CHAPTER IV

PROBLEMS OF EXPORT MARKETING

The main constraints confronting the export marketing effort of the Indian diamond industry include lack of systematic distribution and marketing arrangements in consonance with the customary trading practices prevailing elsewhere in the leading centres of the world and in accordance with the requirements of the overseas buyers; failure on the part of the Indian diamond trade to keep pace with the improved marketing techniques and strategies adopted by the competing countries; non-availability of complete range of product; lack of efforts to achieve market as well as product diversification; inadequacy of pre-shipment and post-shipment export finance; lack of mutual trust and faith between the Governmental agencies and the trade; absence of code of conduct among the diamantaires; lack of proper understanding on the part of policy formulating authorities about the personalised and specialised nature of diamond trade; unduly long time taken to comply with procedural formalities incidental to execution of export orders and inadequacy of institutional support for export promotion.
Marketing & Distribution

The export sector of the Indian diamond industry lacks systematic as well as organised distribution and marketing arrangements as have been developed by other competing countries. Diamond bourses or diamond exchanges equipped with all the facilities and infrastructure such as banks, brokers, customs, appraisers, concerned government offices, post offices and airlines offices are non-existent at the nerve centre of trade and industry, namely, Bombay. It is rather interesting that demand for a diamond exchange at Bombay with facilities to transact business with speed, efficiency and economy of time as well as expense has been often voiced by foreign buyers.

For the last about fifteen years, a proposal has been under consideration to build a Diamond Exchange at Bombay. The main bottlenecks hampering the development of such a project are lack of interest of the trade especially the leading diamond exporters majority of whom have their sales outlets in foreign markets; indifference on the part of the State and the Central Government authorities totally ignorant of the special traits of the trade and the benefits that could accrue to the country by establishing such a venture; inadequate and ineffective institutional support; and lack of financial resources, with trade
standing divided among various categories of exporters having their own offices and sales outlets abroad and not having foreign offices; sight holders and non-sight holders; factory owners and non-factory owners; and large & small diamond export enterprises. Lackadasical efforts of the trade having failed to yield any positive results, and the Central and State Governments having shown little or no initiative, a private entrepreneur had taken steps in the recent past to establish a diamond club at Bombay to meet the pressing demand of foreign buyers. This project did not find support from the Government on the ground that such a venture could not be allowed in private sector.

Of late, there is a move on the part of the Hindustan Diamond Company Ltd. to start a diamond club at Bombay with limited facilities for transacting business when the overseas buyers frequent this place. The objective of the proposed club is limited to bringing the buyers and sellers together and to make available to them the necessary facilities for transacting business. The project is still in the formative stage and its success is contingent on many factors including cooperation of the business community and
support of the Governmental authorities. Trade circles view this venture with scepticism on account of the unpopularity of the sponsoring agency, namely the Government-sponsored Hindustan Diamond Company Ltd. which has indirect interest of the South African world monopoly organisation, the De Beers Consolidated Mines Limited.

In view of the large number of exporters and the magnitude of diamond business activity, foreign buyers feel that there is need to have not one but couple of such projects in the form of diamond exchanges or diamond bourses. Such facilities promise tremendous scope to attract foreign buyers and offer them goods and services at competitive prices. Besides, there are immense possibilities to generate foreign exchange earnings indirectly through foreign tourist traffic.

Product Range

The restricted or limited range of rough diamonds available to the Indian diamond industry is a bottleneck in increasing the range of finished product for overseas buyers. Presently the foreign dealers and diamantaires visiting Bombay for business deals can only get small diamonds. They are required to visit Tel Aviv or Antwerp for goods of medium and large sizes. Quite often the
foreign buyers avoid touching Bombay since complete range of goods are not available at this centre. They prefer making their purchases in one visit and at one place thereby economising on time and expense. On the contrary, centres like Tel Aviv and Antwerp offer complete product range.

