



## **A STUDY ON PERFORMANCE OF INDIAN GEMS AND JEWELLERY EXPORT AND ITS CONTRIBUTION TO INDIAN ECONOMY**

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### **Abstract:**

Gems and Jewellery export contributes Indian economy in various ways since civilization. Exporters and financial intermediaries have to provide this information to the RBI by statute. DGCIS data has been used much more frequently in the literature and the RBI's data has been relatively less frequently referred to. Further authenticate data on Gems and Jewellery available in Gems and Jewellery export promotion council. In this study, RBI's data sets used for analysis, in part to correct the above mentioned lacuna and to include invisible receipts and payment along with current account to capture recent upsurge in services export. The national income and trade data at aggregate level have been used in order to facilitate further disaggregation subsequently.

**Key Words:** Gems, Jewellery & Export and Economy

### **Introduction:**

Gems & Jewellery has had an important place in the Indian society and economy ever since civilization dawned on the Indian soil. Gems and precious metal have a great ornamental, astrological and religious significance. From ages they have been used as a means of accumulating wealth. The global market for Gems and Jewellery today is over \$100 billion with jewellery manufacturing dominated by a handful of countries like India, Italy, China, Thailand and USA. Gems and Jewellery industry is one of the significant contributors of the country's export-led growth.

### **Major Production Centers in India:**

- ✓ Jaipur is a key centre for polishing precious and semi-precious gemstones.
- ✓ Delhi is famous for silver jewellery and articles.
- ✓ Surat is an important diamond- processing centre, which exports around 80 per- cent of the production and has more than 3,500 diamond processing units. □ □ Calcutta is famous for its lightweight **pdin** gold jewellery.
- ✓ Mumbai is the centre for machine made jewellery. The city is also India's largest wholesale market in terms of volume.
- ✓ Hyderabad is the centre for precious and semi-precious studded jewellery.
- ✓ Trichur in Kerala is another source for lightweight gold jewellery and diamond cutting.
- ✓ Nellore is a source for handmade jewellery that has been supplying the Chennai market for quite a few decades.
- ✓ Belgaum in Karnataka and Nellore together, specialise in studded jewellery using synthetic or imitation stones.
- ✓ Coimbatore in Tamil Nadu specialises in casting jewellery

### **Objective:**

The major objective of the study is to analyse the performance of Indian Gems and Jewellery export and its contribution to Indian economy.

### **Methodology:**

This study, for the purpose of analysis relied exclusively on the secondary data.

### **Data Collection:**

To analyze the above-mentioned objectives, the data pertaining to India's commodity wise, country wise exports and imports of gems and jewellery industry data will be collected from the various published and unpublished reports of India. These reports include the report on, Reserve Bank of India Bulletin, Economic Survey, gems and jewellery industries authorized website, Indian trade portal website, New Indian express daily and CMIE Report. There are two basic sources for data on India's exports. One set is compiled by the Directorate General of Commercial Intelligence and Statistics (DGCI&S), Ministry of Commerce, Government of India and the other is compiled by the Reserve Bank of India (RBI). The DGCIS compiles information on real transactions, reporting quantities/volumes of exports as well as export earnings in Indian rupees. Exports are decomposed into headings matching with the ITC (HS) Standard Industrial Classification (SIC) codes. Thus

exports are broken down by SIC categories and by destination. RBI compiles export data on its balance of payment statistics component by aggregating the economy wide financial transactions related to exports

- ✓ India's net export
- ✓ Various product segmentations in export
- ✓ Gems and Jewellery export

**Tools and Techniques Used:**

Standing with the subject the present study is descriptive by nature and required no statistical tools. However in order to project the Imports and Exports Trend projection has been carried out.

**Percentage Method:**

$$= \text{Value of the commodity A} / \text{Total value of all commodities} * 100$$

**Limitations of the Study:**

- However, this study hedges with certain limitations.
- ✓ Secondary data is used in the study, because the subject topic is general.
- ✓ It is very difficult to probe into all areas under the topic, as it is very vast.
- ✓ Wherever the study is made it used aggregate data is there is change of "aggregation error."

Table 1: Trends in Export of Cut and Polished Diamonds *Vis-A-Vis* Gems and Jewellery Exports and Total Merchandise Exports from India (2002-2003 to 2013-2014)

