



IMPACT OF GLOBALIZATION ON GOLD ORNAMENT MARKET IN INDIA: AN OVERVIEW

DR VIJAY KUMAR

Abstract-India plays a very significant role in world's gold ornament market, equally as a source and a consumer. The size of the Indian gold ornament market is the largest in the world, second only to the US market, followed by China, Japan and Italy. India is known to be the largest consumer and fabricator of gold in the world. Indian designers have made a mark on the world gold ornament scene and won recognition for design development as well. The phenomenal growth in gold ornament exports is a record among the large Indian exports sectors. In fact, the gold ornament industry presents itself as perfect case study for discussing how to build competitiveness of Indian industries. The diamantaires and gold ornament markets and their devoted and skilled artisans have shown that even an unorganized sector industry can achieve international competitiveness. The Indian gold ornament industry was the first one to absorb and assimilate the true spirit of globalization by integrating itself with the world gold ornament industry. But still according to the reports of World Gold Council (WGC), India has tremendous potential, not yet exploited, for gold ornament exports. India has, in current, largest artisans for making gold ornament in the world. Practically, every village boasts of a family of goldsmiths, having a very long tradition of gold ornament making. Indian hand-made gold ornament has a large ethnic demand in several countries sizeable Indian emigrant population such as the Middle-East, South-East Asian countries, USA, Canada and so on. Indian machine-made gems and gold ornament products will also generate demand from non-ethnic gold ornament markets abroad. Thus the need of the hour is to create fusion of Indian and Western fashion.

Keywords: phenomenal growth in gold ornament exports; diamantaires; World Gold Council (WGC)

INTRODUCTION

The gold ornament industry plays a very important role in the Indian economy. The industry in the India comprises of sourcing, processing, manufacturing and selling of precious gemstones and artificial gold ornament. India is one of the fastest growing gold ornament markets in the world. Various published statistics suggest that 60 per cent by value, 82 percent by volume and 95 per cent of cut and polished diamonds all over the world get processed in India. It is estimated that 11 out of every 12 diamonds are cut in India. Diamonds are used in gold ornament in India. Indian gold ornament industry is bright star of the economy and one of the important foundations of the country's export-led growth. Currently, gold ornament industry in general and diamond industry in particular are perhaps the only industry in India, which is almost hundred per cent export oriented and which has done so well without being in any way a burden on the public exchequer. Gold ornament industry has gradually become vitally important for the Indian economy due to its contribution in India's total exports. It is a leading foreign exchange earner and one of the fastest growing sectors accounting for 16.44 percent of India's total merchandise exports during the year 2018-19. The labour-intensive, cottage gold ornament industry being run with modest investment has been providing employment to millions of Indians. In the industry majority of the workforce come from the economically weaker sections of the society. The growth in the gold ornament sector and progressive improvement in the value addition chain have been contributing in the nation's industrial development. Major segment of the Indian gold ornament industry is unorganized and fragmented with most of the players running family owned business. It is estimated that there are nearly 5,00,000 goldsmiths, over 1,00,000 gold ornament merchants, over 6,000 diamond processors, and about 8,000 diamond gold ornament merchant in the country. (Exim Bank)¹.

LITURATURE SURVEY

To achieve the objectives of the study, the relevant data related to India's exports of gold ornament products to various international markets have been collected from the various authenticated sources. Initially, the secondary data in the form

of published reports and various documents were collected from various sources like Foreign Trade Statistics of India, Directorate General of Commercial Intelligence and Statistics (DGCI&S), Ministry of Commerce Government of India, New Delhi., Gem and Jewellery Export Promotion Council (GJEPC), Ministry of Commerce and Industry, Government of India, New Delhi and Directorate General of Commercial Intelligence and Statistics (DGCI&S), Ministry of Commerce, Government of India, Kolkata.

RESULT

In India, barring the small presence of the branded gold ornament segment, which is organized, the majority of the rural and semi-urban gold ornament market is unorganized, fragmented, and dominated by individual and family gold ornament merchants. Gold ornaments are made in almost all parts of the India. Every part of India has always been a shopping hub for traditional gold ornament. For example Thrissur the district of Kerala is famous for having the maximum number of gold ornament merchant's shops on a single lane. There are about 6000-7000 gold ornament shops² and they strenuously strive to maintain the quality aspect. Out of them, about 50 gold merchants have more than 75 kg to 100 kg of stock in their custody. The major market place in any town in South India boasts of having 60 to 80 gold ornament merchants and on an average day, sales records of a gold ornament shop range from 100 gems to 10kgs. Nowadays, the gold ornament merchants of the gold market are trying to acquire sophisticated knowledge from abroad in order to cope with the changing trends and fashions.

