

- (v) Cutting and polishing of gems and jewellery, to be treated as manufacturing for the purposes of exemption under Section 10A of the Income Tax Act.
- (vi) Import of precious metal scrap/used jewellery has been allowed for melting, refining and re-export of jewellery. However, such import will not be allowed through hand baggage.
- (vii) Gem & Jewellery exporters have been allowed to export jewellery on consignment basis as per Rules.
- (viii) Gem & Jewellery exporters have been allowed to export cut and polished precious and semi-precious stones for treatment and re-import as per Rules.
- (ix) To boost export of plain gold/platinum/silver jewellery, articles and ornaments and enhance their international competitiveness, the minimum value addition norms for such items has been reduced from 7% to 4.5%.

Some other facilities extended to the Gem & Jewellery export sector are encouraging private sector to create training infrastructure to impart skills in jewellery designing, participation of Gem and Jewellery exporters in international fairs and buyer-seller meets abroad, etc. with support under Market Development Assistance (MDA) and Market Access Initiative (MAI) Schemes of the Department of Commerce.

Duty exemption schemes for exports

872. SHRI TAPAN KUMAR SEN:

SHRI CHITTABRATA MAJUMDAR:

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

- (a) the outlines of the existing schemes involving tax and duty exemptions for encouraging exports; and
- (b) the total amount involved per year in extending various concessions under the above scheme?

THE MINISTER OF STATE IN THE DEPARTMENT OF COMMERCE, MINISTRY OF COMMERCE AND INDUSTRY (SHRI JAIRAM RAMESH):

(a) A Statement is given below.

- (b) Duty re-imbursed/neutralized or forgone under various export

promotion schemes are notional in most of the schemes as imports are mainly for value addition and exports and but for such schemes, imports would not have been effected. The estimated amounts are given below:

(Figures in crores of Rs.)

Sl. No.	Scheme	2003-2004	2004-2005	2005-2006
1.	Advanced Licence Scheme	10134.03	11740.85	13361.05
2.	EOU/EHTP/STP/EPZs	9421.95	8266.34	10277.85
3.	EPCG	3399.10	4680.90	5332.85
4.	Drawback	4416.64	2811.52	3235.12
5.	DEPB Scheme	11692.33	10075.75	5650.57
6.	SEZ	1320.02	1483.85	1070.80
7.	DFRC	630.06	789.07	815.42
8.	DFCEC	48.08	173.58	585.48
TOTAL		41062.21	40021.86	40329.14

Statement

Details of Schemes in operation

I. Duty Exemption and Remission Schemes

1. Advance Authorisation Scheme (erstwhile Advance Licence Scheme) to allow duty free import of inputs, which are physically incorporated in the export product (making normal allowance for wastage) with a specific export obligation in terms of value and quantity.
2. Export Promotion Capital Goods (EPCG) Scheme to allow import of capital goods for pre-production, production and post-production (including CKD/SKD thereof as well as computer software systems) at 5% customs duty subject to an export obligation equivalent to 8 times of duty saved on capital goods imported under the Scheme to be fulfilled over a period of 8 years reckoned from the date of issuance of licence. Relaxation in export obligation has been allowed

for specific categories such as Units pertaining to Agro, SSI, BIFR etc.

3. Duty Entitlement Passbook (DEPB) Scheme to neutralize the incidence of customs duty on the import content of the export product and the exporter is entitled for a duty credit as a specified percentage of FOB value of exports, made in freely convertible currency.
 4. Duty Free Import Authorisation (DFIA) Scheme to allow Duty-Free Import of inputs which are used in the manufacture of the export product and fuel, energy, catalyst etc. which are consumed or utilized in the course of their use to obtain the export product. The Authorisation or the duty free imports effected against the Authorisation can be transferred once export obligation is fulfilled. The scheme is available for exports effected from 1.5.2006 onwards.
 5. Duty Free Replenishment Certificate (DFRC) is issued for import of inputs used in the manufacture of goods without payment of basic custom duty after completion of exports. The Scheme is no more available for exports effected from 1.5.2006 onwards.
 6. Schemes related to Gems & Jewellery Sector such as Replenishment Licence, Advance Licence, Diamond Imprest Licence etc.
 7. Deemed Export Duty Drawback and Terminal Excise Duty Refund Scheme for those transactions in which the goods supplied to specific categories of beneficiary, do not leave the country and the payment for such supplies is received either in Indian Rupees or in Free Foreign Exchange.
 8. Duty Drawback Scheme for physical Exports to refund in cash the duties (Customs and Central Excise) suffered on the inputs used in the manufacture of export product. The Drawback Rules have been recently amended to provide for refund of the incidence of Service Tax paid on taxable services. The new All Industry duty drawback rates have been made effective from 15.7.2006.
- II. Special Economic Zone (SEZ) is a specifically de-lineated duty free enclave and are deemed to be foreign territory for the purposes

of Trade Operations and duties and tariffs wherein these units can import/procure from the DTA all types of goods and services without payment of duty.

- III. Export-oriented Unit (EOU) Scheme, Electronics Hardware Technology Park (EHTP) Scheme, Software Technology Park (STP) Scheme or Bio-Technology Park (BTP) Scheme to operate under duty free regime for import procurement of all types of goods including capital goods without payment of duty for manufacture of goods for export.
- IV. Served from India Scheme (DFCEC for service providers) to allow duty free import of capital goods including spares, office equipment and professional equipment, office furniture and consumables related to the main line of business against exports of services.
- V. Visesh Krishi & Gram Udyog Yojana Scheme to allow duty free import of inputs or goods including capital goods (as notified) against export of certain agricultural, and their value-added products and Gram Udyog Products by incentivising exporters of such products.
- VI. Focus Market scheme is available to offset the high freight cost and other disabilities to select international markets with a view to enhancing our export competitiveness to these countries.
- VII. Focus Product Scheme is available against export of such products which have high employment intensity in rural and semi-urban areas so as to offset the inherent infrastructure inefficiencies and other associated costs involved in marketing of these products.
- VIII. Target Plus Scheme (erstwhile DFCEC) for the status certificate holder to allow duty free credit based on incremental exports to import any inputs, capital goods including spares, office equipment, professional equipment and office furniture. The scheme has been discontinued for exports effective on or after 1.4.2006.

The details of these export promotion measures are available in the Book titled "Foreign Trade Policy 2004-09" and "Handbook of Procedures, Vol. I, 2004-09" updated as on 7.4.2006. Both these Publications are available in Parliament Library.