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 ijirset@gmail.com

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Dynamics of Economic Change - A Study of Gemstone Industry, Jaipur

Dr.Nidhi Khinduka Jain¹, Dr Sandeep Yadav²

Associate Professor, Department of Geography, Government College, Bundi, India¹

Associate Professor, Department of Geography, Government College, Bundi, India²

ABSTRACT: The fundamental principle of nature is change. The global economic environment has altered during the past few decades. India's gemstone industry is not an exception. This paper aims to summarize the significant changes that have affected this sector of the Indian economy during the past three decades. The focus of the current work is the Jaipur Gemstone Industry to comprehend these changes. The current study tries to summarize the significant changes that have occurred in this sector during the past three decades. To understand these, the present study is centered on the Gemstone Industry of Jaipur.

It is a micro level case area study based on field survey work and references have been drawn from sample surveys of randomly specified units and by using secondary data from relevant departments and publications.

KEYWORDS: Gemstone Industry, economic changes, production patterns, technology, demands, markets

I. INTRODUCTION

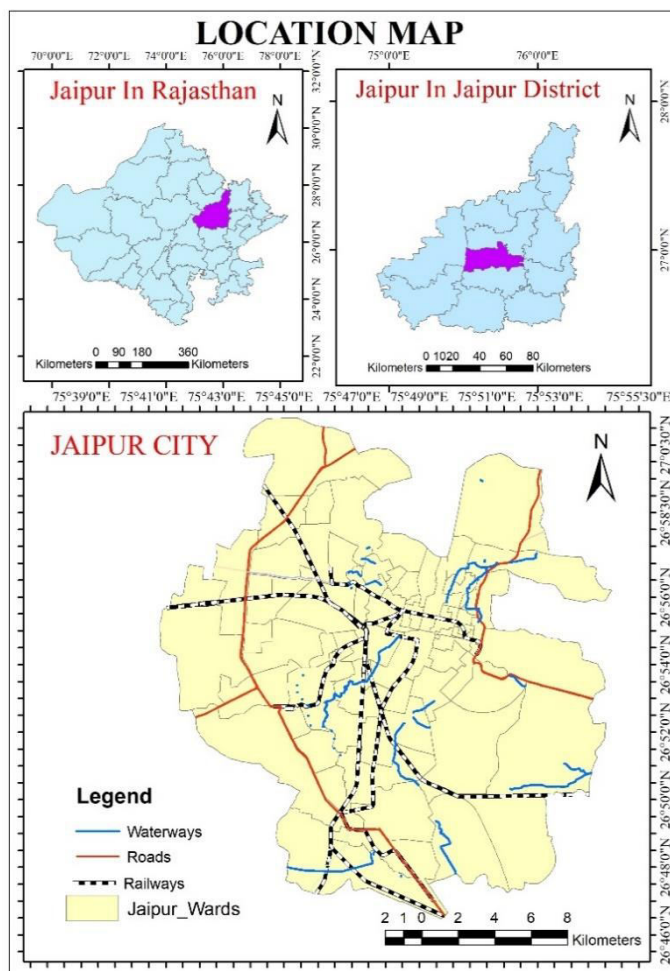
A dynamic set of persistent elements shapes economic activity patterns. A key characteristic of all economic changes is their diversity in type and scope, which results in fluctuating patterns of growth and decline at different spatial scales. The degree of restrictions put on us by the physical environment changes throughout time and is influenced by things like technology advancements and shifting demand-supply dynamics. The quantity and nature of items produced in various locations are significantly influenced by the level, nature, and location of demand. Demand and economic development are tightly tied in terms of magnitude. Demand increases as an economy develops. Demand pattern structure also changes. Spending on luxury products and services increases as an area's prosperity improves. The fact that the average Indian's income has increased over the past few decades and changed demand patterns is widely acknowledged. This has happened while society's preferences are changing, and technical innovation is accelerating.

II. OBJECTIVE

Ph.D. work submitted in 1993 by the main author brought out the uniqueness of the localized and specialized Gemstone Industry of India in terms of locational pulls and production patterns. In this paper, we attempt to outline the major changes that have happened in this industry in the last three decades. The present study is centered on the Gemstone Industry of Jaipur, to understand these changes.



