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A Review of Government Policies and Schemes of Gems and Jewellery Industry

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Abstract: *Gems and jewellery industry forms an important pillar of Indian economy. Gems and jewellery is mainly used to decorate and adorn. Gems & Jewellery Industry contribution towards the exports is foremost.The gems and jewellery industry is the enormous contributor of the foreign exchange earnings, value addition and employment generation. Gems and jewellery play a dual role, some consider its acquisition as an investment, and others obtain it purely for their aesthetic value to be worn as an accessory. Gems and jewellery industry of India renowned globally because of its superior practices in cutting and polishing of diamond. The foreign trade of India is guided by the Export – Import (EXIM) policy of the Government of India and is regulated by the Foreign trade (Development and Regulation) Act, 1992.EXIM policy includes policy& decisions taken by the government in the sector of foreign trade, i.e. in order to promote imports and exports from the country. Policies made by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India are notified by the Reserve Bank of India.This paper highlights the importance of gems and jewellery industry and various government policies and schemes by reviewing various literature.*

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JEL Classification*: O0, O2, O24*
TYPE: Review

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I. Introduction

Jewellery has been essential part of the Indian culture and civilization since ancient history. Gems and jewellery play a significant role in Indian customs and traditions. It was in demand and fashion since ancient civilizations as Harappa and Mohenjo-Daro. The word jewel which is a French word from 13th century further transforms to word jewellery (Kumar, 2013). Since a long time Indians have been using jewellery for investment as well as for the trading purposes. Gems and jewellery have been used for trading purposes. Human beings of various cultures, geographies and social strata have been over the ages realized the inherent value of gems and jewellery (Kumar, 2012). In earlier days natural materials, such as bone, animal teeth, shell, wood and carved stone were used for making jewellery which has down the line took over by precious materials like gold, silver, diamond, platinum etc. (Jewellery history)

India possesses high skilled labour, knowledgeable workforce and due to its low cost of production with strong government support Indian gems and jewellery market is competitive globally. Accounting for 14.98% of country's export valued at US$ 262290.13 million in 2015-16, gems and jewellery export sector became leading foreign exchange earnings (GJEPC Annual Report, 2015-16).

In India Gem and jewellery industry is primarily a family owned business which is highly unorganized and above 96 % of total industry run in same fashion (Jain, 2011). The diamond jewellery industries are mainly clustered in the states of India namely Rajasthan, Gujarat, Maharashtra, Uttar Pradesh, Tamil Nadu and West Bengal.

The key exports of India's gems and jewellery are carried out from Mumbai port and 2015-16 it accounted for more than half (72.29%) of the country's gems and jewellery exports. Also the majority imports of countries gold and rough diamonds are carried out via Mumbai port, Inspite of the fact that the diamond processing industries are largely situated in Surat, Bhavnagar Ahmadabad, Bhuj and in Jaipur (Das &Borthakur, 2013). In the total exports in financial year 2010-11 gems and jewellery sector contributed 11% accounting for Rs.2686 crore. 95% of the world's diamonds exported from India. Exports of cut and polished diamonds reflect the increasing trend, registering a 13.24% increase year-on-year for the month of May 2016, with the country exporting $1.97 billion worth of goods as compared to the $1.74 billion exported in the same month of 2015 (Live mint markets, 2016).

The Government of India has taken various initiatives to provide a fillip to this sector. Government setting up SEZs, upgrades skills and technology, and promote brand India in the international markets. Presently operational SEZs are in Mumbai, (Maharashtra) Manikanchan, (West Bengal), Hyderabad (Telangana) and Jaipur (Rajasthan) the Government of India has approved setting up of 13 more SEZs (Dun & Bradstreet report). The market of gold globally accounts for 3300 tonnes. South Africa tops the list in production of gold closely followed by U.S.A and Australia. Together, these countries account for 45 per cent of the world's total gold production (Davos, 2006). The gems and Jewellery industry in India occupies a significant position in the Indian economy. The market encompasses various kinds of jewels including gold, coloured gemstones, costume jewelleries, platinum and diamonds (Jain, 2012).

