



Press Release

For Immediate Publication

India's Gems & Jewellery exports declines by 3.46% to USD 38,599.18 mn

Exports of cut and polished diamonds in FY16 falls 13.66%

- **G&J exports account for 14.78% of the country's total exports in FY16**
- **Net imports of rough diamonds drops 16.17% to USD 14,047.81 mn**
- **Gold jewellery exports drops 13.07% to USD 8,609.25 mn**
- **Colored Gemstones exports drops 4.43% to USD 433.18 mn**

Mumbai, April 28, 2016: India's Exports of gems and jewellery dropped 3.46% in FY16 to USD 38,599.18 mn as compared to USD 39,980.63 mn in FY15. Gross exports of cut and polished diamonds in FY2016 (financial year April 2015 to March 2016) dropped 13.66% to USD 19,996.06 million (provisional same ports figures and data) as compared to USD 23,160.18 mn in FY15. Apex body The Gem & Jewellery Export Promotion Council (GJEPC) sponsored by the Ministry of Commerce & Industry, Government of India (GoI) released annual export performance report for FY2016 in the presence of Chairman Mr. Praveenshankar Pandya, Vice Chairman Mr. Russell Mehta and other Directors. Exports of gold jewellery in FY16 dropped 13.07% to USD 8,609.25 mn as compared to USD 9,903.61 mn in FY15. Exports of Colored Gemstones dropped 4.43% in FY16 to USD 433.18 mn as compared to USD 453.25 mn in FY15. Other exports (such as pearls, synthetic stones, costume and fashion jewellery, etc.) increased by 49.66% in FY16.

In FY16, gems & jewellery exports of USD 38,599.18 mn accounted for 14.78% (up FY15) of the country's cumulative exports of US\$ 261,136.80 million (overall exports were down 15.85% as compared to FY15) ranking the gems & jewellery sector as one of the leading foreign exchange earners for the country. However, this is the fifth successive year wherein gross gems & jewellery exports have been falling; and the first time in the last six years that the exports of cut & polished diamonds has fallen to below USD 20,000 mn levels.

Net import of rough diamonds (quantity in lakh carats) dropped 16.17% in FY16 to USD 14,047.81 mn as compared to USD 16,757.37 mn in FY15. Net imports of cut and

polished diamonds dropped 58.26% in FY16 to USD 2,771.40 mn as compared to USD 6,640.14 mn in FY15.

Mr. Praveenshankar Pandya, Chairman, GJEPC, said, *“For the first time ever, the Export of Cut & Polished diamonds, has shown a huge decline of 13% during April-March 2015-16, in comparison to the same period last year. Weak international demand and high rough diamond prices have led to the absence of Profitability. Slow Demand has led to the fall in Rough Diamond Import by 16% in FY 2015-16 for the first time. Rough Prices are edging upwards, the sluggish global demand has created inventory pile up. Increased Financial Cost or inventory carrying cost has become unbearable. Interest Subvention is the need of the hour!”*

“However, export to the US is showing an upward trend but the only deterrent is the DUTY in the Region. Inclusion of gems & jewellery business in Merchandise Exports from India Scheme (MEIS) will bring respite and boost trade to the Region”, Mr. Pandya added.

Cut and polished diamonds accounted for 52% of the gross gems & jewellery exports in FY16 while gold jewellery exports accounted for 22% of the gross G&J exports. Silver jewellery accounted for 8% of gross exports respectively. **Major Gem & Jewellery Export Markets** - The UAE in FY16 accounted for 32% (up from 29% in FY15) of the gross exports while those to the US accounted for 22% (up from 21% in FY15) of the gross exports. Exports to Hong Kong in FY16 accounted for 28% (down from 31% in FY15) indicating the slowdown in China/ Hong Kong.

