

# Exports of Gems And Jewellery during the period 2010-2020 and to focus on its growth by 2025 with special emphasis on diamond

**Hemant Kumar Tantia,**

Joint Commissioner of Customs & GST

Research Scholar, D.Y. Patil University School of Management, Sector 4, CBD Belapur, Navi Mumbai, Maharashtra, India

E-mail: hemant6566@gmail.com

**Dr. Vani Kamath**

Dean, School of Management, D.Y. Patil University School of Management, Sector 4, CBD Belapur, Navi Mumbai, Maharashtra, India

E-mail: vani.kamath@gmail.com

## ABSTRACT

Growth in exports is the one of the prime objectives for economic development of our country. The exports of gems and jewellery has a very important place in our economy. Presently, exports of gems and jewellery from India is in the range of USD 36 to 43 billion per annum during last 5 years 2015-2020, which in the range of 12 to 17 percent in terms of value of total merchandise exports from India. Diamond is the chief constituent of exports which contributes 52% to 60% of total gems and jewellery exports. Although India is doing well in gems and jewellery exports, there is ample scope of its growth. Keeping in view of all the favorable factors, India has set a target of US\$ 75 billion in jewellery export by 2024-25. Hence, it become very essential for the manufacturers, traders, bankers and other stakeholders to work together in tandem to achieve this target. The role of the government is also very significant. This research paper attempts to study India's present position in international trade of gems and jewellery and provides suggestions to achieve this daunting target. During this research, primary and secondary data have been collected for the analysis. The findings of the study would be very useful to increase the growth of exports.

**KEYWORDS:** *Gems and Jewellery, Diamond, Exports*

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## I. INTRODUCTION

The gems & jewellery Sector plays a very significant role in the Indian economy as it contributes around 7% to the nation's GDP & 12% to 17% in terms of value of total merchandise exports from India. Diamond is one of the most important constituents of G&J exports from India and its contribution is very significant as far as foreign exchange earnings is concerned. India's share in global market of diamond is 60% share in terms of value and 85% in terms of volume. The Industry is very much export oriented and labour incentive one. The Government consider gems and jewellery sector as a focus area for export promotion and permitted 100% FDI through the automatic route to encourage exports. However, the industry has been facing some crisis, which need to be redressed for better growth of exports.

## II. Literature Review

- a. Research scholars Supriya Lamba & Neha Saini in their research under title "Prospects of Gems and Jeweller Export in India" suggested that exporters of gems and jewellery should adopt substantial & synergized tactics to procure their strong presence in

international market by using modern techniques & strategies.

- b. Dr. Parul Agarwal, Ms. Richa Devgun, Dr. J.S. Bhatnagar in their research under title "A study on Problems Faced by Exporters of Gems and Jewellery Industry" explained that G&J sector in India is highly unorganized and to fasten up with the new trends in global market, product planning and development is strongly recommended. Besides government, associations such as IIFT, ITPO & GJEPC should refine their activities & contribute for export promotion of G&J.
- c. Avi Patodi, Nishant Joshi and Dr. R.K. Sharma in their research under title "Robustness Exploration of Diamond Exports from India explained that SEZ infrastructure specially dedicated to gems and jewellery is yet to be developed fully and it is a matter of concern. The future of diamond exports is rough and our supremacy may soon be challenged.

## III. Objective of the Study

To analyze the trend of exports of gems and jewellery during last 10 years with a purpose to find the way out for exponential growth of exports to achieve the target of USD 80 billion by 2025.

Critical analysis of hindrances affecting growth of exports and its suitable solution.

**IV. HYPOTHESIS:**

The following Null hypothesis is being tested by using appropriate test of significance:

1. There is a no substantial progress in export performance during last five years.
2. With availability of latest manufacturing equipments, skilled labours coupled with low labour cost, India has great advantage over other countries in this sector to get more export orders.
3. There is no mining of diamond in India, therefore, Indian manufacturers have to go abroad to procure rough diamonds. Liberalization of policies is needed to permit sales of rough diamonds in India brought by foreign diamond miners.
4. Custom procedures need to be simplified.
5. India deserves to be a major trading hub for rough diamonds.

