



Research Article

A STUDY ON EXPORT PERFORMANCE OF INDIAN GEMS AND JEWELLERY INDUSTRY

Meeran Mydheen N

Department of Commerce and International Business, Dr. G.R. Damodharan College of Science,
Avinashi Road, Coimbatore

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ABSTRACT

Indian Gems and jewellery sector has contributed 29.1 percentage of total consumption in World jewellery market. The demand for Indian gems and jewellery products is always occupying prominent place in world jewellery market. This study focus on export performance of Indian gems and jewellery sector to the global market for the ten years starting from 2007-08 to 2016-17. This paper includes the analysis of export and import of gems and jewellery and challenges and opportunity for Indian gems and jewellery sector.

Key words:

Gems and Jewellery, Export, import, challenges, opportunities

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INTRODUCTION

The market opportunity for Indian's gems and Jewellery product are considerably remarkable in world of jewellery market. India contributed 29.1 percent to the global jewellery consumption. The contribution of Gems and jewellery production to total GDP of India is 7 per cent and 15.71 percent to India's total merchandise export. These sectors employ 4.64 million workforces which created huge revenue for stake holder of this sector. Nowadays many organized and unorganized retailers of Jewelry sector have contributed for attainment of annual growth rate of 16 per cent. Around 300 000 player are contributing for total production and majority of them are small organizations. This gems and jewellery market occupied US \$ 60 billion market share in 2017 and it is estimated to grow US \$ 100 – 110 billion by 2021-22. For the diamond market, India is a leading manufacturer of cut and polished diamond manufacturing across the world and 75 per cent of the world's polished diamonds are exported by India. India has huge demand for their gems and jewellery because gold and diamond usage has been a part of ritual and customs of India. The demand for the gold in India was 666.1 tonnes in 2016 and 454.4 tonnes between January-September 2017. This study focus on opportunity and challenges for Indian gems and jewellery sector and export performance towards world market.

Objective of the Study

1. To Know the export and import performance of India's Gems and Jewellery sector
2. To Opportunity and challenges for export of gems and jewellery sector

METHODOLOGY

The secondary data was collected from The Reserve Bank of India bulletin and The Gems and Jewellery Export Promotion Council of India for study this objective. The data were taken for the period of 2007-2008 to 2016-17 related to Export and Import of Gems and Jewellery. To understand the performance of Export and Import Performance of Gems and Jewellery in India Bar chart and Pie Chart with percentage have been used.

ANALYSIS AND DISCUSSION

Import of raw materials for gems and jewellery has been made from various countries. This import of raw materials are raising trend since 2007-08 up to 2011-12 and it starts decline and continue up to 2016-17. In the year 2011-12 the total import was US \$ 42,721 million which is highest in these ten years. The Import of gold bar was main reason for increasing on total import of raw material in the year 2011-12. Because the import of gold bar US \$ 10,963 million was much higher than other years except 2012-13. But compare with other years, import of gold was higher in the year 2012-13. Similarly the import of silver bar in 2011-12 was higher than other years i.e., US \$ 100 million. Import of C&P diamond was US \$ 14,472 million which is higher than other years except 2010-11.

***Corresponding author: Meeran Mydheen N**

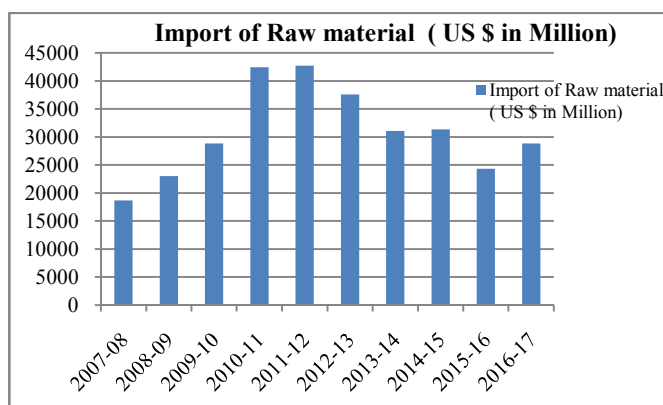
Department of Commerce and International Business, Dr.
G.R. Damodharan College of Science, Avinashi Road,
Coimbatore

Table No. 1 India's Import of Raw material for Gems and Jewelry (2007-08 to 2016-17)

(Value US \$ in Million)

