

Interview with Vipul Shah, Chairman of GJEPC

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1. What are your current titles/functions in the diamond industry, both private and organizational?

I currently hold the position of CEO & Managing Director at Asian Star Co. Ltd., and I also serve as the Chairman for the 2nd term in the Gem & Jewellery Export Promotion Council, the apex body of the gem and jewellery trade in India. I also serve as a board member of the World Diamond Council, National Skill Development Corporation (NSDC), and Federation of Indian Export Organisations (FIEO).

2. Tell us about your journey in the diamond and jewelry industries, how you began and where you are now.

My journey began with my father, Prabodh Shah, and my uncle, Dinesh Shah, both exceptional artisans in the diamond trade. Their passion ignited my own as a teenager. Starting from scratch, I delved deep into the industry, determined to elevate our family business, Asian Star, globally. It was an adventurous path, marked by challenges and triumphs.

Establishing a rock-solid foundation was crucial to our success, so I made it my mission to strengthen our systems and ensure financial stability. In 1996, we took a bold step and went public, listing Asian Star on the Bombay Stock Exchange. It was a significant milestone that propelled us even further on our path to growth.

But my love for the industry didn't stop at diamonds alone. I saw a natural synergy between diamonds and jewellery, and in 1999, we ventured into the world of jewellery. Looking back, I'm proud of how far we've come, always staying ahead of the curve, to be at the forefront of innovation and design.

My desire to contribute to the Indian gem and jewelry industry led me to become a board member of GJEPC. Here, I gained knowledge about how GJEPC collaborates with the government and its members

to uplift the industry through trade-friendly policies and measures. When the opportunity arose to be elected as Chairman, I willingly accepted it as a way to further serve the industry.

In 2012, I had the privilege of chairing the GJEPC board, dedicated to enhancing India's gem and jewellery sector. Today, I am profoundly grateful for the opportunity to hold this esteemed position once again, working alongside an exceptional team to establish India as the ultimate source for the most exquisite diamonds and jewellery.

3. What is the GJEPC? What is its role? Where does its budget come from?

The GJEPC, established in 1966 by the Ministry of Commerce of the Government of India, is part of a series of Export Promotion Councils (EPCs) created to enhance India's exports on the global stage. It was originally initiated to boost India's presence in international markets as the country's economy began venturing into global trade after gaining independence.

Since 1998, the GJEPC has operated autonomously, allowing it greater flexibility and independence in its operations. The GJEPC serves as the apex body for the gems and jewellery industry, representing the interests of over 9,000 members from the sector.

Headquartered in Mumbai, the GJEPC has Regional Offices in major industry centers, such as New Delhi, Kolkata, Chennai, Surat, and Jaipur to better serve the needs of its members.

The key functions and roles of the GJEPC include advocacy and representation, policy shaping, business promotion and has been designated by the Government of India as the central agency for the Kimberley Process Certification Scheme.

Regarding its budget, GJEPC operates independently and derives its budget from its members, contributions, and various activities.

4. What markets abroad does the GJEPC target?

GJEPC views the entire world as its market, where jewelry finds its customers. For plain gold jewelry, our largest market is the Middle East, for studded jewelry it is the US, for loose diamonds it is Hong Kong. However, the target markets are currently the U.S., Hongkong, U.A.E, Belgium, Israel, Thailand, Switzerland, Singapore, Japan, and the Netherlands. GJEPC is also helping the industry to diversify in newer markets like Turkey, Singapore, Thailand, Vietnam, Cambodia, Sri Lanka, etc.

5. What is the current situation in the local diamond and jewelry industries?

The domestic gem and jewelry sector displayed phenomenal underlying strength at the GJEPC's recently held India International Jewellery Show (IIJS) Premiere. We estimate that business worth nearly \$8.5 billion was transacted during the six-day event held in Mumbai in early August. We think this stupendous performance speaks about the retail industry's tremendous confidence in and appetite for fine jewelry. Yes, countries around the world are grappling with their own set of challenges now, but we believe India offers a beacon of positivity that things will ultimately turn around. I'm proud and happy to note that India today can fulfill any and every demand from any market for any shape, size or quality of gems and jewelry.

6. How has the war in Ukraine impacted the local diamond and jewelry industries?

The Russia-Ukraine conflict has had a macroeconomic impact on India, disrupting trade ties with both countries across various sectors and commodities, including diamond supplies. As a result, direct and indirect import of rough diamonds from Russia to India has declined 66% to 15.35 million carats in 2022 as compared to 45.49 million carats in 2021.

India, being the leader in manufacturing diamonds, cuts and polishes 94% of world's diamond by volume and has built a manufacturing infrastructure with millions of dollars of investment. Some one million people, the majority of whom are from agrarian and financially underprivileged sections of the society, are directly employed in the industry in India. As Russia produces approximately 30% of the world's rough natural diamond it is obvious that any disruptions in rough supply will have a major impact on manufacturing and employment in the sector.

7. Looking forward, how do you think that the local industry will fare during the holiday season of 2023. In the coming year?

Based on the performance of the India International Jewellery Show (IIJS), there has been a substantial demand across various jewelry categories, including gold, diamonds, and colored stones. Gold, despite its price increase, has maintained its allure as a reliable investment. Manufacturers in India are catering to diverse demographics, ranging from the young to the elderly, leading to innovative designs in lightweight contemporary jewellery.

In the bridal jewelry segment, there has been a noticeable trend towards more budget-conscious sets, with manufacturers reducing the weight of bridal pieces by approximately 20% compared to previous offerings. In the diamond category, contemporary designs featuring fancy cut diamonds are gaining popularity, and there is a growing demand for fancy colored diamonds.

Colored stones, particularly emeralds, are experiencing exceptional demand. Additionally, beyond the traditional “big three” gemstones—rubies, emeralds, and sapphires—there is a growing interest in other gemstones like Tanzanites, Onyx, Tourmalines, Multicolored Sapphires, Spinel, and Morganites in the Indian market. The use of these diverse gemstones is becoming more prominent in fine jewellery.

Furthermore, silver jewellery is thriving, with manufacturers creating unique studded pieces tailored to modern preferences. As for the domestic market in the fourth quarter, demand appears robust, indicating a positive momentum in the industry.

So I would say, the Indian jewellery industry seems poised for a promising holiday season in 2023, with an array of trends and innovations driving market momentum.

8. What are the challenges and opportunities facing the local diamond and jewelry industries?

The biggest opportunity is in the form of India’s burgeoning domestic LGD production and processing industry, which is leveraging India’s existing strengths in cutting and polishing to gain worldwide leadership.

Nevertheless, we must address several challenges. The Western market has experienced a contraction in demand, coupled with frequent price fluctuations in both natural and lab-grown diamonds. Additionally, the economic aftermath of the pandemic has affected purchasing power, and China’s market has not fully rebounded.

9. Tell us about your interests/family and anything else you would like to add.

Apart from my business endeavors, I have a deep passion for marathon running. I find immense satisfaction in pounding the pavement, and I often run for charitable causes. Running isn’t just a hobby for me; it’s a source of joy and a way to maintain a healthy body and mind. It serves as a constant reminder that the true essence of marathoning lies in the journey itself. In addition, as an individual deeply connected to my community, I have always been committed to philanthropic endeavors. My company, Asian Star, shares this commitment and has consistently taken on social responsibilities. We’ve initiated various programs aimed at uplifting underprivileged sections of society, including initiatives promoting education, providing medical aid, addressing hunger and malnutrition, and supporting special education and vocational skills for tribal children. Our efforts also extend to rural development and similar projects.