To boost the exports series of initiatives taken by the Government in association with the Gems and Jewellery Export Promotion Council that will provide an motivation to trade and catapult the industry to newer heights. There has been efforts from the Government in promoting investment for jewellery sector and various measures have been taken to upgrade technology and skills to promote 'Brand India' in the international market (Live mint markets report, 2016).

II. Importance Of The Gems And Jewellery Industry In The Indian Economy

i) Significant Employment Generation

The gems and jewellery industry is helping the Indian economy by generation of employment. The manufacturing sector of jewellery industry generates maximum employment opportunities. Around 3.2 to 3.4 million people are directly employed under this sector (NSDC report, 2012) which is further estimated to reach a figure of more than 8.23 million employees by 2022. This implies additional creation of 3.59million jobs in the nine-year period (NSDC, 2013).

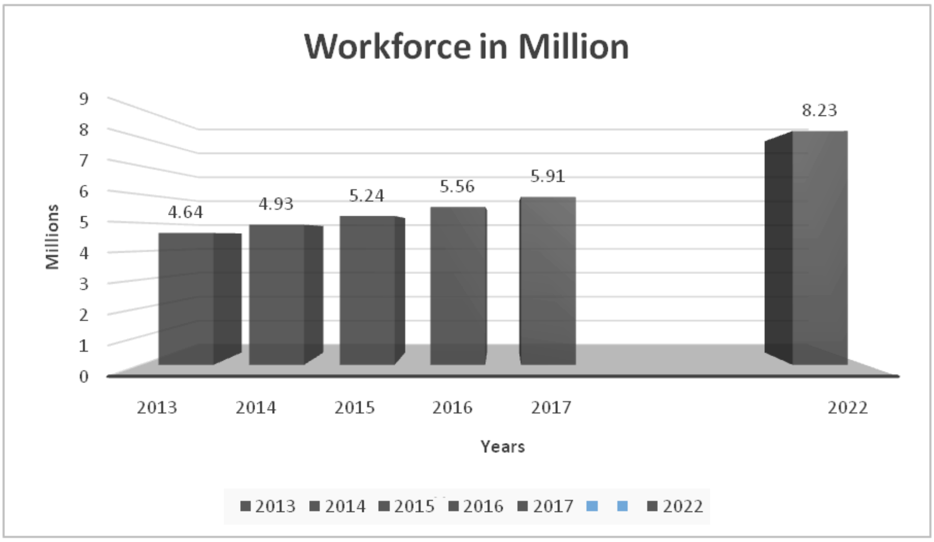

Figure 1: Workforce Requirement

(Source: Primary Interactions, KPMG Analysis)

The period 2013–17 showed a slower rate of growth in employmentbecause of the global recession of 2008–09. The sector will bounce back and will require more workforce in the latter period 2017–22. 92 percent of employees are from Diamond processing, gold jewellery fabrication, and jewellery retail. It is expected that the industry can generate 0.7–1.5 million additional direct jobs over the next five to seven years.

ii) High Exports

A huge amount of foreign exchange is earned by export of jewellery contributing 12.89% of the country's total exports of merchandised products worth US$ 310572.44 million. Around 2/3rd share of gems and jewellery exports comes from cut, polished diamonds and jewellery. In the year of 2014-15, total Gross Exports of Cut and Polished diamonds was US$ 23160.18 million. Export of Gold Jewellery showed a growth of 18.37% during the year 2014-15 at US$ 9903.61 million during as compared to US$ 8366.84 million during previous year (GJEPC annual report, 2014-15). The gems and jewellery industry contributes the second- highest share of exports for the country, higher than the textiles and apparels and automotive and other transportation vehicles industries.