ITEMS	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
1 Rough Diamonds	9,797	7,960	9,048	11,994	15,163	14,927	16,716	16,757	14,048	17,080
2 Rough Col Gemstones	147	106	117	150	146	208	238	283	370	571
3 Raw Pearls	11	6	5	7	8	170	79	3	306	602
4 Rough Synthetic Stones	13	3	2	9	12	53	86	63	60	130
5 Gold Bars	2,694	4,677	7,503	8,652	10,963	11,335	5,663	5,468	4,184	4,291
6 Silver Bars	21	26	32	87	100	70	39	35	44	51
7 Platinum Bars	6	887	4	31	8	10	12	21	23	30
8 Total	12,689	13,665	16,711	20,929	26,401	26,772	22,832	22,631	19,035	22,756
9 Import of C&P Diamonds	5,461	8,982	11,610	20,808	14,472	5,559	6,541	6,640	2,771	2,634
10 Import of Other Items	501	356	524	717	1,848	5,219	1,698	2,071	2,503	3,458
Total Imports	18,650	23,003	28,845	42,454	42,721	37,551	31,071	31,342	24,309	28,847

(Source: The Gem & Jewellery Export Promotion Council Report)



raised in 2016-17. In the year 2011-12 the gross export was US \$ 46,849 million which is higher than the other years. The export of C &P diamond US \$ 26,676 in the year 2011-12 is higher than the other years except 2010-11. Similarly export of Gold jewellery in 2011-12 is higher except the export in 2012-13. In the year 2011-12 only, US \$ 1772 million of rough diamond was achieved which is highest when compare with export of rough diamond in these years. Similarly the export of Gold medallions and coins was much higher in 2011-12 than export in other years. Export of Silver jewellery, synthetic stones have been constantly growing since 2007-08. But other items like coloured gems stones, pearls, costume fashion jewellery, sales to foreign tourist have been fluctuating trends.

Table No 2 India's Gross Export of Gems and Jewellery

India's Gross Exports of Gems and Jewellery for ten years (2007-08-2016-17) (Value US \$ in Million)

Sl.No.	Items	2007-08	2008-09	2009-10	2010-11	2011-12	2012-13	2013-14	2014-15	2015-16	2016-17
1	C & P DIAMOND	14346	15156	19374	30574	26672	21607	24498	23160	20668	22784
2	COLOURED GEMS STONES	295	282	306	349	420	729	647	453	433	420
3	GOLD JEWELLERY	5687	8851	9755	7901	10029	13267	8367	9904	8557	8722
4	GOLD MEDALLIONS & COINS	0	0	0	4939	6989	5235	3069	2837	5259	5409
5	PEARLS	4	4	4	5	4	6	10	2	1	5
6	SILVER JEWELLERY	232	241	420	574	774	934	1475	2052	2960	4021
7	SYNTHETIC STONES	1	1	1	17	25	52	80	79	73	135
8	COSTUME FASHION JEWELLERY	6	9	15	6	11	17	18	22	31	67
9	SALES TO FOREIGN TOURISTS	72	56	42	40	63	56	70	47	41	42
10	TOTAL	20643	24599	29918	44404	44987	41903	38234	38556	38022	41605
11	EXPORT OF ROUGH DIAMONDS	567	776	744	1137	1772	1579	1585	1419	1170	1500
12	ROUGH STONES PEARL AND OTHER ROUGHS	-	3	10	44	89	148	418	53	94	95
13	GROSS EXPORTS	21209	25378	30672	45585	46849	43630	40237	40028	39287	43199

(Source: The Gem & Jewellery Export Promotion Council Report)

From the Table No. 2 It can be understood that the gross export of gems and jewellery has been growing from 2007-08 up to 2011-12, but it starts decline till 2015-16 and again it

Export of Gems and Jewellery to Various Countries (2007-08 to 2016-17)

India has exported Gems and Jewellery to various countries in the world wide. This export have been made to countries like

Belgium, Hong Kong, Israel, Japan, Singapore, Thailand, Switzerland, UAE, UK, USA and so on. Table No.3 shows the export performance of India towards various countries for the years 2007-08 to 2016-17.

the efficiency of production are not sufficient because of low level of Research and Development

Table No 3 Export of Gems and Jewellery to various countries

Year	Belgium	Hong Kong	Israel	Japan	Singapore	Switzerland	Thailand	U.A.E.	U.K.	U.S.A	Others
2007-08	1963.3	5098.3	1037.7	450.1	217.3	211.9	390.5	4039	285.2	4972.3	1013.1
2008-09	1875.9	5263.2	793	371.4	547.7	207	321.5	10756.3	563.4	4588.4	2667.4
2009-10	1641.5	6231.9	750.4	256	598.6	106.7	309	12369.1	348.8	4718	1666.3
2010-11	2391.7	8663.7	961.6	280.4	474.8	180.1	383.9	16616.4	349.5	5270.5	4903.5
2011-12	3817.3	11188.9	1456	372.7	615.5	376.3	603.5	16364.2	506.1	6772.1	2767.9
2012-13	2439	10460.2	1156.3	346.5	637.2	197.1	631	18751.6	486.8	6755.2	1596.5
2013-14	2672.5	11172.9	1313.5	346.6	530.2	351	754.2	12742.3	406.5	7761.7	3325.79
2014-15	2673.8	12197.3	1181.4	280.4	492	293.7	664.1	12270.2	478.8	8368.6	2348.1
2015-16	2330	10908.2	1002.9	247.1	429	273.9	628.4	12921.2	516.6	8624.7	1437.02
2016-17	2458.8	12925.6	999.8	308.5	563.5	215.6	606.9	13882.1	461.7	9691.1	1395.97
Total	24263.8	94110.2	10652.6	3259.7	5105.8	2413.3	5293	130712.4	4403.4	67522.6	23121.58