Union Commerce & Industries Ministry is considering the recommendations made by GJEPC with respect to the availability of Duty Free Gold by the Nominated Agencies. Small and Medium exporters are still facing issues in procurement of duty free gold from the nominated agencies/banks across the country. Replenishment Scheme is still not operational and jewellers have still not been able to get their gold used in manufacturing jewellery or export purpose from their own stock

“GJEPC is preparing a ‘Job Work’ draft Policy to be shared with the Government. The facility of job work is already allowed in China. In-spite of labour being around 20% expensive than India, global diamantaires are sending their diamonds to China for manufacturing purpose as job work policy is already in place in China. It is proposed to allow Goods on consignment basis for manufacturing purpose thus creating more jobs for artisans/karigars in the country”, said Mr. Russell Mehta , Vice Chairman, GJEPC

GJEPC is collaborating with leading Miners namely De Beers, ALROSA and Rio Tinto and to launch a Joint Promotional ‘**Generic Diamond Promotion**’ Programme. Diamonds or Diamond Jewellery does not feature as Top of the Mind Recall

amongst Consumers today be it India or Globally. Category is losing its sheen to its competing luxury categories: Holidays, Designer Fashion, Accessories, etc. Man made diamonds are affecting Consumer Confidence.

To realise the Make in India dream of the Prime Minister and 'Make India' an International Diamond Trading Hub, the sector seeks implementation of Ease of Business for the Indian diamond sector. By attracting International Manufacturing business to India (diamantaries from Belgium, Israel and Dubai), it can tap additional market share of approximately around USD 20 bn (in FY 2018-19) thereby helping the Government garner more tax collection in the long run. This will also help create jobs for 1.56 mn Indians (by 2018-19) in the gems & jewellery sector while preserving skill and talent of labour force of the existing 3.5 mn labour force. This will help in tackling trade deficit and current account deficit through higher exports.

According to Bain & Company's report titled 'The Global Diamond Industry 2015 - Growth perspectives amid short-term challenges', the long-term outlook for the diamond market remains positive, with demand expected to outpace supply starting in 2019. However, as in past years, the industry faces key challenges: sustaining long-term demand for diamonds in developed markets and among a new generation of consumers, and boosting demand from other sources than jewellery and aesthetic use. Annual gold jewellery demand across the world declined 3% in 2015, year-over-year, to 2,414.9 tons as many markets remain under the strain of geopolitical tensions and instability (Source: World Gold Council).

The Chairman also urged the government to permit the sale of rough diamonds at the SNZ in Mumbai by implementing a 0.25% tax on sales turnover achieved at SNZ by foreign mining companies. This, he pointed out, would generate a new area of tax collection by shifting such sales from Belgium, Israel and Dubai.

An All-India Jewellers Meet called by GJEPC in Mumbai on April 26, 2016 was attended by over 60 jewellers representing four major all-India bodies and Regional associations. The 20-member Committee was formed which will include representatives of Gem & Jewellery Export Promotion Council (GJEPC), All India Gem & Jewellery Trade Federation (GJF), All India Jewellers Action Committee, Indian Bullion & Jewellers Association (IBJA), etc. The Committee will ensure a coordinated industry response on Excise issue and will focus on preparing a common submission to the Ashok Lahiri headed Sub-Committee of the High Level Committee set up by the government to look into issues related to the Imposition of Central Excise duty on jewellery.

About GJEPC

The Gem & Jewellery Export Promotion Council (GJEPC) was set up by the Ministry of Commerce, Government of India (GoI) in 1966. It was one of several Export Promotion Councils (EPCs) launched by the Indian Government, to boost the country's export thrust, when India's post-Independence economy began making forays in the international markets. Since 1998, the GJEPC has been granted autonomous status. The GJEPC is the apex body of the gems & jewellery industry and today it represents almost 6000 exporters in the sector. With headquarters in Mumbai, the GJEPC has Regional Offices in New Delhi, Kolkata, Chennai, Surat and Jaipur, all of which are major centres for the industry. It thus has a wide reach and is able to have a closer interaction with members to serve them in a direct and more meaningful manner. Over the past decades, the GJEPC has emerged as one of the most active EPCs, and has continuously strived to both expand its reach and depth in its promotional activities as well as widen and increase services to its members.

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