

Circular No. 23/2018-Customs

F.No. DGEP/G&J/22/2018

DIRECTORATE GENERAL OF EXPORT PROMOTION

Ministry of Finance, Deptt. of Revenue
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Dated: 23rd July, 2018

To,

All Principal Chief Commissioners/ Chief Commissioners of Customs
All Principal Chief Commissioners(Prev.)/ Chief Commissioners of Customs
(Prev.)

**Subject: Procedure to be followed by nominated agencies importing gold/
silver/ platinum under the scheme for 'Export Against Supply by
Nominated Agencies'-reg.**

Sir/ Madam,

Circular no. 27/2016-Customs dated 10.06.2016 was issued providing for a simplified procedure in view of non-applicability of warehousing provisions to duty free gold/ silver/ platinum obtained by the nominated agencies by virtue of an exemption notification issued in this regard. This procedure was prescribed after reviewing the procedure laid down for duty free import of gold/ silver/ platinum by nominated agencies for supply to exporters vide Circular No. 28/2009-Customs dated 14.10.2009 so as to avoid divergent practices and to streamline the supply of precious metals for exports.

2. Gems and Jewellery Export Promotion Council (GJEPC) has represented that problems are being faced in the field as one to one correlation between the gold procured duty free under Notification No. 57/2000-Customs dated 08.05.2000 and corresponding export of jewellery is being insisted upon by the Customs. GJEPC has represented that it was impossible to establish one to one correlation between such procurement and jewellery manufactured and exported out of the same owing to the homogenous nature of precious metals.

3. The matter has been examined. Para 4.34 of Foreign Trade Policy provides the scheme whereby exporter of gold/ silver/ platinum jewellery or articles thereof could obtain gold/ silver/ platinum as an input for export product from nominated agencies, in advance. Correspondingly, Customs

Notification No. 57/2000-Customs dated 08.05.2000 provides an exemption from Basic Customs Duty (BCD) on import of gold/ silver/ platinum provided the importer binds himself to export either himself or through other exporters gold/ silver/platinum jewellery including studded articles having gold/ silver/ platinum contained equivalent to the imported gold/ silver/ platinum within a period of 90 days.

4. Neither the provisions of the Foreign Trade Policy nor the said notification and aforementioned circulars refer to the requirement of a one to one correlation between the gold procured and the jewellery exported. The construct of Foreign Trade Policy read with Customs notification clearly provides that the nominated agency must establish that imported duty free gold/ silver/ platinum has been exported through the manufacture of gold/silver/platinum jewellery including studded articles through the maintenance of proper records at the end of the nominated agency as well as that of exporter. There is therefore no requirement of establishing one to one correlation between the consignment of gold/silver/platinum imported and the export of jewellery. However, the nominated agencies/ exporters are required to maintain the accounts of duty free gold and domestically procured duty paid gold in such manner so that duty free gold/ silver/ platinum obtained for the purpose of export of jewellery is clearly accounted for by the export of jewellery /articles.

5. Difficulties, if any, may be brought to the notice of the Board.

6. Hindi version will follow.

Yours faithfully,

Sd/-

(Saroj Kumar Behera)
Joint Director