CHAPTER NO 1

INTRODUCTION

1.1 Entrepreneurship:
The term “entrepreneur” is derived from the French word entreprendre. This means “to undertake”.

Joseph A Schumpeter defines an entrepreneur as “an idea man and a man of action who possesses the ability to inspire others, and who does not accept boundaries of structured situations.”

Peter F. Drucker defines an entrepreneur as one who always search for a changes, respond to it and exploits it as an opportunity. Innovation is the specific tool of the entrepreneurs. It means the entrepreneurs exploit the changes as an opportunity exist for a different business or service.

An entrepreneur identifies and develops the business and creates opportunities for its success. Entrepreneurs are the risk takers who recognize the strength, weakness, opportunities and threat of the business.

Entrepreneurship plays an important role in the economic growth and development of the nation. It is a purposeful activity which includes in promotion and innovating new ideas, challenging task, total commitment foe his personal growth.

Entrepreneurship can be defined by describing what an entrepreneur does. "Entrepreneurs take initiatives innovates new ideas and engage him in taking calculated risk. He creates his own new business raises his own finds solve his own problems, meet challenges in a particular market."
Entrepreneurship in India is usually related with the individual business. Entrepreneurs have identified with their individual imagination, ability to innovate new ideas, ability of individual vision, ability to take risk which helps the business to achieve success in terms of profit in the business.

Entrepreneurship is found in form of a small retail shops as well as in the form of a large corporation. However a well known fact is that the “Entrepreneurs are not born but are made”.

‘A systematic innovation, which consists in the purposeful and organized search for changes, and it is the systematic analysis of the opportunities such changes might offer for economic and social innovation.’ By Peter Drucker

According to Joseph A Schumpeter “The entrepreneurship is essentially a creative activity or it is an innovative function”.

Schumpeter pointed out that the essence of entrepreneurship place an emphasis on innovation such as:

1) New Product in the Market
2) New Production Technology,
3) Opening of New Market,
4) A New forms of Organization.

According to David McClelland, entrepreneurial growth can be explained in terms of need for 'achievement motivation' which he considers as the major determinant of entrepreneurial development. David McClelland emphasized the importance of achievement motivation as the basis of entrepreneurial personality and a cause of economic and social development through

Entrepreneurship by fulfilling the following needs such as:
1) Need for power
2) Need for affiliation and
3) Need for achievement.

The early history of entrepreneurship in India the culture, customs and tradition of our country was highlighted. In Indian diamond industry the Vaishay’s were considered the community to start the diamond Jewellery business. As society developed and progress the business of diamond Jewellery also change and the various occupational roles interchanged. The entrepreneur from different castes and creed has entered into the business of manufacturing diamond Jewellery.

The entrepreneurial motivation is the important factor to develop the economy of the country. Entrepreneurship is identified as one of the most important individual activity as the success of the industry depends on the innovative ideas and risk bearing activities. The co-operation of factors of production such as men, money, material and machine is possible only through the ability of entrepreneurship.

Entrepreneurship has rightly recognized as the identification of the individuals, as a success of enterprise because it is possible due to imagination, vision, innovative ideas and risk bearing.

The production of the enterprise depends on the cooperation of various factors such as Men, Money, Market, machine and management of entrepreneurs. Therefore, the entrepreneurship is a risk taking factor which is finally responsible for the positive result in terms of profit of the organisation.

Entrepreneurship can be seen in different form it can be in form of large organisation as well as in the small organisation. In many countries special attention is taken for developing entrepreneurship it is not the proprietary quality of any cast and community. But in India the majority of successful entrepreneurs in Indian Diamond Industry are
Guajarati’s either from the Vaishnav community or from Jain community specially people from Palanpur a small town in Gujarat.

1.2 DIAMOND AN INTRODUCTION:

Diamond is a precious stone and is regarded as symbol of love. The word Diamonds has derived from the Greek word “ADAMAS” which means invincible, the unconquerable. According to the geologists the first diamond was delivered around 2.5 billion years ago. Diamonds is completely made of carbon atom.

Diamonds are formed naturally and made up of pure carbon. It is one of the hardest substances known on the earth. In the form of pure carbon the diamonds are clear and transparent.