Coupled with incomplete product range, the existing import policy does not permit import of cut and polished diamonds with the result that the Indian diamond business is confined only to exports and not to trade. As against this, in other international trading centres the diamond dealers and diamantaires have the facility to import cut and polished diamonds to widen the range of their merchandise. The two means to widen the product range could be (a) to process those sizes and shapes of diamonds currently not worked in the country, and (b) to import them in the cut and polished form from other centres on the condition that these will not be used in the local market and that their re-export will yield a minimum percentage of additional exchange earnings. Neither of these two alternatives is possible in the existing circumstances. Local processing is not possible for want of rough diamonds of large sizes and
the inability of the industry to start their cutting and polishing without adequate equipment and processing technology. The import policy does not permit import of cut and polished diamonds on the grounds that such a measure could adversely affect the local industry; increase consumption of imported diamonds within the country; and help increase smuggling.

Marketing Techniques

While the competing countries have taken advantage of new marketing techniques and strategies for augmenting their share of diamond exports in the world markets, Indian trade has failed to keep pace with such innovative sales policies. The effort of the competing countries is to take the goods to the very door steps of foreign buyers. The nature of the product being what it is, not amenable to brand names, goods imported from India by countries like Israel and Belgium are marketed as their own by offering better payment terms, at times extending credit facilities upto six months. With no improvement in its marketing and distribution practices, Indian diamond export sector has remained far behind in the race.
Consignment Sales

For the convenience of buyer and for better customer satisfaction, the mode of consignment sales has been increasingly used by other countries exporting diamonds. Such a practice does not find favour with the Indian diamond export sector which stands strongly divided on this issue. Accordingly, the Government has also not taken any steps to permit consignment sales for diamond exports. As a normal trading practice when a particular facility is available from other sources of supplies, the overseas buyers expect the same from India too. These measures constitute part of the improved marketing strategies adopted by the supplying countries. Within the parameters of the existing policies the Indian exporters of diamonds cannot keep themselves abreast with the marketing techniques adopted by other competing countries.

Courier Service

Courier service, as a non-traditional means of taking diamonds to various destinations, has gained popularity in other countries. Such a service, which has attained the force of a customary trading practice
in other major centres, has yet to make a beginning in India in the area of export marketing. Courier service is mainly handled by banks having international operations. The basic principle of this service is to ensure prompt and safe movement of diamonds to the destination markets. Being high value goods, quick movement of diamonds is linked with quick turnover and additional exchange earnings. To a limited extent only this facility is available to the Indian export trade in importing rough diamonds from abroad.

**Export Under Customs Bond**

Another facility offered by competing countries relates to export of diamonds under Customs bond on inspection and approval basis. The importing countries have made arrangements at the Customs to facilitate import-export trade under Bond. The parcels containing diamonds are retained within the boundaries of the Customs and are returned back to the exporters if not found acceptable. Within the framework of the existing policy of the Government of India, exports of diamonds are not permissible under the Customs bond scheme. As such, other competing supplying countries tend to steal a march over India.
Export Finance

Comprising largely proprietary concerns, diamond export enterprises keep their own investment to the minimum in the wake of the existing tax laws. To meet the pre- and post-shipment export requirements the exporters depend to the extent of about 99 per cent on bank finance to pay for the raw material import, finance the rough stock, pay labour charges for cutting and polishing, finance the inventory before despatch and finance the sales. All this takes about six months time to complete the cycle and realise the proceeds.

Before the international money market was not tight, the Indian diamond trading community enjoyed two facilities. Firstly, the raw material purchased from open market in Antwerp was against credit. Secondly, the sales were effected on the basis of 50 per cent on COD and 50 per cent on D/A terms. Importers now demand 90 to 120 days credit while the COD buyers have disappeared. Those who are willing to buy goods on COD terms demand unremunerative prices. The HDCL also is supplying roughs on cash against import licences. All these factors have enhanced the financial needs of the diamond merchants.
Average export finance available to the diamond industry in 1977 was of the order of Rs 1100 million. This limit was set at Rs 1500 million in 1978 and the subsequent two years. During 1979, the industry was eligible to avail of 50 per cent bank credit over and above the limit of 1977, i.e. Rs 200 million. In addition to this, suppliers credit from Belgium amounted to Rs 1400 million, which has since dried up. On the basis of the current level of two-way trade, export finance amounting to Rs 3250 million is the requirement of the industry. Taking into account the available limits, the existing gap amounts to Rs 1750 million. This could be met if the Reserve Bank of India grants liberal discretionary refinance at workable rates exclusively for diamond export trade and evolve a scheme of rediscounting long sight D/A export bills on lines similar to inland bills.

