

A TREND ANALYSIS OF EXPORT PERFORMANCE OF GEMS & JEWELRY INDUSTRY IN INDIA

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Abstract

Gems and Jewelry is an important emerging sector in the Indian Economy. Ranked among the fastest growing sectors, it is also a leading sector for foreign exchange generation. The two major segments of the sector in India are gold Jewelry and diamonds. Gold jeweler's forms around 80% of the Indian Jewelry market, with the balance comprising fabricated studded Jewelry that includes diamond studded as well as gemstone studded Jewelry. This paper tries to analyze the performance of gems and jewelry industry in India for the year 2006-2011 as well as the growth rate of gems and jewelry industry between the years 2006-2011. The trend analysis technique is used to analyze the secondary data. The study reaches to the conclusion that the gems and jewelry sector is increasing day by day.

Keywords: Export performance, gems and jewelry

Introduction

Gems and Jewelry is an important emerging sector in the Indian Economy. Ranked among the fastest growing sectors, it is also a leading sector for foreign exchange generation.

The gems and Jewelry industry in India occupies a significant position in the Indian economy. The market encompasses various kinds of jewels including gold, colored gemstones, costume jewellery, platinum and diamonds. The sector is expected to register a compound annual growth rate (CAGR) of 13 per cent during 2011- 2013, according to a RNCOS report titled, 'Indian Gems and Jewelry Market Forecast to 2013.

Diamonds, Gems & Jewelry have been a part of the Indian civilization since its recorded history. The significance of the gems and Jewelry industries in the Indian economic scenario is obvious from the development in last three or four decades. In 1966-67, the export turnover of the Gems & Jewelry industry was just Rs. 220 m representing a 3% of total merchandise exports. However, it has now grown to become one of the leading export oriented industries in India recording an export turnover of around Rs. 875 bn during 2010-2011 and contributing 16% to total exports. The data indicates that this industry in reality is significant foreign exchange earner for the country [1].

India is the world's largest diamond processing (cutting and polishing) country with around 1 million processors treating over 57% of the world's rough diamonds. According to recent reports, 11 out of 12 diamonds (stones) set in Jewelry are cut and polished in India. Processing is done on rough diamonds in a complete range of sizes and qualities, including stones larger than 10 carats. In terms of carat, India's contribution in this sector is about 80% of the global market. Employing over 90% of the global diamond industry workforce, the country also accounts for about 90% of the volume of diamond rose in the world [1].

The two major segments of the sector in India are gold Jewelry and diamonds. Gold jeweler's forms around 80% of the Indian Jewelry market, with the balance comprising fabricated studded Jewelry that includes diamond as well as gemstone studded Jewelry. A predominant portion of gold Jewelry manufactured in India is consumed in the domestic market itself. In diamonds sector, however, a major portion of rough, uncut diamonds processed in India is exported, either in the form of polished diamonds or finished diamond Jewelry. Besides being the largest consumer of gold, India is also the leading diamond cutting nation in the world [1].

Gems and Jewelry Industry in India: Industry Structure

The Jewelry industry in India is estimated at Rs 150,000 crore (US\$ 30.49 billion) industry of which only 5 per cent is organized, thus creating

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opportunity for the foreign players to enter the Indian market and increasingly making the Indian market organized.

The global demand for gold in 2011 rose to 4,067.1 tonnes worth an estimated US\$ 205.5 billion - the first time that global demand has exceeded US\$ 200 billion and the highest tonnage level since 1997, according to a report released by the World Gold Council (WGC). The main driver for this increase was the investment sector where annual demand was 1,640.7 tons, up by 5 per cent as compared to the record set in 2010 and with a value of US\$ 82.9 billion.

- French luxury brand LVMH Moët Hennessy Louis Vuitton SA plans to enter into the Indian retail Jewelry segment, in short time ahead, as per a report. The company had acquired Bulgari SpA in May 2011, and is looking at bringing it to Indian markets. In India, LVMH has been retailing Tag Heuer, Zenith and Dior watches. As part of its Indian retail Jewelry foray, LVMH is also considering to offer products from its joint venture (JV) De Beers diamond jewellers in India
- One piece of Jewelry is sold every three minutes online on eBay India. This rising velocity of transaction, as Deepa Thomas, Head (Pop Culture), eBay India, puts it, has set the Net all aglitter. E-commerce players say the Jewelry category is the most buoyant online
- Branded Jewelry, which accounts for less than 6 per cent of the Rs 1,000 billion (US\$ 20.33 billion) Jewelry market, is estimated to grow at 40 per cent compound annual growth rate (CAGR) over the next four years according to industry estimates, quoted Vidya Nataraj, Co-founder and CEO of Bluestone.com

Review of Literature

The review of literature plays a vital role in each study and needless to say. In this study literature regarding the designed problem has been connected and review of literature.