iii) Significant Value Addition

Value addition is a critical parameter for evaluating the importance of an industry to a country's economy. Value addition, estimated as the difference between output and raw material input value, effectively gives the contribution of the industry in creation of value and corresponding benefits in the form of profits, salaries, and inputs to other ancillary industries. Through cutting and polishing, diamonds got a significant value addition which contributed Rs.99000 Crore as value addition to the economy (IMRB report, 2014). Jewellery retail accounted for the largest value addition of INR 51,000 Crore, followed by cutting and polishing with INR 27,000 Crore value addition. The value addition by an industry has multiplying effects on the economy, such as the creation and sustenance of ancillary industries along with employment creation in those industries (FICCI report, 2013).

III. Policies in India

Gems & Jewellery export contributes a major portion of India's exports. It is an employment oriented sector. Exports of gems and jewellery sector suffered pointedly on account of the global economic slowdown. The leading consuming markets of the world are yet to recover from the impact of the financial crisis in 2008 and the gems and jewellery industry the world over, has been feeling the impact. Policies made by the Department of Industrial Policy and Promotion (DIPP), Ministry of Commerce & Industry, Government of India are notified by the Reserve Bank of India. Policies and schemes directly affects the exporters and exports, some policies and schemes are described as follows:

Foreign Trade Policy

Policy related with the country's exports and imports are known as Foreign Trade Policy (also called EXIM Policy). It also include policy related to foreign trade/international marketing. Even policies in relation to export promotion are covered within the scope of Exim policy. In India, the Central Government (Ministry of Commerce) periodically (at present on five years basis with yearly revision) announce the foreign policy. It covers various policy and procedures associated with internal as well as global marketing environment (Bhigania, 2012).

General objectives of Foreign Trade Policy

- To strength the base for export production.
- To create favourable environment for export promotion.
- To have main focus on exports so as to generally high net foreign exchange.
- To simplify and streamline import export procedures especially import licensing and export promotion.
- To provide technological up gradation so as to make Indian products globally competitive.
- To promote import substitution and self-reliance.
- To provide liberal imports (Joshi &Anekar,2015).

Foreign Trade Policy 2009-14

The highlights of the policy were:

Under replenishment scheme, subject to import of gold of 8 carat and above allowed provided an Assay Certificate specifying purity and alloy content is accompanied with.

a. Import of gold of 8 carat and above allowed under replenishment scheme subject to import being accompanied by an Assay Certificate specifying purity, weight and alloy content.

Duty Free Import Entitlement of consumables and tools for Jewellery made of -

• Precious metals (other than gold and platinum) – 2%
• Gold and platinum – 1%
• Rhodium finished silver – 3%
• Cut and polished diamonds – 1%
• Other than gold and platinum – 2 %

b. Duty-free import entitlement - commercial samples - Rs.300000

c. Duty free re-import entitlement - rejected jewellery - 2% of Free On Board value of exports.

d. Permission granted to Import diamonds on consignment basis for certification/ grading and re- export by the authorised offices/agencies of Gemmological Institute of America (GIA) in India or other approved agencies.

e. Increase in value limit of personal carriage in case participating in overseas exhibition or holding the same, from US$ 1 million to US$ 5million. The limit of personal carriage has also been increased from US$ 0.1million to US$ 1million for export promotion tours

f. In case of participation in an exhibition in the US, the number of days for re- import of unsold items is increased to 90 days.

g. Diamond bourses will be planned to make India a diamond international trading hub h. Subject to fulfilment of positive Net Foreign Exchange (NFE), 10% of Free On Board value of exports of the preceding year in Domestic Tariff Area (DTA) may be sold by Gems and Jewellery units (Foreign trade policy, 2009-14).

Schemes for exporters of gems and jewellery in foreign trade policy 2015-2020

A) Import of Input

For manufacture of export product, exporters of gems and Jewellery can import / procure duty free input. Following items, would be eligible if exported:

Jewellery of gold, silver and platinum including partly processed jewellery or medallions and coins containing greater than 50% silver, platinum by weight and 8 carats gold and above.

