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Coverage –



COVERStory

All that *Glitters*

The gems and jewellery industry in India is always buzzing with activity, irrespective of the time and season. **Debjani Baidyaray** explores the facts, trends and future of this business

The gems and jewellery industry is a leading foreign-exchange earner for India, apart from being one of the fastest growing industries in the country. The Indian jewellery industry is mainly categorised into gold jewellery and diamond-and-gems-studded jewellery. Jewellery was considered to be an asset as well as investment option for Indian families until recent years. However, jewellery is now taken as a fashionable accessory, rather than an investment. As the earning capacity and disposable income of Indians is on the rise, the demand for jewellery will remain robust for a long time to come.

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In India, men and women are gradually adopting changes in their lifestyle. The changes in their choice of apparel and accessories have impacted the lifestyle goods and the diamond industry in a major way. While traditional Indian jewellery continues to be a sensation all over the world, modern jewellery has also become popular with time.

Be it marriages, festivals or simple occasions where families give gifts to each other, jewellery remains the most popular choice. An Indian wedding looks incomplete without the traditional jewellery, which makes the event rich and unique. Traditional gold jewellery is a family asset, which is passed on for generations.

With increasing awareness about the changing trends of jewellery, consumers are choosing better quality products, which have a high level of credibility.

Jewellery Industry in India

The Indian jewellery market is worth ₹8.5 lakh crore today, with diamonds accounting for 15 percent of the total jewellery market. Such robust demand makes India the third largest market after US and Japan. It is also the fastest growing market and involves 10.5 lakh families which work for the industry. Despite its considerable size as a growing industry, the jewellery industry is still controlled by unorganised players. It involves workers, craftsmen, and assaying and melting units, which cannot be owned by jewellers and bullion dealers. The work is extended to them in the form of labour paid on charges of making. However, things are changing and existing players are now operating in a much organised manner.

The All India Gems & Jewellery Trade Federation (GJF), a national body, is responsible for the promotion and growth of trade in gems and jewellery across the nation and manages various aspects of fair trade practice and efficient organisation of business in the gems and jewellery industry.

The jewellery market in India is huge and GJF is working towards making its presence felt in the country. Introducing policies applicable to jewellers across the country, streamlining methods of work within the industry and making pricing structure more transparent are some of the aspects GJF is working on. This body has also taken initiatives to create awareness about courses that retailers and traders can undertake to enhance their knowledge and help them serve clients better.

GJF's members, with help from experienced consultants, help unorganised establishments in becoming more professional and organised through new initiatives such as the 'TrustMark Programme'.

Players such as RiddiSiddhi Bullion Ltd., Tribhovandas Bhimji Zaveri, National India Bullion Refinery, etc. operate from Zaveri Bazaar, from where they had started as unorganised players earlier.

The precious jewellery market has been reportedly growing at 30 percent per annum, while the diamond jewellery market has been growing at approximately 40 percent. High demand among Indian women for diamond jewellery is quite evident from the market numbers. As the market continues to evolve and develop, retail continues to grow and incomes continue to rise, this aspiration for diamond jewellery will increasingly convert into sales. "This change has been

brought about due to increase in the spending power of women. With more women joining the work force, especially in the age group of 25-45, disposable income in their hands has increased, as has their influencing power on purchase decisions", said Vikram Raizada, Director, Head of Marketing and Business Development, Tara Jewels Limited.

Types of Jewellery

The range of jewellery in India varies from religious to purely aesthetic, with traditional as well as modern styles famous all over the country. The passion for elegantly designed jewellery is imbibed in Indians from centuries ago; traditional jewellery can be traced back to as far as 5,000 years. Beautiful, delicate ornaments were worn by women on almost all parts of their body, with jewellers catering to such requirements. While traditional jewellery was made of heavy gold pieces, in recent times, silver, platinum and other metals have also become popular.

Diamonds, stone studded and metal encrusted jewellery are slowly gaining popularity among users. Traditional or antique with a world-class charm, beads made out of copper, bronze or even wood, bridal or wedding jewellery, customised or personalised, fashion or custom jewellery, gold jewellery; Indians wear all styles, which go well with their different cultural attires.

Costume Jewellery Industry in India

India has been involved in different kinds of jewellery making and designing for centuries. Indian quality and designs are renowned across the globe. One such type is costume jewellery, which is a booming industry in India. The country is one of the largest producers and exporters of costume jewellery. Various materials such as wood, metals, terracotta, leather, bone and others are used for manufacturing and designing superior quality and fine-finish jewellery pieces.

