

UKRAINE WAR HITS SURAT'S DIAMOND INDUSTRY HARD

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Industry & Services Sector incl. MSMEs and PSUs

“We import 100% of our raw materials from Russia, Australia and African countries such as South Africa, Zimbabwe and Congo. Seventy-five per cent of the consumption of end products is by the U.S. directly or indirectly. Due to the problems between Russia and Ukraine, the U.S. has put a ban on Russian companies. Nearly 27% to 30% of raw materials are from Russia. In *patli* size, almost 70% is imported from Russia,” Mr. Navadia says.

The entire work of small diamond cutting and polishing is done in rural Gujarat. Workers do farm work in the morning and polish and cut the raw diamond in the evening. “Diamond gets its real value after our work,” Mr. Patel says, seeking help from the government.

The solitaire stones, which are slightly costly and big, are handled by the processing units in Surat city.

Nearly 12 lakh people work in this sector apart from about five lakh in rural Gujarat. Nearly 70% of these workers are from Gujarat followed by workers from Rajasthan, Uttar Pradesh, Bihar and Kerala.

The workforce was mostly from the Patel community earlier. The funding for their work was done by traders belonging to the Jain community. Now, both communities have a stronghold over the trade of diamonds.

Change of vocation

The new generation is looking for office jobs and other vocations. But Bhavnagar, Amreli, Junagarh, Rajkot and Surat districts have a huge number of workers. “We have urged the Centre to intervene. U.S. has banned even Indian products. As U.S. is the main market, we have to abide by their decisions,” Mr. Navadia, who is also the national treasurer of the Vishwa Hindu Parishad, says.

A small processing unit owner who wished not to be named says he had to close down his unit due to the non-availability of raw material. “I had 70 workers under me. None of them have jobs now,” he adds.

One interesting factor is that compared with other sectors, demand has increased for diamonds due to the changing trend of investment among youngsters in the United States.

Increase in demand

“During the COVID-19 pandemic, we were fearing loss of at least 25%. But our exports boomed during the lockdown. The investment pattern of youngsters in U.S. seems to have changed. They are buying diamond ornaments using their investment. The demand has increased. It is a historically golden period for diamond sector,” Mr. Navadia says.

According to the Gems and Jewellery Export Promotion Council, total exports of gems and jewels was about \$37 billion in 2021-22 compared with \$27 billion in the previous year.

“We have unprecedented demand. The Prime Minister himself is taking initiative and he has promised that there will be a proper policy on value addition in this sector so that 100% benefit comes to India. The trade war between China and the West is benefiting us. The work has increased. 400 new factories are now making jewellery,” Mr. Navadia says.

[Our code of editorial values](#)

END

Downloaded from **crackIAS.com**

© **Zuccess App** by crackIAS.com

CrackIAS.com