



Export of Gems and Jewellery: The Indian Perspective

KEYWORDS

Foreign Exchange, Gems and Jewellery, Export Destinations

Purnashree Das

Deptt. of Commerce, Gauhati University,
Guwahati-781014

Saurabhi Borthakur

Deptt. of Commerce, Gauhati University,
Guwahati-781014

ABSTRACT India has established itself as the world's largest manufacturing sector for cut and polished diamonds, contributing nearly 60% of the world's supply in terms of value and 80% in terms of volume. The industry has registered a remarkable growth over the last four decades with exports growing from \$28mn in 1966-67 to \$42.84bn in 2011-12. The present study is an attempt to illustrate the export figures of Gems and Jewellery during the period 2000-01 to 2011-12. The study also highlights the major export destinations of Indian Gems and Jewellery. The information for the research enquiry has been collected from secondary sources. The presentation of the export figures of Gems and Jewellery has been depicted in the form of tables. The present study also provides some perspectives of the industry as evident in India.

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. It is one of the fastest growing sectors accounting for around 14% of the India's total merchandise exports during the financial year 2011-12. The industry has registered a remarkable growth over the last four decades with exports growing from \$28mn in 1966-67, when the Gems and Jewellery Export Promotion Council was established, to \$42.84bn in 2011-12. India has established itself as the world's largest manufacturing sector for cut and polished diamonds, contributing nearly 60% of the world's supply in terms of value and 80% in terms of volume.

OBJECTIVES:

The objectives of the present study are:

1. To illustrate the export figures of Gems and Jewellery during the study period from 2000-01 to 2011-12.
2. To illustrate the major export destinations of Indian Gems and Jewellery.

METHODOLOGY:

➤ SOURCE OF DATA:

In order to conduct the study, information has been gathered mostly from secondary sources, government publications and websites. Reports of various agencies like DGCI&S, Economic Survey of India, EXIM Policy Statement and Export Import Manual have been considered besides browsing various related websites.

➤ PERIODICITY:

The present study covers the period from 2000-01 to 2011-12 covering a time period of 12 years.

After considering the objectives and methodology of the present study, we now propose to lay down the composition of Gems and Jewellery and few significant perspectives of this sector.

GEMS AND JEWELLERY – ITS COMPOSITION:

As per the Export Manual of the Government of India, Gems and Jewellery includes the following items:-

- Cut & Polished Diamonds
- Rough Diamonds
- Coloured Gem Stones
- Gold Jewellery
- Non-Gold Jewellery
- Pearls
- Synthetic Stones and
- Costume Fashion Jewellery

INDIAN GEMS AND JEWELLERY INDUSTRY- SOME PERSPECTIVES:

The Gems and Jewellery is a promising sector which is poised to contribute substantially to foreign exchange coffers of the country. The country consumes around 800 tonnes of gold annually of which nearly 600 tonnes is used for jewellery making. India's gold consumption accounts for nearly 20 % of the global gold consumption. It provides employment to 1.3 million people directly and indirectly.

India is the world's largest diamond processing country with around 1 million processors treating over 57 % of the world's rough diamonds. 11 out of 12 diamonds set in jewellery are cut and polished in India, mainly around Mumbai, Surat, Jaipur, Bhavnagar, Ahmedabad and Bhuj.. A major chunk of gold jewellery manufactured in India is for domestic consumption, whereas a major portion of diamond jewellery is exported. The hub of India's jewellery industry is Mumbai that receives bulk of the country's gold and rough diamond imports. The majority of the modern units are located in the Special Economic Zone (SEZ). The SEZ in Mumbai alone accounts for about half of the country's Gems and Jewellery exports.

Although India is the global factory of cutting and polishing diamonds, the trading hubs are located in the bye lanes of Antwerp and Belgium where this trade is shared by Jews and Gujaratis. The setting up of the Diamond Bourse in Mumbai which is one of the largest bourses in the world, at par with international standards, is expected to ensure India's strategic shift as a leading diamond trading market in Asia. The vision is to make India the Global Jewellery Hub and a one stop destination for diamonds, gems, gold and jewellery.