Factors like cheap availability of labour, easy availability of base metals, faux gems and stones, skilled artisans and good infrastructure have made India one of the major costume jewellery manufacturers, contributing a major portion to the world production. Rajasthan, Uttar Pradesh, Maharashtra, Kerala, Assam, Madhya Pradesh and West Bengal are some of the states in India, which are famous for their costume jewellery.

Traditional and Modern Jewellery Retailing

India has attained global recognition for the designs, high quality and rich cultural heritage of its jewellery. However, the sector is undergoing a change, with innovative designs in gold as well as silver ornaments available with the retailers. Jewellers have realised that women in the twenty first century will not be satisfied with only a simple mangal sutra or bangles. The

demand now is more for designs that suit one's personality. People are getting attracted to design studios for customised jewellery, which matches their taste perfectly. They refer to books and catalogues, and visit designers, all in an effort to get exclusive and unique designs. Jewellers have understood this change in preferences of consumers and have brought about changes accordingly.

"Corporates are also investing big time in this area, especially in the design and studio concept, in which jewellery is made by order. They are no longer restricted to designer's vision. This approach has forced jewellery designers and manufacturers to come up with designer fashion jewellery products, which can be changed according to the customers' choice. Every jewellery store today offers a wide range of custom designed jewellery, where customers can choose the type of metal as well as stones used", said Prithviraj Kothari, President, Bombay Bullion Association.

One of the classic examples of traditional jewellery retailers is of Tribhovandas Bhimji Zaveri (TBZ). Started by late Shree Bhimji Zaveri in Zaveri Bazar, Mumbai in 1864, the focus of the business has always been satisfying the customers by offering them innovative jewellery designs and quality services. TBZ retails gold, diamond, platinum and coloured-gem-studded jewellery, and uses its fine craftsmanship and unique designs to distinguish itself from the others.

Diamond Retailing

Vijay Jain, Chief Executive Officer, ORRA believes that the jewellery sector is a very exciting one, with a size as large as the FMCG sector. "Jewellery is deeply interwoven in the Indian culture, and Indian women enjoy and cherish their ornaments. The Indian jewellery market is a largely fragmented market; it is





only in the recent past that brands have emerged in a meaningful way. India offers a huge inspiration, both in terms of diversity and rich cultural heritage", added Mr Jain.

For most players in the market, who have built their business in gold, diamond jewellery is an add-on. ORRA, with 31 stores across the country, is the only diamond-centric brand in which diamonds constitute the maximum percentage of sales. The company believes that knowledge, depth of design and the overall experience is very critical in such a category.

New-Age Retailing Strategies

Tara Jewels, an integrated jewellery group, is one of the largest exporters of studded jewellery in India. Tara's journey began as job work and later diversified in various business areas, such as diamond cutting and polishing, sub-contracting, manufacturing, designing, distribution and retail. With a presence in over eight different cities across the globe, Tara symbolises innovation and modernisation in a cluttered and traditional diamond jewellery market.

Outstanding designs combined with a rational pricing approach and superior services have been drawing the customers to Tara. The company makes its jewellery using the CAD/CAM software, giving the customer an opportunity to feel the jewellery before it is made.

The company is focused on revolutionising the diamond jewellery market by completing the 'last mile' in the consumers diamond jewellery-buying process. Diamond jewellery education and a host of consumer confidence building measures will be intrinsic to a consumer's experience with Tara from now on.

Mr Raizada says, "We are focused on large scale production and our manufacturing process is technology-intensive. We use state-of-the-art equipment for wax injection, investment and casting. For our manufacturing process, we rely on essential technologies like wax setting and other patented technologies".

"We own the patented turntable technology and use it for multi-skilled workforce, which is an indigenously-developed manufacturing facility based on the 'precision-oriented jewellery' concept. We have applied for a patent for our invisible plate setting technology, which enables the setting of princess diamonds in wax. Similarly, we have also applied for patents for the resizable ring technology, which enables resizing of rings without disturbing the shape or loss of stones in case of studded rings. We also use robotics technology for stone setting in studs. Further, we have access to advanced plating technology, which allows various types of plating on silver", adds Mr Raizada.

