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Gem & Jewellery Trade Trends

Quarterly Report

December 2020

Statistics Department
GJEPC Data Analytics Unit

THE GEM & JEWELLERY EXPORT PROMOTION COUNCIL

Sponsored by Ministry of Commerce & Industry, Government of India

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Gem and Jewellery Trade Trends

April-December 2020

Preface

In December 2020, the exports of gems and jewellery recorded a positive growth of 4.19 % for the first time since outbreak of Covid-19 in March 2020 and export growth touched its peak low at (-)98.79 %. Overall, the exports of gems and jewellery declined by (-) 40.03 % to US\$ 16.57 billion in April-December 2020 as compared to US\$ 27.62 billion in the same period last year. The recovery in gems and jewellery exports is majorly on account of easing of lockdown restrictions, opening up of key export markets, resumption of production and mining activities and other supportive measures undertaken by the government. The month also saw a recovery in key gems and jewellery commodities like Studded gold jewellery and coloured gemstones with positive export growth of 26 % and 35 % respectively after exhibiting negative export growth throughout the year while plain gold jewellery continued to exhibit negative export growth of (-) 60.07 % in the month of December. The negative growth of key gems and jewellery commodities can be attributed to the discovery of the new Covid-19 strain in the USA and UK, Lack of financial support, procedural bottlenecks, etc.

We hope that that with adequate government support and favourable policy measures, the exports of gems and jewellery will recover further in the next year and leverage India's position globally as a hub for design and quality in the gems and jewellery sector.

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Chairman,
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We deeply acknowledge the cooperation extended by the panel experts of GJEPC for sharing their valuable inputs and opinion pertaining to the export/import trends of the various commodities.

Gem and Jewellery Trade Trends

April-December 2020: Key Highlights

Key highlights of G&J trade trends are mentioned here below:

In December 2020, gross exports of gem and jewellery increased by (+)4.19% y-o-y to US\$2.54 billion as compared to US\$2.44 billion registered during the same month previous year.

During April-December 2020, gross exports of G&J declined by (-)40.03% y-o-y to US\$16.57 billion as compared to US\$27.62 billion registered during the same month previous year.

Commodity-wise exports: Cut and Polished Diamonds - In December 2020, net exports of cut and polished diamonds have witnessed a decent recovery of 38 % to US\$1274.32million as compared to US\$918.31 million recorded in the same period last year.

Key Growth Drivers: Resumption of International travel, Implementation of vaccination, Steady demand from UK, US and India, Festive time in USA and China due to Christmas and Chinese New Year, Govt measures, GJEPC events/activities VBSMs, Recovery in market sentiments etc.

Issues: Rise in import duty from 2.5% to 7.5%, procedural bottlenecks of customs on account of variation in dimension and on account of variation in valuation etc.

Growth Outlook: The growth outlook of diamond sector is expected to be positive and steady due to huge demand for rough diamonds, high expectations of reorder from USA and successful Chinese New year's holiday season.

Lab Grown Diamonds: Lab grown diamonds, with an export growth of 55 %, is one of the few key gems and jewellery commodity to record a positive growth during April -December 2020. In December 2020, the rate of export growth of the lab grown diamonds witnessed a steep decline from 217.6 % in November 2020 to 74 % in December 2020.

Gold Jewellery - Gross exports of gold jewellery have registered a significant decline of (-) 66.97% y-o-y to US\$3057.43 million during April-December 2020 as compared to US\$9257.35 million registered during the same period, previous financial year.

I Plain Gold Jewellery - The Gross exports of plain gold jewellery declined by (-) 60.09 % during the month of December 2020 to US\$214.15 million as compared to US\$536.33 million recorded in the same period last year. Plain gold jewellery exports, although still exhibiting negative growth, seems to be recovering as rate of export growth of plain gold jewellery increased from (-) 99.99 % in April 2020 to (-) 60 % in December 2020.

II Studded Gold Jewellery - December 2020 is the first month after the outbreak of covid-19 when exports of studded gold jewellery have witnessed a significant positive export growth of 26.79%.

Reasons of fall in exports of Gold Jewellery/Issues - High gold prices worldwide, Lack of financial support, low domestic demand, uncertainty in key export markets, New Covid-19 strain in USA and UK.

Coloured Gemstone - During December 2020, net exports of Coloured Gemstones exports increased by (+)35.41 % y-o-y to US\$ 20.69 million as compared to US\$ 15.28 million registered during the same period previous year.

Key Growth Drivers: Resumption of mining activities, Steady demand from Thailand, Honk Kong, China, Thailand, Switzerland, availability of raw materials, GJEPC activities /rough stones show, Improvement In export orders, etc.

Silver Jewellery - Exports of silver jewellery have increased by 50.52% to US\$1535.64 million during April-Dec 2020 as compared to US\$1020.22 million during the same period previous year which can be majorly attributed to significant rise of silver studded jewellery from the country. The net exports of silver jewellery is rising from the SEZ region, while its exports are falling from DTA.

Reasons of falling silver jewellery exports from DTA: Duty drawback for silver jewellery is not announced, High duty money charges of MMTC, New covid-19 strain in USA, UK.

Region-wise – The net exports of all the SEZ regions except the Gujarat Region all the regions recorded a negative growth during April – December 2020 due to the ongoing business crisis at the domestic and global level.

Exports from SEZs – The net exports from SEZs recorded a positive export growth of 0.59 % during April -December 2020 which can be attributed to a significant rise in exports from Surat SEZ.

During April-December 2020, imports of almost all the commodities of rough nature viz. rough diamonds, rough coloured gemstones, rough synthetic stones, gold bar, silver bar and platinum bar have witnessed a negative growth indicating towards the declined manufacturing activities in the domestic economy. Rough Lab grown diamonds was the only commodity that recorded a positive import growth of 46.08 % during April -December 2020.

1.

