

GOVERNMENT OF INDIA
MINISTRY OF COMMERCE & INDUSTRY
(DEPARTMENT OF COMMERCE)

LOK SABHA
UNSTARRED QUESTION NO. 2223
TO BE ANSWERED ON 01st JANUARY, 2018

IMPORT OF GOLD AND JEWELLERY ARTICLES

2223. SHRI RAJIV PRATAP RUDY:

DR. C. GOPALAKRISHNAN:

Will the Minister of **COMMERCE & INDUSTRY** (वाणिज्य एवं उद्योग मंत्री) be pleased to state:

- (a) whether the Government has identified certain loopholes in India's Free Trade Agreement with South Korea and other countries which has resulted in sudden surge in imports of gold and other related articles;
- (b) if so, the details thereof along with the measures taken/being taken by the Government in this regard;
- (c) whether the Government has restricted imports of jewellery articles and other precious metals from some countries and if so, the details thereof and the reasons therefor, country-wise;
- (d) whether the Government has issued new guidelines/directions that importers will have to obtain a license from the Directorate General of Foreign Trade for importing gold and silver from South Korea; and
- (e) if so, the details thereof along with the total volume of imports of gold and silver from South Korea during the last three years?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री सी. आर. चौधरी)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI C. R. CHAUDHARY)

- (a) to (c): The gold jewellery / articles are classified under Exim codes 7113, 7114, 7115 and 7118. Under India – Korea Comprehensive Economic Partnership Agreement (CEPA), these items were kept in E-8 category in India's schedule i.e. the tariff was to be reduced gradually and becoming zero with effect from 01.01.2017. The Rules of Origin criteria for these items under CEPA do not require any condition of minimum value addition by the exporting country.

Prior to Goods and Services Tax (GST) regime, there were certain safeguards such as Counter-vailing Duty (CVD) and Excise Duty. GST subsumed all other taxes with only 3% GST/IGST on gold and gold items. Therefore, in GST regime, traders using the India – Korea CEPA route are paying only 3% GST. Since MFN duty (basic customs duty from all other countries) on gold is 10%, they are getting an arbitrage of about 10% on gold items with nil Customs Duty on import from South Korea.

Considering the sudden surge in imports of gold articles from South Korea in July and August, 2017, the Government issued a Notification amending import policy of gold and silver to restricted category for imports from South Korea.

- (d) & (e): The Government has imposed restrictions, with effect from 25th August, 2017, on import of gold and silver from South Korea, thus requiring an Authorisation from the Directorate General of Foreign Trade for importing such items from South Korea. No license has been issued so far for import of gold/silver from South Korea.

Total volume of imports of gold and silver from South Korea during the last three years is annexed.

**

Annex

IMPORT FROM SOUTH KOREA

HS CODE	UNIT _QTY	ITEM DESC	2014-15		2015-16		2016-17		2017-18 (APR TO OCT)	
			QTY	VAL(US \$)	QTY	VAL(US \$)	QTY	VAL(US \$)	QTY	VAL(US \$)
71081200	KGS	OTHER NON-MONETARY UNWROUGHT FORMS OF GOLD							35	1456789
71081300	KGS	OTHER NON-MONETARY SEMI MANUFACTURED FORMS OF GOLD	0	5360	0	8875	0	6024		
71131110	KGS	SILVER FILLIGREE WORK					24094	13847064		
71131120	KGS	SILVER JEWELLERY SET WITH GEMS	3	5487	28	22928	1	4053	0	1282
71131130	KGS	OTHER ARTICLES OF SILVER JEWELLERY	3	5116	2	2905	4057	2431356	3146	1859651
71131190	KGS	PARTS	14	23566	14	32542	23	36296	13	17875
71131910	KGS	JEWELLERY OF GOLD UNSET	24	771888	1134	42616641	10	407082	1370	56444540
71131920	KGS	JEWELLERY OF GOLD SET WITH PEARLS					1	46678	0	2410
71131930	KGS	JEWELLERY OF GOLD SET WITH DIAMOND	1	36416						
71131960	KGS	PARTS	1	55215	0	459				
71131990	KGS	ARTICLES OF OTHER PRECIOUS METAL	16	576493	11	439979	2	102696	162	7026621
71141110	KGS	MANUFACTURES OF SILVER					10	5798		
71141910	KGS	MANUFACTURES OF GOLD					655	28926674	31764	1347564571
71159010	KGS	OTHER LABORATORY AND INDUSTRIAL ARTICLES OF PRECIOUS METAL OR ROLLED GOLD			1	1069	150	8260		
71159090	KGS	OTHER ARTICLES OF PRECIOUS METAL/ROLLED GOLD	225	13002	110	10783	650	36013	101	19289
71189000	KGS	OTHER COIN					1706	70457787		
Grand Total			287	1492543	1300	43136181	31359	116315781	36591	1414393028

Note:1) figures for 2017-18 (Apr to Oct) is provisional.

2) No import under HS code 7109,7112 from South Korea has been recorded during last three years and 2017-18 (Apr to Oct)