The financing of diamond export trade has to keep in view the growing international demand and the immense export expansion possibilities. The financial requirements of the industry constitute one-fourth of value of imports and exports on six-monthly basis. Lack of proper understanding of diamond business by banks compounds the problem of inadequacy of finance. This could be best tackled if there is an exclusive financial institution for the diamond industry.
Credit Facilities

According to a normal practice prevailing in some of the markets adjoining Belgium, reputed firms engaged in the manufacture of jewellery, demand credit facilities for 90 days while purchasing cut & polished diamonds. Depending on market conditions, pattern of demand and other factors like long-term business dealings, exporters of countries other than Belgium, offer credit facilities even for a period extending up to six months to induce the buyers to divert the sources of supplies by outweighing the benefits of nearness to the world famous international diamond trading centre. Insofar as India is concerned, existing policies of the Reserve Bank of India and the credit squeeze problems faced by the trade stand in the way of extending such liberal credit facilities.

International Trading Centre

The potential of the country becoming a major diamond exporting force by creating India's image as an international diamond trading centre has not been exploited. Currently, it is only a production centre of some significance in the field of processing of small diamonds. The necessary facilities required for developing India as an international diamond trading centre and for attracting foreign buyers are lacking. For the sake of business convenience, in the midst of their preoccupations diamond trade being run on
proprietary lines and decisions being dependent on the person heading the business who cannot delegate the responsibility to anyone else, diamantaires feel that time factor is more important for them. In view of this, there is a pressing demand from overseas quarters that India should have the modern marketing and distribution arrangements with adequate infrastructural facilities of completing the procedural formalities incidental to export transactions.

The Government and the trade have not realised the economic gains as also the extent of additional exchange earnings which could accrue to the country by acquiring the status of an international diamond trading centre. These include marketing of services as against only the export of product, higher unit value realisation when the product range is wide, tilt to a better position with buyers coming to make purchases instead of the Indian merchants going as sellers, counteract the strategy of consignment sales, reduce the extent of smuggling, encourage product diversification and accelerate foreign tourist traffic.

**Market Diversification**

Marketing effort is currently concentrated on few markets, the top four namely, the USA, Belgium, Hong Kong and Japan accounting for major proportion of
India's exports representing about 77 per cent share. The countries of the Middle East, Far East and South East Asia are fast emerging as markets of considerable significance. The potential available in these markets has not been properly tapped by the Indian diamond industry. Geographically, Bombay as the nerve centre of diamond trading activity occupies a strategic place. Buyers of the newly emerging markets like Bahrain, Saudi Arabia, Kuwait, UAE and Iraq in the Middle East; Indonesia, Thailand and Malaysia in South East Asia; and Singapore in addition to the already existing markets of Japan and Hong Kong in the Far East find it more convenient and economical to make their purchases from Bombay. On political considerations as well, buyers of the Middle East prefer Bombay compared to Tel Aviv and Antwerp provided complete range of goods required by them is made available in India.

In some of the markets, imports are subject to graduated scales of import duties according to the degree of processing. With a view to reaping advantage of lower duties, jewellery manufacturers from Italy export large quantities of mouldings and sockets in semi-finished unstudded form to various markets including the USA, Hong Kong and countries of Western Europe. The existing policy does not permit import of moulds and sockets for re-export after studding, though overseas jewellery manufacturers are keen for such tie-ups with Indian exporters.
Policy and Direction

The diamond industry and trade does not have any definite and time-bound programme though in spite of recessionary trends there is scope for increasing their exports. Nor is there any plan for introducing either sawable and sawn goods or fancy shapes as regular items of export production on a commercial scale for meeting world standards. To undertake such measures, facilities and infrastructure are lacking for diversification including proper planning, selection and import of machinery, tools and consumables; training of manpower; upgradation of existing skills; and improvement in productivity as well as quality of production.