**Gem and Jewellery Gross Exports Trends
In Value Terms**



1. Gem and Jewellery Gross Exports Trends: In Value Terms

In December 2020, the exports of gems and jewellery recorded a positive growth of 4.19 % for the first time since April 2020 when the export growth was at its lowest at (-)98.79 %. Overall, the exports of gems and jewellery declined by (-) 40.03 % to US\$ 16.57 billion in April-December 2020 as compared to US\$ 27.62 billion in the same period last year. The imports of gems and jewellery declined by (-) 10.44% in the month of December 2020 to US\$ 2.14 billion as against US\$ 2.39 billion in the same period last year.

The month also saw a recovery in key gems and jewellery commodities like Studded gold jewellery and coloured gemstones with positive export growth of 26 % and 35 % respectively after exhibiting negative export growth throughout the year while plain gold jewellery continued to exhibit negative export growth of (-) 60.07 % in the month of December. The negative growth of key gems and jewellery commodities can be attributed to the discovery of the new Covid-19 strain in the USA and UK, Lack of financial support, procedural bottlenecks, etc.

Gems and Jewellery exports have showcased a V-shaped recovery which can be credited to a revival of manufacturing and production activities, relaxation of lockdown norms, steady international demand from key exporting markets, and other supportive measures undertaken by the government that led to a significant recovery in exports and domestic demand of gems and jewellery.

December 2020

Gross Exports increased by (+)4.19% y-o-y to US\$2.54 billion as compared to US\$2.44 billion registered during the same month previous year.

April-December 2020

Gross Exports declined by (-)40.03% y-o-y to US\$16.57 billion as compared to US\$27.62 billion registered during the same month previous year.

**Table -1 Month-wise Gem and Jewellery Exports Trends (US\$bn)
April-December 2020**

Months	Gross Exports	Gross Exports (P)	% Growth /Decline (Y-o-Y)
	2019 US\$bn	2020 US\$bn	
January	3.27	2.97	-9.17
February	3.69	2.97	-19.37
March	3.44	1.97	-42.81
April	2.99	0.04	-98.79
May	3.30	1.06	-67.79
June	3.09	1.65	-46.66
July	3.05	1.51	-50.41
August	3.05	1.78	-41.65
September	3.42	2.51	-26.45
October	3.61	2.92	-19.02
November	2.62	2.51	-4.23
December	2.44	2.54	4.19
April to Dec	27.62	16.57	-40.03

Q1: (-) 71% decline



Q2: (-) 39% decline

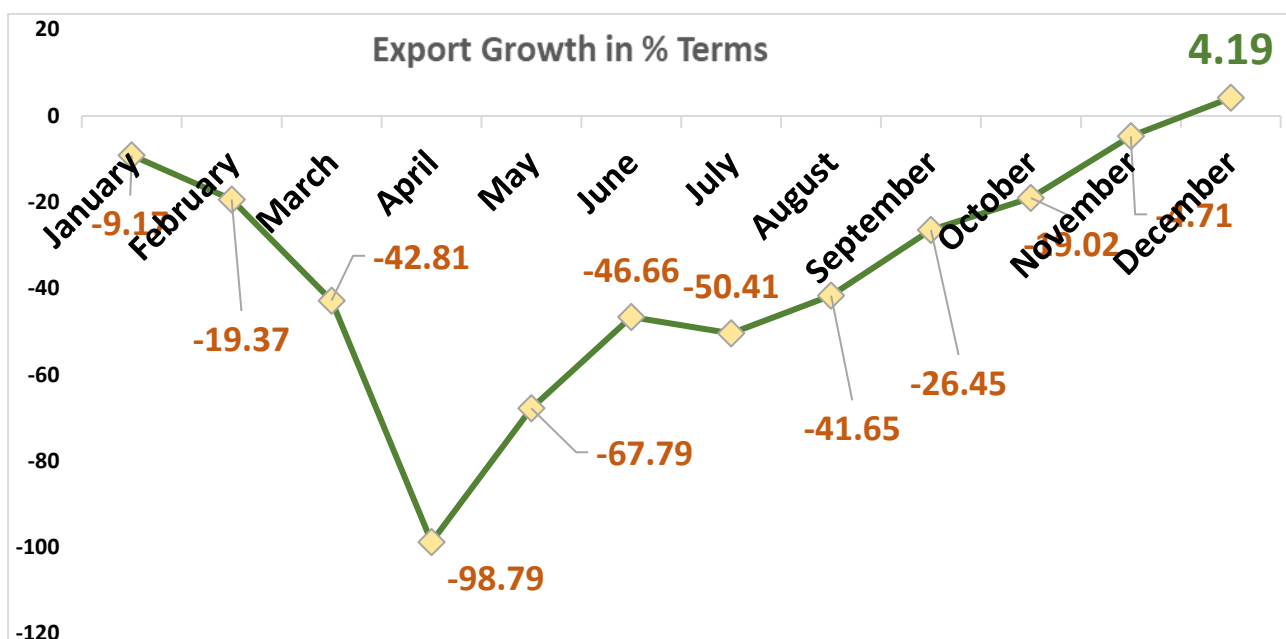


Q3: (-) 8% decline

Source: GJEPC Analysis,

Notes: (P) = Provisional, Gross exports means inclusive of return consignments

Figure -1 Gem and Jewellery Exports – ‘V’ Shaped Recovery (January to December 2020)



Source: GJEPC Analysis

Various reasons for the recovery in exports are as follows:

- ✓ Vaccine developments
- ✓ Festive time in International markets
- ✓ Relaxation of lockdown norms after severe lockdown
- ✓ Availability of raw materials due to the resumption of mining in supplying countries.
- ✓ Resumption of International Travel.
- ✓ Revival in manufacturing activities and production both at the Domestic and Global level

2. Gem and Jewellery Gross vis-a-vis Net Exports - April-December 2020

Gem and Jewellery gross exports have declined by (-)40.03% to US\$16.57 billion as compared to US\$27.62 billion during April-Dec 2020. While net exports declined by (-)39.65% to US\$13.57 billion during April-Dec 2020 as against US\$22.49 billion in the same period last year.