Diamonds are formed when carbon is subjected to the atmospheric pressure and at the temperature higher than 2500 degree below the earth surface at the depth of more than 200 miles.

Diamonds are thought to have been first recognized and mined in India, where significant alluvial deposits of the stone could then be found along the rivers Penner, Krishna and Godavari. Diamonds have been known in India for at least more than 3000 years. Diamonds are one of the world’s major natural resources. Diamond is the world’s third hardest known natural mineral. Diamond is known as a precious stone which is a symbol of wealth and love.

Diamond in India was first referred in “Arthashastra” which was written by Kautilya who has mentioned diamond trade in India. It is said that India remained the leading diamond mining during the times of Akbar were the Panna mines situated in Bundelkhand, the Golconda mines near the city of Hyderabad were the stones were collected and polished. Diamonds were also found near the banks of Krishna River and Godavari Rivers.
Among all the above mines in the ancient times Golconda mines was popular and known for its purity and transparency. From these some of the most historical and famous stones were found such as Kohinoor and the Great Mogul, Nizam diamond, Hope, Regent, Darya-e-nur diamond. Out of all the Kohinoor diamond is more famous and the only diamond which fell into many hands and crossed many borders of several countries and ruled the destinies of many kingdoms. Diamonds, today also is considered as a fascination and a symbol of love and wealth in the entire world. Love for diamonds will never decreases in the entire world.

**India was famous for diamonds many years ago were some famous mines and famous diamonds were mined. Today, there are no diamonds mines in India. However, India recently from last few years has contributed a lot in maintaining the tradition of cutting and polishing diamonds which is world famous.**

Diamonds were then directly associated with the good fortune who possessed or carry with them. This popularity of diamonds has increased after 19th century due to increase in the supply of diamonds. This increase is due to improved and innovative marketing efforts by the diamond manufacturers.

Diamond is the one of the hardest known substance. Hardness is the measure of a substance’s resistance to being scratched and only a diamond can scratch another diamond. Diamonds are crystals made up of carbon atoms that are arranged in a cubic, or matrix shape. Diamonds are used in two ways; first it is used for industrial purpose where nearly more than 75% of diamonds are used, especially in grinding, drilling and sawing. Industrial-grade diamonds are those diamonds that cannot be used as gemstones or are those diamonds that are produced synthetically. Whereas remaining 25% of diamonds are used as gemstones and are used for making different kinds of diamond jewellery.

The first known source of diamond mines was India, but presently diamonds mines is shifted to Australia, Botswana, Congo, Canada, South Africa, Angola and Namibia. All these above countries produce more than 80% of world’s rough diamonds.
Diamonds is the strongest because of its shape formed due to carbon atoms. Each carbon atoms has four other carbon atoms. It is a transparent. The hardness of the diamonds are suitable for the industrial use especially in sawing, drilling other material.

The hardest diamonds are mined and found in The New South Wales in Australia. Its hardness of minerals is measured in terms of Moh’s scale. The hardness of diamond is registered as 10 on Moh’s scale. Diamonds are the hardest substance on the earth.

Diamonds are deposited in three forms such as Kimberlite, lamproite and placer deposit which is formed 90 miles below the earth surface. A mixture of minerals, rocks and diamonds are created in a pipe shaped like carrot shape or cone shape which reaches to the surface. This carrot shape or cone shape which reaches to the earth surface is called kimberlite. These kimberlites are the main source of diamonds which are found below the earth surface. When this kimberlite pipe reaches the earth surface, they are eroded and diamonds are washed nearby streams where they are deposited. Kimberlite pipes accounts to 95% of the world’s diamond deposits. A kimberlite pipe was named after Kimberley in South Africa where large numbers of diamonds are found. Kimberlite mines in at koidu in Sierra Leone’s district. Due to Kimberlite mines South Africa quickly became the world’s biggest diamond producer country.

Diamonds are also extracted from alluvial deposits, where the diamonds are removed from sand, clay and gravel which have been deposited at the bank of river or the sea bed. Diamond Mining is done by the individuals, families and communities.