B) Schemes

a) Advance Procurement and Replenishment of Precious Metals through Nominated Agencies

An exporter of gold / silver / platinum jewellery, is allowed to obtain the same as an input for their export product from certain Nominated Agencies. Nominated Agencies:

• Metals and Minerals Trading Corporation Limited, The Handicraft and Handlooms Exports Corporation of India Limited, The State Trading Corporation of India Limited, Project and Equipment Corporation Ltd, MSTC Ltd, and Diamond India Limited are the nominated agencies.

• Banks authorised by the Reserve bank of India as well as Four Star Export House from Gems & Jewellery sector and Five Star Export House from any sector may be recognized as Nominated Agency.

b) Replenishment Authorisation for Gems

It allows duty-free imports of gems.

Table 1: Replenishment rates

Gems	Percentage of replenishment allowed
Cut and polished Emeralds/ Rubies/ Sapphires in Jewellery up to value worth US$ 350 per carat fob.	For uncut and unset Emeralds Rubies/Sapphires - 60 %
Rubies/Sapphires, cut and polished Emeralds, in jewellery costing above US$ 350 per carat free on board.	For uncut and unset Emeralds Rubies/Sapphires - 80 %
All types of semi-precious stones and synthetic stones	On free on board value of such stones – 60 %
Pearls	On free on board value of such pearls - 60 %
Gold/Silver jewellery and articles	50%
Plain platinum jewellery and articles	50%

c)Replenishment Authorisation for Consumables

Table 2: Replenishment rates

Poly bag (as notified by Customs) for Jewellery made out of precious metals (other than Gold & Platinum)	2% of the Free on board value of goods
Cut and Polished Diamonds and Jewellery made out of Gold and Platinum	1% of the FOB value of goods
Rhodium finished Silver jewellery	3% of the FOB value of goods

Eligibility Criteria

Eligibility criteria for these schemes are as follows:

License for import can be applied by an exporter:

- Provided the exporter has a minimum of three licensing years of export performance or equal to the best export performance of cut and polished diamonds in any licensing year
- On account of a valid export order in his own name
- If an exporter who is a status holder, is issued a license for import of cut & polished diamonds up to 5% of the export performance of the preceding year
- Status holder exporter of cut and polished diamonds is issued a license for import of cut & polished diamonds up to 5% of the export performance of the preceding year

The government has come up with these schemes in order to promote exports. For every import there is a need for an assurance that exporters would be exporting a higher value item (SME first report, 2017).

The following is the minimum value addition stipulated:

Table 3: Value Addition

Item of export	Minimum value addition
Plain gold / platinum / silver jewellery and Articles and ornaments like Mangalsutra containing gold and black beads / imitation stones, except in studded form of jewellery	3%
All types of Studded gold / platinum / silver 5% Jewellery and articles thereof	5%
Any jewellery / articles manufactured by fully mechanized process	1.5%
Gold / silver / platinum medallions & coins excluding coins of legal tender	1.5%
Gold / silver / platinum findings / mountings manufactured by mechanized process	2.25%

d)Advance Authorisation for Precious Metals

In accordance with procedure mentioned in Handbook of Procedures Regional authority may provide Replenishment Authorisation to exporters. For export including that made against supply by Nominated Agency and for supply by foreign buyer, replenishment authorisation can be issued. Replenishment Authorisation for Gems to be freely transferable. Replenishment authorisation of Consumables, Tools and other items for Jewellery made out of precious metals corresponds to 2% and for Cut and Polished Diamonds and Jewellery made out of Gold and Platinum it corresponds to 1% of FOB value of exports in the preceding year. (Foreign trade policy, 2015-20).

e)Value Addition

Calculation for Minimum Value Addition norms for gems and jewellery sector is as under:- VA = (A – B) x 100, where A = FOB value of the export realised / FOR value of supply received. B = Value of inputs including which are procured domestically such as silver/gold /platinum in export product plus permitted wastage along with cost of other items such as gemstone, coloured stones etc.

