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**“HUMAN RESOURCE AND SKILL
REQUIREMENTS IN THE GEMS AND
JEWELLERY INDUSTRY.”**

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“Human Resource and Skill Requirements in the Gems and Jewellery Industry.”

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Abstract – The Indian gems and jewellery industry has an important position in the Indian economy due to its large-scale export potential. Breaking the shackles of being an ethnic and conventional industry, it has set growth standards of 15-20% in the past couple of years. The boom of this industry is essentially driven by the impressive export performance. Today, this sector is country's second highest foreign exchange earner (after textile industry) and it contributes about one fifth of country's export. The Indian Gems and Jewellery Export Promotion Council (GJEPC) has reported that Indian gems and jewellery sector has surpassed its export target of \$16 billion in 2007, two years in advance. Export in 2005-06 rose to \$16.67 billion, a growth of more than 6%. According to GJEPC, the sector is likely to grow at 20-25% in 2006-07. The growth was primarily driven by the cut and polished diamond segment, which registered growth of more than 6% in 2005-06. India is the largest manufacturer of cut and polished diamonds in the World. It is estimated that 11 out of 12 finished diamonds are from Surat in India.

Keywords: Human Resource, Requirements, Gems and Jewellery, Industry, Surat, India, etc.

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INTRODUCTION

The recession in the second half of 2008 has severely affected the gems and jewellery industry in Surat not only in terms reduced sales but also in terms of employment. the Surat cluster for CPD's, due to reduced demand, lack of work, and loss of faith in the industry picking up momentum, approximately 1 lakh people who have moved to alternate jobs in search of livelihood have not returned. The size of the global Gems and Jewellery industry was estimated at US \$ 146 billion at retail prices in 2005, and is estimated to have recorded US \$ 170 billion in sales in 2008. The industry has grown at an average Compounded Annual Growth Rate (CAGR) of 5.2% since 2000. India is one of the eight key world markets, the others being the USA, UK, Middle East, Turkey, Japan, Italy and China. India is the also the largest consumer of gold in the world, and is estimated to hold nearly 16,000 tonnes of gold, accounting for nearly 12-15% of the world's cumulative 'above ground' gold stocks. India is also the largest diamond cutting and polishing centre in the world. While a predominant portion of gold jewellery manufactured in India is for domestic consumption, a significant portion of rough, uncut diamonds processed in the form of either polished diamonds or finished diamond jewellery is exported [1].

REVIEW OF LITERATURE:

The manufacturing and processing of Gems and Jewellery is distributed across several countries in the world (i.e., the African continent dominates the mining space of diamonds whereas India is the dominant player in diamond processing). Apart from being a major market, India primarily forms a part of the polishing and jewellery manufacturing part of the industry's value chain in addition to increasing traction in the organised retail of jewellery [11].

1. Industry size and Growth of the Gems and Jewellery Sector:

The domestic demand for gold jewellery was estimated at Rs. 550 billion in 2007, accounting for an estimated 80% of the Indian jewellery market of Rs. 690 billion; the balance comprised of diamond jewellery (Rs. 115 billion), and other fabricated jewellery (Rs. 25 billion), as seen below: The industry is characterized by highly unorganized trade, labour intensive operations, working capital and raw material intensiveness, price volatility of gold and export orientation [2-5]. Though India plays a dominant role in the Gems and Jewellery industry in terms of processing and consumption, its role in the mining of gold and diamond is minimal. India imports gold and rough diamonds along with other precious metals.

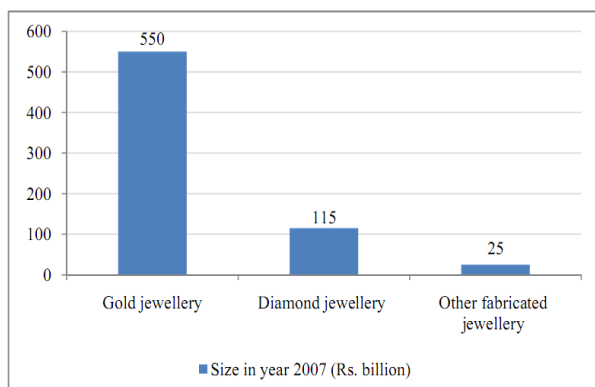


Figure 1- size of Retail Market in India

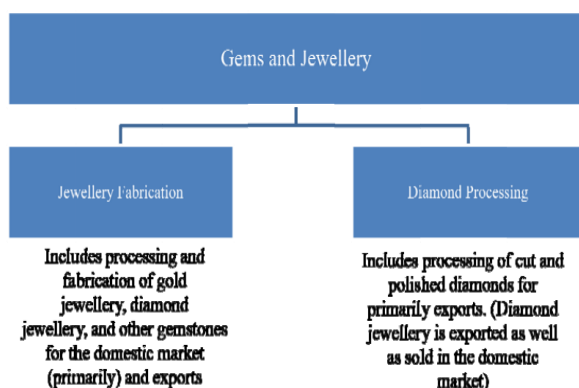


Figure 2- Key processes in the Gems & jewellery industry

The Gems and Jewellery industry also plays a key role in the Indian economy, and commands a high percentage of the exports from the country. In 2008, Gems and Jewellery exports accounted for about 12% of India's total exports. The growth of exports between 2002-03 and 2007-08 was about 14% amounting to Rs. 837 billion in 2008. As seen in the graph below, the exports of CPD and gold jewellery make up about 95% of the total exports of Gems and Jewellery from India.

