

PREFACE

Gems and jewellery have been an ineffaceable element of our lives since time immemorial. The inherent value of gems and jewellery has attracted the human society across different geographical, cultural and social boundaries. Traditionally, jewellery in India was bought as an investment with precautionary motive or was mainly worn during special occasions like festivals and marriages.

With enormous employment potential based on skilled art and craftsmanship, the gems and jewellery industry occupies an eminently important place in the galaxy of cottage industries in India. At present, it is a big cottage industry. A great number of people like manufacturers, brokers and labourers etc. are engaged in the industry in different occupations. Although the central government determines the rules and regulations of this industry, it is different from other cottage industries. This is perhaps the only industry in India, which is almost hundred per cent export-oriented and which has done so well without being in any way a burden on the public money. No natural resources are used by this industry. The raw material required is imported. Requirement of water and power are much less as compared to other industries. And, most important, it is a pollution free industry.

India is known to be the largest consumer of gold in the world. It is estimated that the current annual demand for gold in the country is well over 800 tonnes. Naturally India is also the largest fabricator of gold. Indian designers have made a mark on the world jewellery scene and won recognition for design development as well. This ability to adapt and innovate shows the strength of Indian jewellery industry, which is a thousand year old industry.

India is the world's leading diamond cutting and polishing centre. India produces almost 95 per cent of the world's cut and polished diamond pieces.

By carat weight, India is estimated to process 80 per cent of rough world production by volume and 58 per cent by value.

India exports gems and jewellery to nearly 160 countries. Among the top ten markets of Indian gems and jewellery products during the period 1990-91 to 2009-10, U.S.A. has retained the top position followed by U.A.E., Hong Kong, Belgium, Singapore, Israel, Japan, Thailand, U.K. and Switzerland. The Compound Annual Growth Rate (CAGR) of the gems and jewellery products exports is 16.59 per cent over the study period, which is significant for the Indian economy. Moreover, in terms of growth rate, China P RP (86.11), South Africa (70.63), Honduras (63.85), Lebanon (62.77), Fiji Is (61.73), Turkey (52.59), Argentina (50.32), Bhamas (49.83), Poland (45.32), Chile (45.05), Russia (40.96) have retained the top position in the exports of gems and jewellery products. There is high potential demand in these countries.

Additionally, among the various ports and clusters exporting Indian gems and jewellery products during the period 1990-91 to 2009-10, Mumbai retained the top position followed by New Delhi, Jaipur, Chennai, Cochin, Coimbatore, Bangalore, Kolkata, Surat and Hyderabad.

India's strength lies in the three millions highly skilled workforces in the country in the gems and jewellery sector, out of which one million are engaged in export production. The work force is most economic and therefore most competitive when compared with any other cutting centre in the world.

India is superior in this industry due to cheap labour; regarding to manufacturing perfection in labourers and availability of antique jewellery that is influenced by different civilizations. But in this field China is a competitor of India. It is progressing quickly because of more facilities provided to labourers and use of good equipments. We should also acquire new equipments and technology to maintain our supremacy in this field.

A huge potential exists in the country for economic development in rural areas through employment and income generation by boosting gems and jewellery sector. However, this sector faces some fundamentals problems like changing fashion, dependence on imports and competition with other growing markets. So there is an immediate and dire need to address them for the sector to harness its potential.

Indian gems and jewellery sector must modernise its techniques of production, improve the designs, rationalize the wages structure, ensure the bulk supply of raw material at cheap prices, simplify exports and lay great emphasis on advertising and publicity. India must also develop a marketing approach and change the various policies to meet the changing pattern of global market.

In the present study for the period 1990-91 to 2009-10 an attempt has been made to analyse the India's position in global trade of gems and jewellery products and to know about the ways and means by which India's position in international trade may not only be maintained but also improved. The main objective of this study is to find out the problems and prospects of India's gems and jewellery exports and to suggest policy implications to promote exports.