



A Study on Export and Import Performance of Gems and Jewellery Industry in India

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Abstract - Gems and jewellery constitute an important segment of the Indian economy, contributing a steady increase in India's exports every year. As they belong to the group of value-added products, the Government provides all the required support to this industry so as to encourage exports. It is one of the important foundations of our country's export growth. Not only it is a leading foreign exchange earner but also one of the fastest growing sectors.

Keywords – Gems and Jewellery; Export and Import Performance; Gold and Diamond.

1. INTRODUCTION

The gems and jewellery industry occupies an important and dynamic position in the Indian economy. It is a leading foreign exchange earner, as well as one of the fastest growing industries in the country. The gems and jewellery industry is very much fascinating being traditionally glamorous and artistically modern. Gems and Jewellery are the precious ornamental products which are usually less in weight and quantity but very high in value.

The two major segments of the gems and jewellery business in India are gold jewellery and diamond jewellery. Gold jewellery forms around 80 per cent of the Indian jewellery market, with the balance comprising fabricated studded jewellery that includes diamond and gemstone studded jewellery. While a predominant portion of gold jewellery manufactured in India is for domestic consumption and a major portion of rough, uncut diamonds processed in the form of either polished diamonds or finished diamond jewellery is exported

The gems and jewellery industry accounts for nearly 20 per cent of the total Indian exports and employs over 1.3 million people, directly or indirectly. India's gems and jewellery industry is highly unorganized and fragmented with 96 percent of the total players being family owned businesses. The gold processing industry has around 15,000 players,

with only 80 having revenues over USD 5 million. India is also a home for around 4,50,000 goldsmiths, 1,00,000 gold jewellers along with 6,000 diamond processing players and 8,000 diamond jewellers. India is the largest consumer of gold worldwide and also the leading diamond cutting nation

2. STATEMENT OF THE PROBLEM

In the present economic crisis the country is facing, there is an immense need to improve our international business which will help us to face the overburdened deficits of the past. As it had been rightly pointed out by former Prime Minister of India, Pandit Jawaharlal Nehru, "Export or Perish" Our country needs to seriously consider the slogan and work on it or else the day is not very far, that we will be nowhere in the international map. Thus, the present study has relevance with the present day's problem of maintaining the balance of payment position of the country.

This industry has been selected, mainly because Gems and Jewellery is one of the thrust sectors in the economy to earn foreign exchange through exports. It is also very important from the import point of view that without liberal policies favoring import, there would not be the possibility of the country to increase the export of the products of the industry. Moreover, the present study by focusing mainly over the current trends of the import and export of the gems and jewellery industry would be of much help to have an insight into the present status of the industry and serve some useful purpose in formulating suitable policies relating to the export and import performance of gems and jewellery in India.

3. OBJECTIVES

1. To make on account of export performance of gems and jewellery industry in India.
2. To make on account of import performance of gems and jewellery industry in India.
3. To analysis the trends and growth of Gems and Jewellery industry in India.
4. To offer suitable suggestions for the effective performance of gem and jewellery industry in India

4. PERIOD OF STUDY

The secondary data relating to export and import performance of gems and jewellery were gathered for a period of 10 years from 2001-02 to 2010-11.

5. METHODOLOGY

The study has depended on secondary sources only. The secondary data were

collected from standard text books, leading journals, magazines and websites.

6. TOOLS OF ANALYSIS

The Compound Growth Rate with regard to export/import of Gems and Jewellery has been computed and estimates are made on the basis of trend equation.

7. INDIA’S EXPORTS OF GEMS AND JEWELLERY

The study data were collected on the export of gems and jewellery from India for a period of 10 years starting from 2001-02 to 2010-11. The export of gems and jewellery which stood at US \$ million 7569 during 2001-02 and gradually it increased to US \$ million 43139.24 during 2010-11. The following table 1 contains the data on the exports of gems and jewellery from India over the period of 10 years.

TABLE 1 India’s Exports of Gems and Jewellery

Sl. No	YEAR	EXPORTS (US \$ MILLION)	INCREASE / DECREASE	PERCENTAGE
1	2001 – 02	7569	-	-
2	2002 – 03	9162	1593	21.05
3	2003 – 04	12112	2950	32.20
4	2004 – 05	15658	3546	29.28
5	2005 – 06	16701	1043	6.66
6	2006 – 07	17158.71	457.71	2.74
7	2007 – 08	20921.29	3762.58	21.93
8	2008 – 09	24894.1	3972.81	18.99
9	2009 – 10	29433.7	4539.6	18.24
10	2010 – 11	43139.24	13705.54	46.56

The table given above makes a vivid disclosure that there is an increase in the exports of gems and jewellery (more than 6 times) during the study period of 10 years from 2001-02 to 2010-11. The highest increase of export of gems and jewellery in India is 46.56 per cent during 2010-11 and lowest increase is 2.74 per cent during 2006-07.

Based on the table 1, export performance of gems and jewellery from India, trend was calculated to fit a straight line. The straight line trend is represented by the equation

$$Y_c = a + b (X)$$

Where Y_c is used to designate the trend values calculated and is distinguished them from the actual values; ‘a’ is the Y intercept or computed trend value of the Y variable when $X=0$; ‘b’ represents the slope of the trend value line or amount of change in Y variable that is associated with a change of one unit in X variable. The X variable represents time. The calculated value of a is 9369.002 and the b is 3286.013. So, the trend equation is

$$Y_c = 9369.002 + 3286.013 X$$

With the use of this equation, the trend value for any period can be estimated by substituting the appropriate, X value the trend

equation. So, in this study based on the above equation, the expected trend value of export of gems and jewellery from India for the years 2014-15 and 2019-20 are worked out as US \$ 37300.112 million and US \$ 53730.177 million respectively.

