

# **DIAGNOSTIC STUDY OF GOLD ORNAMENTS JEWELLERY CLUSTER THRISSUR**

## **1. INTRODUCTION:**

Jewellery since time immemorial has remained "neighbour's envy and owner's pride". The ornaments have remained exotic, unequalled and invaluable articles of personal glory. And, with Jewellery becoming symbol of status, fashion and taste, men and women today are steadily moving away from conventional styles of adornment and ornamentation and are gradually adopting modern patterns better suited to their busy life styles. Considering the fact that India is the largest consumer of gold and has excellent infrastructure for diamond cutting, Jewellery Designing can prove to be a very lucrative and satisfying career. Jewellery Designing in India has an unbroken heritage that spans over 5,000 years. With few or no institution to research into the field, Jewellery industry could not make much progress and mostly depend on traditional art work. With the emergence of internationally branded Jewellery in the domestic market, the industry is subject to stiff competition and poised for a gloomy growth. In today's trend evoke innovative ideas in design patterns for creating entirely new styles without leaving the touch to traditional patterns with a view to add variety and range. The term 'Jewellery' signify a lot more than just a few precious metals and gemstones. The industry is poised for growth and development as the demand potential for styled variety is on the increase. There also exist young designer entrepreneurs with dynamism and creativity who can explore new avenues and experiment with designs to suit the modern needs.

In addition to stand-alone gold and other metal based Jewellery, embedding stones, conch shells, wood, plant seeds etc. on gold and other metallic ornaments are widely practiced. Ethnic patterns, with intricate motifs are much sought after due to their absorbing styles. The elegant look and artistic craftsmanship in gold ornaments from traditional to modern have created a niche in the market and have multiplied the demand prospects.

## **2. INDUSTRIAL SCENARIO**

### **All India Scenario:**

Gems & Jewellery industry is the second largest foreign exchange earner in India. India's gem and jewellery exports rose 29.27 per cent to \$15.67 billion during 2004-05, compared with \$12.12 billion in the previous fiscal. In rupee terms, total exports stood at Rs 70,240 crore in 2004-05, up 26.44 per cent from Rs 55,554 crore a year ago. "The export figure for the sector has surpassed the \$13.3 billion target set by the commerce ministry. Keeping in view the achievement, the target for this fiscal as well as 2006-07 has been revised upwards to \$18 billion and \$20 billion,"

"There are issues pertaining to the industry such as transfer pricing, service tax, excise on branded jewellery, value-added tax and others that need immediate attention," -Source: The Business Standard.

The success story of Indian gold ornaments manufacturing Industry is unique. India's strength lies in the 2 million highly skilled workforces dedicated to the cause of this sector of which 1 million are exclusively engaged in production of export oriented Jewellery items. The Artisan workforce is most economical and is competitive possessing the latest state-of-the-art skills compared to any cutting center in the world.

India is the largest consumer and fabricator of gold in the world and the estimated annual demand for gold in the country is over 800 tones. Indian Designers have won recognition and awards at international competitions for their innovative designs and have also made a mark in the world's Jewellery scenario thus catering to the varied tastes and changing market needs at par with international standards. It is only a matter of time for India to become the most sought after jewellery destination and is poised to occupy a pivotal position in the global market particularly for diamonds and coloured gemstones.

## **The Size of branded Jewellery market In India**

India is the world's largest importer and consumer of gold, with annual consumption of around 800 tonnes. In value terms, the Indian gold market is estimated around Rs 45,000 crore (Rs 450 billion). Even as gold becomes more attractive as an investment option, women's fascination for gold jewellery coupled with rising disposable income would mean more jewellery sales.

Indian-made jewellery gained momentum in the US markets in the recent past and industry experts believe that several global retail giants like Wal-Mart and JC Penney are likely to source jewellery from India. Besides, players are now turning out to newer markets like EU countries and South East Asian markets where Indian jewellery is more lucrative than those from other countries.

India also has the cost advantage apart from skilled and cheaper labour force, which makes it an attractive outsourcing option for global players. India's market share in the jewellery sector was \$2.5 billion, which is just 4 per cent of the world market. So there is significant scope to increase jewellery exports. However, the sustained rise in the rupee is likely to eat into profit margins of exporters.

According to a study by consulting firm McKinsey, the branded jewellery market in India would grow by 40 per cent per annum to Rs 10,000 crore (Rs 100 billion) by 2010. Domestic jewellery players are reinventing themselves to get a share in this growing business. Each of the listed players has a different business model. Here are three companies to watch out for.

### **3. PRESENT PROFILE OF GOLD ORNAMENT CLUSTER THRISSUR**

The industry offers large potential viewing the huge domestic gold consumption in addition to catering to the world market needs. Though the industry is century old, the threshold of the industry could be witnessed only in the 70s in Thrissur owing to the growing demand in domestic market and the emergence of new demand potential from Gulf based Karalites.

In Thrissur majority of the gold ornaments manufacturing units are artisan type located within a radius of 25 KMs mainly centered at Thrissur East, West, Cherpu, Perinchery, Chevur, Ammadam, Avinissery, Nallankara, Velur, Amballur, Vallachira Kizhakkumpattukara, Ollur Etc. The approximate number of units clustered is around 2500 that provide employment to more than 10,000 artisans. 25% of the artisans belong to States like West Bengal, Bihar, and Maharashtra etc. Most of the units are in cottage/house hold scale and are yet to get industrial status. There are only 20 registered SSI units. The turn over is around Rs 600 crores per annum during last financial year of which exports to other countries account for Rs 60croes.

Most of the handicraft ornaments find its way to local traders and exports to other States and Countries are unconvincing. Around 85 Jewellery Show Rooms cum Trading Centres function in this cluster and a majority of them are have their own manufacturing units. The cottage / house hold units and also the Artisans depend on the traders for raw materials and sale of their products.