Table-2 Gem and Jewellery Gross vis-a-vis Net Exports

Exports	April to December 2019	April to December 2020 (P)	% of growth/decline
	(US\$ in Million)	(US\$ in Million)	
Gross Exports	27626.39	16570.69	-40.02
Return Consignment	5,133.45	2,997.00	-41.62
Net Exports	22492.94	13573.69	-39.65

Source: GJEPC Analysis Notes: (P) = Provisional, Net Exports means exclusive of return consignments

2.

Gem and Jewellery Gross Exports Trends:

Commodity-wise



3. Gem and Jewellery Gross Exports Trends: Commodity-wise

Lab-grown diamonds, Silver jewellery and Platinum Jewellery were the few commodities that recorded a positive export growth of 55.91 %,50.52 % and 75 % respectively during April-December 2020. The exports of almost all other gems and jewellery commodities including cut and polished diamonds, coloured gemstones, polished synthetic stones, gold jewellery, imitation jewellery and articles of gold, silver and others have recorded a negative growth during April - December 2020 **(Table-3)**.

A snapshot of commodity wise gross exports is depicted here below:

Table -3 Gem and Jewellery Gross Exports: Commodity-wise

Commodities	Gross Exports April - December 2019	Gross Exports April - December 2020 (P)	% Growth/decline
	(US\$mn)	(US\$mn)	(Y-o-Y)
Cut & Pol Diamonds	14,666.48	10,687.92	-27.13
Pol. Lab-Grown Syn. Diamonds	312.06	486.54	55.91
Coloured Gemstones	247.32	123.10	-50.23
Pol. Synthetic Stone	0.74	0.70	-6.28
Gold Jewellery	9,257.35	3,057.43	-66.97
Silver Jewellery	1,020.22	1,535.64	50.52
Platinum Jewellery	6.38	11.17	75
Imitation Jewellery	47.19	32.69	-30.74
Articles of Gold, Silver & others	369.13	74.48	-79.82
Others	1,699.52	561.04	-66.99
Gross Exports	27626.39	16570.69	-40.02
Return Consignment	5,133.45	2,997.00	-41.62
Net Exports	22492.94	13573.69	-39.65

Source: GJEPC Analysis

Notes: (P) = Provisional, Gross exports means inclusive of return consignments & Net Exports means exclusive of return consignments

Specific Commodity-wise export trends are analysed in the following section.

I DIAMONDS

A. Natural Diamonds

- In the month of December 2020, net exports of cut and polished diamonds have witnessed a decent recovery of 38% to US\$1274.32 million as compared to US\$918.31 million recorded in the same period last year **(Table-4 and Figure 2)**.
- However, overall net exports of CPD during April to December 2020 declined by around (-) 21% to US\$7757.37 million as compared to US\$9846.97 million registered during the same period the previous year.
- The net exports of CPD from September to December 2020 rose by 14.1 % to US\$4.92 billion from US\$4.3 billion during Sept-Dec 2019.

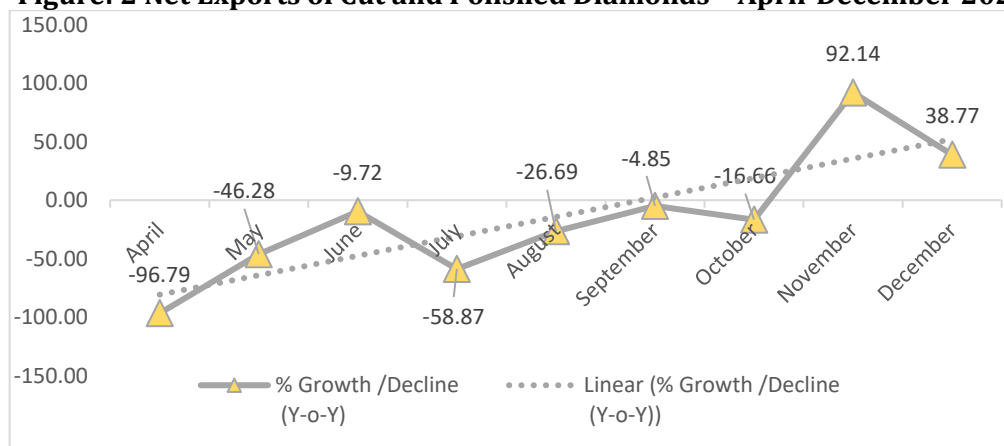
Table -4 Cut and Polished Diamonds Net Exports: April-December 2020

Months	Net Exports	Net Exports	% Growth /Decline (Y-o-Y)
	2019-20 US\$ mn	2020-2021 US\$ mn	
April	1075.70	34.50	-96.79
May	1410.58	757.79	-46.28
June	847.90	765.47	-9.72
July	1047.02	430.64	-58.87
August	1156.40	847.71	-26.69
September	1234.35	1174.44	-4.85
October	1536.23	1280.32	-16.66
November	620.48	1192.18	92.14
December	918.31	1274.32	38.77
April to December	9846.97	7757.37	-21.22

Source: GJEPC Analysis

Notes: (P) = Provisional, Net Exports means exclusive of return consignments

Figure: 2 Net Exports of Cut and Polished Diamonds – April-December 2020



Source: GJEPC Analysis

Growth Drivers of recovery in export growth of Cut and Polished Diamonds

Key growth drivers of high export growth of cut and polished diamonds in recent times are as follows-

- ✓ Steady demand from Hong Kong and China to stock for Chinese New Year.
- ✓ Most retailers of the USA showed double-digit growth during the month of December 2020 as compared to December 2019.
- ✓ Strong International demand as jewellery has been the preferred item of purchase for US consumers and as long as jewellery remains on the priority purchase list of consumers international demand for Cut and polished diamonds will thrive.
- ✓ The resumption of production activity and full employment in factories
- ✓ Announcement of Vaccine has led to a revival of consumer sentiments.
- ✓ Domestic demand has improved substantially as small weddings have started taking place post relaxation of lockdown norms.