**V. Research Methodology**

Being descriptive research design is used for the study. It is mainly a quantitative research, therefore attempts have been made to collect quantifiable

**For primary data the Questionnaires have been prepared based on Likert scale and sent to the following persons with a request to reply the prescribed questions.**

1.	CEOs/Directors of the company	10
2.	Managers/Executives of the company of various stakeholders	40
3.	Government officials dealing with export/import of gems and jewellery	10
4.	Jewellery retailers	20
5.	Potential buyers	20
	<b>Total</b>	<b>100</b>

information for statistical analysis of the population. As per Gems and Jewellery Export Promotion Council (GJEPC), the apex body of Gems and jewellery sector set up under Ministry of Commerce and industry, there are over 6000 registered gems and jewellery exporters.

For the purpose of analysis, this study has been conducted based on collection of primary as well as secondary data.

**(a) Data Collection**

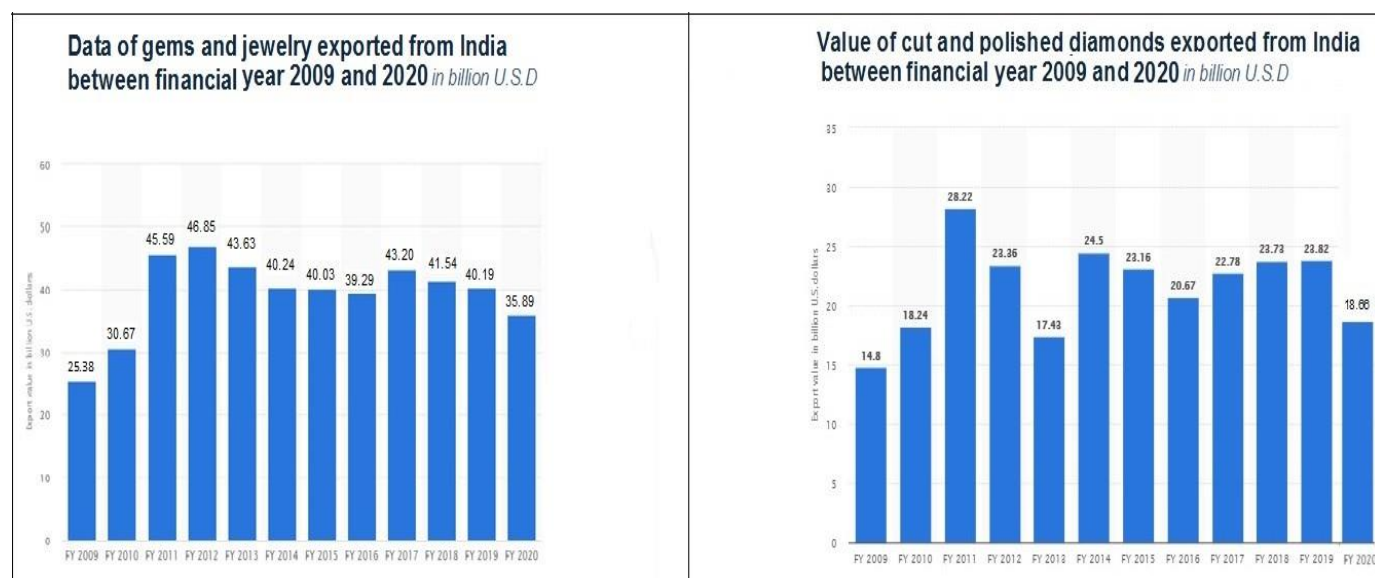
For the purpose of scientific and systematic research, data have been collected from various sources.

- (i) Primary data- Interviews, Extensive survey, Attending conferences and Exhibition, Structured Questionnaires to related person.
- (ii) Secondary data-Publications of periodical GJEPC, Various journals, Magazines, Websites.