III.THE STUDY AREA



Jaipur city is located on the eastern border of the Thar Desert. It is popularly known as “Pink City” and is one of the best architecturally designed cities of India. The city is located at an altitude of 1417 feet above sea level. Jaipur is enveloped by the Aravalli hills from three sides which defend it from the desert. In the North, Jaipur shares its borders with Sikar (Rajasthan) and Mahendragarh (Haryana) districts. In the south, it is surrounded by Tonk district, in the east by Alwar, Dausa and Sawai Madhopur districts and in the west by Nagaur and Ajmer districts.

Jaipur city is counted among pre-modern cities of the country because of the uniformity of the streets in the city. The streets are divided into six sectors each separated by around 34 m (111 feet) wide roads. These sectors are termed as urban quarters which are further divided by interconnecting streets. Jaipur is well-connected with the main cities of the country like Delhi, Agra etc through various means of transport. The distance between Delhi and Jaipur is around 260 km and Agra is located at 240 km from Jaipur. These three cities make the golden triangle of the country.

The city of Jaipur serves as a vast business centre with all the modern facilities available within the city. The historical places situated in the city are tourist attractions to attract the tourists from different parts of the country and abroad.

IV.THE GEMSTONE INDUSTRY

This industry produces a very expensive luxury item - "The Gemstone" with a highly weight losing imported raw material for mainly foreign markets. Table 1 and Figure 1 show the net exports of Gems and Jewellery from India in the last 25 years.



Table 1: Exports of Gemstone and Jewellery

Year	Exports in USD Billions
1995-96	5.46
1999-00	8.15
2003-04	12.16
2007-08	19.69
2011-12	46.37
2015-16	39.28
2019-20	41.54

Source: Report of GJEPC

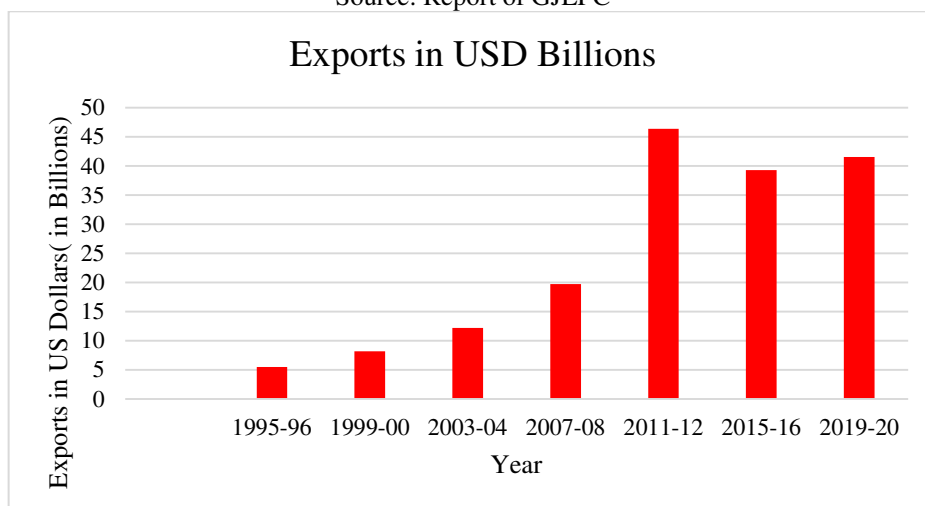


Figure 1: -Exports of Gemstone and Jewellery

The exports have increased from US dollar 5.46 billion in 1995-96 to US dollar 41.54 billion in 2019-20. In 1993, 90% of the production was exported mainly to USA, Japan, Hong Kong, Thailand, Europe, and Middle East. The share of industry in India's total exports was 19.2% in 1994-95 and today it is about 20%. Thus, though there has been an increase in volume, our share in the World market has not increased much.

A review of item wise export figures shows that Diamonds and Jewellery are the main export items. In 1992-93 the industry had two main sectors – the Diamond sector based in Mumbai and Surat, and the Coloured Stone sector based in Jaipur. Today the industry has four main sectors - the Diamond, the Jewellery, the Coloured stone and the Pearls sectors.