Issues faced by the diamond sector and suggestions.

- ✓ Rise in import duty on polished diamonds from 2.5% to 7.5% has led to an increase in procurement cost of polished diamonds which are used in making final jewellery products; assortment shifted to overseas branches by Indian diamantaires.
- ✓ The new Covid-10 strain found in the USA, UK and other European countries is a matter of concern due to a high mortality rate.
- ✓ Procedural bottlenecks of Customs in imports/exports of diamonds at PCCCC, Mumbai
- ✓ Difficulty faced in relation to Cut and Polished Diamond (CPD) exported – on account of variation in dimension(s)
- ✓ Difficulty faced in relation to import of RD – on account of variation in valuation.

Growth Outlook

- ✓ There is a substantial rise in exports of diamonds due to the high demand for rough diamonds and forthcoming Chinese New Year and Christmas in the US and the growth trend is expected to be steady in the coming months.
- ✓ Resumption of international travel, Revival in domestic manufacturing activities, implementation of vaccination cycle and steady domestic and international demand are some of the positive developments that could lead to stability in the Indian Diamond industry and boost exports.

B. Lab-grown diamonds

Lab-grown diamonds have witnessed a positive export growth of 55 % during April-December 2020 to US\$486.52 million as compared to US\$312.06 million registered during the same period the previous year. It is one of the few commodities to record a positive export growth during April -December 2020 in the gems and jewellery sector. In December 2020, the rate of export growth of lab-grown diamonds witnessed a steep decline from 217.6 % in November 2020 to 74 % in December 2020 (Table-5 and Figure -3).

Table -5 Lab-Grown Diamonds Gross Exports - April-December 2020

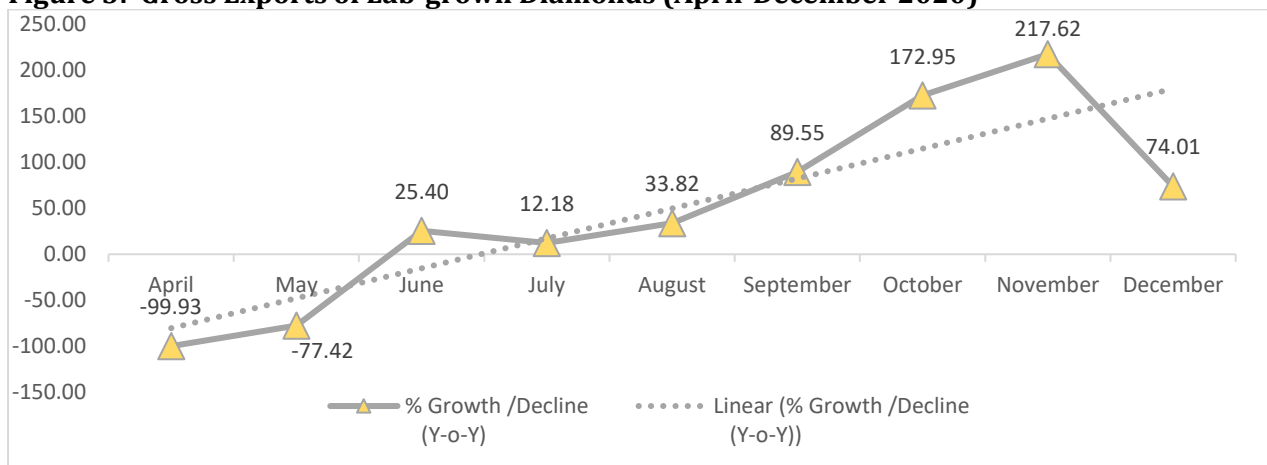
Months	Gross Exports	Gross Exports (P)	% Growth /Decline (Y-o-Y)
	2019-20 US\$m	2020-21 US\$m	
April	22.18	0.02	-99.93
May	40.39	9.12	-77.42
June	23.80	29.85	25.40
July	34.55	38.75	12.18
August	37.37	50.01	33.82
September	42.04	79.69	89.55
October	53.92	147.17	172.95
November	21.80	69.25	217.62
December	36.01	62.66	74.01
April to December	312.06	486.52	55.91

Source: GJEPC Analysis,

Notes: (P) = Provisional, Gross exports means inclusive of return consignments

Lab-grown diamonds is a relatively newer product that is introduced in the gems and jewellery sector which has attracted a lot of consumers. The growing export growth of lab-grown diamonds could also be attributed to a larger acceptance of the commodity by the consumers especially in the USA which is India's key market for the product. Thus, Lab-grown diamonds have tremendous potential to grow further in the next few years due to larger acceptance and growing awareness for the product in the market. (Table-5 and Figure 3).

Figure 3: Gross Exports of Lab-grown Diamonds (April-December 2020)



According to the recent data, gross exports of gold jewellery have registered a significant decline of (-) 66.97% y-o-y to US\$3057.43 million during April-December 2020 as compared to US\$9257.35 million registered during the same period, previous financial year.

Table -5 Gold Jewellery gross exports - April-December 2020

Commodities	Gross exports April -December 2019	Gross Exports (P) April-December 2020	% Growth/ Decline
	(US\$ mn)	(US\$ mn)	(Y-o-Y)
Gold Jewellery	9,257.35	3,057.43	-66.97

Source: GJEPC Analysis,

Notes: (P) = Provisional, Gross exports means inclusive of return consignments

The exports of plain gold jewellery have declined significantly more than the exports of studded gold jewellery during April-Dec 2020. It was also observed that while exports of plain gold jewellery recorded negative growth of (-) 60 % in the month of December the exports of studded gold jewellery witnessed a positive growth of 26 % during the same period.