\*Values in USD Millions

Year	*Cut & Polished Diamonds	% of Total Merchandise Exports	*Total Export of Gems & Jewellery Sector	% of Total Merchandise Exports	*Total Merchandise Exports
2002-2003	7110	13.48%	8876	16.8%	52719
2003-2004	8627	15.51%	11619	18.1%	63843
2004-2005	11163	13.36%	15658	18.7%	83536
2005-2006	11831	11.47%	16701	16.2%	103091
2006-2007	10910	8.63%	17159	13.5%	126414
2007-2008	14205	8.71%	20921	12.84%	162904
2008-2009	14804	7.98%	24894	13.43%	185295
2009-2010	18244	10.20%	29442	16.47%	178751
2010-2011	28221	11.23%	43048	17.14%	251136
2011-2012	23356	7.63%	43211	14.12%	305964
2012-2013	17431	5.80%	39137	13.02%	300401
2013-2014	19643	6.24%	34993	11.12%	314416
<b>AVG</b>	<b>15462</b>	<b>10.2%</b>	<b>25471</b>	<b>15.2%</b>	<b>177372</b>

From the above table, the research has found that the status of Export of Cut and Polished Diamonds *vis-a-vis* Gems and Jewellery Exports and Total Merchandise Exports from India. the percentage of gems and jewellery and cut and polished diamonds in total commodity exported from the India. It can be seen in the above table that the export of cut and polished diamonds has increased steadily during the last decade at an average annual rate of 10% p.a. with few exceptions. During the F.Y. 2002-2003 to F.Y. 2004-2005, the export of cut and polished diamonds increased at an annual rate of almost 10-15% p.a. However, during the F.Y. 2006-2007 this growth slumped to mere 8.63%. There are several reasons for this slump, the prominent among them is the rise in the price of rough diamonds and slackening demand from the US and European countries due to fear of global recession. In the post F.Y. 2009-2010, diamond exports from India recovered substantially with the onset of a gradual global economic recovery, although a part of the increase was attributed to weaker Indian Rupee. The favorable exchange rate, coupled with higher demand and government incentives, has led to improved liquidity for most diamond processors and jewellery makers. In the financial year 2010-11, the percentage of total commodity trade was around 17.14%. It was great contribution to the total export trade. An average of CPD Contribution in total export was 10.2% during the study period. An average of Gems and Jewellery Contribution in total export was 15.2% during the study period

Table 2: Trends in Export of Cut and Polished Diamonds *Vis-A-Vis* Gems and Jewellery Exports and Total Merchandise Exports from India (2002-2003 to 2013-2014)

\*Values in USD Millions

Year	Gold Jewellery	% of Total Merchandise Exports	Total Export of Gems & Jewellery Sector	% of Total Merchandise Exports	Total Merchandise Exports
2002-2003	1512	2.87%	8876	16.8%	52719
2003-2004	2680	4.20%	11619	18.1%	63843
2004-2005	3784	4.53%	15658	18.7%	83536
2005-2006	3882	3.77%	16701	16.2%	103091

2006-2007	5209	4.12%	17159	13.5%	126414
2007-2008	5562	3.41%	20921	12.84%	162904
2008-2009	8746	4.72%	24894	13.43%	185295
2009-2010	9679	5.41%	29442	16.47%	178751
2010-2011	7763	3.09%	43048	17.14%	251136
2011-2012	9797	3.20%	43211	14.12%	305964
2012-2013	13038	4.34%	39137	13.02%	300401
2013-2014	8122	2.58%	34993	11.12%	314416
<b>Avg</b>	<b>6647</b>	<b>3.85%</b>	<b>25471</b>	<b>15.2%</b>	<b>177372</b>

From the above table, the research has found that the status of Export of Gold Jewellery *vis-a-vis* Gems and Jewellery Exports and Total Merchandise Exports from India. In the analysis of the percentage of gems and jewellery and Gold Jewellery in total commodity exported from the India, It can be seen in the above table that the export of Gold Jewellery has increased steadily during the last decade at an average annual rate of 4% p.a. with few exceptions. During the F.Y. 2009-2010, F.Y. 2012-2013, the export of Gold Jewellery increased at an annual rate of almost 4%-5% p.a. The favorable exchange rate, coupled with higher demand and government incentives, has led to improved liquidity for most gold processors and jewellery makers. The percentage of total commodity trade was around 15.2% all in average..It was great contribution to the total export trade. An average of gold jewellery export Contribution in total export was 4% during the study period. An average of Gems and Jewellery Contribution in total export was 15.2% during the study period.

Table 3: Compositions of Gems and Jewellery export –Product wise analysis

Items	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
Cut and Polished Diamonds	7110	8627	11163	11831	10910	14205	14804	18244	28221	23356	17431	19643
colored Gems stone	182.69	191.97	193	234	247	276	261	287	315	344	653	520
Gold Jewellery	1151	2364	3784	3882	5209	5562	8746	9679	7763	9797	13038	8122
Gold medallions and Coins			0	0	0	0	0	0	4939	6989	5235	3069
Pearls	4	5	3	2	2	4	4	3	4	4	5	10
Silver Jewellery	95	100	129	146	175	229	237	416	566	761	923	1458
synthetic stones	0.4	0.6	1	1	1	1	1	1	17	25	52	80
Costume fashion Jewellery	10.22	10.33	9	12	8	6	9	15	6	11	17	18
Sales to foreign Tourists	20	20	20	26	42	72	56	42	40	63	56	70
Total			15301	16135	16594	20355	24118	28687	41871	41350	37410	32990
Export of Rough diamonds	302.69	300	357	566	565	567	776	744	1137	1772	1579	1584
Rough stones, Pearls and Other Rough	0	0	0	0	0	0	0	10	40	89	148	418
Net export	8876	11619	15658	16701	17159	20922	24894	29441	43048	43211	39137	34992