With existing exports of diamonds constituting raw material for the jewellery manufacturing industries in other centres of the world, no steps have been initiated to increase exchange earnings through production and export of studded jewellery with high value added content. The rising wage level in the industrialised markets has rendered it uncompetitive to remain in certain areas of processing including jewellery making with high labour component. The Indian diamond industry has not been able to take advantage of these emerging opportunities.
Import Policy

Separate section in the Import Policy for the gems & jewellery including diamonds implies that diamond trade is distinct and peculiar from other products. In other leading countries also separate status is enjoyed by diamond sector with exclusive agencies and institutions dealing with the trade flow of diamonds. These specialised agencies monitor and regulate the trade performance of their diamond industries and help their import-export operations with speed and efficiency resulting in quick turnover which is very important for this business. Such an independent agency fully equipped with competent persons having knowledge of diamond business is totally lacking in India. Different policy by itself has not been of much help to the trade for want of a separate monitoring agency vested with the task of looking after its overall execution. Such functions including the type of raw material to be allowed for import, the areas of diversification etc. are assigned to Diamond Boards headed by Diamond Controllers in other countries for systematic and scientific development of export sectors of the diamond industry.

Quite many of the problems for promoting exports of diamonds arise on account of lack of knowledge on the part of the policy making authorities of this
specialised business. A piquant situation arose in 1976 when the Ministry of Commerce issued instructions that proper record of imported roughs of different shapes and sizes running into millions of pieces will have to be maintained by the importers piece by piece. Such a step being impracticable, the trade raised hue and cry resulting in rescinding the order by the Government of India. With bureaucrats instead of specialists making and monitoring policy in relation to this secret and personalised trade, quite often the decisions relating to diamond export sector are not pragmatic and the industry does not receive the attention it specially deserves.

Market Exploration

Very little importance has been accorded to market studies and surveys for promoting or expanding overseas sales of diamonds. Such surveys aimed at providing commercial information on various aspects and new marketing strategies or techniques adopted by the competing countries could be of immense help to the small and medium scale exporters who on their own cannot afford to have personal access to foreign markets. The leading diamantaires, quite many of them with overseas offices and sales outlets, have access to latest market
information and developments taking place in various important centres. The Gem & Jewellery Export Promotion Council has by and large sponsored trade delegations from time to time to different world markets without realising the usefulness and effectiveness of market surveys. The trade delegations have proved to be of limited use in augmenting exports for this specific item since the members of the delegations tend to promote their own interests by cultivating personal business contacts. There is very little information in the reports brought out by such delegations for the benefit of the general trade and industry.

Knowledge of Gemmology

New or potential entrants in the field of diamond export business find their entry difficult on account of lack of training facilities in gemmology. Adequate knowledge and training in the science of gemmology is particularly necessary in view of the emergence of synthetic and fake diamonds like cubic zirconia, genuineness of which is difficult to determine without laboratory tests. Training in gemmology in the country is available to a limited extent only to persons who are either members of the Gem & Jewellery Export Promotion Council or of the local Jewellers Association at Delhi and Bombay.
Persons outside the trade circles are handicapped to enter diamond export business for want of proper product knowledge so essential for this trade. At the level of University education, the subject of gemmology is taught only in the Aligarh Muslim University. Even at the Aligarh University facilities are lacking for practical training in identification and evaluation of gem stones. Training in gemmology has been organised in Delhi on part-time basis by the Regional Office of the Gem & Jewellery Export Promotion Council with financial assistance from the All-India Handicrafts Board, Ministry of Commerce while at Bombay similar training is organised by a private agency, namely, the Gem & Jewellery Exporters Association. The training is of six months duration and about 24 persons are able to take advantage of it. In the absence of adequate product knowledge and training in identification as well as evaluation of diamonds, the new entrepreneurs desirous of entering the trade are not able to do so.

Customs Department and the various banks assisting the diamond trade are the other institutions where need for gemmological training is highly desirable. While the banks in India do not have proper expertise in the matter of evaluation, assortment and identification of rough as well as cut and polished diamonds, Customs
officers and appraisers are also not adequately equipped to undertake the appraisal and identification work for want of proper training in gemmology. As against this, thoroughly trained personnel man banks and customs departments dealing with gem stones including diamonds in other countries.