Another remarkable fact is that although India is the forerunner in processing of Gems and Jewellery, but the domestic

production of gold and diamonds is very negligible. As a corollary, the Indian jewellery industry has to depend entirely on imported raw materials. India produces a meager amount of around 2 tonnes of gold annually against the import of around 1000 tonnes.

Indian jewellery pieces are mostly manufactured in certain pockets of the country like Kolkata, Mumbai, Ahmedabad, Surat, Jodhpur, Jaipur, Bangalore, Bhuvaneshwar and Cuttack which bears the stamp of distinct artistic touch of the Indian goldsmith, in terms of its exquisite design and craftsmanship like the colour stone industry at Jaipur, which enable them to maintain a steady demand in the global market.

The government, recognizing the inherent strengths of this sector in terms of its employability potential has taken major initiatives to strengthen institutional linkages to enhance the skill levels of the workers commensurating to the industry requirements. Two such centers have been set up at Domjur in West Bengal and Khambat in Gujarat. Moreover, the sector is also well supported by Government policies and the banking sector, with around 50 banks providing about US\$ 3 billion credit to the Indian diamond industry. The relentless efforts of Indian entrepreneurs and the strong financial base of the industry have also given it a facelift.

The Gems & Jewellery Export Promotion Council has been playing a significant role in the development of the industry by coordinating the scattered efforts of individual exporters into a powerful engine driving the country's export led growth in association with the World Crafts Council.

In consonance with Objective No.1, we shall now lay down the exports of Indian Gems and Jewellery.

EXPORT OF GEMS AND JEWELLERY:

Gems & Jewellery has played a crucial role in beautifying the Indian women from time immemorial. It has a place of pride in defining the wealth, prosperity and accumulations of an individual. Besides the ornamental value, it is contributing substantially to the country's exchequer.

Table 1 furnished hereunder highlights the export figures of Gems and Jewellery vis-à-vis the total national exports of India.

Table 1: Value of Gems and Jewellery exports during the study period (in million)

YEAR	TOTAL NATIONAL EXPORTS (Rs)	EXPORT OF GEMS AND JEWELLERY(Rs.)
2000-01	2013560	352730
2001-02	2090180	358630
2002-03	2551370	442320
2003-04	2933670	556840
2004-05	3753400	618340
2005-06	4564830	687530
2006-07	5717790	722950
2007-08	6558640	792280
2008-09	8407550	1285750
2009-10	8455340	1375680
2010-11	12157453	1957350
2011-12	13300195	2048230

Source: Self computed from the figures available from DGCI&S

The Gems and Jewellery sector has witnessed colossal growth in terms of production, consumption and exports during the study period as may be discerned from Table No.1. Such a growth can be largely attributed to the gold jewellery segment which registered an exponential increase of 30% in financial year 2012. Its exports grew from US\$ 12695 million (INR 57747.67 crores) in 2010-2011 to US\$ 16517 million (INR 79430.26 crores) in 2011-2012. The exports of coloured gemstone also witnessed an increase of 9.10% in dollar terms

with the segment recording growth from US\$ 314.20 million in 2010-2011 to US\$ 342.80 million in 2011-2012.

Such growth is driven primarily by their value proposition, marketing innovations and contemporary designs. The sector has made brilliant strides, particularly in 2008-09 and 2010-11. As is evident from Table 1, Gems and Jewellery exports has increased from Rs. 3,52,730 million in 2000-01 to Rs. 20,48,230 million in 2011-12 which implies a growth of around 4.8 times in terms of export volume.

Having considered the exports of Gems and Jewellery, we now lay down the percentage of its exports to national total as well as the percentage change in its exports as compared to the previous year in Table 2.

As is apparent from the Table 2, export of Gems and Jewellery has maintained a steady rate averaging over 15% to the national exports during the study period. However, the growth of Gems and Jewellery export has not been a steady one. In 2000-01, the growth in its export has been as low as 0.3% as against 2008-09 when the growth has been the maximum (62.3%). In most of the years, however, Gems and Jewellery exports have maintained a high growth rate. But in spite of such a high growth rate, the export of Gems and Jewellery as a percentage to national total has remained more or less the same.

