

Ref No.GJC/Circular/2013-14

6<sup>th</sup> November, 2013

To

**All Members of the Council**

Dear All,

Greetings from The Gem and Jewellery Export Promotion Council!

In the last few weeks, there have been concerns amongst industry members about the undisclosed mixing of man-made diamonds with natural diamonds. These concerns have arisen as a consequence of media reports as well as a few instances of actual undisclosed mixing being detected. There have been two instances of the same as described below:

- a) Dalumi Diamond India Pvt Ltd detected purchase of a parcel of 19 stones, totalling 6.35 carats of undisclosed man-made diamonds.
- b) Narola Gems detected purchase of a parcel of 44.29 cts of undisclosed man-made diamonds (Size: 0.50 cts, Color: J to L, Quality: VVS to VS2)

As you would imagine, the Council is seized of the matter and is proactively taking several steps to deal with the issue. This circular is meant to share with you the facts as well as the actions being taken by the Council:

1. **Immediate action on the above cases:** The Council and BDB immediately attended the cases and initiated investigations which are still going on vide which explanation has been called from the parties involved. Based on the result of such investigations the legal team of GJEPC and BDB will initiate actions as per the constitution of both the bodies. Similarly the parties who are the victims had been directed to file for adequate complaints and were advised to proceed as per the law of land.
2. **Natural Diamond Monitoring Committee:** The technology for developing man-made diamonds has been available for some time and now many companies have started manufacturing as well as polishing them commercially. How will the natural and man-made diamond industry coexist is a matter that concerns all industry bodies across the world. To ensure consumer confidence, the industry needs to make sure that consumer confidence in the industry is maintained through segregation of the natural and man-made diamonds value chain and disclosures at every step. India is taking the lead in dealing with the situation and hence to proactively understand the likely issues as well as formulate strategies, the Council had formed a Natural Diamond Monitoring

Committee along with the various trade associations like GJEPC, BDB, GJF and MDMA in **August 2013**. The mandate of the NDMC is as follows:

- To protect the overall interests of the Natural Diamond industry
  - to enhance consumer confidence by encouraging proper disclosure and preserve trust factor within the industry
  - to ensure proper segregation of Natural Diamonds & Synthetic Diamonds
  - to formulate policies in order to avoid any scenario of Synthetic diamonds being misrepresented & passed off as Natural Diamonds in course of the business transactions.
3. **Synthetics Diamonds Seminar** : The Council and BDB has been monitoring this carefully and you would recall that Council and BDB had conducted seminar on Synthetic diamonds in Surat (March 16,2013) and Mumbai (4<sup>th</sup> October,2013) to create awareness amongst the members.
4. **Experts have been appointed**: Further, to understand the landscape of man-made (synthetic or lab-grown) diamonds and the likely impact on the industry and potential solutions to deal with them, we have appointed experts – A. T. Kearney (Global Management Consulting Firm) and Bonas & Co (DTC Brokers), to assist us in the project of “Establishing the current status, prepare a framework/guideline for the industry members to trade in natural and Synthetic Diamonds”. A “Steering Committee” comprising of industry leaders is meeting regularly to drive the agenda of the NDMC forward and look after the completion of the aforesaid project. Based on the findings and recommendations (expected by February 2014) of the experts the Council along with the National and International Trade bodies and Government will formulate strategies to address the issues identified and formulate necessary guidelines.
5. **Man-made Diamonds Detection and Resource Centre**: Council and BDB has also decided to set up a Man-made Diamonds Quick Detection and Resource Centre at BDB within the next one month. This center will offer facilities of quick detection of man-made diamonds in addition to providing information about man-made diamonds, equipments for detection and training for operating the equipment. Depending on the response, we could plan to open more such centres (e.g. in Surat).

We will keep you updated regularly through bulletins and circulars as we get more information on the matter. Meanwhile you are requested to be vigilant and report to the Council if you notice or suspect on sale of undisclosed lab-grown/ synthetic/ man-made diamonds and do not pay heed to any rumours in the market which create more harm rather than taking the trade forward.

Thanking you,

With Best Regards,

**SABYASACHI RAY**  
**EXECUTIVE DIRECTOR**