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Banks Increase Credit To The Gem & Jewellery Sector By 15% To INR 627 billion In Mar'21 From INR 546 billion July'20

21st June, 2021 Mumbai: The gem and jewellery exports have taken a severe hit due to pandemic in 2020-21, but what the industry has achieved during this period is commendable which would help it further its growth in the long term. The industry has been able to change the Banks' perspective towards it and this can be witnessed from the credit increase that happened over the last one year. Banks have increased the credit to the gem and jewellery industry by 15% to INR 627 billion in Mar'21 from INR 546 billion July'20.

Colin Shah, Chairman, GJEPC said, **"With a meagre export turnover of USD 2.51 billion in the month of Sept'20 , the sector managed to achieve a turnover that grew by about 36% to USD 3.42 billion in Mar'21 - being higher than the average monthly export turnover in the last 3 years.** We have witnessed robust demand from the international markets. With the pandemic said to be contained in China, and with the US inoculating about 40% of its population, demand from these two countries accounted for 75% of India's polished diamond export in Q3 & Q4 of FY 2021. In fact, the US retail jewellery sales tripled on M-o-M basis in May'21 and grew by about 45% in comparison to May'19 as a result of the pent up demand and stimulus funds"

Increase of credit to the industry from banks is the result of pragmatic decisions taken by the industry during the pandemic. India's leading diamond-trade organizations called on members to stop importing rough diamonds during Q1 of FY 2021 to prevent an oversupply, which is evident from the plunge to USD 1 million in April'20 from USD 1.50 billion in Feb'20. This voluntary move on part of the importers helped the trade recover from the COVID-19 crisis by avoiding a free flow of rough entering the manufacturing pipeline thereby aiding the trade to optimize their debt levels."

Miners did the right thing, **Colin** further added “All global miners suspended sales in the first half of 2020, cut their production plan by 25% to 30% for 2020 and allowed clients to defer their purchases as nations were going into a lockdown leading to closure of retail stores & cancellation of all major trade shows.”

“The Govt. has been very proactive in supporting this labour-intensive industry. Various government schemes including extension of the interest equalisation scheme, positive changes in definition of MSME, emergency credit guarantee schemes, restructuring and other relaxations given to export and manufacturing sector have supported the recovery of business post Sept’20.”
adds **Colin Shah**

Along with the support from the industry stakeholders, the labour-intensive polishing and jewellery units tackled labour migration issues and maintained physical-distancing norms by carrying-out the manufacturing in multiple smaller shifts and by providing safe transport & boarding facilities.

The trade has proved its resilience to the pandemic driven market dynamics which changed the demand pattern from offline to online mode and priorities of the consumer from luxuries to necessities. However, restrictions on overseas travel and lower spending on hospitality, induced large expenditure on gifting, including diamond jewellery that augured well for India’s diamond exports.

However, due to the second wave and partial lockdowns imposed in our country, the domestic business in the beginning of FY 2022 was impacted. But, with the ramping-up of the vaccination drive, we expect the business & consumer confidence to revive very soon.

The trade began the calendar year 2021 with 10% lower inventory, healthier financials and a consolidated market structure. During FY 2020-21, companies cleared their existing stockpiles and reduced their holding levels which not only improved the inventory management but also helped in optimizing the working capital requirement.

With the support of all the stakeholders, the industry is set to go on growth trajectory as it emerge from the pandemic.

About The Gem and Jewellery Export Promotion Council (GJEPC)

The Gem & Jewellery Export Promotion Council (GJEPC), set up by the Ministry

of Commerce, Government of India (GoI) in 1966, is 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 gems & jewellery industry and today represents 7000 exporters in the sector. With headquarters in Mumbai, 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, 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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