In Russia and Botswana diamonds are found in vast area and often found some few inches below the surface of the earth. Diamonds in alluvial has proved that it is difficult to manage because of their high value in the global diamond market.

Diamonds are found in different colours but most popular and common colour is light yellow and light brown. A diamond is graded into different colour form ‘D’ grade which
is colourless to grade ‘Z’ which is light yellow by The Gemological Institute of America (GIA). Pure diamonds are transparent and colourless and different colours in the diamonds are impure diamonds which depends upon their colour and percentage of impurities. A diamond is called Black diamond without being black in colour this is due to contain of black inclusion in diamonds.

De Beer owns or controls world’s largest portion of rough diamonds production form mines. De Beer and its subsidiaries companies own mines that produced more than 45% of annual world diamond production. In past decade it had produced and distributed more than 80% of world’s rough diamonds. But, presently the figure is estimated to 45% only.

Diamonds are sorted on the basis of size, shape and colour and quality. The (DTC) Diamond trading Company who is a part of De Beers sort and distribute 45% of the rough diamonds. The (DTC) Diamond trading Company sells the rough diamonds to its clients who are known as “Sight holders”. The business of The Diamond Trading Company sells more than $7 billion worth of diamonds in a year. These Sight holders are the world’s leading diamantairies who are engaged in the cutting and polishing of the diamonds.

The Diamond Trade Company is the distributor of De Beers which sorts and distributes 45% of the world’s rough diamonds. The balance percentage is sorted and sold in centre’s such as Antwerp and more recently now in Mumbai.

The quality of diamonds is sorted in terms of colour and clarity and then distributed to the market with a certificate issued by Kimberley Process (KP) which is a proof that the diamonds are conflict free diamonds.

1.3 The Indian Diamond Industry:

India has always been the earliest known source of diamonds. Diamond Industry in India is mainly involved in the cutting and polishing of diamonds. Diamonds are mined in more than 25 countries.
The diamond industry consists of the segments that mines the diamonds, process the diamonds and market the diamonds as gems and as industrial use diamonds.

The success of diamond industry in India is unique where the India begins to rise to become the world leader in last three to four decades. Today, the India’s Gems & Jewellery Industry is the second largest foreign exchange earner for our country. The India Diamond Industry is labour intensive industry and employs more than 1.5 million people which is large in developing social and economic impact in our country.

This Diamond Jewellery Industry is mainly found in states such as Gujarat, Maharashtra, Rajasthan, Tamil Nadu, Uttar Pradesh, West Bengal etc. However, India’s Diamond Jewellery Industry’s position in international market is now threatened by the competitors countries like China and Thailand which is also developing at a rapid speed in international market.

Diamonds which are cut and polished in India fetch a good prize in the International market. Today, India has emerged as one of the largest diamond cutting and polishing centre in the world. India diamond Jewellery Industry is pioneered in the cutting of small diamonds. India diamond Jewellery Industry is found in Mumbai, Ahmedabad, Surat, Bhavnagar and Jaipur. At present, India share more than 60% of the global cutting and polished diamond market in terms of value and 81% of share in terms of carat due to the skilled craftsmen who cut the diamonds of different size in different shapes.

The Indian Diamond Industry rapid growth is due to skilled employees and the hard work where the contribution of the employees in the diamond jewellery industry. At present stage India is the world’s most popular cutting and polishing centre at the international level.

The India Diamond Industry has made a good presence in the global market due to its skilled craftsmen who have started cutting and polishing a very small sized diamond
which is between or less than two carat. Today Indian Diamond Industry is the leader in world diamond jewellery manufacturing industry where nine out of ten diamonds used in diamond jewellery comes from India. The Indian Diamond Industry is believed to be the largest cutting and polishing industry in terms of value.

In diamonds industry, our country is famous and well known as a birth place of diamonds where it is now difficult to trace the past. The import of rough diamonds for export of diamonds jewellery which started in the early years of 1960’s the Indian Diamond Industry have experienced a change and within a short time India has occupied a good position in exporting cut and polished diamonds.