Although there exists good scope to capitalize the synergies and potentialities available in the cluster, factors like price oscillation, poor modernization efforts, lack of product diversification. quality improvement process, designs, R & D facilities, low attraction for fresh investments, testing, absence of an integrated marketing approach, hesitancy for change to modern needs, over-dependence on traders etc. have adversely affected the growth and development of this sector. However, it is not out of place to mention that gold ornaments made in Thrissur District have had a history of

excellence and enjoy a special status. However, owing to the changed buying behavior of customers who look for multi-designed and multiple usage of gold, precious stones and other fashioned products, abundant scope exists for development in this sector.

Innovations and new designs made out of research, setting up of Quality Testing Centres, creating awareness about the developments taking place elsewhere and evolving measures to mitigate shortcomings etc are to be taken seriously to protect the interests of the industry in domestic and global markets.

Artisan dependent Jewellery Designing in India had an unbroken heritage of over 5,000 years and remained a traditional art work. The Scenario has, however, changed in recent years owing to the international brands being marketed by countries like China, Indonesia, Italy, Germany, Singapore, Hong Kong and Dubai compelling the domestic producers to switch over to modern means of production. Hence the prevalent concept that this profession should have family background was felt unnecessary. The advent of several training institutions imparting knowledge in design and development of varieties and styles of ornaments made possible for creating scope for setting up small production units by the younger generation entrepreneurs. With the prevalent boom in fashion and accessories and with the arrival of international brands, courses in Jewellery Designs and Gemology offer good career prospects.

Prospects for setting up Gem and Jewellery based units are bright viewing the growing demand for gold ornaments both within the country and abroad. The industry's growth witnessed an upward thrust in the 70s in Thrissur as a result of the demands that emerged from Gulf based NRIs.

#### **4. HISTORY OF THE CLUSTER – A RETROSPECT**

Thrissur had a monopoly in the art of Gold Ornament Making having rich tradition and history behind mainly attributed to the patronage and encouragement given to the Artisans, who belonged to the Viswakarma Community, by the then Kings, local Rulers and other rich business communities / families of Kerala thus setting a trend for grounding a large number of small units in Thrissur District. The art and culture that percolated down to generations was also responsible for imbibing a heritage in the art of ornaments making and strengthening the industry that illumines even now, faming and naming the District as the ‘Cultural Capital of Kerala’.

Ornaments making that originated on cottage scale have now come to limelight mainly due to the encouragement given by the Kings, the Landlords and the Christian Missionaries during the British era. The British Rulers in India had also groomed the Artisans for artistic ornaments and helped for overseas sale of the products. The NRIs have also made hype, thus giving a fillip to the industry. The Artisans like goldsmiths, bronze workers, ivory and horn craftsmen and painters of Thrissur area are well recognized at national and international level. However, a majority of the units are artisan-owned units clustered in and around Thrissur, Perinchery, Ammadam, Ollur, Thrikkoor, Kodanoor, Chevver and Cherpu and these Artisans totally depend on this occupation.

**CHRONOLOGICAL GROWTH OF GOLD ORNEMENT MFG. INDUSTRY IN THE STATE OF KERALA**

Before 60s	Dominance of Viswakarma (gold smith) based units
Mid of 60s	Entry of trading and branded firms into this cluster
Late 60s	Ban gold movements and complete break-down of Dominance of Visa Karma (gold smith) based units
Late 70's	Dominance of few firms and invasion of other community and unemployed youth. And losing grip of family and community based activity.
Early 80s	Entire gold Jewellery manufacturers are turned into a job workers category and the entire markets were being controlled by few traders.
Early 90s	New trade policy , which did favour to the artisans type cluster
Mid 90s	Quitting and changing of trade and business was witnessed for better survival
2000	The entry of few registered SSI based units into this sector were witnessed
2004-5	New vision and thriving of trade are being witnessed.

**ORIGIN OF CRAFTSMANSHIP.**

There was a time when there was a big confluence of traditional goldsmiths and members of the Hindu Vishwakarma community were alone engaged to make gold Jewellery in their House-cum-Workshop. These Artisans used to pass on their skills to their subsequent generations. However, today, people from almost all communities take up this activity. The lucrative opportunity available in the cluster has attracted new generation entrepreneurs who have made considerable investment in the cluster utilizing the skill of existing craftsmen.

**Brand Building:**

Evolving Common Brand like the “Thrissur Jewellery” will build confidence among the small artisan type gold Jewellery making units that has a unique feature which will facilitate cluster groups penetrate deep into other markets.