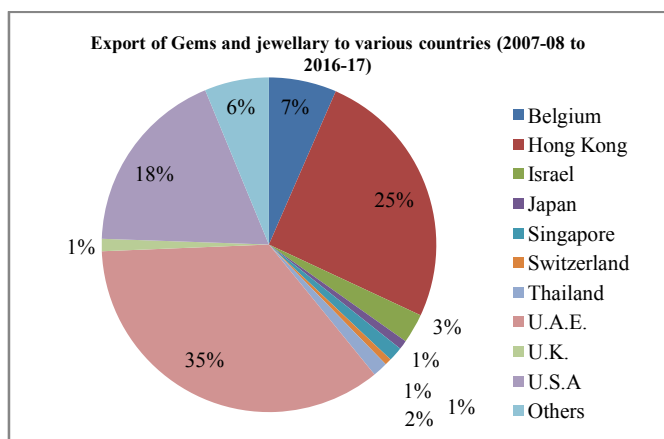


Figure No. 2 Export of Gems and Jewellery to various countries (2007-08 to 2016-17)

Figure No.2 shows that huge amount (35 %) of export of gems and jewellery have been made to UAE. Hong Kong and USA occupied Second (25 %) and Third (18 %) position of importing of Gems and Jewellery from India. In 2007-08, Hong Kong was highest importer of Gems and Jewellery from India and second and third places was occupied by USA and UAE respectively. Since 2008-09 onwards UAE have been highest importer from India but it imported more from India in the year 2010-11 only. Belgium, Israel, Japan and Switzerland were major importer from India in year of 2011-12 in which total export were made higher among these years.

Challenges of Indian Gems and Jewellery

In India most of the gems and jewellery is unorganized and family owned business. At the same time the growth of organized sectors is increasing in slow manners. Exporter are needed to improve their jewellery design according to the changing trend in global market. The productivity of labour is less when compared to China, Thailand, the USA, the UK, Srilanka and Israel. The sudden increase in price of gold and silver, affect the changes of buying behavior of customer. So the exporters should adopt prices strategies according to global demand. The demand over the gold and jewellery are affected due to government regulation, rupee depreciation and sluggish GDP growth of India. The Indian exporters have a crunch of financial support like short term credit, letter of credit and etc.,

Opportunity in India for Gems and Jewellery Sector

Nowadays, emerging of online jewelry trading supports the expansion of market for Gems and jewelry apart from the growth of physical stores. Increasing of middleclass people in India and their spending towards jewellery are major contribution for growth of Gems and Jewellery sector. It has been estimated by NCAER (National Council for Applied Economic Research) that India’s middle class population is likely to be 547 million by 2025-26 (41 percent of the total population). In India most of the gems and jewellery are small and unorganized player. To encourage them the Government of India has increased the Small Scale Industries SSI eligibility limit Rupees 15 Crores from Rupees 12 Crores and exemption limit was also increased to Rupees 10 Crores for Rs. 16 Crores. In order to encourage such manufacture and processing unit, government of India set up Special Economic Zone to offer tax benefit for export and import. Government of India has planned to establish Jewellery Park in Mumbai for woth Rupees 50 Crores. Similarly Common Facility Centre has been approved by Government of India for the total cost of Rupees 16.15 Crores to provide machinery and equipment at a cheaper rate. In order to overcome shortage of skilled people, the Government of India started training program through ‘Pradhan Mantri Kaushal Vikas Yojana’. FDI in mining of Gold, Silver, diamond and precious ore were allowed up to 100 % and FDI on single brand retail was 49 % and for multi brand retail 51 %. Since Financial Year 2008-09, the total cumulative FDI on diamond and Gold ornament have been raising of 21.43 percent up to financial year 2016-17.

CONCLUSION

In year of 2011-12 only the export of the gems and jewellery was higher in the past ten years ended with 2016-17. After it started to decline because of so many difficulties faced by Indian manufacturer. But due to the government’s effort and support, this difficulties have been overcome and improvement in export have identifies in 2016-17 which has been US \$ 43199 million from US \$ 39,287million in 2015-16. Exporters in India should adopt latest design and model for international consumer in recent years and they should adopt recent marketing strategy for international market.

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