IV. Foreign Direct Investment Policy

- At present, in India, government allows 100% foreign direct investment (FDI) in the sector of gems and jewellery through the automatic route.
- For exploration and mining of diamonds and precious stones FDI is allowed up to 74% and for gold and silver up to 100% under the automatic route.

(NSDC report 2013-17, 2017-22).

V. Duty Drawback Scheme

Customs duty and the excise duty are allowed to refund under Duty drawback scheme on the inputs used in the manufacture of the export product at a specified percentage of Free On Board value of exports. Service Tax on the input services to be factored in the all Industry rate of Duty Drawback. (Foreign trade policy, 2010).

VI. Other Schemes Related With Gold

a) Gold Monetization Scheme

Gold holds a unique significance in India. For thousands of years, the preference for gold has been influenced by many social, religious, economic and cultural factors. In India, gold, is broadly recognized for intergenerational transfer of wealth as it is considered to be the most efficient and secure store of value.

As the demand for gold in the country is substantial and domestic sources insignificant, India depends heavily on imports. Import of gold was considered to be the prime contributing factor in the widening Current account deficit (CAD). Consequently, the Government and the Reserve Bank of India (RBI) took several measures to curtail gold imports and were successful in lowering the Current account deficit to manageable levels from 4.7 per cent of Gross domestic product in 2012-13 to 1.7 per cent in 2013-14. The restrictive gold import policies in India have had limited effect on demand but triggered recourse to unauthorized channels like smuggling, causing loss of customs duty to the government tonnes annually, and that the stocks of gold are estimated to be over 20,000 tonnes. In view of high demand and attitude of Indians towards gold, the Union Government took the initiative of monetizing gold stocks held within the country.

The proposal was announced in the Union Budget of 2015-16, through three schemes: Gold Monetization Scheme (GMS); Sovereign Gold Bond (SGB) and Indian Gold Coin (IGC). IGC would involve developing a coin with the Ashok Chakra on its face, and help in reducing the demand for coins minted outside India and in recycling the gold available within the country. The minting of IGC, mostly used for investment purposes, would also contribute in generating employment and aid in retention of related profits within India (Singh &Shimpi, 2015).

The Gold Monetization Scheme (GMS) in the form of Gold Deposit Scheme (DPS) and Gold Metal Loan (GML), launched in November 2015, allows individuals, trusts and mutual funds to deposit gold with banks in return for interest. This is helping reduce dependence on gold imports and also pressure on trade balance.

Schemes by which banks accept gold deposit are Short Term from 1-3 Years, Bank Deposit as well as Medium 5-7 years and long 12-15 years. Another scheme launched by government is Sovereign Gold Bond Scheme, under which gold bonds denominated in grams of gold are issued to individuals by the Reserve Bank of India (RBI) in consultation with Ministry of Finance (DIPP report, 2017).

b) Gold Deposit Scheme

A person can deposit a minimum of 200 gm of gold with no upper limit, in exchange for gold bonds carrying a tax-free interest of 3 to 4 per cent depending upon the tenure of the bond ranging from 3 to 7 years. These bonds are free from wealth tax and capital gains tax. The principal is returned back in form of gold or cash at the investor's option.

c) Gold ETFs

There has been a rise in the Gold Exchange Traded Funds (ETFs). ETFs are mutual funds that stock up gold and then issue units for the same value for investors to trade. Under ETF's normal investors are allowed to hold gold electronically in paperless form. According to World Gold Council estimates, ETF demand for gold in the first half of 2009 stood at over 500 tonnes, three times their annual levels five years ago.