## 5. STRUCTURE OF THE GOLD ORNEMENT INDUSTRY THRISSUR

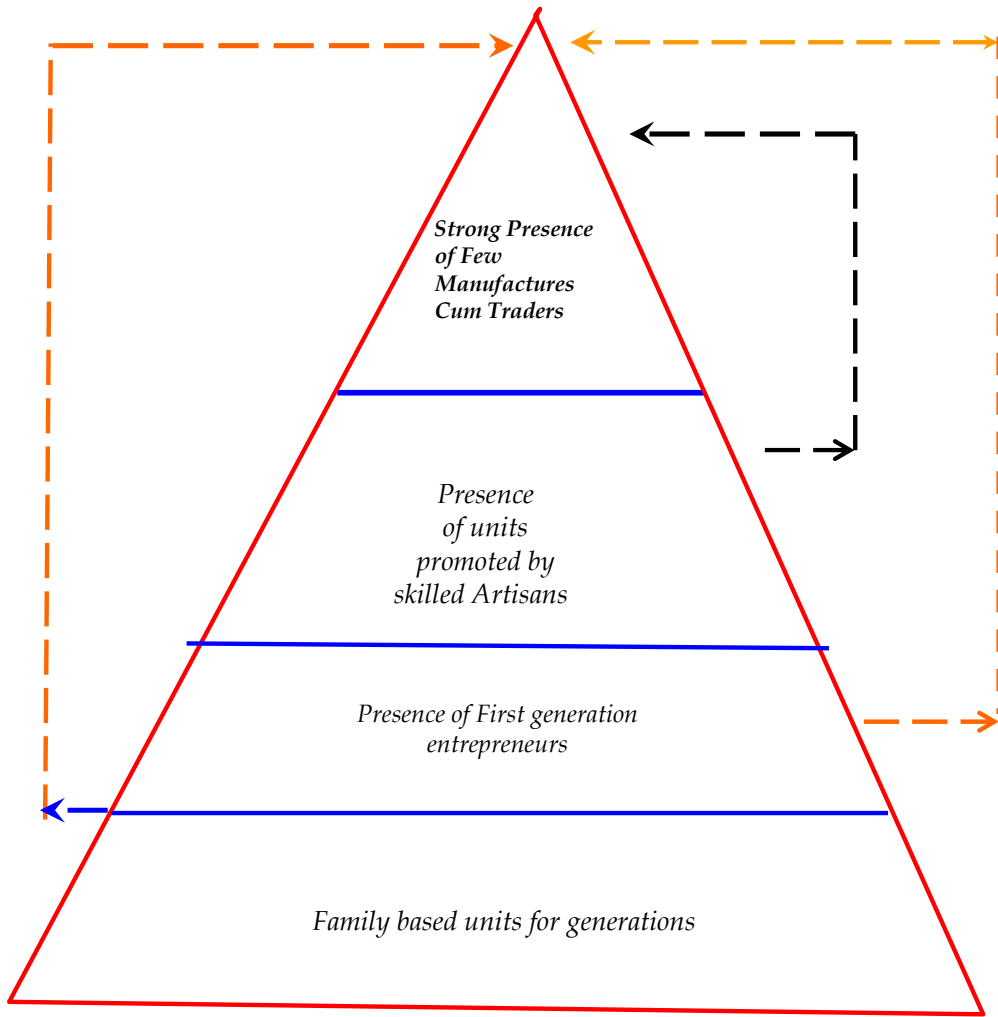
The structure of the Industry is influenced by factors like buyer preferences, properties, varieties, unit values, and application and so on. Ornaments manufacturing industry are having niche in the market of Thrissur and can be categorized into sub-sectors based on composition, characteristics, processing techniques, preciousness in terms of price range and marketability. Thrissur is increasingly becoming a destination point for selection of quality Jewellery ornaments with complete price. The District has concentration of the following artisan type clusters:

1. Gold Jewellery Manufacturing sector
  - Plain Gold Jewellery
    - Studded Jewellery
    - Silver Jewellery
      - Costume Jewellery
2. Imitation Jewelry Manufacturing sector
  - Copper based
  - Brass based
3. Combination of 1 and 2
4. Synthetic Gem-cutting and Polishing sector

Gold Jewellery units in Thrissur numbers around 2500 that have only household status. These could be further classified into:

- i.* The family based units for generations
- ii.* Presence of First Generation Entrepreneurs.
- iii.* Presence of units promoted by self-styled skilled workers.
- iv.* Strong presence of Manufactures cum Traders

### ***Structure of the Golden Jewellery Cluster in Thrissur***



## 6. SWOT ANALYSIS OF THE CLUSTER

<b>Strengths:</b>	<b>Opportunities:</b>
<ul style="list-style-type: none"> <li>• Presence of nearly 47 thousand craftsmen in the industry whose skills can be harnessed for designing modern Jewellery.</li> <li>• Abundance of cheap and skilled labor and excellent marketing potential across the world.</li> <li>• Supportive government industrial / exim policy</li> </ul>	<ul style="list-style-type: none"> <li>• Growing demand in Europe &amp; Middle East Asian countries.</li> <li>• New markets in south Asian &amp; Far East countries.</li> <li>• Removal Gold Control Act.</li> </ul>
<b>Weaknesses:</b>	<b>Threats:</b>
<ul style="list-style-type: none"> <li>• High domestic interest rates compared to rates prevailing elsewhere</li> <li>• Small firms lacking technological/ export information expertise.</li> <li>• Low productivity compared to labor in China, Thailand and Sri Lanka.</li> <li>• Lack on knowledge on fast changing fashions and designs</li> </ul>	<ul style="list-style-type: none"> <li>• Singapore, China, Sri Lanka and Thailand's have made a smart entry into this market.</li> <li>• Infrastructural bottlenecks, frequent changes in Exim Policies, irregular supply of gold.</li> <li>• Over dependence on single-channel supply chain.</li> <li>• Resistance from trade unions for modernization</li> </ul>

Gold Jewelry Cluster in Thrissur is well known for its exquisite dexterity craftsmanship. The status of this cluster reveals the presence of strong skilled male-dominated Artisans at the bottom rung and rich traders cum manufactures at the top. This industry is now in the threshold of few leading gold jewelry manufactures.

The presence of 2500 odd units having artisan strength of more than 10000 within a radius of 25 KMs show the domination. The big push it received in the late 70s had attracted non-traditional and other unemployed youth / industrialists to venture into this craftsmanship.