**Domestic Market Pull**

Growing domestic demand for cut and polished diamonds is an important factor which hampers the overall outflow of major proportion of diamonds in the processed form. Local demand for diamonds stems from restrictions on possession of gold and the growing craze for diamonds by the affluent and middle income strata of society. Although exact magnitude of diamonds consumed within the country is not available, according to available estimates about 30 to 35 per cent of the cut and polished diamonds are consumed in the jewellery manufacturing industry in India. The huge consumption of diamonds within the country correspondingly exercises strain on the export marketing effort of the industry. Besides, local consumption with duty free import of rough diamonds tantamounts to misuse of the scarce foreign exchange resources and a net loss to the Public Exchequer.
Code of Conduct

Lack of code of conduct and discipline in the trade is largely responsible for creating an element of distrust between the Government and diamantaires. The trade claims that though the number of diamond merchants indulging in unfair means and manipulations may be limited, the entire business community gets a bad name. Often raids have been conducted by enforcement authorities when foreign customers happened to be in the midst of trade transactions. Action like this acts as a damper on export promotion effort besides causing considerable amount of inconvenience to the foreign buyers. The customers from abroad, on return to their respective countries, spread a word that it is not safe to visit the Indian market for purchasing diamonds. The unpleasant experience and harassment of the overseas clients tend to dissuade the other buyers to visit India for business deals to the detriment of the industry as well as export promotion effort.

Lack of Awareness

Some of the markets, though consuming substantial quantities of cut and polished diamonds of Indian origin, are not aware of the fact that India is a leading exporter of small gem diamonds used by the jewellery manufacturing sector. Italy, the leading exporter of jewellery in the
world, uses about 80 per cent of her total requirements of diamonds of Indian origin through third country imports, mainly Belgium and Israel. Publicity in the various world markets about India's competence and capability as a supplier of quality diamonds is lacking.

Commercial Intelligence

Commercial information and intelligence in relation to market requirements in terms of shapes, sizes, changing designs and fashions, and trade trends so essential for the export sector, especially for small exporters who cannot afford to pay personal visits to foreign markets is not readily available to them. This acts as a bottleneck for competing in the international markets where competition is quite fierce. The small and medium scale exporters without any overseas sales outlets remain ignorant about the developments taking place in the countries of the world.

Quality Control

The foreign buyers of diamonds are of the view that since a large number of dealers in India are operating as merchant exporters, they depend on various sources for procurement of cut & polished diamonds. On account of diverse sources of supplies from cottage based small workshops and factories, exporters are
reportedly not in a position to ensure uniformity in quality standards. The overseas customers feel that adequate emphasis is not laid by the export sector of diamond industry on proper assortment, grading and quality control.

**Dollar Account**

The diamond exporters suffer the disadvantage of conversion of currency from rupee to dollar while remitting the amount for purchase of rough diamonds and vice versa when they realise proceeds of exports. Loss on account of currency conversion comes to a sizeable amount on account of difference in buying and selling rates. The diamantaires have been pleading for quite some time with the Government of India to permit them to have dollar accounts with Indian banks which they could operate for making and receiving payments incidental to diamond trade. The Reserve Bank of India has taken a decision in January 1983 that exporters with a turnover of Rs 20 million and above can open dollar account. The facility being restricted will help a limited number of exporters.

**Transmission of Documents**

The foreign importers complain that while goods from other supplying sources reach them in a matter of two or three days, it takes inordinately long time for packets of diamonds from India to reach them. The delay
in getting the goods is mainly due to delayed arrival of documents though diamond parcels and packets do not take that long to reach. In the absence of the supporting documents the foreign buyers cannot take deliveries of the parcels. Investigations have revealed that the delay occurs in the processing and transmission of documents in Banks. Being a high value item more akin to international currency, any roadblock in its expeditious circulation at any stage retards the export business of diamonds.

