CHAPTER NO 6

FINDINGS, CONCLUSIONS AND SUGGESTIONS

This Chapter includes the findings/conclusions and suggestions as per the data analysis done by the researcher. The findings are divided into different parts as per the function of the entrepreneurs in diamond jewellery manufacturing industry in Mumbai. Followings are the findings:

6.1. FINDINGS

The exact number of diamond jewellery manufacturing industry engaged in the diamond sector is not known, as most of the units are not registered. But still there are more than 6 to 7 thousand diamond processing industry in Mumbai.

1. As per the analysis the age group of the entrepreneurs generally shows that in diamond industry normally the entrepreneurs are in the middle age group. Over the last few years, there has been a good increase in the number of female workers which is a positive point for the development of the country.

2. Since the diamond industry is managed mostly by Gujarati families and in Gujarati families the business is managed by the male members of the families. According to the analysis the diamond industry is dominated by the male gender even though the business/company may be in the name of the female entrepreneurs. The finding of the study is that the successful entrepreneurs are Vaishnav families who are known as trading families and others are from Palanpur city in Gujarat specially Jain community people knows as Palanpuries.

3. The detail about the qualification of the entrepreneurs where in modern world and mainly diamond entrepreneurs have to deal with foreign countries for imports and
exports the entrepreneurs are nowadays qualifying themselves in respect for future prospects of developing their business.

4. The diamond industry is operated and established by their family members so at a young age only majority of the entrepreneurs have joined the business due to which they have a good experience in diamond jewellery industry. This experience of the entrepreneurs helps them to take high risk to earn more profit and make them successful entrepreneurs.

5. The strength of workers employed by the entrepreneurs in the diamond jewellery industry normally ranges between 250 workers to 1000 workers in Mumbai region.

6. The majority of entrepreneurs were in favour and positive regarding survival in the competitive market. They have to be innovative in manufacturing new designs regularly in the diamond jewellery industry. The number of innovative entrepreneurs was comparatively less but almost all of them are most very successful entrepreneurs. Even some of the entrepreneur where professional qualified.

7. The findings say that the majority of entrepreneurs have joined the business due to their family business, 12% of entrepreneurs were helped by friends, 14% of entrepreneurs were helped by relatives, and 11% of entrepreneurs were helped by others.

8. The control of gold loss in manufacturing diamond jewellery manufacturing is very important to the entrepreneurs where 73% of the entrepreneurs were able to control gold lost, which was less than 2% in a year.

9. The most important and expensive part for the entrepreneurs was that about the diamond breakage while cutting the diamond and manufacturing the diamond jewellery but due to experience cutters the entrepreneurs are able to control diamond breakage to less than 2%. The response of entrepreneurs was 64% who were able to control the diamond breakage to less than 2% whereas, 36 entrepreneurs has said that the diamond breakage is more than or equal to 2%.
10. About the procedure of controlling rough diamonds mostly almost all the entrepreneurs have agreed that there is a good and strong procedure for controlling the rough diamonds because the profitability of business in diamond jewellery depends on the rough diamonds purchased. 87 entrepreneurs replied that they have a procedure to control rough diamonds whereas, 13% of entrepreneurs had said that they didn’t have any system to control rough diamond.

11. The response was also very positive with regard to having quality control, where 82% of the entrepreneurs had agreed that they have a proper quality control system in manufacturing diamond jewellery in their company. Whereas again 18% of entrepreneurs responded negatively by saying that their company didn’t have any system of controlling quality of diamond jewellery.

12. In the rejection %of final product which is the main concern of the entrepreneurs in dealing with the exports of jewellery products it was considered that the 71% of entrepreneurs said that the rejection of final product is less than 5% because proper care is take in selection of design, cutting and polishing, quality of finished product by the experienced and trained employees. On other hand 29% of entrepreneurs said that many times the rejection rate of final product is more than or equal to 5%.

13. Regarding using of new and latest machinery the response of entrepreneurs was that in modern world where technology is moving at a rapid pace majority of entrepreneurs had equipped themselves with new technology such as CAD/CAM in framing design of the product and production of product. 82% of entrepreneurs were in favour of using new and latest machinery and technology and remaining 28% of entrepreneurs said that they do not use new and latest machinery.