## **7. MARKETING CHANNEL AND FORWARD AND BACKWARD INTEGRATION**

As such no marketing problem was noticed as the entire business is controlled by big trading cum manufacturing groups who have their own sales outlets which the customers from far off places visit for selection and placement of orders. Orders are also placed by established dealers operating inside as well as outside the cluster. Apart from the above, Middlemen and Agents from neighboring States like Tamil Nadu, Karnataka and other parts of the country purchase products for sale in their respective States. Demand for different types of Gem and Jewellery is influenced by factors like buyer preferences, properties, varieties, unit values and so on. The sector may be further categorized into the following sub-sectors based on its Characteristics, Processing techniques, Preciousness in terms of price range and marketability.

### **FORWARD AND BACKWARD INTEGRATION:**

Gold Ornament Manufacturing Industries are yet to capitalize the synergies prevailing. Thrissur based cottage / tiny type Gold Jewellery units have to restructure their present set-up and consolidate their position. The forward integration of product market will benefit this Sector. However, this requires further opening up. The industry has to become 'demand driven' for a lot of 'Trade Off ' is required in the buyers market. The problem area of Weak Order Linkages should be identified and the industry be upgraded so as to make them competent players. The industry requires finance, easy accessibility to gold and right type of technology blended with good management tools for reducing cost pattern drastically.

The forward-linkages even offer marketing tie-up and collaboration. Likewise, there is an urgent need to establish backward linkages with the Raw-Material Market. Sourcing Raw material is felt the dire need as at present hundred per cent of the units solely depend upon wealthy traders for orders and raw materials.

## **8. ASSESSMENT OF LINKAGES BETWEEN SOFT NETWORKS AND PRIVATE / PUBLIC SERVICE PROVIDERS (INSTITUTIONS)**

No strong linkage exists among cluster stake holders who are subject to a high degree of discrimination and the present network is found to be uncondusive for growth. The artisan type clusters are just like “dependent” type wherein no divergent operation could be witnessed. All business operations are controlled by few traders on closed-edge coverage. Support services from Financial Institutions, Industries Department and Research Organizations are yet to be established probably for the reason that most of the units set up by artisans unaware of the incentives, facilities and services offered by various Promotional and Development Agencies functioning within the State. The units also do not appear to have made any positive dent on commercialization of their operation.

### **IMPORTANT SERVICE PROVIDERS:**

It was observed that at present no get together or group type meetings among the manufacturers are organized to enable them discuss and thrash out problems and exchange ideas on new innovations needed in the field. Most of the artisans procure raw gold from wholesale Gem and Jewellery Dealers and only very few units make ornaments for sale directly to Shops. It was also noticed that two to three middlemen act between the customers and manufacturers. The Artisans have no direct link with any Developmental Agency like DIC, SISI, NSIC, SIDBI etc.

### **PRO-ACTIVE ROLE OF ASSOCIATION:**

The proactive and potential role played by the Association for Promotion of Jewellery based Gold Ornaments Manufacturing Industries has been recognized. Jewellery Manufacturing Association (JMA) is taking lead for the formation of a Jewellery Consortium in Thrissur.

**THE MAJOR CLUSTER PLAYERS ARE ILLUSTRATED IN THE EXHIBIT -**

**MAJOR PLAYERS IN THE CLUSTER**

- ▶ **Small Industries Service Institute, Government of India, Thrissur  
O/o DC,SSI, New Delhi**
- ▶ **Directorate of Industries, Government of Kerala.**
- ▶ **District Industries Centre, Thrissur**
- ▶ **Entrepreneurship Development Institute of India, Ahmedabad**
- ▶ **National Institute of Fashion Technology**
- ▶ **Canara Bank, Lead Bank, Thrissur**
- ▶ **Other Financial Institutions**
- ▶ **Small Industries Development Bank of India SIDBI Technology  
Upgradation Programme**
- ▶ **KINFRA**
- ▶ **Dept of Science and technology, Govt of India.**
- ▶ **Gem and Jewelers Export Promotion Council**
- ▶ **NIFT, Ahmedabad**
- ▶ **Tourism Development Corporation, Govt. of Kerala**
- ▶ **Trade Development Authority**
- ▶ **Bureau of Indian Standard**
- ▶ **Other gold ornaments Manufacturing Cluster in India.**
- ▶ **Development Commissioner Handicrafts**
- ▶ **JMA**

**SISI, THRISSUR**

Small Industries Service Institute (SISI) is a field outfit of Small Industries Development Organization under the Ministry of Small Scale Industries, Government India. The Institute offers a wide variety of Techno Managerial Consultancy Services and conducts various Training Programmes for promotion and development of Small Industries.

**DIRECTORATE OF INDUSTRIES, GOVT. OF KERALA:**

Directorate industries promote, sponsor, register, finance and counsel industries in the State. It is an Executive Agency for promotion and development of Village and Small Industries in the State of Kerala. Its function also includes promotion of Industrial Cluster Groups in different Districts.

**NATIONAL SMALL INDUSTRIES CORPORATION**

NSIC provides accreditation to SSIs in the area of Technology up gradation, Marketing Support, Skill Up-gradation Training, Financial Support,

International Partnerships, Technology Sourcing, Application of new techniques, etc

### **SIDBI- SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA**

**SIDBI-** extends financial assistance to SSIs both directly through its branches and indirectly through Primary Lending Institutions for professionals through Commercial Banks, State Financial Corporations and State Investment Corporations.

### **G&JEPC-THE GEM & JEWELLERY EXPORT PROMOTION COUNCIL**

**G & JEPC** is an All - India apex body representing more than 7000 jewelers from India. Set up in 1966, it operates under the supervision of the Ministry of Commerce, Government of India and elected representatives of the industry. The Council is a non-profit organisation involved with service to the nation.