2. Value chain of the Gems and Jewellery sector:

The activities in the value chain of the Gems and Jewellery sector are as explained below:

- Mining:** The first stage in the value chain of the Gems and Jewellery Industry is mining, i.e. the extraction of gold/diamonds from their natural deposits. Diamonds are typically mined by pipe mining or by alluvial mining. Pipe mining refers to the extraction of diamonds from volcanic pipes, while alluvial mining involves the extraction of diamonds from riverbeds or ocean beaches [6]. Gold mining consists of the processes and techniques employed in the removal of gold from the ground and there are several techniques by which gold may be extracted from the earth.

- Diamond/Gemstone Processing:** Diamond cutting and polishing requires anywhere from several hours to several months to complete. During this process, a diamond loses, on average, half of its original weight. A mined diamond stone first needs to be planned for cutting – i.e. it is carefully examined by the cutter and then marked for cutting. In the polishing process facets are ground on to the stone. A facet is the tiny plane or surface that traps the light and makes a diamond sparkle. Most diamond cuts have 58 facets.
- Jewellery Fabrication:** Nearly two thirds of the world supply of gold is currently used for jewellery fabrication. Under this step, gold is first manipulated, i.e. it is melted, bent, cut and shaped in a way so as to create jewellery designs [7-9]. This is followed by the casting process, which may be a manual or machine-aided. The setting process follows casting, and is the process in which diamonds/coloured gemstones are set into the gold medal. Jewellery fabrication ends with the polishing/finishing process – at the end of this process, the jewellery is ready to be sold.
- Jewellery Retail:** This is the end-customer facing process in which finished jewellery is sold to the end customer. In India, jewellery retail is typically done by small to middle sized family retailers, but this trend is changing with the advent of large retailers such as Tanishq.

3. Market Structure of the Gems and Jewellery sector:

Major Production Clusters

A geographical map of the Gems and Jewellery clusters in India is as shown in the following figure: The centre of the trade in India's Gems and Jewellery industry is Mumbai. Most imports of gold and rough diamond arrives in Mumbai. However, most of the processing of diamonds takes place in the neighboring state of Gujarat [10]. The Gems and Jewellery clusters in Gujarat a areas show in the following figure.



Figure 3 Gems and Jewellery Clusters in Gujarat

Gujarat alone accounts for an estimated 80% of the diamonds processed in India. Of this, 90% are processed by diamond units located in and around Surat alone. The rest of the diamond units are located in Ahmedabad, Palanpur, Khambhat, Rajkot, Bhavnagar, Valsad and Navsari. The diamond processing industry has spread from Gujarat to other states. Many diamond processing units have been set up in Mumbai in Maharashtra. There are also jewellery units in Trishur in Kerala, Coimbatore in Tamil Nadu, Jaipur in Rajasthan, and Goa. Mumbai continues to be the main diamond trading centre of India accounting for the dispatch of 93% of diamond exports.

4. Demand Drivers of the Gems and Jewellery sector:

Jewellery is an important constituent of the Indian culture. Traditionally in India, the demand for gold and diamond jewellery is driven by festivals and weddings and there is remarkable historical and religious significance too. India is also the largest consumer of gold in the world. In marriages, gold jewellery is the gift preferred by the near relatives of the bride and the groom [9]. Gold jewellery is very popular among farmers, with an upsurge in gold sales after a good agricultural season. Buying of gold is an important part of every stage of an Indian citizen's life. Given the Indian culture, this stream of demand is thus continuous and is only expected to rise going ahead.



Figure: Demand drivers for Diamond Jewellery

This can also be attributed to the fact that gold is highly portable, holds its value well in times of uncertainty and can be easily converted to cash either through sale or for guarantying loans. Further, the emergence of use of jewellery as a fashion statement as well as for daily use and gifting has fuelled demand growth in the Gems and Jewellery sector. Apart from this, the increasing share of diamond jewellery is explained below.

CONCLUSION:

The gems and jewellery industry is broadly divided into three main categories, which includes cut and polished diamond, gold jewellery, precious and semi-precious stones. The two major segment of the Gems & Jewellery business in Surat are gold jewellery and diamond jewellery. While a predominant portion of gold jewellery manufactured in Surat is for domestic consumption; a major portion of rough, uncut diamonds processed in India in the form of either polished diamonds or finished diamond jewellery is exported. Gold jewellery accounts for around 80% of the Indian jewellery market; with the balance comprising of fabricated studded jewellery-diamonds and gemstones. Diamond holds the most important position in terms of foreign exchange earnings. Processed diamonds contribute about 80% of the total export of the industry, which makes the Indian gems and jewellery industry diamond centric. India accounts for nearly 55% of world net exports of cut and polished diamonds in value terms. There is hardly any other export segment of the country that has such a significant share in the world market.

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