A brief explanation of the same for plain as well as studded gold jewellery exports is presented here below:

A. Plain Gold Jewellery

In December 2020, the exports of plain gold jewellery recovered and witnessed a negative growth of (-) 60 % as compared to (-) 74.91% in the month of November 2020. Overall, gross exports of plain gold jewellery have fallen from US\$6642.40 million in April-December 2019 to US\$1276.71 million in April-Dec 2020 recording a high negative growth of around (-)80% (Table-6 & Figure- 4).

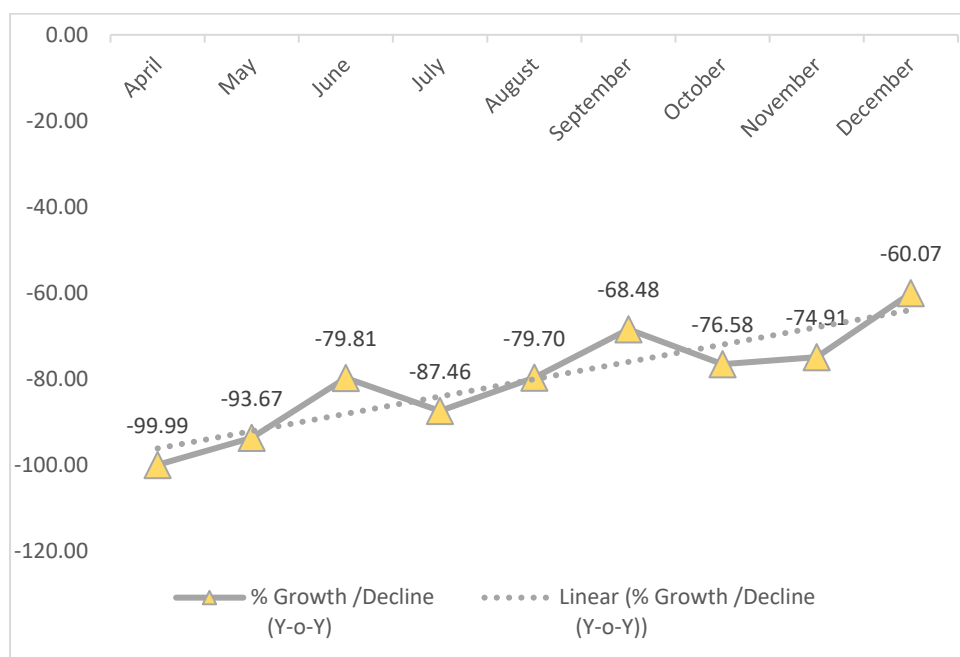
Table- 6 Plain Gold Jewellery Gross Exports - April-December 2020

Months	Gross Exports	Gross Exports (p)	% Growth /Decline (Y-o-Y)
	2019-20 US\$m	2020-21 US\$m	
April	729.66	0.06	-99.99
May	785.84	49.77	-93.67
June	756.33	152.69	-79.81
July	789.15	98.96	-87.46
August	743.58	150.94	-79.70
September	720.34	227.07	-68.48
October	815.71	191.05	-76.58
November	765.47	192.02	-74.91
December	536.33	214.15	-60.07
April to December	6642.40	1276.71	-80.78

Source: GJEPC Analysis,

Notes: (P) = Provisional, Gross exports means inclusive of return consignments

Figure - 4 Gross Exports of Plain Gold Jewellery (April-December 2020)



Source: GJEPC Analysis,

Notes: (P) = Provisional, Gross exports means inclusive of return consignments

B. Studded Gold Jewellery

The exports of studded gold jewellery witnessed a sharp recovery in the month of December 2020 after recording a positive export growth of 26.79% for the first-time post - Covid-19. In value terms, exports of studded jewellery are registered at US\$325.92 million during the month of December 2020 as compared to US\$257.05 million in the same period previous 2019-20. Overall, exports of studded gold jewellery declined by (-)31% to US\$1780.71 million during April-Dec 2020 as compared to US\$2614.96 million during the same period last 2019-20. (Table7 and Figure 5)

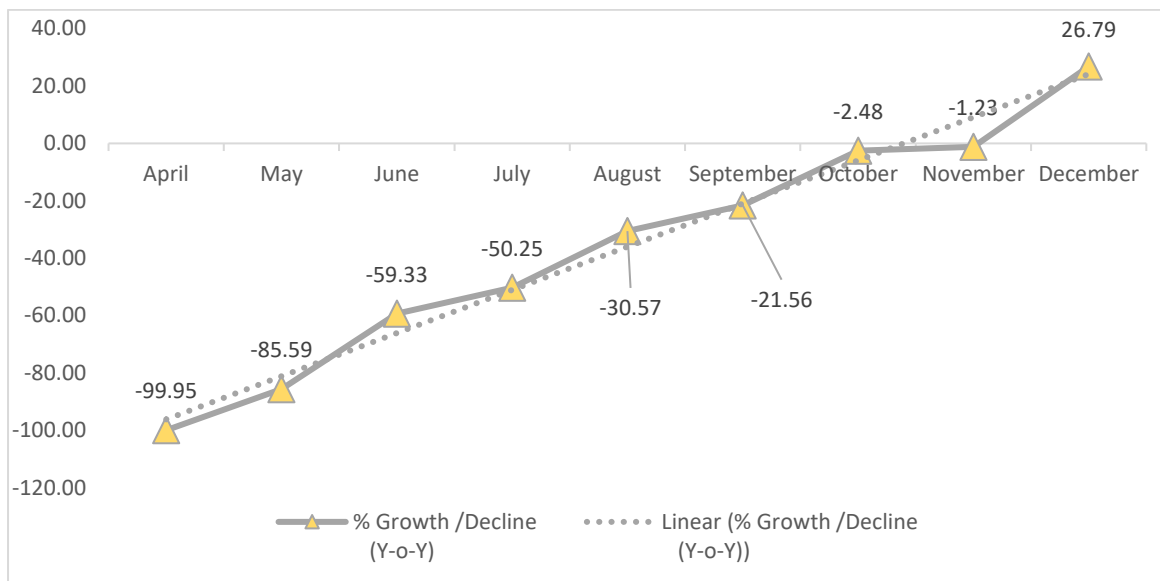
Table - 7 Studded Gold Jewellery Gross Exports - April-December 2020

