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# DIAMOND INDUSTRY IN SURAT

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**ABSTRACT**

An International Survey claims that Surat will break all development records by 2019-2035, Surat city, which is associated with the textile and diamond industry, is called the growing economic capital of Gujarat, while Surat city has once again become number one in the world in fastest economic growth city. According to a world-renowned Oxford Economics survey, the average growth rate of Surat is likely to be 9.17 percent from 2019 to 2035. Oxford's search for gross domestic product (GDP), labour market, population, income, consumer spending potential has been ranked at the top of the list of most growing cities in the country. Agra is ranked second with an average growth rate of 8.58 percent, while Bangalore is third with an estimated growth rate of 8.50 percent.

KEYWORDS: Diamond, Gems, Surat, Market, Growth

**INTRODUCTION**

Surat city is considered to be the hub of diamond and textile industry in the country and the world, including Gujarat. There was a time, however, that shipments from 84 countries were swirling along the shores of the city of Surat. People from all over the world used to travel to other states of the country to trade. Surat was the first city in the country, where the British also established their first pillar for trade. The same city of Surat has once again become the number one city in the world in economic growth. A survey has been released by Oxford Economics. In which, the names of the leading cities have been announced in the list of the most developing cities of India in the next two decades. Surat and Rajkot are the top two cities of Gujarat. Surat is at the top. According to an Oxford Economics survey, Surat's annual growth is likely to average 9.17 percent.

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Rajkot, the only other city in Gujarat, with an 8.33 percent growth rate Ranked seventh. Other cities include Agra, Bengaluru, Hyderabad, Nagpur, Tirupur, etc.

Importantly, Surat, also known as Silk and Diamond City, was named to the list of fastest-growing metro cities in 2017, according to a Ernest & Young report. Oxford Economics Global Cities Research has recently been announced. Surat is ranked No.1 in the list of top 10 cities with the highest economic growth rates. The average growth rate of Surat is 9.17 percent from 2019 to 2035, while Agra is ranked second with an average growth rate of 8.58 percent. Bengaluru is third with an estimated growth rate of 8.50 per cent. Oxford's search for gross domestic product (GDP), labour market, population, income, consumer spending potential has been ranked at the top of the list of most growing cities in the country.

In Surat, it is said that the capacity of attracting Emerging Markets and Labour-Investment is higher than that of various cities in the country. About this, Commissioner of Surat says that if we link the Oxford University survey with the tax collection of Surat, it will prove to be a cow for the Surat government in the future. By 2035, direct and in direct tax collection from Surat will exceed 5 lakh Crore. The tax collection of IT, GST and custom in the year 2018-19 was 23 thousand Crore. The tax collection is likely to cross 35 thousand crores in 2019-20. Considering all three departments and the Chartered Accountant Sector, if the tax collection continues to increase at a rate of 20% from today to 2035, the figure of direct and in-direct tax collection from Surat will exceed 4 lakh crore. At present, the target increase is only 20% per year. Surat diamond burrs are currently being made in Surat along with textiles, which can double Surat's economic growth.

James and Jewellery Export Promotion Council (GJEPC) Regional Chairman says that the credit for making Surat number one goes to the original Suratis, because outsiders were welcomed and well employed by them. Surat is Diamond City, where the world’s entire diamond cutting polices come in, and now after the creation of Diamond Burs, 134 countries will buy the diamond directly from Surat. Diamond industry has a turnover of 1.58 thousand Crore. We grow 1000% in production while in export we also make good growth Achieve every year.

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The 9.17 percent economic growth of Surat will continue if the government and the local system promote other industries, including the diamond and textile industry. Because of the issues related to labour market, population, income, consumer spending, Surat has been included in the list of most growing cities. If the government is indifferent to the industry, it will have a direct impact on issues including infrastructure development and the economic situation will be weak and growth rates will stop.

