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**An Investigative Study on the Export Performance and Future Prospects of India's  
Gems and Jewellery Industry**

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**Abstract** - The Indian gems and jewellery industry is among the fastest-growing sectors globally. India has established itself as a leading player in diamond polishing and jewellery manufacturing, driven by the country's rich traditions, customs, and cultural heritage. The industry's offerings include polished diamonds, gemstones, gold jewellery, and synthetic stones. As the world's largest importer and consumer of gold ornaments, India surpasses many developed and developing nations in its demand for gold. This demand continues to rise due to the cultural significance of gold in marriages, religious practices, and as a preferred investment among the wealthy and middle-class populations.

India's export industry in gems and jewellery has matured significantly and is now poised for further development. The country commands a 55% share of the global market in terms of turnover, highlighting its dominance in this sector. The growing awareness and preference for trendy jewellery designs among the younger generation in India suggest a promising future for the organized jewellery market. Projections indicate that this segment will expand at an annual rate of 40%, reaching an estimated value of US\$ 2.2 billion by 2023.

While India continues to be a primary source of imports for developed countries due to its skilled and cost-effective labor force, it faces increasing competition from nations like China, Thailand, and Sri Lanka. Despite this competition, India has maintained a strong position and has promising prospects for continued growth in the gems and jewellery industry.

**Keywords:** *Gems and jewellery, Diamond, stone, world market, cheap labor and quality design.*

## **1. EXPORTS**

During the April-December 2013 period, exports in the Indian gems and jewellery sector experienced a notable increase, rising to US\$ 19.20 billion from US\$ 19.6 billion in the same period the previous year. This growth underscores the sector's resilience and expanding global market reach.

Specifically, the exports of cut and polished diamonds during this timeframe amounted to US\$ 12.20 billion, up from US\$ 12.06 billion in the corresponding period of the previous year. This increase reflects India's continuing strength and expertise in diamond cutting and polishing, solidifying its position as a major player in the global diamond market.

These figures highlight the robust performance of the Indian gems and jewellery industry, driven by consistent demand and competitive edge in skilled craftsmanship and quality. The sector's ability to sustain and grow its export levels amid global economic fluctuations demonstrates its pivotal role in India's overall economic landscape and its potential for future expansion.

## **2. STATEMENT OF THE PROBLEM**

The researcher observed a significant gap between the actual state of the Gems and Jewellery market in India and the existing research outcomes related to this sector. The nature of the Gems and Jewellery market is inherently complex, influenced by factors such as currency fluctuations, gold prices, demand variability, and government policies.

This study aims to bridge this gap by analyzing the performance of the Gems and Jewellery sector in India using appropriate statistical tools. By employing rigorous quantitative methods, the research seeks to provide a comprehensive understanding of the market dynamics, including trends, challenges, and opportunities. The findings will offer valuable insights into the sector's performance, helping stakeholders make informed decisions and develop strategies to navigate the complexities of this ever-evolving market.

## **3. OBJECTIVE OF THE STUDY**

The researcher has outlined three primary objectives for this study:

1. **To Examine the Current Status of the Indian Gems and Jewellery Sector:** This objective aims to provide a detailed overview of the present condition of the industry.

It includes assessing the market dynamics, production capabilities, consumer trends, and the overall economic impact of the sector within India.

**2. To Analyze the Current Export Performance of Gems and Jewellery from India:**

This goal focuses on evaluating India's export activities in the gems and jewellery sector. It involves analyzing export volumes, key export destinations, competitive positioning in the global market, and the factors influencing export performance.

**3. To Predict the Future Export Performance of the Gems and Jewellery Sector in India:**

This objective is forward-looking, aiming to forecast future trends and export performance. By employing predictive analytics and market trend analysis, the researcher intends to provide insights into the potential growth, emerging markets, and the strategic measures needed to enhance India's export capabilities in the gems and jewellery industry.

#### **4. PERIOD OF STUDY**

The study encompasses the period from 2007-2008 to 2012-2017 and extends its projections up to 2023. This extensive timeframe allows for a thorough analysis of historical data and trends in the Indian gems and jewellery sector, providing a comprehensive understanding of its evolution over the years.