As in 1992-93, the industry still depends on imported rough for its basic raw material, still coming from the same source regions mainly South Africa, Tanzania, Brazil, Russia, and Australia. So, scarcity of raw material in terms of quality and quantity still exist and hinder production. The major markets today are also the same – United States of America, Hong Kong, Thailand, Japan, Europe, Middle East. *But the tastes have changed.*

V.DYNAMICS OF CHANGE

Many interrelated factors have changed the face of the Gemstone Industry over the last few decades. These can be explained by the comparison chart given in Figure 2.

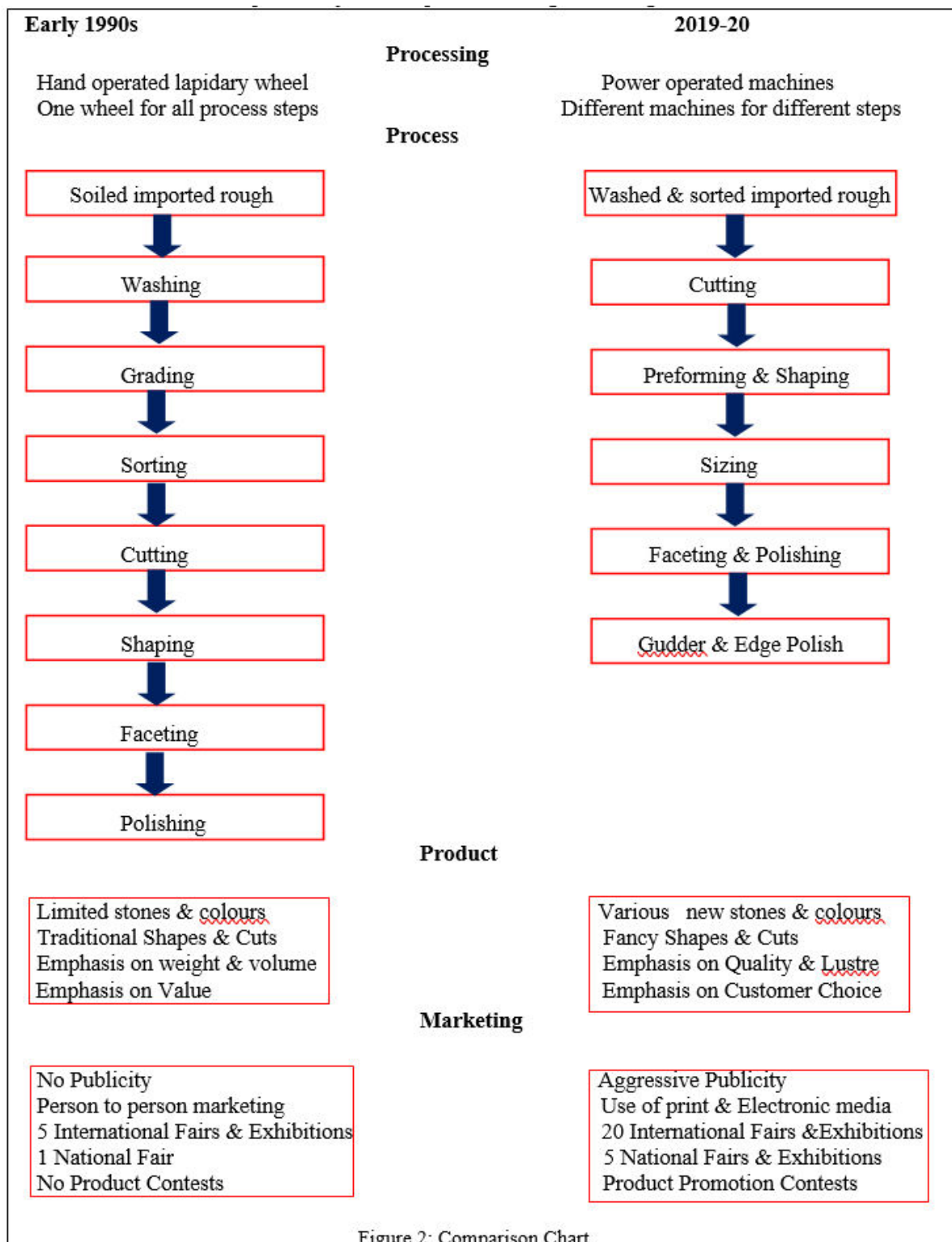


Figure 2: Comparison Chart

In the late 1990s, with the increase in India's average income, the general standard of living also increased. Tastes of people changed. It increased the Indian local market. Many goods considered luxurious till then became necessities. Television sets, refrigerators, fashion. Companies and production houses grabbed this opportunity and demand was created by aggressive promotion and publicity through print and electronic media.

