

## Drop in diamond demand after Nirav Modi case: Survey

FE BUREAU  
Ahemdabad, March 16

**THE ALLEGED PNB** fraud involving diamondaire Nirav Modi seems to have shaken confidence of jewellery buyers, especially those purchasing from unorganised jewellers, on concerns of the purity of the precious jewellery, resulting in a drop in the business, according to an Assocham survey.

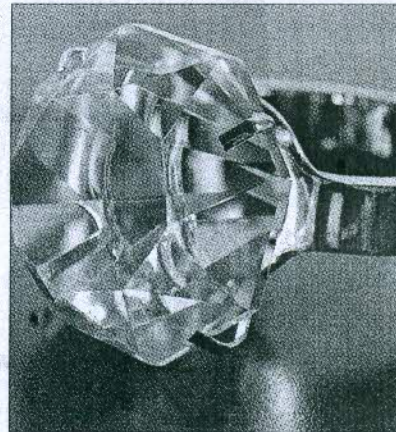
While branded jewellery makers issue certificates of purity, bulk of the trade is concentrated in the unorganised market, based on trust between consumers and jewellers. "This has been shaken and the consumers are not willing to take chances following a massive adverse publicity about the sector. Besides, branded showrooms issuing certificates of purity are largely restricted in big cities; while there is enough purchasing power in the smaller cities as well."

The survey done in major cities, found that 65% of jewellers in the unorganised market are shifting to traditional pure play gold and silver ornaments.

Most of the jewellers said that there is an increase in the number of enquiries from customers for getting their pre-purchased jewellery re-checked for quality and authenticity of gold and diamonds. Jewellers also say that gold demand has taken a hit as buyers are refraining from making purchases.

The overall share of diamond based jewellery in the market is expected to take on a significant share of the gold jewellery sales in the near future, reports say.

The demand for diamond jewellery



seems to have decreased by 10-15% within two months, Assocham said on Friday.

The jewellery makers using gold jewellery and investing heavily in new designs have been witnessing a change in consumer taste as consumers have become more cautious about the purity of the precious ornaments.

The recent incident has created a fear among customers. The consumers are shifting from diamond-studded jewellery to plain gold jewellery and appear to be wary of purchasing diamond jewellery, the study said.

The survey covered 350 jewellery-makers based in Delhi-NCR, Mumbai, Ahemdabad, Chennai, Kolkata, Hyderabad, Chennai, Bengaluru, Chandigarh and Dehradun. Assocham also interacted with about 500 working and non-working women in Ahmedabad, Bengaluru, Chennai, Delhi-NCR and Mumbai to gauge their shopping habits.

## Diamond industry down in the dumps post Nirav scam: study

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**MUMBAI:** The market confidence of the diamond industry has taken a hit after the alleged scam by Nirav Modi as buyers are concerned about the purity of jewellery, which has led to decline in business, according to a survey.

While the well-known branded jewellery makers issue certificates of purity, bulk of the trade is still concentrated in the unorganised market, which is based on faith between consumers and jewellers, a survey by industry body Assocham said.

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enough purchasing power in the smaller cities," it added.

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Assocham also interacted with about 500 working and non-working women in Ahmedabad, Bengaluru, Chennai, Delhi-NCR

and Mumbai.

The survey was done in major cities, where 65% of jewellers are unorganised, and are shifting to traditional pure play gold and silver ornaments over diamond jewellery as consumers are losing confidence in the purity of the precious stone. The demand for diamond jewellery seems to have decreased by 10-15% within two months, the survey added.



# Diamond trade down in the dumps: Survey

PRESS TRUST OF INDIA  
MUMBAI, 16 MARCH

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## Nirav Modi shadow on diamond demand

OUR SPECIAL CORRESPONDENT

New Delhi: The multi-crore Nirav Modi-Mehul Choksi scam seems to have had a dampening impact on diamond exports with shipments remaining flat at \$2.42 billion in February. In the domestic market, too, consumers are shifting to gold following concerns over the purity of the diamond they are buying.

A study by Assocham showed that consumer confidence on diamond purchases has been shaken by the Nirav Modi scam, leading to a decline in business.

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### LOSING SHINE

■ Diamond exports flat in February after the Nirav Modi scam came to light

■ Domestic demand takes a hit as consumers are wary of the purity of the diamond they are buying

#### Exports in February

in \$ bn	2017	2018
Diamonds	2.41	2.42
Gems & jewellery	3.96	3.67

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"This has been shaken and consumers are not willing to take chances. Besides, branded showrooms issuing certificates of purity are restricted to big cities, even as there is enough purchasing power in the smaller cities," it added.

The export of cut and polished diamonds in February remained virtually flat, rising a mere 0.51 per cent to \$2.42 billion from \$2.41 billion year-on-year, according to provisional data released by the Gem Jewellery Export Promotion Council. Overall exports of cut and polished diamonds dropped 7.38 per cent year-on-year to \$3.67 billion from \$3.96 billion in the corresponding period last year.

While banks have become extra cautious in lending to the sector, the RBI has banned letters of undertaking for trade finance in the wake of the PNB scam. The fallout of the scandal threatens to stymie the borrowing capacity of jewellers, who are involved in cutting or polishing 12 out of 14 diamonds sold in the world.

## PNB FRAUD HITS DIAMOND INDUSTRY HARD

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