#### **The Objectives of the Council**

The Gem & Jewellery Export Promotion Council is involved with the promotion of the export of the following gem & Jewellery products from India

#### **Core Function of the Council**

The primary purpose of the Gem & Jewellery Export Promotion Council is to introduce Indian gem & jewellery products to the international market and promote their exports through

- Compilation & publishing of regular statistics related to the import & export of gems and Jewellery items in India. Trade statistics from abroad are disseminated as well.
- Sponsors study teams and trade delegations to explore foreign markets.
- Arrangement for the participation of its members in foreign trade fairs & exhibitions.
- Advertising in leading trade journals abroad to introduce Indian products in those market

- Organizing meetings between its members & foreign delegations visiting India.
- Acting as a liaison body between the industry & the government to ensure a smooth flow of exports.
- Providing effective link between foreign buyers interested in importing gems & jewellery from India via appropriate Indian exporters

### **THE INDIAN INSTITUTE OF GEMS & JEWELLERY**

**IIGJ** provides courses that would help students develop proficiency and expertise that would meet International standards where the focus is on designing, technology and manufacturing in the Jewellery industry. Located near SEEPZ at Andheri East, the Indian Institute of Gems & Jewellery (IIGJ) offers five types of courses, a three month basic course in Jewellery Design, an advance course in Jewellery Design comprising of thirty sessions, a Computer Aided Jewellery Design & Manufacturing course consisting of sixty sessions across a three month period, an Introduction to Gemology a fifteen week course and an Introduction to Basic Jewellery Making consisting of eighty sessions

### **CENTRE FOR DEVELOPMENT OF IMAGING TECHNOLOGY**

C-DIT is an organization established in 1988 by the Government of Kerala for advancement of research, development and training in imaging technology with an implied role in socially relevant science and technology development

### **KINFRA - KERALA INDUSTRIAL INFRASTRUCTURE DEVELOPMENT CORPORATION:**

KINFRA aims at bringing together all the suitable resources available in the state and developing infrastructure to woo the industrial growth of the state. KINFRA is dedicated to catalyse industrial growth in Kerala by providing the best industry-specific-infrastructure. KINFRA has identified over 20 core competency areas. It has 12 well-defined industrial parks of which many are functional and some are in the launching phase. Each of these Parks offers comprehensive infrastructure and support services to the clients. The most fascinating feature of KINFRA is that it offers single window clearance facilities.

Attractive incentives and excellent opportunities for expansion and diversification are the specialties of KINFRA.

### **NIFT - NATIONAL INSTITUTE OF FASHION TECHNOLOGY**

NIFT was set up in 1986 under the aegis of the Ministry of Textiles, Government of India. It has emerged as the premier Institute of Design, Management and Technology, developing professionals for taking up leadership positions in fashion business in the emerging global scenario. The education programmes at NIFT are extensively integrated with fashion business. The intense and dynamic interaction between the industry and academics provides requisite insight and appreciation of business dictates. Internship and industry visits as well as realistic projects, seminars and interactions provide opportunities for students to appreciate and understand the working of the industry. The Institute is a pioneer in envisioning and evolving fashion business education in the country through a network of seven professionally managed centers at New Delhi, Bangalore, Chennai, Gandhinagar, Hyderabad, and Mumbai.

**JMA - JEWELLERY MANUFACTURING ASSOCIATION** is State level association with head quarters at Thrissur. The Association was started on July 2004 and now it has nearly 500 members.

**BIS - BUREAU OF INDIAN STANDARDS** as the National Standards Body of India is primarily engaged in the preparation and promotion of standards and operation of different quality certification schemes. In this context, the BIS Precious Metals Sectional Committee (MTD 10) has formulated and published the Indian Standards on Gold and Gold Alloys:

- a) **IS 1417** Grades of gold and gold alloys, Jewellery/Artefacts-Fineness and Marking
- b) **IS 1418** Assaying of Gold in Gold Bullion, Gold alloys and Gold Jewellery/Artefacts - Cupellation (Fire Assay Method)
- c) **IS 2790** Guidelines for manufacture of 23,22,21,18,14 and 9 carat gold alloys

Big players like wholesale dealers and showroom owners have direct link with banks, testing institutes and BIS. They have their own associations known as Gold Dealers Associations.

<b><i>Private and Public Service Providers soft linkage chart (pre- intervention)</i></b>								
Cluster Players	Artisans	Wholesale dealers	Showrooms	DIC	SISI	NSIC	BIS	FI
Artisans	---	H	L	L	L	L	L	L
Wholesale dealers	H	---	H	L	L	L	L	L
Showroom	L	H	---	L	L	L	L	L
DIC	L	L	L	---	H	H	H	H
SISI	L	L	L	H	---	H	M	H
NSIC	L	L	L	H	H	---	M	H
BIS	L	M	M	M	M	M	---	L
FI	L	M	M	L	L	M	L	---



### **RESTRUCTURING OF INSTITUTIONAL SUPPORT:**

Thrissur artisan-based gold ornament Jewellery manufacturing units now witness a transformation. Hence the industry should embark upon on product diversification to enable them become new players for meeting the challenges ahead. The existing protective and relaxed attitude has eroded profitability. A strong-minded and progressive change is needed to streamline the entire sector to make it more vibrant.

The involvement of Institutional Agencies is not in consonance with the requirement of changing time as they still follow the pattern adopted at the inceptional stage. Though these agencies assist and contribute, there is need for reorientation and restructuring the functions and activities for providing an efficient institutional support in emerging areas like product identification, modernization and technology upgradation, quality management, R & D back up, centralized marketing support, sourcing of raw material, training and skill development, invention of new designs / fashion / indigenous technology / skill upgradation of artisans, optimizing production and cost reduction etc to make the sector more competitive and responsive to the existing scenario. Therefore, there is urgent need to reorient the prime serving support set up rather than going in for umbrella type services. It is pertinent to suggest here that a Common Facility Service Centre, Quality Testing Centre, Skilled Training Centre and R &D centre can exclusively be set up within the cluster. There is also an urgent need for a shift from the family based-household type production activities to new a industrial estate.