In September 2015, the Government of India approved the gold monetisation plan in the form of revamped Gold Deposit Scheme (GDS) and the Gold Metal Loan (GML) Scheme to mobilise tonnes of gold stored in households and temples across the country. The Union Cabinet also approved the introduction of Sovereign Gold Bond Scheme, under which gold bonds denominated in grams of gold will be issued to individuals by the Reserve Bank of India (RBI), in consultation with Ministry of Finance (Singaravelu&Subhashini, 2016).

VII. Special Economic Zone (SEZ) Policy

With the introduction of Special economic zone policy under the EXIM policy in April 2000 it was expected to boost in foreign trade and investment. Under the policy, companies are allowed to set up units in SEZ to manufacture goods or provide services that facilitated a hassle-free environment for exports. However, it was the SEZ Act 2005 – passed in February 2006 – that laid down regulatory frameworks and rules for setting up and for the operation of SEZs. By extending tax holidays to 15 years from previous tax holiday of 10 years, the SEZ Act managed to generate considerable level of interest; as a result, the number of SEZs witnessed a sharp rise in a matter of few years. The Act predicts to promote exports of goods and services, to promote FDI, creating employment, generating economic activity and most importantly, developing infrastructure.

To promote the exports of gems and jewellery, the government has set up various SEZs with specific incentives (SEZ, www.sezindia.nic.in). Some important government policies relating to SEZs in the gems and jewellery sector are highlighted below:

- Any import or export of rough diamonds will not be permitted if the shipment parcel is not accompanied by the Kimberley Process Certificate issued by the Development Commissioner.
- Cut and polished diamonds and precious and semi-precious stones (except rough diamonds, precious or semiprecious stones having zero duty) shall not be allowed to be taken outside the SEZ for sub-contracting.
- A gem and jewellery unit can get plain gold or silver or platinum jewellery from the Domestic Tariff Area or from an EOU or from a unit in the same or another SEZ in exchange of equivalent content of gold or silver or platinum contained in the said jewellery after adjusting permissible wastage or manufacturing loss allowed under the provisions of the Foreign Trade Policy read with the handbook of procedures.
- The DTA Unit undertaking sub-contracting or supplying jewellery against exchange of gold or silver or platinum shall not be entitled to export entitlements.

The SEZs, allocated as duty-free enclaves, have a business friendly policy regime, which aims at promoting rapid industrial development and employment generation. The approved policy regime includes:

- Exemption of all taxes (state/local) for transactions with the SEZ and for domestic tariff in case of supply to the SEZ
- Exemption from registration fees and stamp duty.
- A dedicated single window mechanism is set up for grant of labour and environment related permits.
- Permission to generate electricity for own consumption.
- Speedy process for land acquisition to set up SEZs (IBEF report, 2006).

VIII. Amendments In Government Regulations And Policies In Last Five Years

When there is an involvement of imports of gold and diamond at large scale, high value transaction and exchange of foreign money takes place. Due to which this sector is prone to exploitation and can fall prey to money laundering. It is therefore becomes a duty of government and RBI to keep a check on this sector and randomly trace transactions to ensure their legality and thus contributing towards the consistency of Indian economy.