Kishore Sharma (1960), factors determining India's export performance in this article said References and further regarding may be available for this article. To view references and further reading you must purchase this article. Export growth in India has been contributed to this phenomenon including foreign direct investment (FDI). However, despite increasing inflows of FDI especially in recent years there has not been any attempt to assess its

contribution to India's export performance one of the channels through which FDI influences growth. Using annual data for 1970-1998 this paper investigates the determinants of India's export performance in a simultaneous equation framework. Results suggest that the real appreciation of the rupee adversely affects India's export performance. Export supply is positively related to the domestic investment appears to have statistically no significant impact on export performance although its coefficient has a positive sign [2].

Rashmi Bag (1997), the export-diversifying impact of Japanese and US Foreign Direct Investments in the Indian Manufacturing Sector in this article said the export-diversifying impact of foreign direct investment (FDI) in a developing country. FDI may lead to export diversification in the host country if it positively affects the export intensity of industries that have a low share in world exports. Indirectly, FDI may encourage export diversification through spillover effects: that is, the presence of FDI in an industry may increase the export intensity of domestic firms. The empirical results for the Indian economy in the post-liberalization period show that FDI from the US has led to diversification of India's exports, both directly and indirectly. However, Japanese FDI has had no significant impact on India's exports [3].

Objectives of the study

- To study the export performance of Gems & Jewelry sector in the India for the year 2006-2011.
- To study about the growth rate for Export Performance of Gems & Jewelry in India for the year 2006-2011.
- To find out the future Export Performance of Gems and Jewelry in India for the year 2011-2016.

Research Methodology

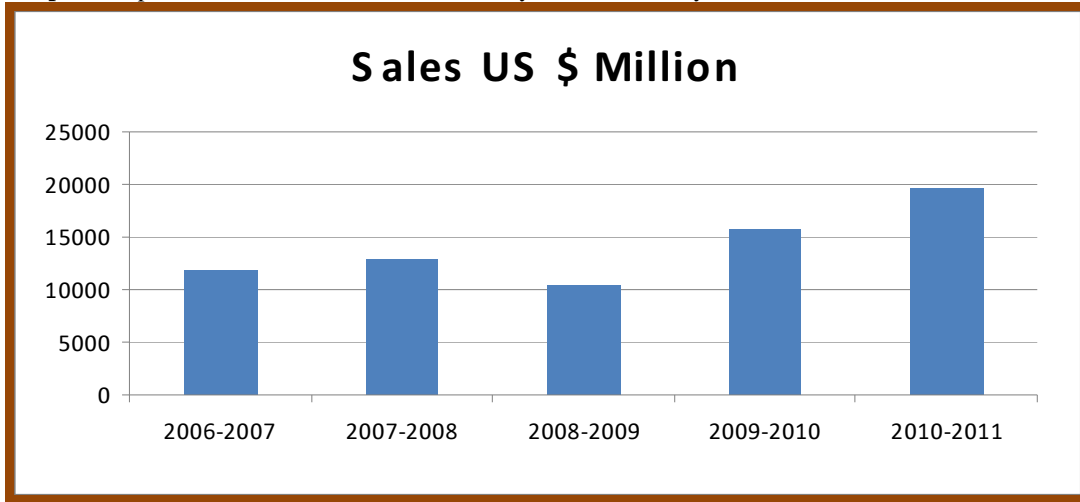
- **Sample Area**
Indian Gems and Jewelry Industry
- **Data and Sources of data**
The study is based on secondary data source. The required data are collected from Journal, Magazines, Article, Books and Websites and so on.
- **Period of the Study**
The study period covers five year from 2006-2011.
- **Data Analysis**

Data collected from various secondary sources and were edited and tabulated. Analysis of data is done by using statistical techniques like:

- Trend Analysis
- Growth Rate

Data Analysis and Interpretation

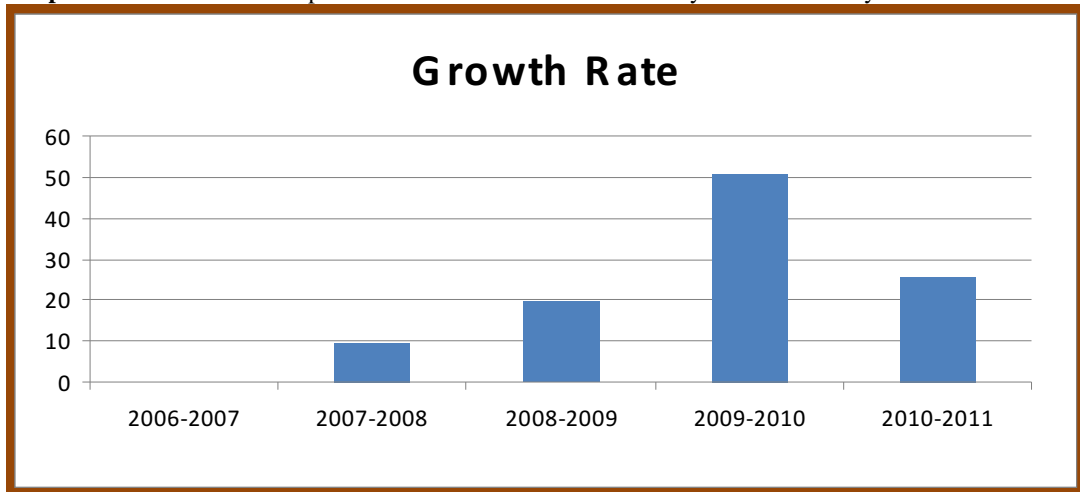
Graph 1- Export Performance of Gems and Jewelry in India for the year 2006-2011 [12]