### **BRAND BUILDING:**

Common Brand Building will give a new air of confidence among the small artisan type gold Jewellery manufacturing units. The concept of Common Brand Building has got a unique feature. The common brand likes “Thrissur Jewellery” will facilitate the cluster groups penetrate deep into other markets effectively.

**COMMON MODERN TESTING FACILITY CENTRE**

A Common Modern Testing Facility Centre can be set up on partnership basis wherein end-users and developmental agencies could be partners for promoting sophisticated and advanced need-based common testing facilities. The status of such testing centres must have international accreditation.

**REVAMPING AND RESTRUCTURING THE TRAINING CENTRE:**

A new Modern Training Center may be set up within the cluster. Integration of the said training centre with other institutions like NIFT, Universities and reputed private service providers etc are necessary. Provision of specialized intensive training is imperative for skill upgradation. This should be followed up by regular impact monitoring, evaluation and reporting so as to obtain constant feedback for identifying critical issues / constraints and for providing solutions to improve performance.

**PROACTIVE ROLE OF ASSOCIATION:**

The proactive and potential role of the Association for promotion of Jewellery based Gold Ornaments manufacturing industries has been recognized. The Associations have to play an intermediary role between government and industries. This would enable obtain healthy linkage and bring about overall development.

**IDENTIFICATION OF ALTERNATIVE USAGE:**

The main objective is to evolve a system by which the weak areas and project potential areas could be identified. Product developments, quality improvement, technology match, process of manufacturing for quality improvement are all important potential areas. Identification of alternative usage and product improvement and product diversification play a significant role.

## **9. MAJOR PROBLEM FACED BY THE THRISSUR GOLD ORNAMENTS JEWELLERY CLUSTER**

The major problems confronted in the cluster are listed out below:

1. Inability to keep abreast of modern trends in product design, fashion and technological development
2. Lack of knowledge about the emerging new market
3. Over dependence on traders
4. Closed Marketing Behavior
5. Household type of venture
6. Dominance of few leading traders who have having local sales outlets in most part of the State.
7. This sector is yet to get the industrial status.
8. Lack of Inadequate in-house testing facilities
9. Large scale production of identical and homogenous products
10. Obsolete Technology
11. Poor R&D back up
12. Low Product Diversification
13. Poor backward and forward integration with market
14. Poor Marketing tie-ups
15. Reluctance for modernization and adoption of new products
16. Poor Designing
17. Crude Technology adopted in manufacturing of golden ornaments
18. Emerging Pollution Problem – exclusively due to household operation
19. Vast Fluctuation in the buyers market

## 10. Revamping Exercise - ANALYSIS OF BUSINESS OPERATION:

### A) Raw Materials:

- The household units and individual artisans procure raw materials along with orders from wholesalers and show room owners with designs. The unit or individual get labour charges on per gram basis.
- There are about 85 show rooms and wholesale dealers within a radius of 25 KM.
- Middle men/agents are omnipresent in gold business. They take away a lion's share of the value addition

### B) Technology

The manufacturing technology used is still crude and conventional in the hand made ornaments. Machines are used for manufacturing bangles, rings etc. These machines were bought from Jam nagar, Kota and Coimbatore. Finishing/polishing job of the product is also not satisfactory when compared to the products coming from Coimbatore and Maharashtra. For finishing they use detergents, and steel balls. Electro plating is also done using hydrochloric acid, nitric acid and sodium cyanide. The usage of these chemicals without any precaution poses a threat to the health of employees. Many artisans hailing from West Bengal and Rajasthan also work in Thrissur based units.

### C) Quality:

The gold ornaments manufactured by the Thrissur based industries are conforming to 916 grades of 22 carats.

## *Main Properties and quality of gold*

Gold symbol: Au

Atomic Number: 79

Atomic weight: 196.967

Boiling point: 1542°C (2808°F)

Melting point: 1063°C (1945°F)

Specific gravity: 19.32

Hardness (Moh's scale): 2.5-3.0 (out of 10)

Tensile strength: 11.9

958	Corresponding to 23 Carat
916	Corresponding to 22 Carat
875	Corresponding to 21 Carat
750	Corresponding to 18 Carat
585	Corresponding to 14 Carat
375	Corresponding to 9 Carat

Gold does not tarnish; it is corroded only by a mixture of nitric and hydrochloric acid (aqua regia). The gold dissolves only in cyanide

Cyanide has a natural affinity for gold, which dissolves in it just as sugar would in a hot drink. Cyanidation has been the principal method of extracting gold from ore since the development of the Macarthur-Forrest Process in 1887, which proved crucial in the development of the South African gold mining industry.

The perfection of the cyanide process largely replaced amalgamation with mercury that had previously been the main method of extracting gold from ore. Cyanidation has also become crucial since 1970 in gold recovery from low grade deposits through heap leaching. It should be noted that cyanide is extremely toxic and must be handled with special care.

**HALLMARKING- CERTIFICATION OF GOLD**

Government of India took the cognizance and understood the necessity of protecting the public in its purchases of gold jewellery especially with regard to standards of fineness and the prevention of adulteration, be it deliberate or accidental. The principle objectives of the Hallmarking Scheme are to protect the public against the fraud of adulteration and to oblige manufacturers to maintain legal standards of fineness.

Hallmarking is the accurate determination and official recording of the proportionate content of precious metal in gold. Hallmarks are thus official marks used in many countries as a guarantee of purity or fineness of gold jewellery.

