metal portion.

ii) **Mangal Sutra & Bangles** : Mangal Sutra manufactured out of gold and black beads has been included in the category of plain gold jewellery. Bangles manufactured by fully mechanised process has been included in the category of plain gold jewellery manufactured by fully mechanised process.

iii) **Export through Authorised Courier** : It has also been allowed to export Gem & Jewellery through authorised couriers at selected Airports in addition to export through air-freight and Foreign Post Office. While the detailed procedure may be advised by the Commissioner, the general condition would be that the goods would be assessed, examined and sealed at the zone or EOU itself or where it is presently being done and not at the courier complex at the airport. The representative of the Courier Company would carry the sealed packet for onward transmission and return the proof of export to the Zone / Customs. Similarly the consignments of gem & jewellery samples may be imported through Authorised Couriers who can deliver the packages in the EOU / Zone.

iv) **DTA clearance of Dust & Sweepings** : Scraps, dust and sweepings generated in the Gem & Jewellery units can now be allowed clearance into DTA on payments of duty on the gold / silver contents at the rates specified in Notification No. 80/97-Cus, dated the 21st October, 1997. Samples of the sweepings / dust may be taken at the time of clearance and sent to mint for assaying. The assessment may be finalised when the reports are received from the mint.

v) **Effective rate for Assessment** : The import of gold / silver made under the above said notifications by the units for manufacture of Gem & Jewellery for exports may be assessed at the effective rate of customs duty as specified in Notification No. 80/97-Cus dated the 21st October, 1997 instead of assessment at the tariff rate applicable to gold & silver. The value of bonds may be calculated accordingly. However, in case of clandestine removal, evasion of duty by collusion or any willful misstatement or suppression of facts, the fine & penalty may be imposed adequately so as to make it equivalent to duty at the tariff rate.

vi) **Personal carriage** : Personal carriage of Gem & Jewellery for export from the stand-alone EOUs has been permitted subject to adherence to prescribed procedure. Here also the assessment and sealing may be done at the zone or place where it is being done & arrangement may be made to hand over the packet to the passenger at airport at the time of his departure.

2. **1% Consumable** : Notification No. 41/99-Cus, dated the 28th April, 1999 have been issued allowing duty free import of specified consumables to the Licences within 1% of the FOB value of the exports of cut & polished diamonds or the Gem & Jewellery, as the case may be, on the Actual condition. At the time of import a declaration may be taken that they shall use the goods themselves and shall not transfer sale or otherwise partwith.

3. **5% Cut & Polished Diamond and Gemstones** : Notification No. 42/99-Cus, dated the 28th April, 1999 (copy enclosed), has been issued to allow duty free import of cut & polished diamonds and Gemstones upto 5% of the FOB value of exports of cut & polished diamonds or the studded jewellery, as the cases may be, of preceding financial year to the Export House / Trading House in case of diamonds and all exporters in case of gem & jewellery on actual user basis for subsequent re-export. The unit shall satisfy its entitlement (5%) with a certificate of total exports either from the DGFT or Zone / Jurisdictional AC. Accounts may be kept of grade and quantity of cut & polished precious stones imported so as to ensure its accounting at the time of exports. There would be no entitlement in case only plain jewellery has been exported. For Zone / EOU, no separate Bond shall be necessary.

4. The above amendments may be carefully studied alongwith the revised provision of the EXIM Policy & the HOP and the difficulties, if any, in implementing the same may kindly be intimated to Board expeditiously. Suitable instructions may be issued within 15 days of receipt of this Circular.

Sd/-
(K.M. Ravichandran)
Sr. Technical Officer (FTT)