Do you remember the black and white advertisement of DeBeers that flooded the Indian media in the late 1990 with the catchy line of "Diamonds are forever"? These were followed by the advertisements of Miss World



Aishwarya Rai launching the Nakshatra Jewellery line, followed by the likes of Asmi, Sangini and Tanishq diamond jewellery. Latest in the line are Kalyan jewellers, PCJ, Muthoot Jewellers, Riwaaz, Raga etc. Here is where the changes were subtly ushered in the industry. This time the companies targeted the Indian customer who until then accounted for only about 8% of the total sales of the Indian products and the emphasis was on Gold. In came Jewellery as a fashion statement: - Diamonds – the best way to express love, Diamonds – the best friend of a female, Diamond VivahJewar – the best gift on a wedding.

These campaigns created awareness and changed the face of the industry in many ways. These aggressive campaigns created demand for studded jewellery. Only 10% of Indian females preferred studded jewellery to gold items before the 1990s. Three decades later this figure has gone up to 43%. Fashion industry has come up as the major market for Gemstones. Increased volume of demand has led to changes in the types and range of products produced. To meet the ever-changing demands of the fashion industry, more types of stones in numerous new colours and shades are being processed in new fancy styles besides the traditional cuts. Emphasis is on better quality and luster rather than the weight and volume of the stone as was the case earlier. Synthetic stones are also being processed in association with the natural stones.

Techniques and processes of production also changed during this period. Earlier hand operated lapidary wheel was used for processing whereas today power operated computer aided machines are being used. Processing is also more specialized. Earlier soiled roughs were imported. The process then was: - washing –grading – sorting – cutting – shaping – faceting – polishing. Today rough stones are washed and graded at the mining area and sorted roughs are imported. The process today is: - sorted rough – cutting –preforming and shaping – sizing –faceting and polishing –gudder and edge polish. Initially the same lapidary wheel was used for all processes. Today different machines are used for cutting and shaping and for faceting and polishing.

Specialized processing required especially trained labour, and today Jaipur has several Gemstone and Jewellery training institutes. Labour is more specialized and trained. Even today as in early 90s, work payment is mainly carat based but payment on salary basis has also started in modern processing houses. Jaipur now has a Gemstone testing laboratory that has not only helped in resolving disputes regarding stone authenticity but has also increased client confidence.

Communication and information revolution has changed the marketing style also. The Jaipur jewellers in the 1990s used to shun off publicity. Today exhibitions and fairs have come up as the main promotional tools. Only five international fairs and one national exhibition were held at that time. Three decades later this number has gone up to over 20 international fairs. While dynamic Gems men are regularly attending international fairs and expos abroad, several inland shows and promotional contests are also being organized at a regular and annual basis. Jaipur Jewellery Show is one such outlet.

Changing fashion, fairs, and exhibitions, required speedy and timely fulfillment of demand, besides prominence in meeting customers. Increased reliability could increase Goodwill, needed to meet the increased competition. Government of India and of Rajasthan understood this. In the early 90s all exports had to go via Delhi or Mumbai costing the exporter in terms of time and money. Today flights from Jaipur to international destinations like Dubai, Bangkok, Singapore have led to time saving, — to increased prominence in customer meeting and marketing, — to increased reliability, —to increased goodwill, besides reducing transport costs to terminal ports.

In 2004 - 2005 Gem and Jewellery exports from India reached dizzy heights i.e., US dollar 15707 million as compared to US dollar 5458 million in 1995 - 96. Today they account for over 19.7% of our country's total export value. This performance compelled the Government – both Centre as well as State – to announce many favourable policies – import duty and quota exemptions, tax savings on exports, foreign currency benefits, export loans, allowing exhibitors to carry their valuables as personal baggage. The changed Government attitude and favourable policies helped Gemsmen to easily adapt to the changing scenario.

