**PESTEL ANALYSIS**

**POLITICAL FACTORS**

* The political factors are very important since they may restrict the business operations of any company or industry. The political condition in countries as UK and US are quite stable and the jewelry businesses can easily undertake business at international levels. However the taxation policies on precious metals by government will discourage the buyers.
* Other political factor is excise duty which can be increased or decreased by government on the cut and polished gems.The industry has to take in review the marketing and control orders of the Council established to provide guidance regarding trade tariffs, import duties and other trade regulations.
* Other factors include foreign direct investment approvals by the government in the industry. The industry operations are also influenced by the government policies and taxation regarding the export and import of diamonds.

**ECONOMIC FACTORS**

* The most common economic factor which affects the consumer purchase is his per capita consumption power. As it grows the customers will purchase more jewelry which can be seen in previous years in India. The improvement in living standards and increase in national income of population has resulted in higher investment in gem and jewelry purchasing.
* The custom duties reduction has also brought growth to the diamond sector.New organized players are coming in the market with increasing penetration that will provide variety in terms of products and designs. The gold import restrictions are being relaxed which will give added benefit to industry.

**SOCIAL FACTORS**

* People now consider diamond and gold jewelry as luxury fashion product and love to invest in it. The retail organizations have introduced this idea which has been embraced by many customers.
* With increasing prices of gold over the years, the people now prefer to invest in diamond and gems instead. Since diamond has become a status symbol so the investment and purchase of diamond has increased with improved standard of living. The consumer preferences change
* According to trend and Low cost gold loans are made available to consumers at lower levels has added to the importance of jewelry. Many financial schemes have been introduced which in turn will drive growth for jewelers over short to medium term. All these social factors have given new directions to the gem and jewelry industry when it comes to its business expansion.

**TECHNOLOGICAL FACTORS**

* Indian gem and jewelry industry has highly skilled labor for cutting and polishing diamond and gold however need of high end equipment has risen for moving up in value chain.
* The introduction of new machinery and tools has enabled the jewelry brands to rise above competition. The finesse and finish of machine cut products is unmatchable.
* The industry needs to adopt the new technology solutions which are available for inventory management, supply chain and production control. Quality production of gems and diamonds can only be ensured through technology enabled environment in the industry.

**LEGAL FACTORS**

* Trade facilitator plays an important role in promotional activities of Diamond display shows, organizing trade workshops and taking care of trade delegations. It works to make interaction better and envelops more understanding between governments. The Gems council has also established institutes for providing training and research in various aspects of gem industry.
* Boosting the exports for the gems and jewelry industry is also important. Various activities are organized under the consent of government. The participation of legal members and exporters will display items on various stalls and exhibition. This will help to boost sales and generate maximum revenue in minimum time.

**ENVIRONMENTAL FACTORS**

* The jewelry industry is addressing its social and ethical responsibilities to the people and countries regarding the mining and selling of products.
* The industry has tackled significant issues include health, safety and environmental issues. The companies are working towards restricting the illegal exploitation of precious commodities.
* The environmental factors vary according to the location of the industry. The processing activities and the production methods used for cutting and polishing gem stone will surely leave an impact on gemstone.
* River dredging is unique and relies on geographical nature of deposits. However, mineralization is usually localized and makes processing different from one gem to another. However, processing of gemstones does vary from one place to another. They do occur as distinct crystal which consists of visual characteristics and properties. For the various environmental factors, many different equipment are involved which makes the process much easy.