Table4: Amendments in Government Policies and Regulations

Date	Amendments
January 21, 2013	• Government of India increased import duty on gold and platinum from 4% to 6%
May 13, 2013	• RBI restricted the import of gold on consignment basis
May 27, 2013	• RBI prohibited advances granted by NBFCs for the purchase of gold in any form, including primary gold, gold bullion, gold jewellery, gold coins, units of gold Exchange Traded Funds (ETF) and units of gold mutual funds
June 4, 2013	• Government of India increased the import duty on gold and platinum from 6% to 8% • RBI directed that all Letters of Credit (LC) to be opened by Nominated Banks/Agencies for the import of gold under all categories will be only on 100% cash margin basis
July 22, 2013	• Guidelines issued in May and June 2013 were withdrawn • Introduction of 20/80 scheme: It was directed that nominated banks/agencies to ensure 20% of imported quantity of gold to be made available for exporters. • RBI also asked banks and credit card companies to discontinue the EMI option for online jewellery purchase.
August 13, 2013	• GoI increased the import duty on gold and platinum from 8% to 10%
August 14, 2013	• RBI again prohibited Gold-on-lease after withdrawing the ban in July 2013 • Prohibition of imports of gold coins and medallions • Further, it was directed that, gold will be made available to only jewellers/bullion dealers/banks involved in gold deposit scheme after upfront payment of cash
September 18, 2013	• Government of India increased the import duty on gold jewellery from 10% to 15%.
March 19, 2014	• RBI eased gold import norms by allowing five domestic private banks – HDFC Bank, Axis Bank, Kotak Mahindra Bank, IndusInd Bank and YES Bank to import gold in the country.
April 1, 2014	• RBI lifted restrictions on a number of mines abroad, to which advance remittances can be extended for imports of rough diamonds. Banks were allowed to have their own discretion to extend advance remittance to Indian importers in favour of global miners.
May 21, 2014	• RBI further eased gold import norms by allowing Star trading houses/premier trading houses (STH/PTH), registered as nominated agencies by the Director General of Foreign Trade (DGFT), to import gold under 20/80 scheme.
May 21, 2014	• G&J players were allowed to avail Gold Metal Loan (GML), thereby enabling procurement of gold on lease basis.
November 28, 2014	• Withdrawal of the 80/20 import rule
Feb 18, 2015	• RBI lifts ban on import of gold coins, medallions by banks & trading houses. RBI allowed banks to give gold on loan to jewellers.
September 15, 2015	• RBI introduces gold monetization scheme.
January 01, 2016	• The central government has made it a must to quote the permanent account number (PAN) for all transactions above Rs.2 lakh.
April 01, 2016	• The government imposes 1% of excise duty on jewellery manufacturing.
July 01, 2017	• GST rate of 3% applied to gold and precious metals. (CARE rating 4 aug.2017)

IX. Regulating Bodies

a) Gem and Jewellery Export Promotion Council(GJEPC)

GJEPC was set up in 1966 for promotion of gems and jewellery exports and this is a apex body of the gem and jewellery trade in India, which GJEPC have 6,500 members in the country, the Council is primarily involved in introducing the Indian gem & jewellery products to the international market and promotes their exports. The Council arrange for vital market information to the members regarding rates of import duties, trade and tariff regulation, foreign trade inquiries and other information about jewellery fairs and exhibitions timely. (GJEPC)
The roles played by the GJPEC are highlighted below:

i) Trade Facilitator

The Council promotes the Indian gems and jewellery industry in the international market. It organises international jewellery shows and undertakes image-building exercises through advertisements, publications and audio-visual means.

ii) Advisory Role

The Council also aids better interaction and understanding between traders and government. The Council takes up relevant issues with the government and agencies connected with exports. It also submits documents for consideration and inclusion in the Exim Policy (Pandiyaraj, 2012).

iii) Nodal Agency for Kimberley Process Certification Scheme

GJEPC and the Indian government work closely to implement and oversee the Kimberley Process Certification Scheme; in fact, the Council has been appointed as the nodal agency in India under the Kimberley Process Certification Scheme.

iv) Training and Research

The GJEPC runs many institutes that provide training in all aspects of manufacturing and design in many cities like Mumbai, Delhi, Surat and Jaipur. These training programs are being conducted to ensure that the Indian industry achieves the highest levels of technical excellence.

v) Varied Interests

The Council publishes many brochures, statistical booklets, trade directories and a bi-monthly magazine - Solitaire International, which is distributed internationally as well as to its members.

b) Gem and Jewellery Trade Council of India(GJTCI)

GJTCI helps to showcase the Indian gem and jewellery to the worldwide market and promote the gem and jewellery trade of India.This council formed to enhance the jewellery trade of India by resolving various disputes of the trade. GJTCI makes available latest information to its jeweller-members through a monthly newsletter, various educative & trade- motivational events such as workshops, seminars, exhibitions, festivals etc. (Jain, 2011).