By examining data from 2007-2008 to 2012-2017, the study captures key market shifts, policy changes, and economic conditions that have influenced the industry. This historical analysis serves as a foundation for making informed projections up to 2023. These projections aim to forecast future trends, market behavior, and potential challenges, offering valuable insights for stakeholders to strategize and capitalize on emerging opportunities in the gems and jewellery sector.

#### **5. SCOPE OF THE STUDY**

The researcher has selected the Indian gems and jewellery industry as the focal area of this study to assess both its current performance and future potential. This research aims to provide a full analysis of the industry's present state & offer projections for its future growth.

By focusing on this sector, the study seeks to identify strategies for enhancing the existing export volume of Indian gems and jewellery. Additionally, it aims to offer insights into the industry's future market prospects on a global scale. The findings will be instrumental

for stakeholders in understanding market trends, identifying growth opportunities, and making informed decisions to strengthen India's position in the international gems and jewellery market. This research will ultimately contribute to the sustainable development and competitiveness of the Indian gems and jewellery industry.

## **6. RESEARCH METHODOLOGY**

### **SOURCE OF DATA**

The study is designed as desk research, relying on secondary data sources. It is constructed using a wide range of published information on the Indian gems and jewellery market, including data gathered from the internet, academic journals, industry magazines, newspapers, and other reputable publications.

This research approach allows for a comprehensive analysis of existing literature and data, providing a well-rounded understanding of the market dynamics. By synthesizing information from these diverse sources, the study aims to present an accurate and insightful overview of the current state and future prospects of the Indian gems and jewellery industry. This method ensures that the research is grounded in credible and relevant information, enabling a thorough exploration of the sector's performance and potential growth.

### **STATISTICAL TOOLS AND TECHNIQUES**

The researcher has used the trend analysis ( $y = a + bx$ ) and percentage growth method ( $\text{Growth rate} = \frac{\text{present} - \text{past}}{\text{past}} \times 100$ ) as well as plus or minus changes method for converting the raw data into meaningful data.

### **LIMITATIONS OF THE STUDY**

The researcher has identified several limitations in the present study. One significant shortcoming is the limited time frame for data collection, which was conducted over a relatively short period from February 2018 to June 2018. This restricted timeframe may impact the comprehensiveness of the data gathered.

Additionally, the study primarily relies on data published by the Ministry of Commerce and a few relevant articles within the study area. While these sources provide valuable information, the accuracy of the data may be a concern due to its secondary nature. Secondary data can sometimes lack the precision and specificity required for detailed analysis, potentially affecting the study's overall reliability.

Despite these limitations, the study aims to offer meaningful insights into the current status and future potential of the Indian gems and jewellery industry, contributing to a better understanding of this complex sector.

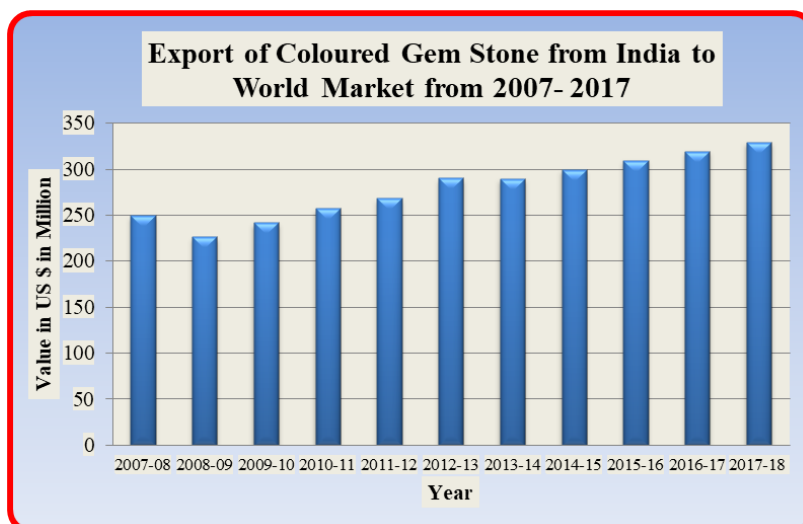
## 7. RESULTS AND DISCUSSION OF THE STUDY

