

India's Annual G&J Exports Slip 5% To \$40.9bn

Exports of Indian gems and jewellery registered a marginal drop in the fiscal year 2017-18 due to a handful of underperforming categories, which was offset by the steady growth in cut and polished diamonds and gold jewellery, according to figures released by the Gem & Jewellery Export Promotion Council (GJEPC) at a press conference at St. Regis Hotel in Mumbai on April 26th.

India's total gem and jewellery exports during 2017-18 dropped by 5% to \$40.9 billion compared with \$43.1 billion a year earlier.

Net exports (gross exports minus return consignments) fell by 8% to \$32.7 billion from \$35.4 billion in 2016-17.

Of the total export basket, cut and polished diamonds account for 58%, followed by gold jewellery (24%), silver jewellery (8%), colour gemstones (1%) and others (9%).

Growth in the sector was primarily driven by cut and polished diamonds. During the year, India exported 34.8 million carats of cut and polished diamonds valued at \$23.7 billion, recording a year-on-year increase of 8.2% and 4.1% respectively.

Exports of rough diamonds declined 5% to \$1.4 billion in value terms despite a 27% increase in volume to 38 million carats,



(From left) Colin Shah, Pramod Agarwal and GJEPC chief executive director Sabyasachi Ray announcing the annual results in Mumbai.

indicating a greater prevalence of lower quality goods.

Gold jewellery exports registered a growth of 10.91% to \$9.67 billion in 2017-18 as compared to \$8.72 billion in 2016-17.

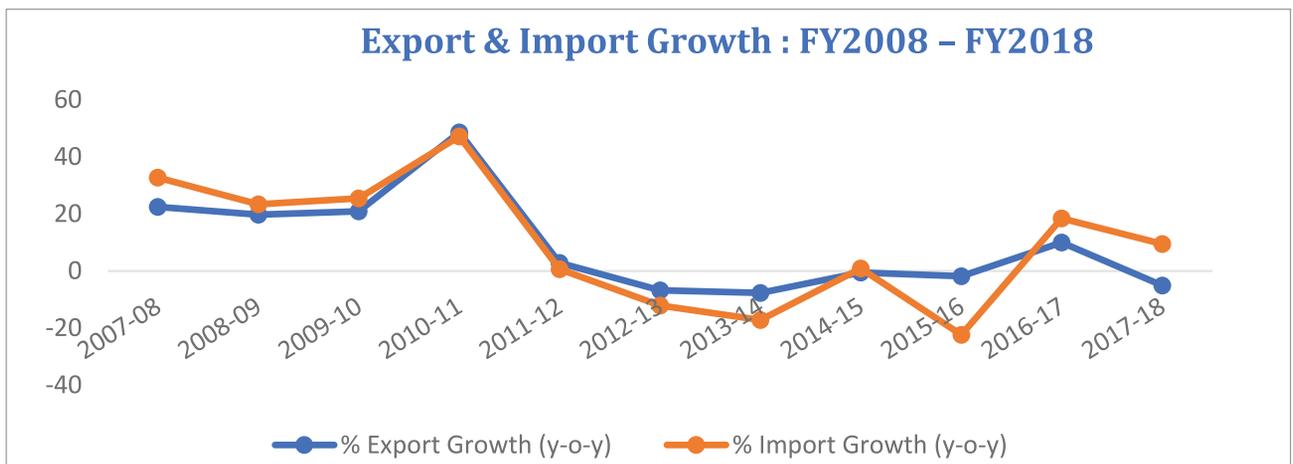
Colour gemstones grew by 3% to \$433.31 million, versus \$420.11 million a year earlier.