X. Role Of Exim Bank In Supporting Indian Gems And Jewellery Industry

Exim Bank of India seeks to create an enabling environment to promote two-way transfer of technology, trade and investments and operates a wide range of lending, service and support programmes. The Bank has a variety of loan products to cater to the financing requirements of various enterprises. The credit facilities are available for financing at all stages of export cycle of Indian firms. The Bank’s Lines of Credit (LOC), extended to commercial banks, financial institutions, regional development banks, and entities overseas, serve as a market entry mechanism to Indian exporters, and provide a safe mode of non-recourse financing option to Indian exporters. Apart from LOC, the Bank offers buyer’s credit and supplier’s credit for exports on deferred payment terms. These facilities help companies, especially the Small and Medium Enterprises, to offer competitive credit terms to the buyers and to explore new geographical markets. Exim Bank has extended supplier’s credit, pre-shipment credit, post-shipment credit, and Foreign Currency Packing Credit (FCPC), to the firms engaged in the gems and jewellery sector, compared with others. Exim Bank has signed an MOU with the Indian Diamond Institute (IDI), which envisages development of human resources through professional training, and thereby supports the export efforts of the industry. In order to provide in-depth study of all types of gems Exim bank has provided grant to IDI for upgrading LRS (Laser Raman Spectroscopic) machine equipment. The MOU will also enable the institutions to exchange literature, data, information and research output on the gems and jewellery industry, and also help in exchange of foreign experts between the two institutions, in organizing their respective training programmes.(Pandiyaraj,2012)

XI. Conclusion

Jewellery industry is global in nature. Gems and jewellery sector being leading foreign exchange earner for the country provides employment to over 10 million people. It is a labour intensive industry. The love and inclination that Indians have towards jewellery especially gold make it an integral part of Indian society and a foundation of wealth and savings in India. The gems and jewellery industry also contributes around 17% of India’s export. But still this sector is unorganised, 80% jewellery business done by family jewellers. To fasten up with the new trends in global market, product planning and development is highly recommended. A new Foreign Trade Policy gives a boost to make in India vision of the government. It aims at improving India’s exports by providing ample working space to the exporters, through easing norms, doing away with dismissed policies. The unveiling of trade facilitation measures, simplified procedures, reduced interface between the authorities and industry shall motivate the exporter to do the business with more vigor, in a more transparent environment. The new policy also encourages exploration of new markets and product diversification and is designed to complement the long term vision of the government of prioritizing the importance of trade for growth of Indian economy. The progress of the nation in the era of globalization depends on the growth it achieves in commerce and business. The growth in commerce and business leads to prosperity of the people residing in the nation. For the fast and stable development of the country, the commercial relations of the country with the other countries all over the world are very important. This is possible when a country allows imports as well as exports of goods and services. The trade transactions are to be monitored for which framing of the foreign trade policies is very much essential. This policy works as regulator and keeps an eye on all the activities undertaken by the commercial houses at international level. The policy framed should neither be too liberal nor be too stringent. It has to be such that it helps country to grow and that the country becomes more independent. The people within the country also become wealthier with generation of employment opportunities. India's New Foreign Trade Policy 2015-20 is unveiled with the objective of bringing stability and ease of doing business. The various new initiatives undertaken is the move towards promoting exports, promoting use of technology, promoting manual compliances and reduction in the transaction cost. The New trade Policy 2015-20 is a move to achieve the Government's mission of "Make in India" and shall help to double the percentage share of global merchandise trade within the next five years.

XII. Limitations

This study focus only on Government policies and schemes of last ten years. Due to limitations of geography the study will limit itself to India.

Scope For Further Work

The scope for further research could be:

1. Work can also be done on role of various government policies and schemes in the growth of gems and jewellery sector.
2. Impact of Government policies on Special economic zones of gems and jewellery.
3. Export performance of gems and jewellery industry.

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