**REAL DIAMOND FADE AGAINST SYNTHETIC DIAMOND**

The diamond market has gone down by 50% and there is no demand for polished diamonds in the foreign market; goods are shipped at a cheaper price which is another face of the current market situation of Surat. The coming days are going to get worse – is said by the market experts. Reason is, the synthetic diamond is available at 30 to 50 percent lower price: Even if synthetic diamond jewellery is stripped, only 20 percent of the money is deducted, just like real diamond. Polished operations in diamond markets have gone down to 50%. There is no demand for polished diamonds from the foreign market. So, there is also a temporary break on home buying.

Sources associated with the diamond market said that the situation of diamond industry and market is getting worse day by day. There is currently no demand for jewellery. Manufacturers are now focusing on how to cut diamond production, with manufacturers reducing tendency to discontinue excess production. The goods are being sold very cheaply because they are not sold. So no one is willing to sell the goods.

Synthetic diamond is the key to the diamond industry and current market conditions. Six to eight months ago, the synthetic diamond trade was very down but now the picture has changed. Due to this, no one is asking real diamond right now and the bandits have stopped moving around in the market. Once, the real diamond was considered as the safest investment, but since the trade of synthetic diamond has increased, the value of real diamond is no longer the same. If you want money by stripping real diamond jewellery, you can get 50% of the value of the diamond and 20% of the value of the gold.

While the same is true for synthetic diamond jewellery, the Real Diamond craze is no longer the same. Since the synthetic diamond is available at 20 to 30 percent lower prices

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than the real diamond, the tendency for the purchase of the real diamond has now diminished. Polished production is slowly declining and its impact is also reflected in other diamond-related businesses.

**MANUFACTURING UNITS ARE COMPLETELY CLOSING DOWN**

Separate ways are being taken to cut manufacturing costs as the diamond industry situation is gradually worsening. Sources said that half a day's leave in manufacturing units was announced on the day of Bhim Eleven two to three years ago. But now the whole situation is getting worse, the diamond artists are been advised to restrict spending. Fear of coming-of-age is still telling factory craftsmen to use whatever salary they get very modestly and not to spend it wrongly. So they could add an extra income. But now that those days are gone, the emphasis is on spending wisely.

**INDIA'S DIAMOND INDUSTRY FEARS TO BE PULLED INTO ISRAEL OR BELGIUM**

Due to the Nirav Modi PNB scandal, a significant portion of the diamond cutting and polishing business is likely to be pulled into Belgium and Israel due to the global marketplace. Jewellers are suspected of having difficulty financing following the PNB scandal and adversely affecting gold and silver traders. India is the largest cutting and polishing center of rough diamonds in the world. It is believed that in world, 1 out of every 5 diamond polishing is done in India, and Surat is the largest center for rough diamond cutting, polishing and processing from which 50% of diamonds are exported to the world market. Former chairman of the Gem and Jewellery Export Promotion Council (GJEPC), said that the image of the Indian diamond industry has been shaken after the scandal, and some of these firms are planning to move the business to Belgium or Israel. We will also discuss this with Union Finance Minister and take up a meeting with the Ministry to take appropriate decisions in the coming days based on the current situation, which will give a clear idea of Nirav Modi and Mehul Choksi scam.

Israel was the largest producer of polished diamonds in the 70s and 80s. However, due to India's intense competition after that, the main business of diamond trading, i.e. small diamond production was pulled into India. Antwerp, Belgium is currently the hub of diamond

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business in the world. About 50% of the rough diamond coming from India for cutting and polishing comes from Antwerp. "A large part of the diamond cutting and polishing trade wants to shift to Antwerp," said a diamond exporter. The biggest problem in the diamond business right now is getting financing. After the PNB scandal, banks have increased control for the financing of the diamond industry. Because of this, small businesses will have a lot of trouble getting a loan. Banks are no longer willing to give loans to small diamond units, resulting in unemployment among the people associated with the diamond industry in the country.

**CONCLUSION**

Looking upon the situation it is likely to be interfered by the Government and the Government should take the necessary actions to prevent this business going out of the country and thus, to maintain the growth ratio of the Surat city. The Government should also plan some appropriate steps to make available easy loans to the small industries of diamond market in Surat.

As the fastest growth of the Surat city effects to Indian GDP as well as the growth ratio of the country, the appropriate action taken by the Government will boost-up the industry again and thus, the new job opportunities will also been created.

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