Initially Jaipur's Gemstone Industry was a loosely organized, family owned, home based, cottage industry where a lapidary wheel was set up in a part of the house and every family member put in his share. Today it is a professionally managed, well-organized, small-scale industry, having separate office and workshop premises, managed by trained and qualified salaried workforce. The workforce and labour are both well qualified and well trained. Changes in processing, marketing and organization have increased the cost of production and the product; thereby reducing the profit margins of the entrepreneurs, forcing them to diversify into new ventures like Jewellery, Real Estate and Share Market.



VI.CONCLUSION

Patterns and processes in any economic activity change in response to different sets of interrelated circumstances.

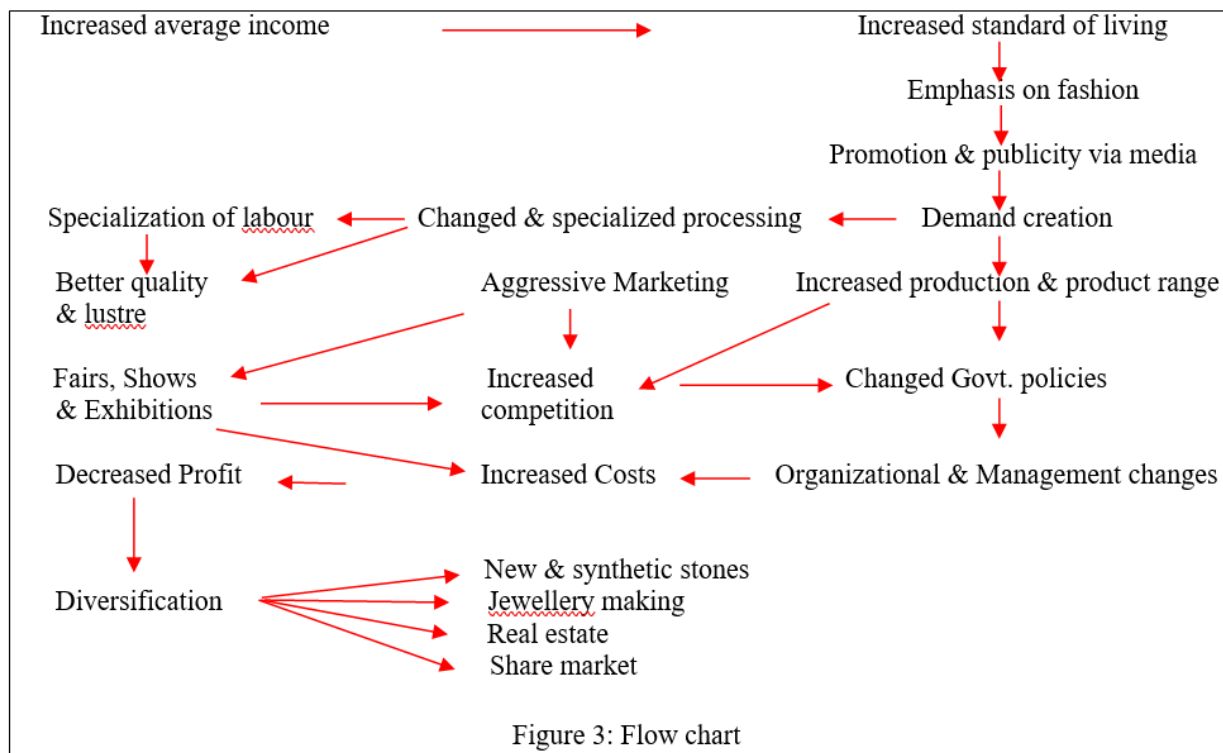


Figure 3: Flow chart

To sum up, an attempt has been made to explain the last three decades of Jaipur Gemstone Industry by the simplified flow chart given in figure 3. It is said "society makes choices not technology, but the nature of technology at any given time strongly influences subsequent choices." A study of the last three decades of Jaipur's Gemstone Industry proves the statement where technology was used to create and change the tastes which in turn changed the techniques of production and marketing, whereby setting the wheel of economic change into motion.

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