As stated more than 70% diamonds are cut and polished in India. It is expressed that every 8 out of 10 diamonds are processed and exported from India,

Gemological Institute of America (GIA) is the world’s largest non-profit institute which was established in the year 1931. Gemological Institute of America (GIA) is also involved in research and learning activities. Gemological Institute of America (GIA) is the foremost authority for gem and jewellery industry.

1.4 Kimberley Process:
The Kimberley Process Certificate Scheme (KPCS) is an international Government certificate scheme set to prevent the conflict.

The process of establishing Kimberley Process was done in the year 1998 to expose the role in conflict diamond. This process of Kimberley Process was host by South African government.

The Kimberley Process (KP), was first chaired and started by South Africa, and now it has more than 50 participations who have involved in the activities in diamond production. Kimberley Process Certificate Scheme (KPCS) was initiated in 2003 which is treated as an international certificate for all rough diamonds that they are conflict free.
This Kimberley Process Certificate Scheme (KPCS) currently controls almost 99% of the total supply of diamonds in the world. According to the experts after the introduction of the Kimberley Process Certificate Scheme (KPCS) the conflict has reduced to 1% of total trade of diamonds in the world.

The Kimberley Process Certificate Scheme (KPCS) for the rough diamonds is the outcome of the Kimberley Process (KP) to end the “Conflict Diamonds” or “Blood Diamonds”. The Kimberley Process Certificate Scheme (KPCS) was started on 1st January, 2003 where some important requirements regarding import and export of diamonds were certified.

**1.5 Diamond Jewellery Manufacturing Industry:**

Jewellery always remained as an immemorial by “negibour’s envy and owner’s pride”.

The term ‘jewellery’ signifies a combination of precious metal and gemstones. Jewellery manufacturing is one of the oldest industries and it is famous for beautiful handcrafted jewellery due to availability of skilled craftsmen. India has established capabilities in making handmade jewellery in traditional as per the demand in the market. The ornaments in India have remained invaluable which is day by day becoming the symbol of status, fashion in modern world. From the ancient times India is famous and well know as a birth place of diamonds.

India is the largest consumer of diamond jewellery. The diamond jewellery has been one of the fastest growing sectors in India in last three decades. The diamond jewellery in India is engaged in sourcing, manufacturing, and processing which involves in cutting and polishing diamonds.

The diamond jewellery has gained the popularity due to availability of the talented artistic craftsmen who has a good practice in cutting and polishing diamond jewellery. Diamond jewellery gained a good response in US market in past few years due to demand increased by the global retail giant such as Wal-Mart and JC Penney for India
diamond jewellery products. As the diamond jewellery industry in India reaches to its peak with the increasing demand in domestic as well as the export market more and more people are entering into the business of diamond jewellery industry.

India diamond jewellery has not only developed the skilled workers but the most advantages for diamond jewellery is also availability of cheap labour in Indian markets.

The jewellery manufacturers in India is specialized in making various type of jewellery such as fashion jewellery, imitation jewellery, diamond jewellery, gold jewellery and gemstone jewellery which are also a good attraction of the Indian market. India is also one of the largest diamond processor in the world and the second largest exchange earner in India.

India’s jewellery is popular and concentrated in small unit which process diamond on a job basis and it is concentrated in Mumbai and Gujarat. The Indian Diamond jewellery manufacturing industry is the world’s largest centre for cut and polished diamonds which witnessed a growth in last few decades where diamond jewellery manufacturer has given importance to the consumer taste and fashion in the market area wise and place wise.

The Indian diamond Industry four decades ago was a very minute industry and was only concentrating on the processing but, for the diamond industry last 10 to 12 years has been remarkable due to increase in the export which has led India diamond jewellery industry as a value added industry. Diamond industry purely depends on import of rough diamonds where the diamond industries have developed an outlook as this industry is import and export dependent industry. Diamond jewellery industry to increase and to survive it business it is necessary to overcome the manufacturers and cutting and polishing industries of other countries.

Value added is important for the process of cutting and polishing industry. The main purpose of cutting and polishing of diamond is to clean the impurities from the diamonds and given a different shape to different diamonds. The clean of diamonds is done by a
skilled workers and the diamonds is cleaned in such a way that the light entering the diamonds reflects in the eyes of the viewer. Therefore it is said that every diamonds has a different deal.