Table 4: Compositions of Gems and Jewellery export –Product wise analysis

Items	2002-2003	2003-2004	2004-2005	2005-2006	2006-2007	2007-2008	2008-2009	2009-2010	2010-2011	2011-2012	2012-2013	2013-2014
CPD	80.10 %	74.24%	71.29 %	70.84 %	63.5%	67.8%	59.46 %	61.93 %	65.55%	54.05%	44.53 %	56.13 %
colored Gems stone	2.05%	1.65%	1.23%	1.4%	1.43%	1.13%	1.04%	0.97%	0.73%	0.785%	1.66%	1.48%
Gold Jeweler	12.96 %	20.34%	24.16 %	23.24 %	30.35 %	26.58 %	35.13 %	32.87 %	18.03%	22.67%	33.31 %	23.21 %
Gold medallions and Coins									11.43%	16.17%	13.37 %	8.77%
Pearls	0.045 %	0.043%	0.019 %	0.019 %	0.01%	0.019 %	0.016 %	0.010 %	0.0009%	0.0009 %	0.01%	0.02%
Silver Jewellery	1.070 %	0.86%	0.82%	1.019 %	1.019 %	1.09%	0.95%	1.41%	1.31%	1.76%	2.35%	4.16%
synthetic stones	0.004 %	0.004%	0.006 %	0.87%	0.005 %	0.004 %	0.004 %	0.003 %	0.039%	0.057%	0.13%	0.22%
Costume fashion Jewellery	0.115 %	0.08%	0.05%	0.07%	0.04%	0.036 %	0.05%	0.05%	0.01%	0.025%	0.043 %	0.05%
Sales to foreign Tourists	0.22%	0.17%	0.12%	0.15%	0.24%	0.34%	0.22%	0.14%	0.09%	0.14%	0	0.20%
Total	96.59 %	97.42%	97.72 %	96.61 %	96.70 %	96.88 %	97.43 %	97.43 %	97.26%	95.69%	95.585 %	94.22 %

Export of Rough diamonds	3.41%	2.58%	2.27%	3.38%	3.29%	3.117%	2.52%	2.52%	2.64%	4.108%	4.03%	4.53%
Rough stones, Pearls and Other Rough	0	0						0.03%	0.09%	0.20%	0.37%	1.194%
Net export	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%	100%

From the above table, The research has found that the complete picture of overall contribution of Gems and jewellery products in it's Category. All the products in gems and jewellery sector showed upward trend in export. The composition of each items were trying to get it's own position in the list especially cut and polished diamonds and gold Jewellery items. Earlier CPD was the main contributor in this sector, now slowly gold jewellery also participating in the race. but major contributor was only CPD items. All in average CPD Contribution was 65%. Contribution of Gold jewellery was 18%. Recently gold metals and coins, silver jewellery export, export of rough diamonds, rough pearls added in Gems and Jewellery export composition.

Table 5: Contribution of G&J Export to Indian GDP

Year	GDP (Millions of \$)	(Millions of \$)		Millions of \$)		Millions of \$)	
	Nominal	Export	Percentage	G&J Export	Percentage	CPD	Percentage
2003	618370	52719.4	8.5%	8876	1.4%	7110.42	1.15%
2004	721590	63842.6	8.8%	11619	1.6%	8627	1.20%
2005	834220	83535.9	10.0%	15658	1.9%	11163	1.34%
2006	949120	103090.5	10.9%	16701	1.8%	11831	1.25%
2007	1238700	126414.1	10.2%	17159	1.4%	10910	0.88%
2008	1224100	162904.2	13.3%	20921	1.7%	14205	1.16%
2009	1365370	185295	13.6%	24894	1.8%	14804	1.08%
2010	1708460	178751.4	10.5%	29442	1.7%	18244	1.07%
2011	1843020	251136.2	13.6%	43048	2.3%	28221	1.53%
2012	1835370	305963.9	16.7%	43211	2.4%	23356	1.27%
2013	1875160	300400.7	16.0%	39137	2.1%	17431	0.93%
2014	2049500	314415.7	15.3%	34993	1.7%	19643	0.96%
<b>Total</b>	<b>16262980</b>	<b>2128470</b>	<b>147.40%</b>	<b>305659</b>	<b>21.80%</b>	<b>185545.4</b>	<b>13.82%</b>
<b>Avg</b>	<b>1355248.33</b>	<b>177372.5</b>	<b>12.25%</b>	<b>25471.58</b>	<b>1.82%</b>	<b>15462.12</b>	<b>1.16%</b>