14. Jewellery manufacturing is an ancient industry in India therefore it has a huge population of skilled artisans/craftsmen. The true strengths of the jewellery manufacturing industry are its beautiful handcrafted articles that are intricate and comparable to world-class designs of the Indian craftsmen. A trained and skilled
employee plays an important role in development of the diamond jewellery manufacturing industries. The finding suggests that 73% of the entrepreneur have said that they recruit skilled and trained employees whereas 23% of entrepreneurs said that they do not recruit trained/skilled employees.

15. In the finding 72% of entrepreneurs said that they have a proper system for training and developing the skill of the employees and 23% of entrepreneurs said that they don’t have any training and developing system for training their employees in the company.

16. In the findings regarding the working hours of the employees, 85 % entrepreneurs said that the workers work only for 8 hours in their factory, whereas 10% of entrepreneurs says that the workers work for 10 hours and 5% of entrepreneurs says that the workers work for 12 hours in their factory but with the facility of over time to take care of production in time.

17. In the finding 77% of entrepreneurs agree about the implementation of performance appraisal in the company which helps them to control human resource of the company, whereas 23% disagree with the system of performance appraisal in their company.

18. A majority of companies i.e. 91% disclose detailed information about each and every product that they produce the type of diamond cut, clarity of diamond, colour of the diamond and carat of the diamond. Only 9% of the entrepreneurs said that they never disclose the details of their product.

19. The finding with regard to the awareness of the branded products available in the market, almost 96% of entrepreneurs said that they are aware of the branded products sold in the different types of market, whereas only 4 % of entrepreneurs said that they were not aware of the branded products sold in the market.

20. The diamond industry is dominated by family jewelers, who are unorganized jewelers and the contribution of such unorganized sector is more than 90% of
market. But today, organized sector such as Tata, Reliance has been growing steadily their market share. As the share of such organized sector's share is increasing and the share of unorganized share is declining. The findings regarding whether their business has affected by the branded product, 38% of entrepreneurs said that their business is affected due to branded jewellery, whereas 62% entrepreneurs said that their business is not affected by the branded jewellery in the market as they normally export their product.

21. The finding with regards to the safety and prevention of safety devices 91% of entrepreneurs said that their company has all the safety and prevention devices whereas only 9 % of entrepreneurs denied the existence of safety and prevention devices in their organization.

22. The finding with regards to the proper provision of first aid facility and availability were, 96% of entrepreneurs have respond positively in their company there is a proper provision of first aid and it is easily identified at the time of emergency only 4% of entrepreneurs replied that sometimes there is problem of identifying the first aid material.

23. In this question regarding health check up of the employees, 79% of entrepreneurs said that they have a proper arrangement of routine health check-up of their employees at regular intervals and 21% of entrepreneurs replied that there is no such system of routine health check-up for employees in their company.

24. The finding regarding import of diamonds, 81% the company’s import rough diamonds from different countries as per their requirements and only 19% of the companies said they do not directly import the rough diamonds.

25. The findings regarding the export of diamond jewellery are normally 76% of entrepreneur’s export their diamond jewellery product to different countries and 24% said that they do not export their product but depend on the home country. The gems and jewellery sector is affected by the rupee/dollar exchange rate because it is export-
oriented. Any volatility in the exchange rates affects the margins of the players. For instance, the recent appreciation in the rupee against the dollar had made the exports of gems and jewellery less competitive in its key export destinations.


The report on the perspective for the global jewelry industry released by The GJEPC and KPMG offers some projections of the global gem and jewelry industry in 2015.

Some of the statistical highlights include:

1. Diamond jewelry will be the slowest growth segment at a Compounded Annual Growth Rate of 3.3%.

2. Synthetics will have sales of close to $2 billion at wholesale price by 2015, and will impact sales of natural diamond jewelry to the extent of $6 billion at the retail level.

