

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

LOK SABHA
UNSTARRED QUESTION NO. 3908
TO BE ANSWERED ON 17th JULY, 2019

IMPACT OF GSP WITHDRAWAL ON EXPORT OF GEMS AND JEWELLERY

3908. SHRI BIDYUT BARAN MAHATO:

SHRI GAJANAN KIRTIKAR:

SHRI SANJAY SADASHIV RAO MANDLIK:

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

- (a) whether USA has withdrawn the duty benefits to India under the Generalized System of Preferences (GSP) and if so, the details thereof along with the reasons for the same;
- (b) whether Crisil Research Ltd. has said in a report that this step would adversely affect the export of gems and jewellery;
- (c) if so, the details thereof and the steps taken/being taken by the Government to protect the interest of such exporters;
- (d) whether Trade data for last month showed that exports of labour intensive sectors including gems and jewellery were dismal; and
- (e) if so, the details thereof and the steps taken by the Government to increase the export in such sector?

ANSWER

वाणिज्य एवं उद्योग मंत्रालय में राज्य मंत्री (श्री हरदीप सिंह पुरी)

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE AND INDUSTRY
(SHRI HARDEEP SINGH PURI)

(a) Yes, Sir. The benefits under GSP have been withdrawn w.e.f. 5th June, 2019. India exported goods worth of US\$ 6.3 Billion (as per USTR figures) to USA under the GSP programme during the calendar year 2018, which was 12.1% of India's total export to USA in the year. The reason stated by USA was that India has not assured the USA to provide equitable and reasonable access to the market.

(b) & (c) Crisil Research Ltd. is not a Government research organization. As per analysis of Gem & Jewellery Export Promotion Council, only 1% of India's total Gem and Jewellery exports to USA are expected to be impacted due to the recent withdrawal of GSP benefit.

(d) & (e). Exports of key labour intensive sectors to USA in June, 2019 vis-à-vis June, 2018:

(Values in US \$ Million)

((P) Provisional)

S.No.	Commodity	Jun 2018	Jun 2019 (P)	%Growth
1.	Gem & Jewellery	727.3	608.06	-16.4
2.	Textiles and allied products	682.94	683.95	0.15%
3.	Leather and Leather Manufacturer	86.99	84.45	-2.92%

Source: DGCIS

In order to promote India's exports including labour intensive sectors, the Government has taken several measures through Foreign Trade Policy (FTP) 2015-20 and other policy measures taken from time to time. FTP provides framework for increasing exports as well generation of employment and increasing value addition in the country through schemes of incentives on exports and duty remission/exemption on input for export production. At the time of Mid-Term Review of FTP in December, 2017, incentive rates for labour intensive / MSME Sectors under Merchandise Exports from India Scheme (MEIS) were increased by 2%. The rate under Interest Equalization Scheme was increased to 5% for MSME Sectors w.e.f. 02.11.2018 and merchant exporters were covered under the Scheme w.e.f. 02.01.2019. A new scheme for Rebate of State and Central Taxes and Levies (RoSCTL) covering export of garments and made-ups was notified on 07.03.2019. Further, the Government provides financial assistance for participation in international fairs, organizing buyer-seller meets, creation of export related infrastructure, etc. under various schemes of the Department of Commerce to boost exports.