**(b) The sample****(c) Data Analysis**

The data of export performance of gems and jewellery for last 10 years have been duly collected and analyzed critically to ascertain the trend of exports. These are depicted in the form of column chart (Table No. 1) and tabular form (Table No.2);

(i)Exports performance of Gems & Jewellery and its major constituent Cut& Polished Diamond for over last one decade (2009-2020) as shown in Table No. 01

**TableNo.01**

(ii) Comparative study of exports of **Gems & Jewellery** and its chief constituent **Cut & Polished Diamond** for over last one decade (2009-2020) as shown in Table No. 02

Financial Year	Exports of Gems & Jewellery from India In billion USD	Exports of Cut & Polished Diamond from India In billion USD	Percentage of Cut & Polished Diamond in total exports of G&J
2009-2010	30.67	18.24	59.47 %
2010-2011	45.59	28.22	61.89 %
2011-2012	46.85	23.36	49.86 %
2012-2013	43.63	17.43	39.94 %
2013-2014	40.24	24.5	60.88 %
2014-2015	40.03	23.16	57.85 %
2015-2016	39.29	20.67	52.6 %
2016-2017	43.2	22.78	52.73 %
2017-2018	41.54	23.73	57.12 %
2018-2019	40.19	23.82	59.26 %
2019-2020	35.89	18.66	51.99 %

Table No.02

#### (d) Duration

Analysis of the export data for the period of last ten years from 2010 to 2020 have been done to ascertain the trend & variation of exports of gems and jewellery etc.

#### VI. SWOT Analysis

To study the trend of gems and jewellery exports, data of ascertain the geniuses /purity of these high valued forty manufacturers/exporters/retailers of Gems & Jewellery jewellery products. Industry have been collected for SWOT analysis. 3The Diamond industry needs more support from banks and other financial institution for capitals loans.

#### Strengths:

1. Indian hand-made jewellery in ethnic, traditional as well as modern designs are very much in demand worldwide.
2. Indian government is very supportive and extended lots of support by way of export incentive schemes, bank loans without collaterals for MSMEs with moratorium period of 12 months, lower corporate tax rate to 25% etc., facilities of export and import through SEZ etc.
3. Cheap availability of skilled and unskilled labours.
4. With sophisticated manufacturing techniques coupled with a lower labour cost India has an advantage over other countries and it becomes an one stop destination for all types of diamonds & jewellery. The momentum is likely to continue.

#### Weaknesses:

1. Cut and polished diamond is the chief constituent of exports of gems and jewellery, however, due to non-mining of diamond in India, the industry is totally dependent on import of its raw material i.e. Rough

diamonds. Similarly, for export of gold products, jewellery manufacturers are heavily dependent on import of gold bars and does, therefore their business are very unpredictable and always at the mercy of foreign suppliers.

2. Lack of sufficient testing facilities in pan India to ascertain the geniuses /purity of these high valued jewellery products.
3. The Diamond industry needs more support from banks and other financial institution for capitals loans.
4. Complications in carrying out the export/import business through e-commerce.

#### Opportunities:

1. New avenues for exports such as Russia, Brazil, UK, Vietnam, Singapore, France, Italy etc. have been identified, which would boost the exports volume.
2. With the revise definition of MSME, now 85% of manufacturers/exporters of gems and jewellery are covered under MSME category. These manufacturers/exporters can now avail all the benefits of MSME extended by the government like availing loans without collateral, Moratorium facility in loan, lower corporate tax etc.

#### Threats:

1. Outbreak of COVID-19 since March 2020 to till date has affected the international trade very adversely.
2. China and Hong kong are big markets for india, however, border dispute between India and China has affected the trade between them very severely.
3. Global recession still continues.

