

# Skill shortage hits Surat diamond cos

## Cos Flooded With Orders Ahead Of Christmas, But May Meet Only 70% Of The Demand

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**S**URAT diamond industry, that had to cut down production and layoff its workers due to full inventories after Diwali last year, is now trying hard to meet the demand this year. The industry is witnessing shortage of trained manpower and rough diamonds as well. Industry sources say the supply of polished diamonds from the city is 25-30% lower than the domestic and international demand ahead of the Christmas season. Industry leaders see this as a sign of healthy trade environment.

"There is a very good demand for pol-

ished diamonds from domestic market and Western countries ahead of Christmas. However, the industry is able to supply only 70-75% of the demand due to recent Diwali vacation and shortage of trained workers. We must remember that these are not the days of full inventory like last year, and we are only trying to fulfil the demand," said Pravin Nanavati, secretary of Gujarat Hira Bourse. He added that the demand from US and Europe is encouraging and prices of rough diamonds have increased by almost 10% in the past one month owing to short supply.

The size of Surat diamond industry is around Rs40,000 crore and it contributes

90% of India's diamond exports. More than 3,000 diamond units provide direct employment to around 2.50 lakh workers. The demand for skilled workers has now shot up to 80,000. The slowdown in the Western markets since January 2008 had put the industry in a crisis after September 2008. Subsequently, the one-month long Diwali vacation had to be extended to more than 45 days, as inventories were full and weak demand persisted from traditional diamond markets like US and Europe.

However, the worst is now over. "There is a huge demand for polished diamonds from US, Europe and Middle-East and supply is lower. There are

good orders, but the units need time to cater to them as manpower is an issue," said Chandrakant Sanghavi, chairman of Gujarat region of Gem & Jewellery Export Promotion Council. He added the new orders are coming from foreign retailers, who adopted 'wait and watch' policy till the last moment of Christmas season.

A section of industry believes there is shortage of rough diamonds. "Rough diamond supply is controlled and it indicates that the trade is healthy. The industry has started cash deals after recession and it will naturally impact the volumes," said Damjibhai Mavani, joint secretary of Surat Diamond Association.



### FRESH CUT

**Industry is also facing around 30% fall in supply of rough diamonds. But cos feel the trend is healthy**