

FDI Equity Inflows in India' Gem and Jewellery Sector (Diamonds & Gold Ornaments) Shifting of FDI is also expected due to Covid-19

A brief analytical note for information

During the present times, this has been observed that various countries including Japan, South Korea etc. are considering withdrawal of investments from China and looking forward to alternative host countries.

Recently, vide Press Note No. 3(2020 Series) dated 18th April 2020 , the Government of India in order to curb any opportunistic takeovers/acquisitions of Indian companies has also amended para 3.1.1 of the FDI Policy , 2017 whereby an entity of a country, which shares land border with India can invest only under the Government route (Decision will take effect from the date of FEMA notification).

In this way, changes are expected pertaining to shifting of FDI by various countries to the alternative countries.

At this backdrop, we have done a small exercise to assess current state of FDI equity inflows in India's Gem and Jewellery Sector which is as below:

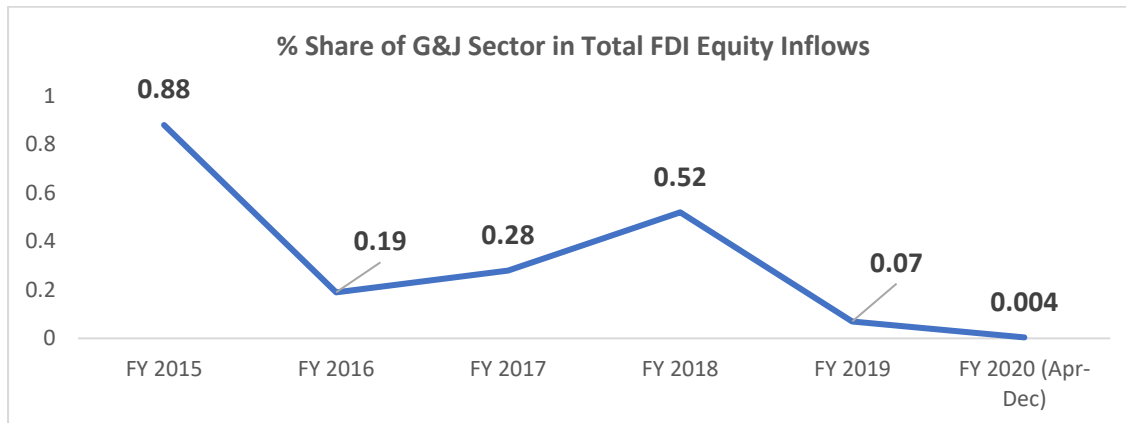
FDI equity flows in India vis-a-vis G&J sector: FY2015 - FY2020 (April-Dec)

- ➔ FDI in G&J sector is recorded at US\$15 million during April-Dec 2019, comprising of only 0.04% in India's total FDI of US\$36.7 billion received during the said period.
- ➔ FDI in G&J sector has witnessed a continuous decline from US\$263 million in FY2015 to US\$15 million accompanied by decline in its share from 0.88% to 0.04% **(Table)**.

FDI Equity Inflow in Gem & Jewellery sector: FY2015- FY2020 (April-Dec)

Years	FDI Equity Inflows in India (US \$ million)	FDI Equity Inflows in G & J Sector* (US \$ million)	% share of FDI in G & J Sector
FY 2015	29737	263.16	0.88
FY 2016	40001	75.57	0.19
FY 2017	43478	123.91	0.28
FY 2018	44857	233.03	0.52
FY 2019	44366	29.01	0.07
FY 2020 (Apr-Dec)	36769	15	0.04

Source: GJEPC Analysis based on DPIIT Data Updated up to December 2019, * Data pertains to Diamonds and Gold Ornaments



Source : GJEPC Analysis based on DPIIT Database

➔ FDI inflows in G&J sector from April 2000 – December 2019 is noted at US\$1.17 billion constitutes for 0.26% of the total FDI inflows of US\$457 billion in the country.

**FDI Equity inflows in India's Gem & Jewellery sector:
April 2000-December 2019**

FDI Equity Inflows in India	FDI Equity in India's G&J Sector	% share
US\$456.7 billion	US\$1.17 billion	0.26%

Source : GJEPC Analysis based on DPPIT Database

Relevance of Information:

In addition to reviving exports, we may also explore the possibilities of gaining investments (if any) from the countries which may include skill/technology transfer.

Rest, over to your inferences/judgement

Best Regards

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