**Table 1: Export of Coloured Gem Stone from India to World Market from 2007- 2017**

Year	Value in US \$ in Million	Growth percentage
2007-08	249.44	-
2008-09	226.34	-9.26
2009-10	241.42	6.66
2010-11	257.19	6.53
2011-12	268.02	4.21
2012-13	290.07	8.22
2013-14	289.8	-0.09
2014-15	299.63	3.39
2015-16	309.46	6.62
2016-17	319.29	3.17
2017-18	329.11	3.07

Source: Ministry of commerce & industry.com

**Figure1: Export of Coloured Gem Stone from India to World Market from 2007- 2017**



**Table 2: Total Exports of Gold Jewellery from India to World Market from 2007 TO 2017**

Year	Value in US \$ in Million	Plus or minus changes
2007-08	4550.39	-
2008-09	4252.52	+
2009-10	5601.2	+
2010-11	7375.74	+
2011-12	8657.72	+

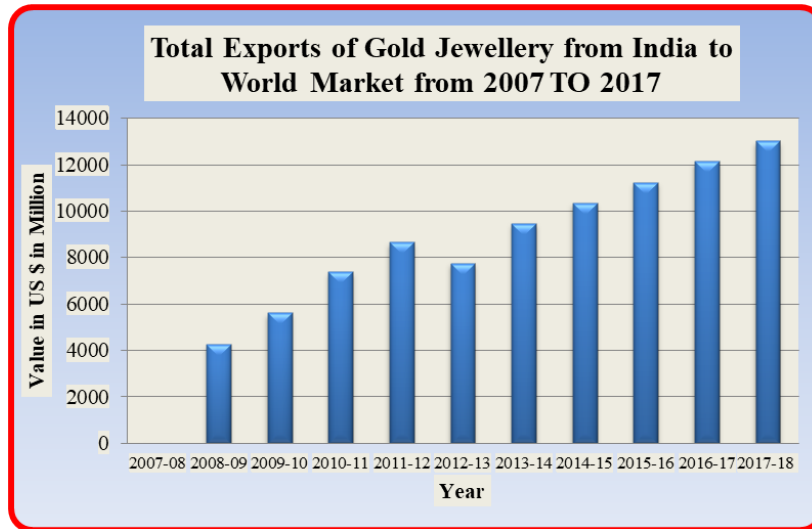
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2012-13	7755.54	-
2013-14	9467.11	+
2014-15	10353.3	+
2015-16	11239.4	+
2016-17	12125.6	+
2017-18	13011.8	+

Source: Ministry of commerce & industry.com

**Figure2: Total Exports of Gold Jewellery from India to World Market from 2007 TO 2017**



## 8. OBSERVATIONS OF THE STUDY

- India processes over 57% of the world's rough diamond value, with 11 out of every 12 diamonds set in jewellery being cut and polished in the country. This statistic highlights India's dominant position in the global diamond processing industry.
- Observations indicate a steady growth in the export of colored gemstones from India to the world market, as evidenced by consistent growth percentages. In contrast, the export of gold jewellery has shown a constant trend according to the plus or minus changes method, indicating stable performance in this segment.
- Forecasts suggest that by 2023, the Indian jewellery industry will experience significant fragmentation in the retail business. The diamond mining, sourcing, and processing sectors are expected to remain specialized, catering to either niche markets or mass consumers.
- The Gem and Jewellery Export Promotion Council (GJEPC) is actively working to elevate the Indian jewellery industry's global standing. They are focused on creating a

pool of artisans and designers trained to international standards, aiming to consolidate India's position as a leading global player in the jewellery segment.