Gold trade is a flourishing business venture in South part of India and one of the states Kerala has booming record in selling quality products in the market. Earlier, the requirement of license issued by the Central Excise Department was legally mandatory for setting up a gold ornament shop. It was lifted in 1993. The numbers of shops have consequently increased manifold³. Big retail players are cashing in on this trend opening new branches of their outlets in cities outside of India and even abroad with a high concentration of Malayalee population. All the major gold ornament brands in India like P.C. Gold ornament merchants, Tanishka, Alapatt, Alukkas group, Josco, Kalyan, Malabar Gold, and Bhima are competing with one another to expand their domain. Some of these gold ornament merchants have a number of branches at the national and international level and they are the leaders who control the major trends in the gold ornament market. They are also equipped with their own exclusive manufacturing units and deal in different artefacts like women's gold ornament, men's gold ornament and wedding gold ornament. Their ventures arguably have been a roaring success. A large range of the trendiest golden items are available in some of the gold ornament shops in India. They really beckon to the gold hungry nouveau riche of India.

The gold ornament merchants all across the India are now passionately following fashions. They are conscious of the fact that Indian educational qualified women want to show off unique ornaments on special occasions, especially wedding. To win them over is the endeavour of every gold merchant in the country. Hence, they showcase myriads of designs to cat utmost to fulfil their needs. With the increase in the purchasing power of an average Indian due to a multiplicity reason such as flourishing service and agricultural sectors, the liking for gold ornament is also increasing proportionately. The sophisticated section or society count gold as a status symbol and they love to buy and wear the designer gold ornament. The ornaments of Indian symbolize their culture and religious beliefs. Ornaments were and are often designed after fruits and flowers of all kinds, leaves, fish, animals and natural phenomena. The artisan of India has liberally drawn on her natural richness⁴. The world Gold Council seeks to encourage gold ornament merchants to emulate the best designs. Tastes and trends are ever in a country of flux. World Gold council tries to keep abreast of these changes and affect the changes in designs accordingly.

Market updating and continuous research on different forms and designs are daily affairs for most of the well-established gold ornament merchants in India. They launch an amazing variety of innovative design to invite the attention of the customers. The customers in India are highly enlightened on the international trends and styles in gold ornament. The upper class is prepared to pay for the best whatever be the price. That is why retailers try to introduce novel designs on a regular basis. Broad bangles are currently in great demand⁵. Some other antique designs popular in India are Bengali, Rajasthan, Rajkot, Ahmadabad, Mumbai, Filigree⁶ and Mugal designs. The gold ornament designs in the Mugal period displays very striking designs, since these patterns include the intricate designs, which were not only renowned in that era, but even till date. A modern bride sets a greater store by the uniqueness of an ornament than by their size. Light weight ornaments are now in great demand as they can be worn at the receptions and celebratory occasions after the wedding. Singapore and Malaysian collections are large but light. The changing trend also shows that the teenagers from all over India prefer light weight ornaments to large and bulky traditional ornaments. Imported designs like the Italian, Turkish, Entana, Persian, and Egyptian collections also play an important role in the gold ornament market of India⁷. While white gold is a favourite of consumers belonging to the high income bracket, the traditional designs have a lead role in weddings and other social customs of all classes. The yellow metal play an important role in our sociological institutions and rituals as a solid and reliable form of wealth, and the quantity of the metal is decided by the affordability of the party. Irrespective of religion or community, every Indian father and mother want their daughter to tie the knot, bedecked in gold. However, it is a fact that fashion has caught on with the Indian in a big way and many of the traditional ornaments have disappeared or have been replaced with other modern items. Irrespective of religion or caste, most women in India wear gold ornaments and it forms an inevitable part of most religious and social occasions like marriages. While the Hindus have a passion for

traditional ornaments the Christians have a preference for variety and the Muslims admire size⁸. Tastes also vary from area to area, from denomination to denomination, and from caste to caste.

India is one of the biggest countries where gold is in high demand. Gold ornament marts have been doing brisk business in every part of India and other big cities despite fluctuations in prices. Travelling back in time by 86 years, we find that the price of gold was very low at the time. In 1925, the price of gold for 8 gm was only Rs. 14. In 1950's it was Rs. 79, in 1960's price was Rs. 90 only and in 1975 it was Rs.432. In 1985 price was Rs.1704 and in 1994 it reached up to Rs.341622. The price of gold for 1 gm on the 31st January 2007 was Rs.92423, but there was a noticeable fluctuation in the gold price at the end of 2007, when it reached Rs.1060/g.⁹. The price of gold for 1 gm on the 31st January 2008 was Rs.117025 but soon there was a noticeable hike in the gold price and reached Rs.1363/g at the end of the year 2008¹⁰.