**Interpretation:**

From the above table researcher has found that the status of Trends in Export of G&J vis-à-vis Total Merchandise Exports and GDP from India. Indian GDP was in upward trend form the 2002-2003 FY to 2013-2014 FY except 2007-2008 and 2012-2013 at that time no negative impact in export value as well as G&J export. Average value of Total Merchandise export was USD 177372 millions during the study period. An average contribution of Total export towards the GDP Nominal value was 12.25%. The gems and Jewellery industry contribution towards Indian nominal GDP value was 1.81% and Cut and polished diamonds contribution towards GDP was 1.15%

**Swot Analysis of Indian Gems & Jewellery Industry:**

**Strengths:**

- ✓ About one million craftsmen are associated with this industry. Their skills can be utilized for designing and making modern Jewellery
- ✓ Availability of abundance of cheap and skilled labor in India.
- ✓ Presence of excellent marketing network spread across the world.
- ✓ Supportive government industrial/ EXIM policy.

**Weaknesses:**

- ✓ Small firms lacking technological/ export information expertise.
- ✓ Low productivity compared to labor in china, Thailand and Sri Lanka.
- ✓ As the major raw material requirements need to be imported, companies normally stock huge quantities of inventory resulting high inventory carrying costs.

**Opportunities:**

- ✓ New markets in Europe & Latin America
- ✓ Growing demand in South Asian & Far East countries.
- ✓ Rupee value depreciating resulting in a windfall increase in the profitability.
- ✓ Industry moving from a phase of consolidation

**Threats:**

- ✓ China, Sri Lanka and Thailand's entry in small diamond segment
- ✓ Infrastructure bottlenecks, absence of latest technology

**Common Finding:**

- ✓ As for as gems and jewellery external trade is concerned balance of trade is positive except pearls export.
- ✓ The positive balance of trade is the greatest strength to Indian economy and trade surplus also helps to reduce the negative balance of trade in major items.

**Suggestions:**

From ancient times India is very well known in the world as the birthplace for the Gems and Jewellery. It has the remained the home of diamond and Jewellery for over two millenniums. India produces and consumes huge amount of diamonds and Jewellery, which assures a bright future for the Indian economy. The following suggestion that acts as the outcome of the study will provide measures to benefit and improve the industry.

- ✓ Infrastructure facility is a great drawback to the Indian industry and Indian government should take necessary steps to provide the required facility for Gems and Jewellery manufacturers.
- ✓ Technological up gradation is yet another criterion which needs to be improved to gain competitive advantage. Cost of labor being the cheap has resulted in low productivity compared to china. Also, child labor should be abolished and measures should be taken to improve the remuneration or wage factor.
- ✓ Imports of the raw material, storage, security leads to added cost, thereby increasing the total cost. Therefore export import procedures should be more liberal and cost efficient. Frequent changes in policies should be avoided.
- ✓ Supply chain competency should be varied and situation specific to cater to the need of the customers
- ✓ Legislative and judicial initiatives should be flexible to permit free trade.
- ✓ Government should provide preventive measures to control occupational hazard.
- ✓ Government should provide the excellent financial assistance to all Gems and Jewellery manufactures, to enhance exports trade.
- ✓ The above suggestion will open up new areas and frontiers.
- ✓ The colored Gems stones also have a slightly improvement profile in export during the last decade, so we should concentrate about it, for future progress
- ✓ Today the new product innovation is highly needed for future survival. The platinum market is growing in both domestic and international arena and concentration should be laid on it..
- ✓ We should make more importance to new designs and new usage of those products.
- ✓ Indian manufacturers mostly exporting gems and jewellery products to world leading branded companies. Instead of exporting to these companies, Indian manufacturers should make own world brands in India, If its happen, India will get more foreign exchange surplus in this sector.

**Conclusion:**

The study about Gems and Jewellery Industry, gives an enlightening to each and every person depending on the industry. If we blindly fore-see the industry, we can only find that, this industry is growing and earning more forex. But a deep analysis throws light into the setbacks and threats. The world market is anticipating the new products and new metals. Diamond, has more varieties, and types in world market, as low cartage, medium cartage and high cartage. India is mostly producing the low cartage diamond that it can only depend on USA market. Now a days the USD value is also declining. This will effect the exchange earnings. The colour Gems stones is slightly progressive in export. Pearls exports were declining. But, the fashion and costume Jewellery market is increasing day by day. Value added products, New Innovations, More productivity, Branding will improve the world trade of gems and jewellery export and Government initiatives on regional trade agreements will facilitate the trade. Finally Indian economy will get benefited.

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