

### Other manufacturing groups

8.50 The other manufacturing, which is one of the best performers in terms of growth, is composed of medical and surgical instruments, syringes, process control instruments, AC house service meters, laboratory and scientific instruments, alarm time pieces, wristwatches, writing instruments and pencils. Among them, growth was pushed mainly by a 43.1 per cent growth in laboratory and scientific instruments, strongly supported by medical & surgical equipments and syringes (23.4 per cent) and process control instruments (26.5 per cent). Items like AC house service meters, alarm time pieces, wristwatches, writing instruments and pencils which are placed in the group have shown a decline/negligible increase in production during April-November 2007.

### Gems and jewellery

8.51 India has emerged as one of the key players in the gems and jewellery sector on account of its traditional strength in craftsmanship and its reasonable share in global business. Gems and jewellery (G&J) is one of India's niche sectors which accounted for 12 per cent of the country's merchandise exports in 2006-07. Besides, it is an important contributor to semi-skilled employment too. This sector consists of three segments, viz., diamonds; gold jewellery; and coloured gemstones and other items. The major markets for G&J exports

are the United States, Hong Kong, UAE, Belgium, Israel, Japan, Thailand and the United Kingdom. The United States is the largest market accounting for about 30 per cent of exports from this sector.

8.52 In 2006-07, there was deceleration in the rate of growth of exports from the G&J sector. This deceleration was due to the reduction in the trading activities in diamonds from bonded warehouses. Besides, the United States terminated the duty-free treatment under the General Scheme of Preferences (GSP) for precious metals (other than silver) and articles of jewellery and parts from India from July 1, 2007, on the ground that this article was exported in quantities exceeding the applicable competitive need limitation in 2006. As a result, the basic import duty of 5.5 per cent is now applicable in the United States on the Indian precious metals and jewellery.

8.53 However, there has been a revival of exports of gems and jewellery in the first half of the current fiscal with a rate of growth in excess of 20 per cent. The revival was partly on account of the extensive policy support provided to the sector under the Foreign Trade Policy (2004-09). The steps including introduction of fiscal measures like abolition of import duty on cut and polished diamonds, reduction of import duty on un-worked corals and rough synthetic stones from 30 to 10 per cent and various trade facilitation steps have encouraged exports from the sector.