From the forgoing discussion it is evident that India has emerged as a reputed nerve centre for gold business in recent years. The fact is that gold an unavoidable aspect of Indian rituals and customs and that it is also regarded as a solid asset one can fall back upon in times of a financial crisis is amply crystallized. It is also clear that gold ornament has been an almost morbid obsession with women in India and it has always occupied a special place in their heart from ancient times. Gold ornament in India reflects the age-old customs and beliefs. The designs vary in size and shape and are indeed a treat to the eye. They range from the elaborate and exquisite to the simple and functional. No wonder, India is home to some of Asia's largest retail chains in gold and gold ornament business. In this situation gold ornament retailers are using their own unique marketing strategies to entice the mind of Indian. These discussions lead the researcher to study the various marketing strategies followed in the gold ornament market of India.

The gold ornament products can be divided into eight major groups based on the Gem and Gold ornament Export Promotion Council (GJEPC) export data such as following:

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| 1 Gold ornament | 5 Non-gold Gold ornament |
| 2 Cut and Polished Diamonds | 6 Costume/Fashion Gold ornament |
| 3 Coloured Gemstones | 7 Synthetic Stones |
| 4 Pearls | 8 Rough Diamonds |

Besides, there is another major group of gold ornament products sold to foreign tourists. Each product of this giant industry represents a unique combination. The skill of artisans honed over generations fuses with the spirit of the new age entrepreneur. Artistry and creativity are given a technical edge with current Computer Aided Design (CAD) applications enabling young designers to conjure up creations that excite the imagination creations in white and yellow gold, platinum and silver plain or studded with diamonds, pearls and coloured stones of every hue.

Notwithstanding, the exports of eight major gold ornament products and sales to foreign tourists of gold ornament from India increased from Rs.5360 crores in 1990-91 to Rs.139056.40 crores in 2017-18. There is also a lot of real potential in international markets for bringing exports to a great level from the country. Additionally, during the first five years exports of gold ornament have been continuously increasing but in the years 1995-96 to 1996-97 and 1999-2000 to 2001-02 it is almost constant. Further, during the rest of the study period the exports of the gold ornament have been continuously ever increasing.

CONCLUSION

The gold ornament industry occupies an important position in the Indian Economy. After globalisation, the gold ornament industry plays a prominent role in exports of the country. It is highly labour intensive with a high employment potential on low investment and high rate of value addition and leading foreign exchange earner for the country. Since the days of 'Kohinoor' and the 'Great Mughal Gems', foreigners had a craze for gems manufactured in India. Keeping in view their taste, Indian gold ornament industry started functioning in the sixties. Its exports increased significantly in nineties and after that Indian gold ornament sector never looked back. In spite of the fact that the gold ornament sector has been growing in export market, the government does recognize its potential, a concrete and synergized initiative is essential to make its presence in the world market. The gold ornament sector is most important to the economy due its employment generation, estimated value of production, foreign exchange earnings and a vast export potential.

To analyse the effect of liberalization, privatization and globalization on the exports of gold ornament products, period-wise growth rate of gold ornament exports have also been calculated. For this purpose of trend analysis, item-wise in value terms, the data are divided into two periods, i.e., 1990-91 to 1999-2000 and 2000-01 to 2018-19. The increasing growth rate of gold ornament products of the period 1990-91 to 1999-2000 stresses the positive effects of Liberalization, Privatization and Globalization (LPG) on exports of gold ornament products. Likewise, in the examination of the country-wise growth rate, it has been observed that the growth rates of the U.S.A., Hong Kong, Belgium, Israel, Japan, Thailand, the U.K., Switzerland, Canada, France, Germany, Kenya, Argentina, Austria, Bahrain Is, Chile, China P RP, Cyprus, Denmark, Kuwait, Fiji Is, Indonesia, Greece, Ireland, Lebanon, Mauritius, Netherland, Norway, Oman, Qatar, Russia, Saudi Arab, South Africa, Spain, Sri Lanka Sweden and Turkey were higher as compared to the total period (1990-91 to

2018-19). Therefore, it can easily be seen that the effect of WTO and LPG model to the Indian gold ornament sector are found positive.

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