- To promote the industry internationally, GJEPC undertakes direct promotional activities. These include organizing joint participation in international jewellery shows, facilitating and hosting trading delegations, and conducting sustained image-building exercises through advertisements, publications, and audio-visual materials abroad. These efforts are designed to enhance the global visibility and reputation of Indian jewellery.
- The Gem and Jewellery Export Promotion Council (GJEPC) operates several institutes across major cities such as Mumbai, Delhi, Surat, and Jaipur. These institutes offer comprehensive training in all facets of jewellery manufacturing and design, aiming to enhance skills and expertise within the industry.
- According to Credit Analysis and Research Limited (CARE), the domestic jewellery market in India is projected to reach approximately US\$ 16 billion by the year 2023. This significant market size underscores the substantial role of the jewellery sector in the Indian economy.
- India is a major global consumer of gold, with a consumption of nearly 800 tons annually, representing about 20% of the world's total gold consumption. This substantial demand highlights India's key position in the global gold market.
- The Government of India has facilitated foreign investment in the gems and jewellery sector by permitting 100% foreign direct investment (FDI) through the automatic route. This policy aims to attract international investors and further develop the industry.
- Looking ahead, exports of gemstones and gold jewellery are expected to show an increasing trend up to 2023. This positive outlook suggests continued growth and expansion opportunities for these segments in the global market.

## 9. RECOMMENDATIONS OF THE STUDY

To enhance the Indian gems and jewellery industry, several strategies could be implemented:

1. **Diversify Patterns and Designs:** Expanding the range of patterns and designs can help meet evolving consumer preferences and stimulate industry growth. Embracing

innovative and diverse designs can attract a broader customer base and boost market appeal.

2. **Optimize Fund Utilization:** The Government of India should consider implementing more targeted measures to effectively utilize funds for the development of the gems and jewellery market. Strategic investment in key areas could accelerate industry growth and enhance competitiveness.
3. **Organize Trade Fairs and Exhibitions:** Increasing the number of trade fairs, exhibitions, and trade shows can help raise the profile of the industry, attract potential buyers, and boost turnover. These events provide valuable opportunities for networking and showcasing new products.
4. **Enhance Training Programs:** Providing comprehensive training for industry professionals is crucial for achieving high standards of quality and craftsmanship. Investing in training programs can develop skills and improve the overall excellence of the industry.
5. **Update Technological Advancements:** Staying abreast of technological advancements is essential for maintaining competitiveness in the global market. Upgrading technology can enhance production efficiency and product quality, helping the industry to remain relevant and innovative.
6. **Reduce Duties:** Lowering duties on gems and jewellery can help reduce costs for market players and stimulate industry growth. Competitive pricing resulting from reduced duties can also make Indian products more attractive in international markets.
7. **Support Domestic Exporters:** The Government of India should provide support to domestic exporters, facilitating their entry into international markets. This support can help increase foreign exchange reserves and expand India's presence in the global gems and jewellery sector.
8. **Simplify Export Procedures:** Streamlining and simplifying the complex export procedures for gems and jewellery can help increase export volumes. Simplified processes can make it easier for exporters to navigate regulations and expand their reach in international markets.



## 10. CONCLUSION

India has long been a significant player in the global gems and jewellery industry, with a notable historical legacy in studded jewellery production. Records from 1650 A.D. indicate that over 60,000 workers were employed in the Eluru mines, highlighting the country's deep-rooted involvement in gem extraction and processing.

Today, although India no longer has raw studded jewellery, it remains a major global player, producing 70% of the world's gems by quantity and 45% by value. India pioneered gem crafting and has achieved a leading position in the international market. The country excels not only in traditional handmade jewellery but also in machine-made commercial jewellery.

India is the world's largest manufacturer of cut and polished diamonds, exporting 93% of its production. As of 2016, India accounted for 75% of the world's polished diamond exports, holding a 60% share of the global diamond market by value and 90% by volume. Currently, 12 out of 14 diamonds sold globally are either cut or polished in India.

The Indian gems and jewellery sector, contributing 29% to global jewellery consumption, involves nearly 300,000 individuals directly and indirectly. With a market size of approximately US\$ 54.58 billion, the sector is split between the organized and unorganized segments, with the latter accounting for 55%.

Despite facing intense competition from countries like China, Thailand, and Sri Lanka, India continues to maintain a strong position in the market, capturing 55% of the global market share in terms of turnover. The continuous growth in exports reflects the sector's resilience and potential.

To further enhance export performance and sustain growth, it is crucial for the Government of India to implement strategic measures to support and bolster the gems and jewellery industry.

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