The above graph depicts the export performance of gems and Jewelry in India for the period 2006-2011. The export was highest in the year 2010-2011 i.e. 19631.6 US \$ Million while compared to other year. Hence, there was a continuously

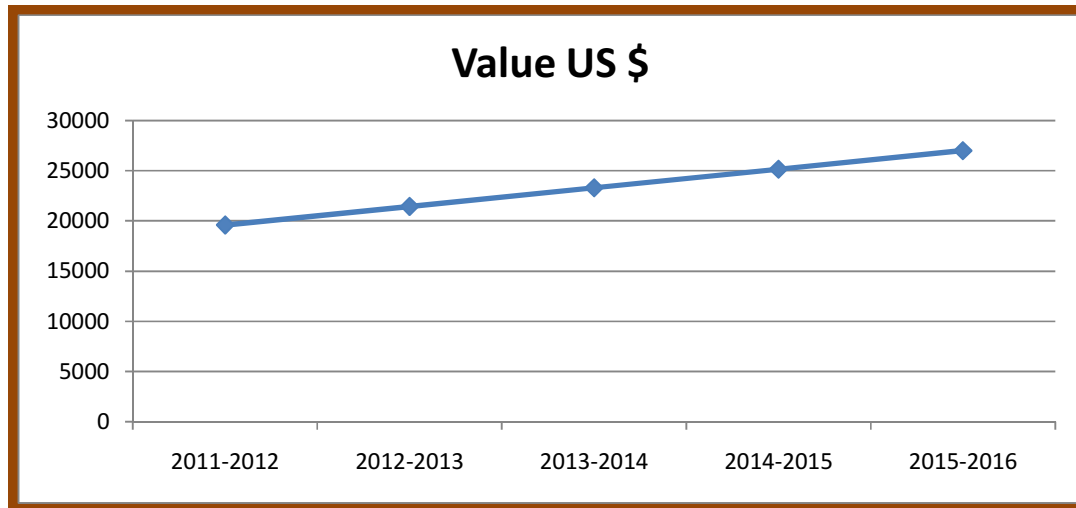
increases of gems and Jewelry export performance in India.

Graph 2- Growth Rate for Export Performance of Gems and Jewelry in India for the year 2006-2011



The above graph depicts the growth rate for Export performance of Gems and Jewelry in India. There was an upward and downward movement in the Export performance. In the year 2009-2010 the

growth rate was 50.96 and later in the year 2010-2011 it shows the decreasing growth rate i.e. 25.57. Trend Projected for Export Performance of Gems and Jewelry in India for the year 2006-2011

Graph 3- Trend Projected for Export Performance of Gems and Jewelry for the year 2011-2016

The above graph depicts the trend movement of gems and Jewelry for the period 2011-2016. The trend value which shows highest in the year 2015-2016 i.e. US \$ 26991.71 while compared to other years. Hence there will be a continuous increasing of the export performance of gems and Jewelry in India.

Findings

- The growth rate of export performance of gems and Jewelry in the year 2010-2011 is 25.57%.
- Trend value of export performance of gems and Jewelry in the year 2011-12 will be US \$ 19600.79.

India's Position in Gems and Jewelry Sector

1. Gems and Jewelry is one of India's leading foreign exchange earning sectors.
2. It accounted for 16.7 per cent of India's total Merchandise Exports.
3. USA's import of Gem & Jewelry from India increased by 50.5% in 2010 as compared to 2009.
4. India Gems & Jewelry exports are expected to grow at a whopping 15 to 20 per cent in FY 2011-2012.
5. At present India exports 95% of the world's diamonds.

Suggestions

- Government must liberalize the custom duties and procedures.
- The government has to encourage the domestic exporters and help them to export their product in the International Market.
- The exporter of Gems and Jewelry must know the procedures to be followed in the export.

Conclusion

Based on the study it shows that there is a continuous increase in the export of Gems and Jewelry in India. Gems and Jewelry Industry play a vital role in the development of an economy. I can expanded its markets in the global economy and can be recognized as a global the exporters of the other countries and prove to be equally good in the export.

The gems and Jewelry sector is a major foreign exchange earner. Due to its importance in India's foreign trade, the government has taken many initiatives to boost the sector. The government, for instance, has declared this sector as a thrust area for exports.

Based on the findings, the report estimates that worldwide jewelry sales will rise from \$146 billion in 2005 to \$185 billion in 2010 and \$230 billion in 2015. However, it stresses that if the industry as a whole focuses on "growing demand for jewelry as a category and "strengthening industry-level and enterprise-level capabilities" in the "next 12-18 months," sales could reach \$280

billion in 2015, registering a CAGR of 6.7 percent.

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