3. China (13%) and India (12%) together will emerge as a market equivalent to that of the US share (26%).

4. Middle East with growth of 9% will be another large market.

5. Value addition in diamond processing will increase from 29.3% to 34.1%.

6. India’s share in diamond processing will drop from about 57% by value to 49%.

7. China’s share in diamond processing will rise to 21.3%.

8. About 9% of world’s diamonds will be processed locally by mining countries.

9. Centralized distribution of roughs will drop from 55% in value to 40%.
10. Roughs sold through traders will account for 45%.

11. Value addition in diamond trading will fall from 12.9% to 9.9%

6.2. Projected Gems & Jewellery India in Retail Market

Chart No. 9

Title: Projected demand of Retail market in Diamond jewellery:

Source: GJEPC and IM&CS analysis
The analysis shows that the demand for diamond jewellery will fall from 83% to 73% by 2012. It is noted that in the current year the cut and polished diamonds has decreased by 17.3% with export decline by from 28217 million US$ in 2010-2011 to 23329 million US$ in 2011-2012.

There has been decline in import of polished diamond from the period of January 2012 to march 2012 more than 70%. In the previous year the decline was 30% in 2011-12. It is expected that the total import of polished diamonds has come down significantly in the year 2012-13.

The exports grew from 12695 million US$ (INR 57747.67 crores) in 2010-2011 to US$ 16517 million (INR 79430.26 crores) in 2011-2012. The share of diamond jewellery is expected to increase to 24% by 2022 from the current levels of about 15%.

India had total resources of around 4.5 million carat out of which 1.2 million carats were reserve. By grades, about 17% of resources are of variety of gems, 18% are variety of industrial diamonds while remaining 65% of diamonds are unclassified diamonds.

Chart No. 10

Title: Export of Gems & Jewellery Categories Wise.

The above chart no. 10 shows that there be slow but steady growth in the above three categories the study predicts that there will be increase in the demand of diamond processing by 2022.

The detail trend above is expected that the gem and jewellery industry enjoys a growth of about almost touching 9% by 2015 and approximately 13% by 2022.
6.4. OBSERVATIONS:

It was observed that the performance of the entrepreneurs was were well educated and technically qualified were better than the less qualified entrepreneurs. The experience and trained entrepreneurs were able to promote the business in the international market. Many a times the entrepreneur has to take the decision as per the situation and for that sufficient experience and proper knowledge is important for the entrepreneurs.

The diamond jewellery industry in India is an unorganized sector and at present, organized sector is developing where some good branded and reputed companies have entered in the diamond industry for eg. Tanishq is a Tata product. Today, more than 80% of jewellery sold in India market is sold by family jewellers. The India gem and jewellery is largely unorganized sector.

The Indian retail sector is growing rapidly. This provides an excellent opportunity for the Indian players to manufacture and sell their jewellery through the retail channels that are fast catching up in the Indian markets. India can become an outsourcing hub for designing and manufacturing jewellery.

There is an increased trend of outsourcing designing and manufacturing of jewellery from India by global retail. As a result the value chain in the gem and jewellery industry may witness consolidation where the only selected major jewellers are likely to adjust with the trend and requirements of the market in the competitive pressure.

The Indian gems and jewellery industry is already reported growth in large segment. Export – Import data from Gem & Jewellery Export Promotion Council (GJEPC) has also reported a gradual shift in export to higher value segment which helps to earn more profit.
Hallmarking the jewellery and quality standards, certifications by an institute establish the confidence in the minds of consumer. This hallmarking and certification helps the unorganized sector to increase their business in local market.

Gems and jewellery industry contributes more than 50% of SEEPZ exports, considering this Indian government has simplified the export procedure and has taken various promotional measures and it was implemented.

It was observed that the gem and jewellery sector plays an important role in earning the foreign exchange. It was observed that the export has decreased in the year 2011 in form of turnover, but in terms of exchange value in rupees it has increased by 4.6%

In India many training institution were established for imparting training and knowledge of various type of diamonds, cutting and polishing of diamonds, processing of diamonds and jewellery manufacturing industry.

It was also observed that diamond jewellery manufacturing company has taken initiatives in developing training centres for jewellery designing, and to train the Indian jewellers in such a way that it helps them to survive in international market.