The compound growth rate was used to calculate the export performance of gems and jewellery during the 10 years study period was worked out by using the following formula:

$$\text{Compound Growth Rate (CGR)} = \text{Anti log } b - 1 * 100$$

The analysis indicates that the export of gems and jewellery from India increased at the rate of 16.374 per cent per annum. The export of gems and jewellery from India over the study period is displayed as a time graph in Figure 1.

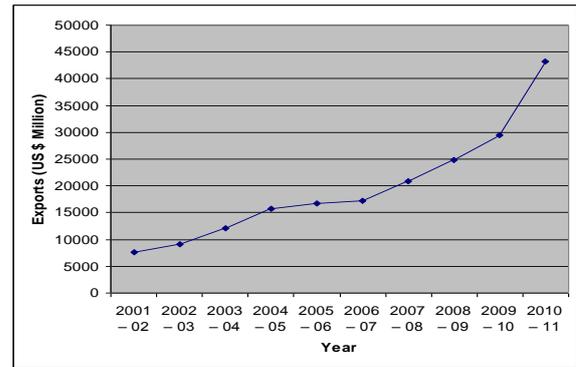


Figure 1 India's Exports of Gems and Jewellery

6. INDIA'S IMPORTS OF GEMS AND JEWELLERY

The study data were collected on the imports of gems and jewellery by India for a period of 10 years starting from 2001-02 to 2010-11. The import of gems and jewellery which stood at US \$ million 5336 during 2001-02 and gradually it increased to US \$ million 41930.29 during 2010-11. The following table 2 contains the data on the imports of gems and jewellery by India over the period of 10 years

TABLE 2 India's Imports of Gems and Jewellery

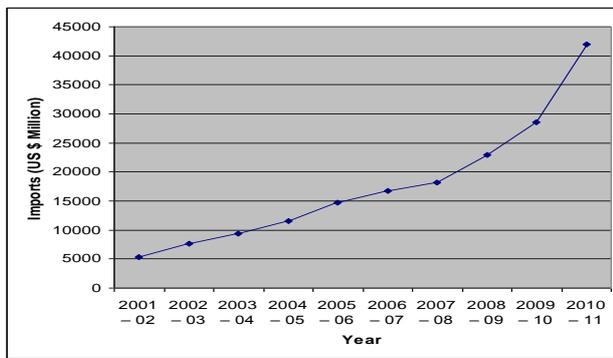
Sl. No	YEAR	IMPORTS (US \$ MILLION)	INCREASE / DECREASE	PERCENTAGE
1	2001 – 02	5336	-	-
2	2002 – 03	7708	2372	44.45
3	2003 – 04	9353	1645	21.34
4	2004 – 05	11584	2231	23.85
5	2005 – 06	14683.97	3099.97	26.76
6	2006 – 07	16780.61	2096.64	14.28
7	2007 – 08	18196.45	1415.84	8.44
8	2008 – 09	22913.50	4717.05	25.92
9	2009 – 10	28532.38	5618.88	24.52
10	2010 – 11	41930.29	13397.91	46.96

The table given above makes a vivid disclosure that there is an increase in the imports of gems and jewellery (more than 8 times) during the study period of 10 years from 2001-02 to 2010-11. The highest increase of import of gems and jewellery by India is 46.56 per cent during 2010-11 and lowest increase is 2.74 per cent during 2006-07. Based on the table 2, import performance of gems and jewellery by India the trend equation is formed as $Y_c = 8429.443 + 3423.370 X$

Based on the above equation, the expected trend value of import of gems and jewellery by India for the years 2014-15 and

2019-20 are worked out as US \$ 37528.09 million and US \$ 54644.942 million respectively.

The compound growth rate was used to calculate the import performance of gems and jewellery during the 10 years study period was worked as 16.432 per cent per annum. The import of gems and jewellery by India over the study period is displayed as a time graph in Figure 2.



7. SUGGESTIONS

1. The Indian exporters should take publicity campaigns, advertisements, organizing exclusive shows regularly and should also participate in International Trade Fairs and Exhibitions frequently. These efforts would help them increasing the awareness of Indian products in the international markets.
2. The exporters should try joint ventures with the units of foreign countries like America and Europe in order to get the benefits of market information of these countries in time which helps the Indian exporters to be aware of fashion changes and trends in Gems and Jewellery market worldwide.
3. The gems and jewellery industry has to develop new strategies on export promotion, product development and overseas sales strategies in order to meet the growing challenges from countries like China, Italy and Thailand.
4. The manufacturers of Gems and Jewellery industry must try to move to Special Economic Zones and the Government should also provide sufficient infrastructure facilities in the Zones so as to make them competitive in the international markets.

CONCLUSION

Gems and jewellery constitute an important segment of the Indian economy, contributing a steady increase in India's exports every year. The two major segments gems and jewellery industry in India are gold and diamonds. Its quality, design and management of units are at par with world standards. India is the undisputed leader in the massive diamond manufacturing sector in the world. India is the only centre which offers a truly mind-boggling variety of Gems and Jewellery in the international market and none of the countries offer such wide range of choices. The Industry now becomes truly a global one with both suppliers and buyers from the different countries of the world. It is one among the few industries which has limited competition in the international arena. The imbalance of foreign trade of our country indicates that the industries like Gems and Jewellery Industry should be encouraged and geared up to achieve their potential, so that the adverse balance of payment of our country could be made good by the industry's foreign exchange earnings, considering its present trends and growth potential, we can safely hope that the Gems and Jewellery Industry will have a glittering future.

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