

# A Study on Problems Faced by the Gems and Jewels Exporters with Special Reference to Coimbatore City

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## ABSTRACT

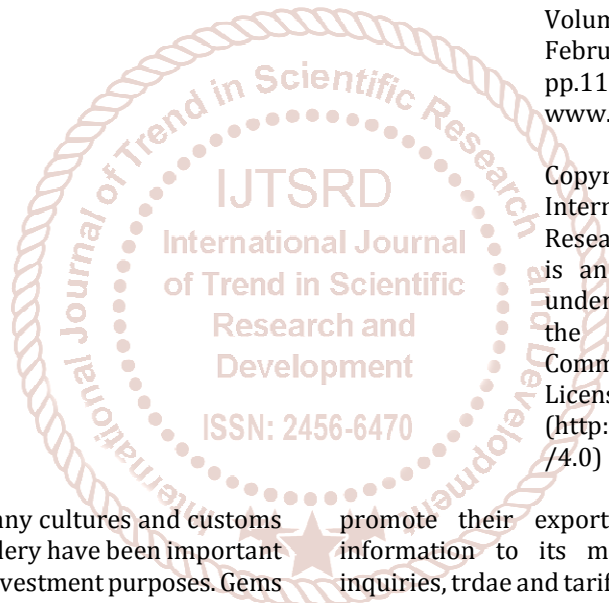
The study mainly focus on the GEM traders export activities and the complications faced by them. It also to examine the mind of the respondents and their preferences on ornaments. It implies the perception of the buyer, how do they see the GEM traders. It compiles the different problems faced by the Gem trader, while they go for export to different countries. It helps to identify the consumers from different countries and their preferences.

**KEYWORDS:** Gems, jewellery, Exporters, Tariff, Government policies, trade

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## 1. INRODUCTION

Gems and jewellery are part of many cultures and customs around the world. Gems and jewellery have been important part for both aesthetic as well as investment purposes. Gems and jewellery industry has gradually become important for the Indian economy due to its contribution in India's total exports. This sector accounts about 14.98% of the country's total merchandise exports estimated at US\$ 262290.13 million in 2015-16. In last four years export of gems and jewellery decreased by 12% and exports got affected by the rising cost of raw materials, depressed demand and slowdown of markets. There are many problems faced by the exporters of gems and jewellery industry. Due to its importance in India's foreign trade, the government has taken many initiatives to boost the sector. The government has declared this sector as a thrust area for export. During the global economic meltdown has dealt out many initiatives for badly-affected sector. This focus on the various policies and measures that were taken by the government for the gem and jewellery sector.

Gems and Jewellery export promotion council (GJEPC): Established in 1966, the GJEPC is the apex body of the Indian gems and jewellery industry, and has around 6500 members across India. The primary goal of the council is to introduce the Indian gems and jewellery to international market and to

promote their exports. The Council provide market information to its members regarding foreign trade inquiries, trade and tariff regulations, rates of import of gold were launched in various forms between 1947 and 1963, but the control regime finally took shape with the implementation of gold control act 1968. This act did not allow goldsmiths to receive more than 100 grams of standard gold for manufacturing jewellery. Future, a certified goldsmith was not allowed to process a stock of more than 300 grams of primary gold at any time. The quality of primary gold possessed by a licensed dealer was limited between 400 grams and 2 kg, depending on the number of artisans employed. There was legal ban gold transaction between dealers.

The government abolished the Gold Control Act when the balance of payment crisis occurred in 1990, after which the largest export houses could import gold freely. Exporters in the export processing zone were allowed to sell 10% of their products in the domestic market. In 1993, gold and diamond mining were opened up for the private investor were allowed to own half of the equity in mining ventures. In 1997, overseas bank and bullion suppliers were also allowed to import gold into India. These measures led to the entry of foreign players such as de beers, tiffany and Cartier into the Indian market.