This is done to enhance the demand for Indian gems and jewellery industry. The Gemologist Institute of India (GII) and Gem & Jewellery Export Promotion Council (GJEPC) along with other major industry has established a National Research Centre (NRC) which is playing an important role in training the new entrepreneurs, training workers, students to initiate to conduct market based research.

A research & development centre has also been opened in the premises of Indian Institute of Gems & Jewellery in Japiur to provide the requisite of research & development to support the diamond jewellery market.
6.5. PROBLEMS FACED BY THE INDUSTRY:

1. The first and major problem faced by diamond jewellery is the crisis of a fall in demand of the polished diamonds.

2. The second problem faced by the diamond jewellery industry sector is family based business where often there is a problem of work-force which is not much properly organized by many entrepreneurs.

3. The diamond industry is facing the crisis of recession due to decrease in fall of export demand for the cut and polished diamond by major exporting countries. In the past two years alone, sales of polished diamonds from African countries have grown 28 %, even as the overall market has declined.

4. Due to slowdown of the global economy and decrease in the export many diamond jewellery entrepreneurs had to shut down their manufacturing units. The exact number of units engaged in the diamond sector is not known, as most of the units are not registered.

5. The sector also faces a challenge in the form of integration of synthetic or man-made diamonds. Today, due to technology it is difficult to differentiate the diamond which is natural diamond and which is manmade diamond.

6. It may so happen that the synthetic diamonds are passed on as real diamonds and in the long run, this could affect the credibility of the sector.

7. Currently, China is the second-largest diamond processing centre in the world after India; however, it is slowly catching up and is threatening to displace the Indian gems and jewellery sector from its dominant position in the world.
6.6. CONCLUSIONS:

This section includes the conclusion derived from this research. The diamond jewellery manufacturing industry in Mumbai is a rapidly developing and was considered one of the priority fields to develop the diamond jewellery industry in Mumbai due to second largest sector in export of our country.

The following are the conclusion of the research:

1. Entrepreneurs in Mumbai diamond jewellery industry are qualified and have experience in the diamond jewellery business.

2. Mumbai Diamond Jewellery Manufacturing entrepreneurs maintain an accuracy in finished products which also helps the entrepreneurs to maintain quality standards as per international markets.

3. In Mumbai the skilled labour such as experienced qualified cutters, polishers are easily available. The lower labour cost of cutting and polishing of diamonds has made our country as an attractive place for diamond processing in India. The Indian gem and jewellery industry has made India in manufacturing low cost of production and availability of skilled labour.

4. Training institutes currently offer different courses through which about 30 to 35 persons pass out each year. These persons are trained and ready for cutting and polishing of diamonds.

5. Diamond Jewellery industry in Mumbai does not pollute the environment either air or water.

6. The raw material i.e. rough diamonds as well as finished product are of high value but, it is of very low weight. Due to this factor there is no burden on any of the factors of production or mode of transport.
7. Mumbai diamond jewellery industries especially are highly equipped with new and latest laser machines for manufacturing diamond jewellery.

8. The Indian gem and jewellery industry has been built an image in polishing of diamonds in lower size and quality stones. This has increased the market share and growth in small sized diamond export.

9. Mumbai diamond jewellery industry especially in SEEPZ is well maintained and supported by Government of Maharashtra. Diamond jewellery industry in SEEPZ in Mumbai Government of Maharashtra has been given tax privileges. There are no taxes on imported rough diamonds and exported cut and polished diamonds. Maharashtra Government is support to diamond processing is aimed at facilitating new investment in the Mumbai diamond jewellery industry.

6.7. GUIDELINES FOR FUTURE RESEARCH:

Although this research is merely a pioneer attempt in this field, it still gives directions for researchers to explore the facts about the entrepreneurship in diamond jewellery manufacturing industry due to inappropriate supply chain and market selection phenomenon.

This is one of the most sensitive areas of investigation as it has in identifying the major growth in entrepreneurship in diamond jewellery manufacturing industries. This study will also have an important commercial viability as it will give guidelines to the organizations involved in diamond jewellery unit to frame competitive strategies to improve the structure of their organization to match with the requirements of the diamond jewellery industry.