#### Findings:

Exports of gems and jewellery from India was USD

35.89 billion during 2019-20. The major buyer countries are Hong Kong (33%), UAE (25%) and the USA (23%). In order to promote trade, the government has under taken many initiatives, which are as follows:

- a. Introduction of revised classification of MSMEs w.e.f 1st July, 2020. Under the new definition, the manufacturers/exporters having turnover below Rs. 250 crore would fall under MSME category. Now, 85 percent manufacturers/exporters in gems and jewellery industry are covered under MSME category. To promote them, the government has given so many benefits to MSME such as sanction of loans without collaterals, Subsidy on patent registration & industrial promotion, overdraft facility with interest rate exemption, concession on electricity, Corporate tax slash to 25% for MSMEs having annual turnover up to Rs 50 crore.
- b. The Government has permitted 100 per cent Foreign Direct Investment (FDI) in the sector by way of the automatic route. The overall FDI inflow in diamond and gold ornaments for the period April 2019–March 2020 remained at US\$ 1.17 billion.
- c. After budget 2019-20, there was cut in GST rate from 18 per cent to 5 per cent (5% without any Input Tax Credit) in the job work in relation to G&J.
- d. The Government levied a very nominal import duty 3% GST on gold, silver, processed diamonds and 0.25% on rough diamonds.
- e. Established Common Facility Centres (CFCs) at Palanpur and Visnagar. Besides these, two more CFCs at Ahmedabad and Amreli are likely to set up soon.
- f. Formation of Co-ordination Committee (CoC) under the aegis of Ministry of Commerce. The committee consists of members represented from Finance ministry, Commerce ministry, RBI, IBA, Leading Banks and Trade. It is formed to address many industry related issues such as striving for transparency through Mykyc Bank, maintaining rules and regulation and to discuss about Credit Policies for Diamond and Jewellery sector etc.
- g. Government has been extending full support to G&J trade by way of setting up of SEZs, up gradation in skills and technology, and promoting brand India in the international markets. Presently SEZs are in operation in Mumbai, Manikanchan, (West Bengal), Hyderabad and Jaipur. In addition, the Government has given approval for setting up of 13 more SEZs. In fact, the SEZs play most crucial role for substantial growth of exports of gems and jewellery from India.

- h. The GJEPC, the apex body of gems and jewellery industry working under the aegis of Ministry of Commerce has been putting all out efforts to boost the exports. They organize B2B exhibitions in India on regular basis and also facilitate Indian exporters to take part in major international exhibitions abroad. Besides, whenever trade face any problem or seek any facilitation, GJEPC assist them to resolve the issues by approaching various government departments.

## VII. Sum Up

1. Gems and jewellery sector is the leading foreign exchange earner as well as big source of employment generating sector for the country. However this sector is predominantly a family oriented business and it is not fully organized. To compete in the international market, a proper marketing strategies especially by adopting the principles of 4P's products, place, price and planning is highly recommended.
2. The exporters of gems and jewellery must explore for newer markets for exports. Countries like Brazil, Russia, UK, Germany, and Vietnam have growing demands for cut and polished diamonds. Similarly, for gold jewellery UK, France, Australia, Thailand and Qatar emerged as new destinations.
3. Indian G&J industry has not yet been able to take benefit of this e-Commerce platform for trading due to various hurdles in rules and regulation. To adopt the e-commerce policy in full swing, there is an urgent need to bring various government departments, stake holders of G&J Industry and e-commerce companies on the same platform and work in coordination with each other, devising detailed SOPs, ensuring complete end-to-end tracking, simplification in export/import procedure. With the e-commerce facility B2C export transaction will get exceptional boost.
4. Presently, there is a provision that foreign miners can display their rough diamonds by bringing at SNZ Mumbai, however sale is not permitted there on account of the fact that these foreign sellers would be considered as permanent entities and it would attract income tax to them. To avoid this, sellers have to take their goods back to their countries. A provision should be made by the government to permit them to sell their rough diamonds to the manufacturers in SNZ, India. This would help the manufacturers to procure rough diamonds without going abroad.
5. Presently Indian gems and jewellery exports are in the range of USD 36-43 billion-mark during

last 5 years. The GJEPC and all the stakeholders of the industry have been working out strategies to increase the growth of exports. Undoubtly, the government is very much supporting the trade through various trade friendly policies, export oriented incentives, banking loan facilities, special focus given to MSME, setting up common facility centers across the country as described above. All these efforts would certainly create wider market access across the globe and target of USD 75 billion exports of gems and jewellery in the next five year i.e. by the year 2025 is definitely achievable.

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