**D) Processing**

The Thrissur cluster is making Jewellery by hand and usage of machinery are barest minimum. The advantage of the hand made ornaments produced in Thrissur cluster is that it is less in weight and more attractive. However, productivity is less and income generated though this activity is meager compared to mechanized production.

## 11. VALUE CHAIN ANALYSIS

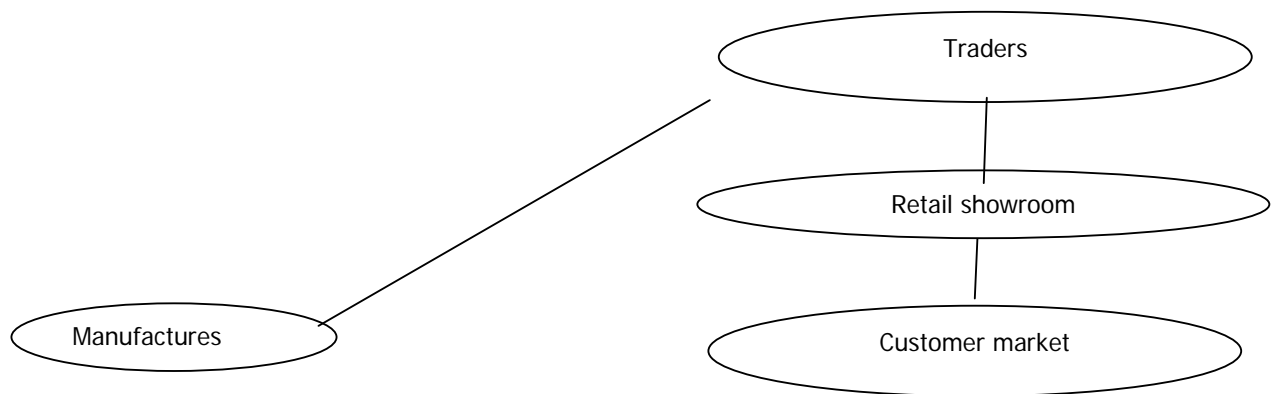
### *Buyer Power and Location*

The gold ornament cluster does not have the specific model like Business - to- business markets net-work.

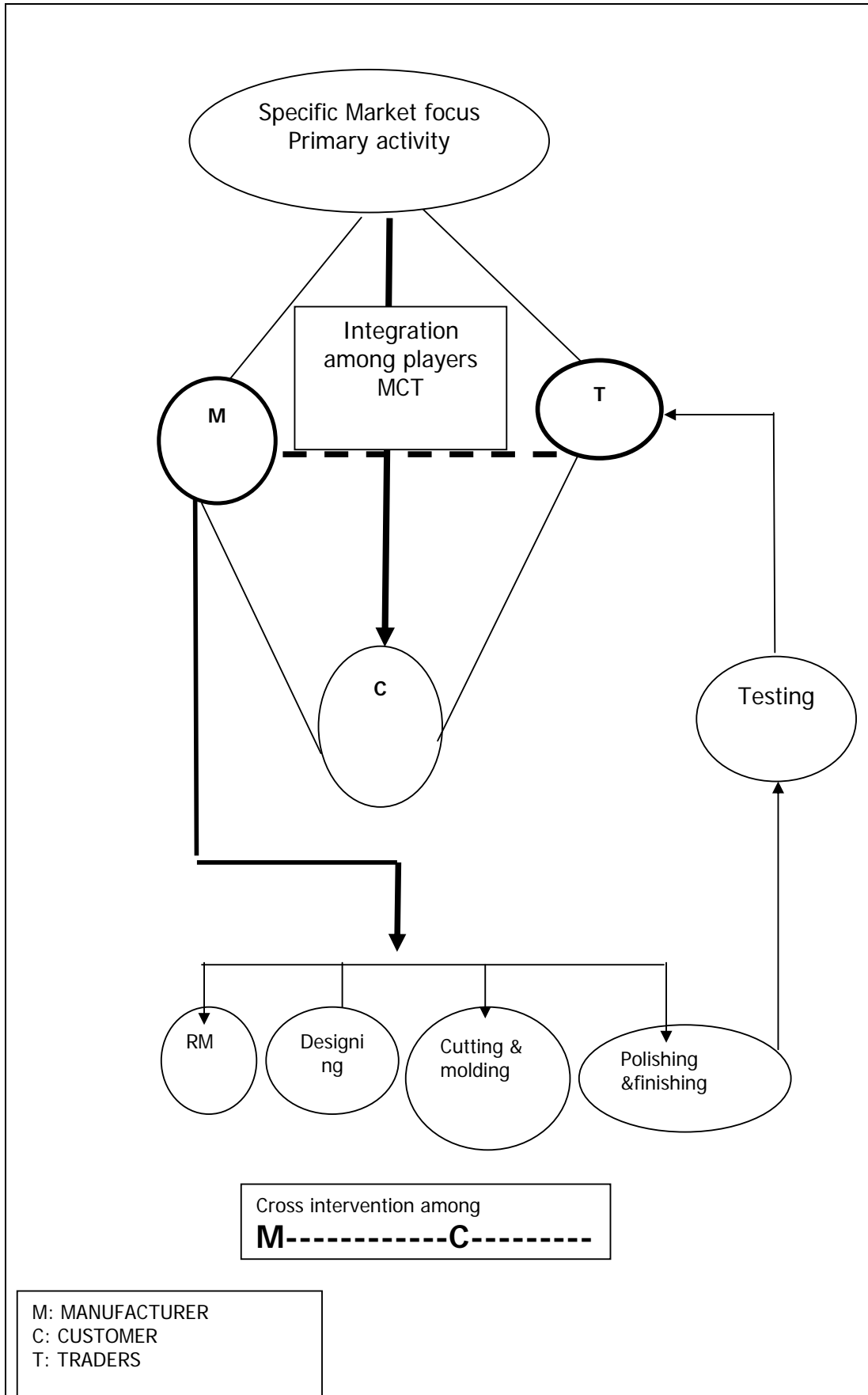
The concentration of power is vested with leading traders and geographical clustering of customers doesn't not confine to this cluster. The items being manufactured by the cluster goods do not have special brand.