Today in diamond jewellery industry the purchasing and selling of diamonds jewellery is done on the basis of the weight and the weight of diamond is in terms of carat. All the accounting activities, price, stock, purchase and sales in diamond jewellery industry are measured in terms of carat. Where 1 carat = 200 milligram

The Indian diamond industry is well supported by the Indian government where they have set up a bonded warehouse in order to import the rough diamonds and can sell them in Indian market. Government has been creating Special Economic Zones (SEZ) and Export promotion Zones (EPZ) in order to promote the export of gems & jewellery.

The diamond industry was originated in the small town Surat in Gujarat. This place was popular known for cutting and polishing the diamonds where all the processing of diamonds are installed. Since the Surat city in near to Mumbai city all the operations are carried out from Mumbai where all the traders have registered and started their business operations from Mumbai.

The diamond industry various expects is a global industry was the raw material in form of rough diamonds is imported from the countries such as Africa, Australia, Canada and Russia. The entrepreneurs from Gujarat have utilized this opportunity to develop different methods of cutting and polishing the diamonds in small units and then export the finished product to the globally centralized trading market which is at Antwerp. This was like outsourcing the rough diamond process to the under developed countries in early days. But, today in the developed countries also the diamond cutting and polishing industries have come up and started performing in a better way. Since then, the diamond industry has been categorized in different sizes such as small, medium and large industry depending as per the capacity of cutting and polishing the diamonds. In India the large sized diamond industry are few in number but the medium sized diamond industries are
in good numbers and are doing well in terms of various aspects. Today, India diamond cutting and polishing units are compared at par with the world's best cutting and polishing units were the technology, machinery used for cutting and polishing the diamonds are similar.

1.6 Entrepreneurship in Diamond Jewellery Manufacturing Industry:

This research will be a part of research on entrepreneurs in diamond jewellery industry in Mumbai. Indian Diamond industry is one of the most important industries because it is export oriented industry.

The entrepreneur in diamond jewellery manufacturing industry in India has maintained a rapid growth were majority of the industries are in small and medium sized units. The entrepreneur in diamond industry have developed innovative methods for recruitment and training the staff who are working directly under the guidance of the entrepreneurs. For some of the entrepreneurs, their previous experience had helped them to take a high risk in the business and earn more profit and more success.

The entrepreneurs are training their family members in cutting and polishing the diamonds, marketing skill and the skill is transferred from one generation to another generation. Today, entrepreneurs are giving importance to learning by doing.

The diamond jewellery manufacturing industry is booming in the domestic market as well as at international market due to which demand of diamond jewellery is increasing as it major sources of earning money in foreign exchange.

The diamond jewellery manufacturing industry has grown more than 50% in last 10 to 12 years. The diamond jewellery which is manufactured in India in small lots is sold in
International market very fast and the turnover of such diamond jewellery has a good value in the market. Thus it creates value addition in diamond jewellery Industry. The entrepreneurs play an important role in promoting diamond industry by a few big companies and families and in India it is the Gujarati community especially from the city Palanpur in Gujarat. These entrepreneurs are rich and do the diamond jewellery business with countries like Belgium, Israel and some western countries. These were started in early 1970’s when a small group of diamond merchants mostly Jain from Palanpur city from Gujarat began to visit the Belgium city were more 80% of uncut diamonds are produced and started diamond industry in India.

The entrepreneurs in diamond cutting and polishing industry started cutting and manufacturing very small size of diamonds which none other countries were ready to cut the diamonds less than 2 carats. This has help the small entrepreneurs in India to emerged as one of the largest diamond cutting centre in world. At present, India diamond cutting and polishing industry is contributing more than 50% of world cut and polished diamonds.

The processed of rough diamond comes to India as a crystal processed as a diamond through cutting and polishing and converted into diamond jewellery. Thus, the need of innovative entrepreneurs is more important in the diamond jewellery industry in Mumbai, who can find the new and innovative methods of production system, new design, and new product as per the future trend or as per demand of product in the market.