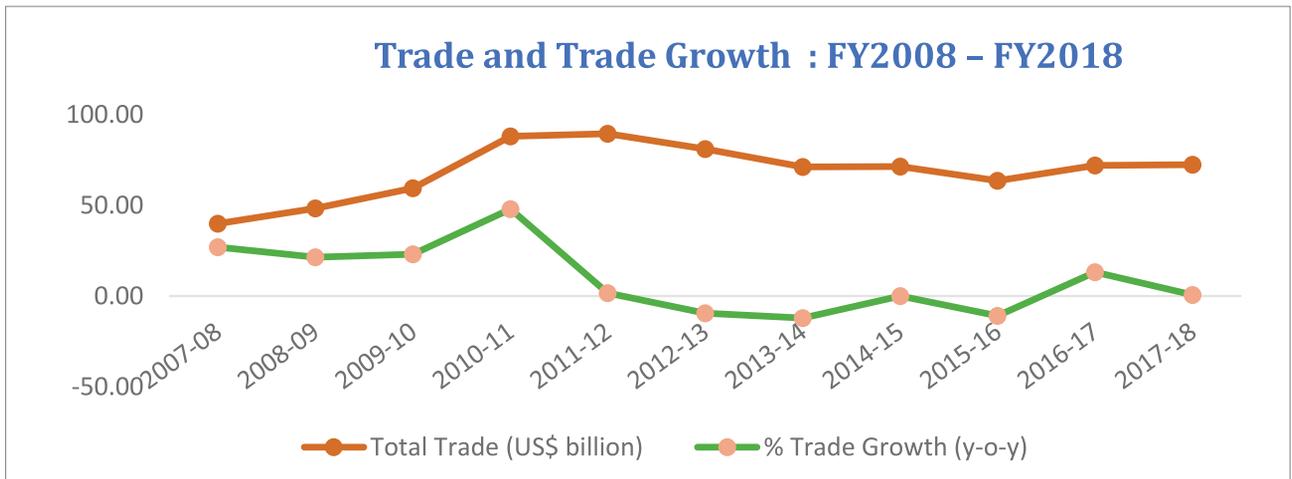
Among the worst performing export categories during the year were silver jewellery, pearls, and gold medallions & coins.

Exports of silver jewellery decreased 16% to \$3.38 billion in 2017-18 as compared to \$4.02 billion in 2016-17.

Pearl exports in the twelve-month period too suffered, plunging 56% year-on-year to \$2.29 million, from \$5.16 million in the previous year.

The biggest category-wise export decline was registered in gold medallions and coins, which nose-dived 64% to \$1.9 billion compared with \$5.4 billion in 2016-17.





Over a span of 10 years, gems and jewellery exports from India have almost doubled to \$41 billion in fiscal year 2017-18 from \$21 billion in 2007-08 at a compound annual growth rate (CAGR) of 6.2%. Imports grew at CAGR 4.8% from \$18.6 billion in 2007-08 to \$31.51 billion in 2017-18. At the same time, cut & polished diamonds exports grew at a CAGR of 5% from \$14 billion in 2007-08 to \$24 billion in 2017-18.

India's major export destinations for the gems and jewellery sector in 2017-18 were Hong Kong with 33%, followed by UAE with 25%, USA at 23%, Belgium at 5%, and UK at 4%.

On the import front

India's imports of gems and jewellery grew by 10% to \$31.5 billion in fiscal year 2017-18 as compared with \$28.7 billion in the previous year.

Imports of rough diamonds grew 11% last year to \$18.8 billion, and increased 24% in volume to 189.4 million carats. Imports of cut and polished diamonds dropped 15% to \$2.2 billion, and fell 6% volume-wise to 7.13 million carats.

Commenting on the industry's performance, GJEPC chairman Pramod Agarwal said, "It has been an interesting year for the Indian gem and jewellery industry, a mixed bag with several highs and lows. But we're determined to forge ahead in the new financial year on a note of optimism.

"Gems and jewellery today contributes nearly 7% to India's GDP and over 15%

to merchandise exports. India has become undisputed world leader in cut and polished diamond exports, polishing nearly one billion stones each year. The industry today employs over 5 million workers. With changing lifestyles and improvement in living standards, the gems and jewellery sector is likely to grow at a rapid pace and hence GJEPC intends to add 3 million more to the workforce by 2022."

Agarwal added that the GJEPC will soon establish a Mumbai-based Jewellery Park, which is estimated to generate 1,00,000 jobs in the state of Maharashtra.