Table 2: Percentage change in export of Gems and Jewellery during the study period

YEAR	EXPORT OF GEMS AND JEWELLERY AS A % TO NATIONAL TOTAL	% CHANGE OVER THE PREVIOUS YEAR
2000-01	17.5	0.3
2001-02	17.1	1.7
2002-03	17.3	23.3
2003-04	19.0	25.9
2004-05	16.4	26.1
2005-06	15.1	12.8
2006-07	12.6	5.2
2007-08	12.1	9.6
2008-09	15.3	62.3
2009-10	16.3	7.0
2010-11	16.1	42.3
2011-12	15.4	4.6

Source: Self computed from the figures available from DGCI&S

After considering the exports of Gems and Jewellery, we shall now highlight the major destinations of Indian Gems and Jewellery in consonance with Objective No.2.

MAJOR DESTINATIONS OF INDIAN GEMS AND JEWELLERY:

Gems and jewellery are mainly exported to rich countries like USA, UK, Japan, Israel, Belgium and Switzerland, trading nations like Hong Kong and Singapore, and also newly industrialised countries like Thailand. UAE is also a significant consumer of Indian Gems and Jewellery. The major destinations of Indian Gems and Jewellery exports have been categorized in the form of the following Table No.3.

Table 3: Major Destinations of Gems and Jewellery Export

MAJOR DESTINATIONS 2010-11		Percentage shares 2011-12	
I.	OECD Countries	33.2	33.8
	EU	18.3	17.2
	North America	10.6	11.9
	US	10.1	11.3
	Asia and Oceania	2.8	3.0
	Other OECD Countries	1.5	1.6
II.	OPEC	21.3	19.0

III.	Eastern Europe	1.1	1.1
IV.	Developing Countries	38.2	40.7
	Asia	27.9	29.6
	SAARC	4.6	4.3
	Other Asian Developing Countries	23.3	25.3
	People's Republic of China	6.2	5.9
	Africa	6.3	6.7
	Latin America	4.0	4.4
V.	Others	6.2	5.4

Source: Self computed from the figures available from DGCI&S

The table above highlights the major destinations of Indian Gems and Jewellery exports. As is evident, OECD, OPEC and the Developing Countries are the major importers of our jewellery, consuming around 93.5% of our exports. Therefore, these markets have a strong demand of our products and thus a bright potential to contribute significantly to our foreign exchange earnings. Hence, these markets should be further tapped and harnessed.

Having considered the export and export destinations of Gems and Jewellery, we now undertake to study the prospects of the sector.

CONCLUSION:

The Indian Gems and Jewellery industry is at a very significant point of its development. The increase in purchasing power of people has resulted in remarkable growth in the consumption of Gems and Jewellery worldwide. Moreover, the significant appreciation in the prices of Gems and Jewellery in the recent years makes them a very rewarding option of investment and wealth accumulation.

The industry enjoys significant strengths and advantages, such as, availability of raw materials, labour, domestic market and supportive government policies. The volume of exports of the industry is both deepening and broadening which could be largely attributed to adoption of modern technologies, the industry's cost efficiency and marketing efforts.

India has been increasingly accorded the status of a world trading hub for Gems and Jewellery. To build a Brand India, the industry has to renovate itself in accordance to the changed lifestyles and changing expenditure patterns through refurbished products, outlooks and business practices. The socio-economic conditions are conducive for the same as the economy as well as the population of the country has realized the significance and potential of this sector in bringing about the much needed economic impetus.

REFERENCE

1. The Economic Survey of India – various issues | 2. The EXIM Policy Statement – various issues | 3. "Revamping trade policy", (2012, August 29), The Assam Tribune, p. 6 | 4. "Gems, jewellery exports drop", (2012, September 11), The Assam Tribune, p. 9 | 5. "Gems and jewellery industry seeks easy tax norms", (2013, January 29), The Assam Tribune, p. 11 | 6. <http://rbidocs.rbi.org.in> | 7. <http://www.dgciskol.nic.in> | 8. <http://commerce.nic.in>