Months	Gross Exports	Gross Exports (p)	% Growth /Decline (Y-o-Y)
	FY2020 US\$mn	FY2021 US\$mn	
April	270.85	0.14	-99.95
May	237.33	34.21	-85.59
June	207.42	84.36	-59.33
July	265.93	132.31	-50.25
August	252.29	175.16	-30.57
September	379.30	297.51	-21.56
October	362.69	353.68	-2.48
November	382.11	377.42	-1.23
December	257.05	325.92	26.79
April to December	2614.96	1780.71	-31.90

Source: GJEPC Analysis,

Notes: (P) = Provisional, Gross exports means inclusive of return consignments

Figure -5 Gross Exports of Studded Gold Jewellery (April-December 2020)



Source: GJEPC Analysis

Reasons for the fall in overall exports of Gold Jewellery are as follows:

- ✓ High gold price worldwide.
- ✓ Uncertainty in middle eastern markets.
- ✓ Lack of financial support by banks for exports of gold jewellery.
- ✓ The resurgence of the second wave of Covid-19 infections, as well as the emergence of the new strain of the virus in key export marks of USA and UK.
- ✓ Low domestic demand for gold jewellery due to weak consumer sentiments and significant fall in disposable income due to the pandemic
- ✓ Lack of a proper e-commerce mechanism has hampered exports of gold jewellery.

III COLOURED GEMSTONES

In December 2020, exports of coloured gemstones have witnessed a sharp recovery as after declining by (-)97.3% in April 2020 its growth rate has recorded a positive growth of 35.41%. December was the first month after Covid-19 in which exports of coloured gemstones recorded a positive growth. **(Table-8 and Figure 6)**. However, exports of the commodity have significantly declined by (-)50.17 % y-o-y to US\$ 121.56 million for the period of April-December 2020 as compared to US\$ 243.94 million during the same period last year.

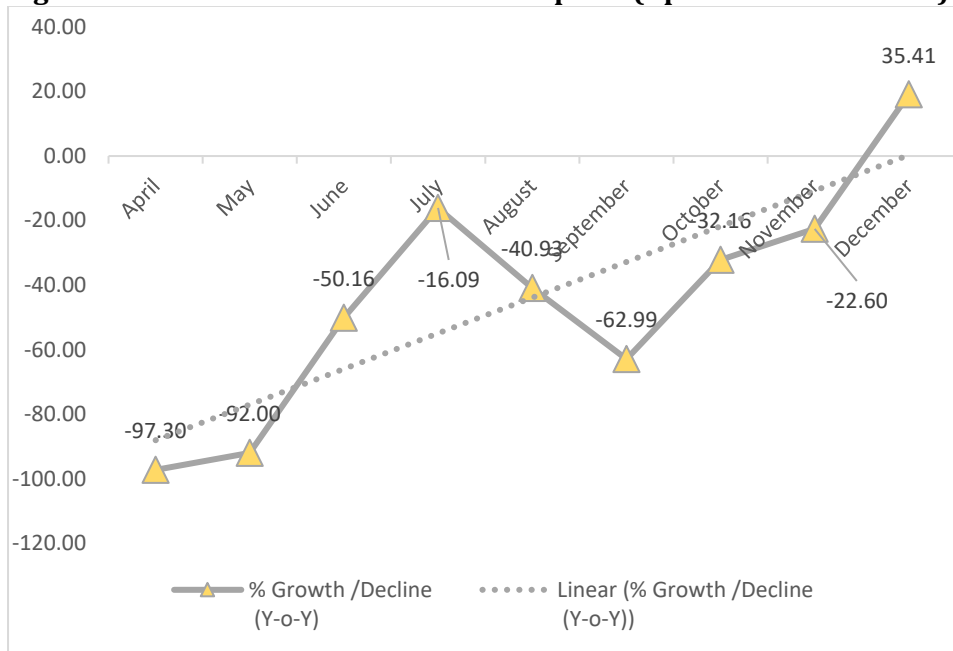
Table – 8: Coloured Gemstone Gross Exports (April-December 2020)

Months	Gross Exports	Gross Exports (p)	% Growth /Decline (Y-o-Y)
	2019-20 US\$mn	2020-21 US\$mn	
April	20.17	0.54	-97.30
May	41.05	3.28	-92.00
June	24.82	12.37	-50.16
July	18.30	15.36	-16.09
August	26.74	15.79	-40.93
September	47.71	17.65	-62.99
October	28.64	19.43	-32.16
November	21.23	16.43	-22.60
December	15.28	20.69	35.41
April to December	243.94	121.56	-50.17

Source: GJEPC Analysis,

Notes: (P) = Provisional, Gross exports means inclusive of return consignments

Figure – 6 Coloured Gemstone – Gross Exports (April-December 2020)



Source: GJEPC Analysis

Reasons for the rise in exports of Coloured Gemstones/Issues

Growth Drivers of recovery in exports of Coloured Gemstones

Key growth drivers of high export growth of Coloured Gemstones in recent times are as follows-

- ✓ The raw materials for rough gemstones are now readily available due to the opening of markets, resumption of mining activities in Zambia and Tanzania which are India's principal suppliers of raw materials for coloured gemstones.
- ✓ Domestic demand is also picking up due to relaxation of norms, resumption of production and full employment in factories.
- ✓ International demand is reviving in the export markets of Honk Kong, China, Thailand, and the USA
- ✓ GJEPC organized its first-ever rough gemstones sourcing show '**India Rough Gemstones Sourcing Show -2020**' in Jaipur from 2nd November to 11th December in order to enable direct sourcing of rough coloured gemstones which has steadily increased export orders for coloured gemstones.
- ✓ Significant Export orders were recorded in 1st week of December for coloured gemstones.
- ✓ Manufacturing activities in China has also resumed for coloured gemstones.

