

Government of India
Ministry of Commerce And Industry
Department of Commerce
Directorate General of Foreign Trade

Policy Circular No. 28/2019-2020

Dated the 27th September, 2019

To

All Regional Authorities of DGFT
All Members of Trade

Subject: **Value Addition Norms for availing duty exemption in Gem and Jewellery.**

Clarifications has been sought from this Directorate on the value addition calculations as per the provisions of FTP/HBP for export of Gold/silver/platinum jewellery and articles.

2. Para 4.38 of FTP on Value Addition in Gem and Jewellery is reproduced below:

Minimum Value Addition norms for gems and jewellery sector are given in paragraph 4.61 of Handbook of Procedures. It would be calculated as under:

$$VA = \frac{A - B}{B} \times 100$$

Where

A = FOB value of the export realised/ FOR value of supply received.

B = Value of inputs (including domestically procured) such as gold/silver/platinum content in export product plus admissible wastage along with value of other items such as gemstone etc. Wherever gold has been obtained on loan basis, value shall also include interest paid in free foreign exchange to foreign supplier.

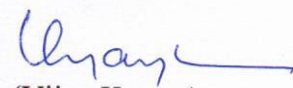
Further, under para 4.82 (c) for Replenishment scheme it is mentioned, inter-alia, that

"...price shall be actual price at which gold/silver/platinum is purchased by nominated agencies plus permitted service charges levied by nominated agencies shall be included with the price of gold/ silver/ platinum for value addition..."

This has led to seeking of clarification in the matter from this directorate.

3. It is clarified that for the purpose of value addition, inputs in 'B' in para 4.38 mean duty free (either on advance or replenishment basis) gold/silver/platinum content in the export product plus the admissible wastage.

4. This issues with the approval of the DGFT.


(Vijay Kumar)

Additional Director General of Foreign Trade