**1.1. GEOGRAPHIC SPREAD OF GEMS AND JEWELLERY INDUSTRY**

Jewellery making is spread throughout the country with every village having a family of goldsmiths. The diamond processing industry has spread 5 from the State of Gujarat, which accounts for almost 85 per cent of the diamonds processed in India, to other states. Surat, Bhavnagar and Ahmedabad are the diamond centres in Gujarat. Many diamond processing units have been set up in Mumbai in Maharashtra. There are also diamond processing units in Trichur in Kerala, Coimbatore in Tamil Nadu, Jaipur in Rajasthan and also in Goa. Mumbai continues to be the main trading centre for diamond exports. Almost 93 per cent of diamond exports are dispatched through Mumbai airport.

The jewellery crafting and designing is confined to only a few regions in the country and every region specializes in separate craftsmanship skills. The main clusters in Indian gems and jewellery industry are following.

**1.2. STATEMENT OF THE PROBLEM**

- Rising competition from other countries.
- They need to import more raw materials from other country.
- There is no proper fixed rate for the gold and jewells,each and every day there will be a change in price schedule.
- Manufacturers has to pay more duty for import of raw materials.

**1.3. OBJECTIVE OF THE STUDY**

**The objective are**

- To know the consequences gems and jewellery industry.
- To study about the competitive position of gems and industry export.
- To analysis the vital step for improving the gems and jewellery export.

**1.4. RESEARCH METHODOLOGY**

The study is basically an analytical study based on the primary research, this kind of research has the primary objective of development of insight into the problem. The research methodology for the study has been adopted to reflect these realities and help reach the logical in an objective manner. In order to conduct this study, questionnaire has been used for collecting the data.

**1.4.1. TYPE OF RESEARCH**

This is a descriptive research where survey method is adopted to collect primary data from the gems and jewellery exporters and manufactures and the required secondary information for analyses.

**1.4.2. SOURCE OF DATA**

**PRIMARY DATA**

The primary data are those which are collected for the first time and thus happened to be original in character. Primary data will be collected through a questionnaire raised among the gems and jewellery traders and manufactures in and around in Coimbatore.

**SECONDARY DATA**

Secondary data that is already available and published, it could be internal and external of data. The secondary data is being collected through text books, journals, library etc. The

data so collected from both primary and secondary sources have been presented in this research report to the appropriate places.

**1.4.3. DATA COLLECTION**

The data was collected from the gems and jewellery exporters, who are exporting their products from to other countries. Most of the data was collected from the merchant exporters and manufacturer exporters.

**sample size**

Sample size of 70 respondents are only taken for collecting the data, what are the problem faced by the gems and jewellery exporters.

**Sampling area**

The data was collected only in and around Coimbatore city.

**Sampling unit**

GEMS AND JEWELLERY Traders and Manufactures operating in Coimbatore, particular the owner, managers and other official persons.

**1.5. LIMITATION OF THE STUDY**

- The sample group was collected in and around Coimbatore city.
- The sample size for the survey has very low of 70 respondent.
- Beside the study has the limitation of time,place and resources.

**1.6. TOOLS USED FOR THE STUDY**

The collected data were classified, tabulated and analysed with some of the statistical tools listed below:

- Simple Percentage Analysis.

**SIMPLE PERCENTAGE ANALYSIS**

Simple percentage analysis is used in making comparison between two or more series of data. A percentage is used to determine relationship between the series. It is the method to represent raw streams of data as a percentage (a part in 100 - percent) for better understanding of collected data .Percentage Analysis is applied to create a contingency table from the frequency distribution and represent the collected data for better understanding.

$$\text{Simple percentage} = \frac{\text{No of respondents}}{\text{Total no of respondents}} * 100$$

**1. EXPERIENCE IN THE JEWELLERY FIELD**

**Table shows the experience in Jewellery field**

S.N O	EXPERIENCE	NO.OF. RESPONDENT	%
1	0 TO 5	11	16
2	5 TO 10	35	8
3	10 TO 15	18	26
4	More than 15 years	6	50
	TOTAL	70	100

**Source: Primary data**

**INTERPRETATION**

The above table shows the year of experience in the jewellery field, out of 100 percentage, 50 percentage of the respondent are more than 15 years experience,

26percentageof the respondent are 10 to 15 year experience, 16percentage of the respondent are 0 to 5 year experience, 8percentage of the respondent are 5 to 10 years of experience in this field.