Clearance of Import Parcels

Clearance of import parcels containing rough diamonds including those from the Diamond Trading Company London takes unduly long time, often extending to two weeks. The delayed clearance in turn prolongs the period for which interest is required to be paid by the merchants as also the processing activity thereby affecting competitiveness of the finished product. The problem stems from inadequacy of preventive officers required for carting goods from airport to city office in Bombay. Quite often at the time of rush when sights are made available by the Diamond Trading Company, Customs Department is not able to cope up with the work-load of appraisal, the number of qualified customs appraisers to undertake the job being limited. This is also linked with inadequacy of chest space in the city office of the Customs Department to store imported parcels containing rough diamonds.
Permission to Carry Samples

The overseas buyers have pointed out that when Indian study teams and trade delegations visit them the latter fail to carry samples with them. Without samples, the exporters are not able to take the foreign buyers into confidence about the quality of the product especially in terms of cuts and colours. The Government of India does not allow the delegations to carry samples as a check against malpractices indulged in by the diamond merchants particularly when the Customs officers are not fully equipped to undertake the appraisal and evaluation work on the one hand and the diamond dealers have opportunities to substitute goods to meet their convenience on the other. With adequate safeguards to check manipulations and unfair practices, the need to carry samples by outgoing study teams and trade delegations cannot be over-emphasised.

Lasting Business Contacts

Importers of diamonds in some of the markets particularly from France, West Germany, U.K. and Belgium have pointed out that Indian diamantaires do not realise the significance of lasting and long-term business contacts. Another major weakness of the Indian export trade, according to them, is that adequate attention is not paid to the changing requirements and tastes.
Institutional Support

Though quite a number of organisations are involved in the export promotion effort of the diamond trade, Gem & Jewellery Export Promotion Council is the only agency directly responsible for export effort of this specialised area. This Council was set up in November 1966 under the Companies Act. The objectives for which the Council was established are:

a) to step up exports of diamonds, precious stones, semi-precious stones, pearls, synthetic stones and all types of jewellery;

b) to assist and develop the production centres of rough precious and semi-precious stones, rough diamonds, raw pearls, and design centres;

c) to assist, improve and modernise the cutting and polishing sectors and jewellery industry;

d) to set up and assist research institutions, laboratories and training centres for improving quality, stepping up production and standard of gem cutting and jewellery industries;

e) to collect and disseminate market information regarding production, trade, and requirements in various countries;

f) to undertake market surveys within the country and abroad about gems and jewellery;

g) to maintain liaison with the Government and to advise, represent the interests of trade & industry to local bodies and Central Government on the measures and policies to step up export trade.
At the time of establishment of the Council its membership stood at about 300. Over the years the number of all categories of members has crossed 1800. The Council looks after large number of items including diamonds, precious stones, semi-precious stones, synthetic stones, gold jewellery (plain and enamelled), studded precious metal jewellery, silver jewellery, costume or imitation jewellery and pearls.

With too many items to look after and too many functions to perform the Gem & Jewellery Export Promotion Council is not able to devote adequate attention to the diamond sector though the major proportion of exports as well as membership is from the diamond sector. On 1st July 1980, the membership of the Council stood at 1942. This included 55 members representing sales to foreign tourists and 700 associate members, effective exporting members being 1187. Membership of the Council is obligatory for the export enterprises engaged in gem & jewellery trade. The item-wise break-up of the member exporters for the period 1979-80 and the corresponding export performance is given in the following Table.

(Table on next page)
### TABLE-1

**CATEGORY-WISE MEMBERSHIP OF GJEPC WITH EXPORT PERFORMANCE AS ON 1ST JULY 1980**

<table>
<thead>
<tr>
<th>Category of Members</th>
<th>Number of Members</th>
<th>Percentage of Membership to Total</th>
<th>Exports (Value in Rs million)</th>
<th>Percentage Share of Total Exports (1979-80)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Diamonds</td>
<td>727</td>
<td>58.29</td>
<td>5501.3</td>
<td>91.79</td>
</tr>
<tr>
<td>Precious &amp; Semi-Precious Stones</td>
<td>276</td>
<td>22.22</td>
<td>271.9</td>
<td>4.50</td>
</tr>
<tr>
<td>Gold Jewellery (including studded)</td>
<td>82</td>
<td>6.60</td>
<td>169.3</td>
<td>2.80</td>
</tr>
<tr>
<td>Pearls</td>
<td>40</td>
<td>3.46</td>
<td>36.4</td>
<td>0.60</td>
</tr>
<tr>
<td>Synthetic Stones</td>
<td>15</td>
<td>1.21</td>
<td>2.6</td>
<td>0.04</td>
</tr>
<tr>
<td>Non-Gold Jewellery</td>
<td>27</td>
<td>2.17</td>
<td>11.3</td>
<td>0.20</td>
</tr>
<tr>
<td>Imitation Jewellery</td>
<td>20</td>
<td>1.51</td>
<td>0.4</td>
<td>0.01</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>1187</strong></td>
<td></td>
<td><strong>5993.2</strong></td>
<td></td>
</tr>
</tbody>
</table>

* Does not include Associate Members registered as potential exporters and numbering about 700.