Tara Jewels uses laser technology for stamping and quality testing purposes. The entire production is checked for correct cartage on Fischer assaying machine. Laser soldering machines are used for assembly and laser marking machines for stamping. The company also uses the metal mould process to manufacture lightweight products. Tara believes that its ability to use the latest machinery and techniques for precision oriented jewellery enhances their offering capabilities.

The internet is an important platform for both professional and personal communication. The advent of new gadgets has allowed not just to the youth, but also people in the age group of 25-40 spend increasing amounts of time online. ORRA follows a dual strategy of familiarising the younger audience, while at the same time, making it more relevant to its target audience of older customers. A strong focus is on building an online community and increasing the customer base.

Changing Trends in the Indian Jewellery Market

The Indian jewellery market, primarily known for its exquisite gold ornaments and traditional gem-studded jewellery, has been witnessing a lot of changes since the past few years. Various factors like rising price of gold, new trends and the advent of artificial jewellery have led to a change in the taste of Indians. The focus has gradually shifted from traditional jewellery designs to

contemporary ones. Numerous Indian television shows and soaps showcasing artificial jewellery have also attracted the younger generation towards jewellery, more than anything else.

However, the importance of wearing gold jewellery remains, thus encouraging more players to foray into the market. Despite the presence of major players like Gitanjali, Tanishq and Reliance, many small players have been making their presence felt in the artificial and branded jewellery segment.

Branded jewellery has been a relatively recent phenomenon in India, with most jewellery retailed in the unorganised sector. Consumers are now becoming more informed about the quality and certification of gold jewellery and the demand for certification is witnessing a rise.

Traditionally, gold has been purchased because of its investment value, unlike in countries other than India, where it is also purchased for ornamental purposes. With changing demographics, the branding of jewellery and the retail revolution, younger customers from the age group of 20-40 years are now buying jewellery. Many companies have started investing in brand building for their products. All these efforts will lead to a much higher growth in the branded and organised jewellery market.

The branding of jewellery in India appears to follow the pattern of the international market, where a large percentage of the jewellery is sold as a fashion accessory or as everyday wear and not as an investment. Branded jewellery is therefore positioned as a lifestyle and personality statement. The demand for imitation or fashion jewellery has been growing steadily because of its affordability. In the last one year itself, the demand has gone up by 10 to 15 percent. On the other hand, there has been a decline of 25 percent in the demand for gold jewellery during 2010, with only 500

metric tons being imported compared to the 700 to 800 tons imported during previous years.

There has also been a shift in consumer preference towards diamond jewellery due to its extensive positioning versus gold jewellery. Another key development in branded jewellery has been the introduction of value-added services such as certification of gold and diamonds, and life-time return and buy-back schemes. Also, the younger generation of jewellery consumers do not have ongoing relationships with local jewellers and are more open to buying branded jewellery.

The Way Forward

Industry experts believe that the Indian jewellery sector is expected to enjoy a bright future. Factors such as the increasing price of gold and other metals may not affect the industry as much as is assumed. The question which is being asked right now is: 'Is the soaring price of gold affecting the jewellers?' Ms Binaisha Zaveri, Director, TBZ justifies, "The significance of gold and precious jewellery in India will never get affected. With the prosperous economy, rising income levels of customers and willingness to buy gold and diamond jewellery, we only see a bright future for the jewellery industry".

According to the new research report 'Indian Gems and Jewellery Market—Forecast to 2011', highly skilled and low-cost manpower, along with strong government support in the form of incentives and establishment of SEZs, have been the major drivers for the Indian gems and jewellery market. Although Indian market is highly fragmented, it is rapidly transforming into an organised sector.

Mr Kothari remarks, "Currently, the industry is growing at a tremendous rate on the basis of growing demand and increasing consumer preference. With various government efforts and incentives coupled with private sector initiatives, the Indian gems and jewellery sector is expected to grow at a Compound Annual Growth Rate (CAGR) of around 13 percent during 2011-2013. At present, the Indian gems and jewellery market is dominated by the unorganised sector; however, the trend is set to change in near future due to the growing acceptance of branded jewellery. As per our research report, with its consumption pegged at nearly 24 percent in 2008, India remains the world's largest gold consumer, and this share is expected to grow further".

India has the world's most competitive gems and jewellery market due to low cost of production and availability of skilled labour. This market also plays a vital role in the Indian economy, as it is a leading foreign-exchange earner and accounts for more than 12 percent of India's total exports. These figures indicate that there is no dearth in the demand for jewellery, and it will keep growing at a steady rate in the coming years. ■