**2. NATURE OF OWNERSHIP**

**Table Shows the nature of ownership**

S. NO	NATURE OF OWNERSHIP	NO.OF. RESPONDENT	%
1	Partnership	24	34
2	Private limited	46	66
3	others	-	-
	TOTAL	70	100

Source: Primary data

**INTERPRETATION**

It clearly explain about the nature of ownership, 66 percentage runs the private limited and only 34 percentage run the partnership .

**3. TYPE OF EXPORTER**

**Table shows the type of exporters**

S.NO	TYPE OF EXPOTER	NO. OF. RESPONDENT	%
1	Merchant exporter	24	66
2	Manufacturing exporter	46	34
	TOTAL	70	100

Source: Primary data

**INTREPRETATION**

The above table clearly explains about the type of exporter ,out of 100percentage of respondent, 66percentage of respondent are merchant exporter, and remaining 34percentagerespondent are manufacturing exporter.

**4. CURRENCY FREQUENTLYUSED**

**Table Shows the currency frequently used**

S. NO	CURRENCY FREQUENTLY USED	NO.OF. RESPONDENT	%
1	Dollar	32	46
2	Euro	27	39
3	Yen	5	7
4	others	6	8
	TOTAL	70	100

Source: Primary data

**INTREPRETATION**

The above table clearly shows the currency frequently used by the exporter, out of 100 percentage, 46percentage of respondents are using dollar, 39percentage of respondents are using euro currency, 8percentage of the respondent are using other currencies for exchange and only 7percentage of the respondent are using yen.

**5. EXPORTING TO HOW MANY COUNTRIES**

**Table shows the exporting to how many countries**

S. NO	NO.OF. COUNTRIES	NO. OF. RESPONDENT	%
1	1	15	21
2	2	35	50
3	3	11	16
4	More than 4	9	13
	TOTAL	70	100

Source: Primary data

**INTERPRETATION**

The above table clearly explain about the gems and jewellery exporting to many countries, out of 100 percentage, 50percentage of the respondent are exporting to 2 countries, 21percentage of the respondent are exporting to 1 countries, 16percentage of the respondent are exporting to 3countries, and only 13percentage of the respondent are exporting more than 4 countries.

**6. TYPES OF PRODUCTS DEALING**

**Table shows the products dealing**

S. NO	PRODUCTS	NO. OF. RESPONDENT	%
1	Gold	27	39
2	Gems stones	19	27
3	Platinum or diamond	20	28
4	Silver	4	6
	TOTAL	70	100

Source: Primary data

**INTERPRETATION**

The above table clearly explain about the products that dealing for export gems and jewellery, out of 100 percentage, 39percentage of the respondent are exporting gold, 28percentage of the respondent are exporting platinum and diamond, 27percentage of the respondent are exporting gems and stones and only less than 6percentage of the respondent are exporting silver.

**5. FINDINGS AND SUGGESTIONS**

**5.1. FINDINGS**

- Majority of the respondents are from more than 50 years of experience in their company with 50%.
- It is clear that majority with 66% of the respondents are running private limited.
- It is clear that majority with 66% of the respondents are merchant exporter.
- The study revels that 46% of the respondents are frequently used dollar for exporting of gems and gold.
- 50% of the respondents are exporting the gems and jewelry
- The study revels that 39% of the respondents are told that the exporters are mostly prefer to export gold items.

**CONCLUSION**

From the above study, I conclude that majority of the respondents are facing many problems with day to day activities and also they are satisfied with the business performance. These types of issues rise because of inflation in the price level and insufficient of raw material and less support from the government, gems and jewellery export promotion council and other financial institutions. Their major drawback is low productivity of gold ornaments and they cannot able to face heavy competition in the domestic and in international market. Most of the exporters are expecting there will be some changes to boost up the gems and jewellery export business in India. Government and Gems and Jewellery Export in India.

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