**Source:** Gem & Jewellery Export Promotion Council, Bombay.
The Council functions through a number of Panels each one dealing with specific group of products like diamonds; precious and semi-precious stones; gold jewellery; non-gold jewellery; etc. Besides, there are number of Committees such as Working Committee, Research and Development Committee, Technical Committee, and Committee for Finance and Administration. During the course of sixteen years of its existence, the Council has hardly touched the promotional aspects. In particular, the role of the Council has been rather marginal in market exploration having conducted only two market surveys for all gem and jewellery items including diamonds in the countries of the Middle East and Japan. It has participated so far only in one international trade fair. In certain other areas like research & development, upgradation of skills, improvement in tools & techniques of production, establishment of diamond bourse or exchange, setting up of design centres, and product development & product orientation, the contribution of the Council has been practically nil.

The characteristics of diamonds are different from other products handled by the Gem & Jewellery Export Promotion Council. Besides, the scattered nature of the industry, with concentration of diamond cutting and polishing in Gujarat; precious stones cutting in
Rajasthan; synthetic stones cutting in Tamil Nadu; silver filigree work in Orissa; imitation jewellery making in centres such as Bombay, Delhi, Hyderabad, etc. the Council is not able to do full justice to the export promotion effort of diamonds which account for over 90 per cent share of the total exports of the items looked after by this organisation. Factors like divergent interests among different Panels and Committees coupled with little or limited control by the Government, though about 50 per cent of the budget of the Council comes from the Market Development Assistance of the Ministry of Commerce, are responsible for poor and tardy measures in the direction of export development.

**Coordination & Linkages**

The various organisations at the national level involved in the export promotion effort of the Indian diamond industry include the Gem & Jewellery Export Promotion Council, National Mineral Development Corporation, Minerals & Metals Trading Corporation of India, and the Hindustan Diamond Company Ltd. There is hardly any coordination among these organisations. Some of these consider other agencies as competitors. This is particularly applicable to the Minerals & Metals Trading Corporation and the Hindustan Diamond Company Ltd. since both have been assigned the task to supply raw material to the diamond industry & trade. So also is the case
Insofar as relationship of the Gem & Jewellery Export Promotion Council with each of the two organisations, namely, the MMTC and HDCL is concerned. Linkages are also missing between the export promotion organisations and the Geological Survey of India, the Mineral Exploration Corporation and the National Mineral Development Corporation which play an indirect role in stepping up production of rough diamonds from the indigenous sources.

Though many of the organisations and agencies have been created to serve the interests of the trade & industry, there is no inter se coordination among them. Besides, the Boards of these organisations do not have on them representatives of the trade & industry. Such representation, wherever it exists, is partial and incomplete. To cite an instance, the Hindustan Diamond Company Ltd. and the Minerals & Metals Trading Corporation of India are represented on the Working Committee of the Gem & Jewellery Export Promotion Council which is the representative body of the trade. Such a reciprocal representation is not available to the Gem & Jewellery EPC though the MMTC and the HDCL are meant to serve the diamond industry & trade.

Another area of coordination which could have been of benefit to the export promotion effort, especially for the Gem & Jewellery Export Promotion Council, but
remains untapped is link with international research and development agencies in the fields of diamond cutting and diamond technology. Some such renowned institutions are the Gemmological Institute of America (GIA), Diamond Research Centre at Antwerp, Lapidary Research Centre at Idar Oberstein (West Germany), Gemmological Association of Great Britain, and the Israeli Diamond Research Centre at Tel Aviv. This missing link is due to exclusive attention being not available to the export sector of the Indian diamond industry and trade at the institutional level.