Growth Outlook

Presently there is no problem pertaining to the availability of workers and production and manufacturing activities have also resumed both at the global and domestic level. Mining activities have also resumed in Zambia and Tanzania that have reduced the problems for the supply of rough stones. The growth outlook for coloured gemstones is quite positive and exports is expected to rise further in the future.

IV SYNTHETIC STONES

During April- December 2020, gross exports of synthetic stones declined by (-)6.28% y-o-y to US\$ 0.70 million as compared to US\$0.74 million registered during the same period, the previous year.

Table-9 Synthetic Stones Gross Exports (April-December 2020)

Months	2019-20	2020-21	% Growth/decline (Y-o-Y)
	(US\$mn)	(US\$mn)	
April to December (P)	0.74	0.70	-6.28

Source: GJEPC Analysis,

Notes: (P) = Provisional, Gross exports means inclusive of return consignments

Reasons for the fall in exports of Synthetic Stones/Issues

- ✓ The pandemic has led to the closure of major trading markets and also led to a decline in overall manufacturing and production activities since September 2020. Chennai, Hyderabad, Tiruchirappalli, and Jaipur markets that are the key domestic areas for the production of synthetic stones were non-functional due to a halt in economic activities.
- ✓ The import limitations had led to a shortage of quality grade stones which in turn is leading to the non-availability of the rough materials that is required for processing.

Suggestions

Synthetic stone's exports and production are negligible with net exports of US\$ 0.08 million in the month of December. There is a need to enhance the production of the commodity through initiatives like Make in India, creation of cluster/CFC for synthetic stones and various other self-reliance measures to boost employment, exports, and output in this segment.

V SILVER JEWELLERY

Exports of silver jewellery have increased by around 50% to US\$1535.64 million during April-Dec 2020 as compared to US\$1020.21 million during the same period the previous year which can be majorly attributed to a significant rise of silver studded jewellery from the country.

(Table-10 & Figure 7).

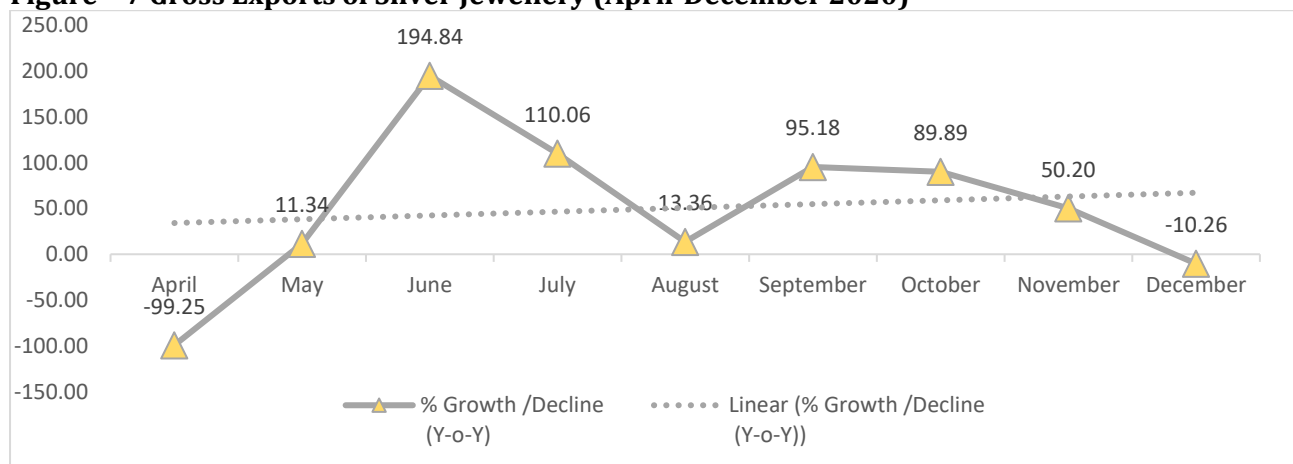
However, December 2020 was the first month after April when exports of silver jewellery witnessed a negative growth of (-) 10.2 % after recording a positive export growth for more than 6 months.

Table-10 Silver Jewellery Gross Exports (April-December 2020)

Months	Gross Exports	Gross Exports (P)	% Growth /Decline (Y-o-Y)
	2019-20 US\$mn	2020-21 US\$mn	
April	88.82	0.66	-99.25
May	76.31	84.97	11.34
June	81.05	238.96	194.84
July	89.67	188.36	110.06
August	106.08	120.25	13.36
September	118.73	231.74	95.18
October	180.06	341.91	89.89
November	128.97	193.71	50.20
December	150.53	135.08	-10.26
April to December	1020.21	1535.64	50.52

Source: GJEPC Analysis, Notes: (P) = Provisional, Gross exports means inclusive of return consignments

Figure – 7 Gross Exports of Silver Jewellery (April-December 2020)



Source: GJEPC Analysis

Key Points

- ✓ During April -December 2020, the net exports of silver jewellery are rising from the SEZ region, while its exports are falling from DTA. The net exports of silver jewellery fell by (-)19.98 % from DTA while SEZ has shown export growth of (+) 61.78 % making overall export growth of silver jewellery positive during April -December 2020.
- ✓ The diamond-studded silver jewellery emerged as the commodity that is majorly being exported from the SEZs.

