



For Immediate Release

PRESS STATEMENT

February 17, 2018, Mumbai : The Indian diamond industry with its over tens of thousands of factories, 6000 exporters are world leaders in processing of diamonds. The total Diamond exports stands at a staggering US\$23 billion with a value addition in excess of US\$ 7 billion.

The Nirav Modi/Gitanjali Gems incident is of concern to the entire Gems & Jewellery industry. The Industry strongly condemns any sort of unlawful & illegal actions by any individual, trade or otherwise. It should be noted that when thousands of exporters undertake business lawfully adhering to all norms and practices, prescribed very diligently, incidents of this kind can only take place due to non-adherence of procedures and norms laid down. The Council strongly believes that this incidence will not have any contagion effect to the Gems & Jewellery Export Industry.

Bank Finance to the trade are already guided by stringent norms of RBI and Government of India with detailed Internal audits in place on quarterly and annual basis. This in turn is followed by External Audits and a special audit by RBI every few years. Every SWIFT transaction by the Bank is intimated to NOSTRO and International Division (treasury) of the Bank. In addition to this, RBI launched Export Data Processing and Monitoring System (EDPMS) in March 2014 to monitor payments against Export/Import Bill. It is a system where all export/Import transactions are captured and followed up till their realization by banks and customs.

Going by the prevalent compliance system followed, chances of such vast irregularity without any detection across several Financial periods are extremely surprising and unreasonable. This only demonstrates lacunae in internal control system and failure or lack of fraud protection measures within the PSU.

On one hand GJEPC is struggling to garner financing to the Gem & Jewellery exporters, especially the SME Export Sector, who are required to give upward of high collateral for the limit sanctioned to them, and here one finds this kind of clear advances (LoU) being provided by a bank without any safeguards, that speaks volumes of irregularities that needs to be thoroughly investigated.

At GJEPC, we have always sensitized the financial institutions and Government for taking in right kind of risk management measures to prevent such incidents . Council is ready to assist and support all investigating agencies in all possible ways , reach the right conclusion and punish the guilty.

As an apex council for promotion of Gems and Jewellery exports, GJEPC condemns the incident and insists thorough investigation in the shortest possible time frame. The gems and jewellery sector contributes to 7% of country's GDP, 15% of India's merchandise exports and employs more than 4.5 million people of the country, thus making significant contribution to the country's economy and maintains global leadership in processing of diamonds and gemstones.

GJEPC would like to place on record that the Council is propagating amongst trade the 17 sustainable development goals of United Nations and the industry strictly follows ethical business practices and compliance to financial and procedural laws of the land. Such odd instances can at no time hold representation whatsoever of a fraternity who has stood the test of time and contributed generously to the nation's growth through enterprise, hardwork and integrity at all times.

THE GEM & JEWELLERY EXPORT PROMOTION COUNCIL, INDIA