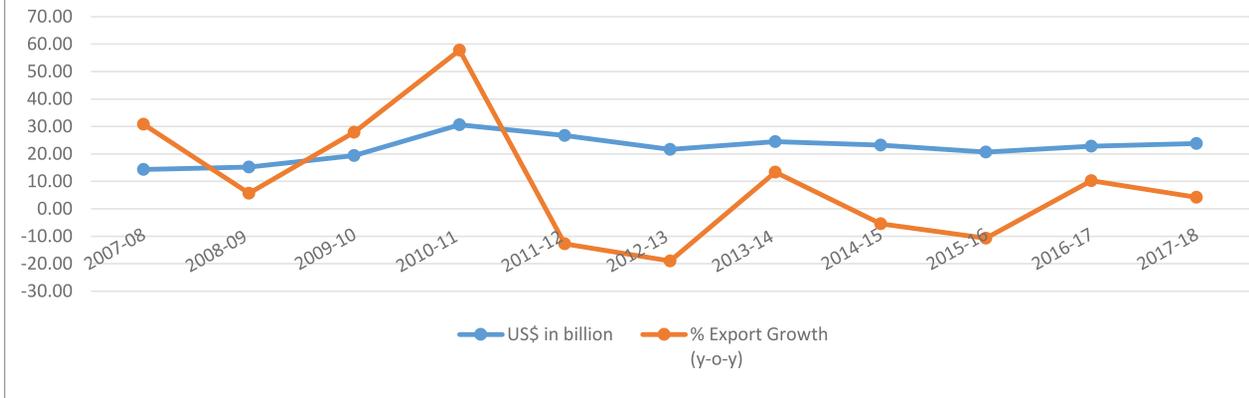
Colin Shah, vice chairman of GJEPC, commented, "India's diamond industry has maxed out volume growth at about 90% of global market share. So, its future growth will largely depend on an increase in diamond prices aided by the devaluation of the rupee, and the creation of new demand in developed economies that are in the bullish zone."

Speaking about the initiatives which GJEPC intends to commence in the fiscal year 2018-19, Shah said that the Council is making concerted efforts to grow demand for "India Made" jewellery products in the established markets such as the US, HK and China. Exploring and penetrating new markets such as Iran, Jordan, Turkey, Latin America, Russia and South East Asia is also on the anvil. Focused buyer-seller matching programmes are lined up for the year across product categories to boost demand for diamonds, gemstones and jewellery, he noted.



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Export growth of Cut & Polished Diamonds (in %)



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“GJEPC is committed to the four pillar principles of fair trade. One, it leads in workplace modernisation. Two, it has created model programmes for the health and welfare of its workers. Three, it plays a dominant role in global diamond and jewellery advertising. Four, it is building state-of-the-art gemmological laboratories that ensure diamonds are not only natural and well-crafted but ethically sourced. GJEPC has earned a proven right to proclaim adherence to fair-trade principles and practices,” Shah added.

The GJEPC announced that it will be organising a Diamond & Jewellery Financing Conference on May 11th 2018 at Bharat Diamond Bourse to address the key challenges faced by the industry and mitigating risks in securing finance for the diamond and jewellery industry.

GJEPC has urged the union government to support the gems and jewellery sector by providing policy support such as opening up the sector to foreign miners to set up their offices in India and also a reduction in the gold import duty.

Development initiatives

Last year, the GJEPC launched the MyKYCBank portal, a centralised KYC repository-cum-exchange platform for the gems and jewellery industry, for total transparency in operations. All industry participants can update their own KYC information and documents on a single window and subsequently share the same with their trading partners. Banks lending to a company registered on the portal would have access to all KYC-related information about the company and its subsidiaries.

In 2017-18 the GJEPC set up Common Facility Centres (CFCs) at Amreli, Visnagar and Palanpur. “In the coming days, we will see more CFCs being set up for the enhancement of this industry. GJEPC has plans to set up CFCs in 13 identified clusters in India with support of the ministry of commerce & industry. Setting up of CFCs will increase productivity and quality of small and medium players and karigars who are the backbone of the industry but cannot afford to buy hi-tech machines for manufacturing of jewellery,” the GJEPC said.

With the support of the ministry of commerce & industry, the GJEPC signed an MoU with the Maharashtra government last year for setting up India’s largest Jewellery Park in Mumbai.

Other plans in the offing include a gem bourse in Jaipur, revamping of the imitation and handmade jewellery sector, and a Jewellery Park in Delhi. ■