Table-11 Silver jewellery exports from SEZ and DTA (April-December 2020)

Silver Jewellery Exports	April to December 2019	April to December 2020	% Growth (y-o-y)
	US\$ Million	US\$ Million	
DTA	141.56	113.28	-19.98
SEZ	879.21	1422.36	61.78
Total	1020.77	1535.64	50.44

Source: GJEPC Analysis, Notes: (p) = Provisional, Gross exports means inclusive of return consignments

Reasons for falling silver jewellery exports from DTA are as follows:

- ✓ Duty drawback for silver jewellery is not announced and exporters are suffering heavy losses. As per the 12.5% duty rate around 7000- 7500 Rs. per kg gets due, of which exporters get the refund of partial duty amount which is Rs. 4150. Non-payment of the remaining amount makes India's exports of silver jewellery from DTA relatively less competitive in the international market which is approximately costlier by Rs. 3000. Hence, full duty needs to be refunded back.
- ✓ The new Covid-19 Strain has led to lockdown in the United Kingdom and tightening of restrictions in the USA which have severely hit the market sentiments and decline in exports.
- ✓ For selling silver jewellery, physical shows are important which are not happening presently and hence exporters are neither able to meet buyers from the US, UK, China, EU, and other export market nor can take/place orders.
- ✓ As per RBI notification, making advance payment to the exporter of silver metals is allowed for SEZs.
- ✓ The duty money charged by the MMTC on silver bars is leading to blockage of capital for exporters of silver jewellery.

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**Gem and Jewellery Gross Exports Trends:
Region-wise and SEZ Wise**



3. REGION-WISE NET EXPORTS

The net exports of all of the SEZ regions, except the Gujarat region, have recorded a negative growth of (-) 24.08 % during April – December 2020 due to the pandemic that has led to a massive reduction in economic activity putting a halt on exports. However, net exports of the Gujarat region witnessed a positive growth of 52.65 % during April -December 2020. **(Table-12).**

Table – 12 Region wise Net Exports

Regions	Net Exports (April to December 2019)	Net Exports (April to December 2020) (P)	% of Growth / Decline
	US\$ Million	US\$ Million	
Western Region	13231.43	9277.52	-29.88
Southern Region	561.82	303.14	-46.04
Rajasthan Region	427.20	364.16	-14.76
Gujarat Region	1650.46	2519.49	52.65
Northern Region	1469.36	829.41	-43.55
Eastern Region	463.60	223.37	-51.82
Total	17803.86	13517.10	-24.08

Source: GJEPC Analysis, Notes: (p) = Provisional, Net exports means exclusive of return consignments and Cochin and Hyderabad SEZs

4. SEZ-WISE NET EXPORTS

The net exports from SEZs increased by 11.71% to US\$ 415.15 million in the month of December 2020 from US\$ 371.62 million registered during the same period the previous year. Overall, the net exports from SEZs recorded a positive growth of 0.59% during April-December 2020 after recording a positive growth since September 2020 **(Table 13)**

Table 13 -SEZ Net Exports April to December 2020

Months	Net Exports (April to December 2019)	Net Exports (April to December 2020) (P)	% Growth / Decline
	US\$ Million	US\$ Million	
April	294.71	0	-100
May	284.37	113.25	-60.17
June	241.81	305.99	26.54
July	287.92	298.03	3.51
August	312.99	284.04	-9.25
September	384.06	494.19	28.67
October	489.77	695.15	41.93
November	420.60	500.40	18.97
December	371.62	415.15	11.71
Total	3087.85	3106.19	0.59

Source: GJEPC Analysis, Notes: (P) = Provisional, Net exports means exclusive of return consignments and Cochin and Hyderabad SEZs

5. COMMODITY-WISE IMPORTS

Rough Lab-grown diamonds was the only commodity that recorded a positive growth of 46.08 % in imports during April -December 2020. The imports of all other commodities of rough nature viz rough diamonds, rough coloured gemstones, gold bar, silver bar and platinum bar have witnessed a negative growth ranging from (-) 12 % to (-) 88 % during April-December 2020 reflecting a slowdown of manufacturing activities in the domestic economy due to the pandemic. **(Table 14)**

Snapshot of Commodity-wise imports is depicted here below:

Table – 14 Commodity wise Imports – April – December 2020

Commodities	April - December 2019	April - December 2020 (P)	% Growth/decline
	(US\$mn)	(US\$mn)	(Y-o-Y)
Rough Diamonds	10,158.25	6,765.60	-33.4
Rough Lab-Grown Diamonds	250.70	366.22	46.08
Rough Coloured Gemstones	194.24	83.54	-56.99
Rough Synthetic Stone	3.02	0.81	-73.16
Raw Pearls	9.98	0.30	-96.95
Gold Bar	5,848.39	678.77	-88.39
Silver Bar	27.82	24.21	-12.98
Platinum Bar	119.77	78.35	-34.58
Sub Total	16612.17	7997.80	-51.86
Imports of Cut & Pol. Diamonds	1,063.94	1,424.01	33.84
Pol. Lab-Grown Diamonds	73.97	31.57	-57.31
Col. Gemstones	438.16	236.80	-45.96
Pol. Synthetic Stone	11.32	0.62	-94.52
Pearls worked	5.57	1.15	-79.28
Gold Jewellery	212.06	181.49	-14.41
Silver Jewellery	45.71	16.08	-64.82
Imitation Jewellery	1.24	1.26	1.42
Others	7.95	57.74	626.57
Sub Total	1859.91	1950.72	4.88
Total Imports	18,472.08	9,948.53	-46.14

Source: GJEPC Analysis, (P) stands for provisional

Conclusions

December 2020 witnessed various positive developments in the gems and jewellery sector with the recovery of exports and imports after recording decelerated growth in gems and jewellery trade throughout 2020. In December 2020, the Gems and Jewellery exports recorded a positive growth since the outbreak of Covid-19 along with other key gems and jewellery commodities like Cut and Polished Diamonds, Coloured Gemstones and Studded gold jewellery which recorded positive export growth during December. Overall, Silver Jewellery, Platinum Jewellery and lab-grown diamonds were commodities whose exports recorded a positive trajectory while Gold Jewellery witnessed a negative trajectory during April-December 2020.

The opening up of international markets, resumption in manufacturing and production, vaccine developments and other supportive measures by the government can push India's gems and jewellery sector's recovery to Pre-Covid-19 levels.

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