The Supply-Chain Operations Reference is a process model that has to be developed and endorsed for supply-chain management. Which is spanning from the supplier's supplier to the customer's customer? This model will describe the business activities associated with all phases of satisfying a customer's demand. By describing supply chains using process building blocks, the Model can be used to describe supply chains that are very simple or very complex using a common set of definitions. As a result, the industry can be linked to describe the depth and breadth of virtually any supply chain.

The present gold ornament cluster marketing scenario reveals the fact that there is some sort of mono type of supply chain relation prevails.



The traders are in the top and having direct business operating through their local out-lets. The only promotional measure being adopted by the traders are offering small price bargaining with the customers and advertisement through media.



## **12. FOCUS ON ALTERNATIVE STRATEGY FOR CLUSTER DEVELOPMENT - A VISION**

Focused attention on alternative strategy will give new vistas to this industrial cluster. This strategy has been spelt out after conducting an in-depth study at the field level ascertaining existing problems after having had wide ranging discussions with the industrial and developmental fraternity.

The focused strategy would evolve a need based approach for further development by duly tapping the vast existing potential available for the growth of this cluster in Thrissur which has a traditional strength and base. The alternative strategy for development is the need for an integrated approach to enliven the vision for overall growth and development.

### **(a) Alternative Measures for Cluster Development**

An important landmark in the development of the industry is the replacement of the present method of operation and technology upgradation that are to be focused on the following areas:

1. *Adoption and Innovation to match new aspirations*
2. *Better Marketing Supports*
3. *Identification of Coordinating Agency to monitor the progress*
4. *Industry-Trade-Institutional Interaction*
5. *From Vertical to Horizontal Integration of Market*
6. *Provision of Major Sops to protect the industry's health*
7. *Updating Traditional Skills*
8. *Re-orientation of institutional support and revitalizing the activities of Nodal Agency.*
9. *Technological and servicing back-up*
10. *Offering Comprehensive quality assurance.*
11. *Offering wide technology platform to enable broader capabilities.*
12. *Channeling the sourcing of Raw materials*
13. *Inviting the Global leaders/players in the area of marketing, technology and finance*
14. *Free flow of credit to the industries.*
15. *Technology transformation and collaboration with user industry domestically.*

### **Vision Statement:**

***“The Gold Ornaments Cluster of Thrissur will create strong and promising industrial base and would retain its glowing image by infusion of new technologies, product diversification, continuous resource-flow and effective intervention by all stakeholders so as to become a vibrant cluster by the year 2008”.***

### **Action Plan:**

Production of Gold Ornaments Jewellery by man was in vogue since the early Bronze Age. Although mass production methods are being adopted using modern machinery and equipment in jewellery factories, still the traditional manual craft skills play a significant role in making aesthetic designs in golden Jewellery .

In regard to demand prospects, there are no authentic estimates available. However, indications are that about 80 per cent of the demand is for Jewellery fabrication (mainly of over 22 carat purity) for domestic usage, 15 per cent for investor-demand (which is relatively elastic to gold-prices, real estate prices, financial markets, tax-policies, etc.) and barely 5 per cent for industrial uses. The demand pattern depends on societal preference viz. Religious, ritualistic, a preferred form of wealth for women etc. All these act as a hedge against inflation. It could be assumed that it is only the affluent that create demand for gold.

The consumer perceives quality in terms of caratage, colour and colour consistency, finish of the product integrity and service performance.

This document outlines objectives and possible actions to include Cluster Development Strategy and Action Plan for Thrissur gold Jewellery Cluster.

The aim of this Action Plan is to assess the inner strength of the Thrissur gold cluster and contemplate a need based plan for all-round development of this sector.

In the light of the findings, SISI Thrissur is committed to coordinate and cooperate with the Cluster Actors and District Industries Centres to render effective support and assistance for development of this cluster by means of an agreed Cluster Development Strategy and Action Plan.

**Structure:**

The Strategy and Action Plan would contain:

1. Objectives
2. Rationale for Support
3. Proposed Actions
4. Managing / coordinating delivery
5. Time plan and Outputs
6. Funding

**Objectives**

The Cluster Development Strategy would have the following objectives:

1. To support a long-term growth oriented programme that can sustain competitiveness with a view to capitalize future market opportunities within the State and overseas. Development will be achieved through supporting:
  2. Giving an orientation for growth to sustain competitiveness of existing household artisans type units
  3. The establishment of new trading outlets, including work sheds
  4. Diversification of businesses operation

**Targets:**

Targeted groups are Thrissur based Gold Jewelry making Artisans. A 3-year Action Plan will commence from June 2005 aimed at revamping

cluster activities by introducing product diversification and improving efficiency of cluster industrial groups.

***Proposed Actions for Cluster Development:***

It is felt that the objectives will be achieved through a range of activities, grouped under "Support to Businesses" and "Wider Cluster Development":

<b><i>Support to Businesses:</i></b>	
1.	<i>General business support / grants / access to finance and support.</i>
2.	<i>Export support.</i>
3.	<i>Innovation support.</i>
4.	<i>Skills development.</i>
5.	<i>Support for start-ups and spin-offs.</i>
6.	<i>Support for diversification towards environmental markets.</i>
7.	<i>Strategic inward investment</i>
<b><i>Wider Cluster Development:</i></b>	
8.	<i>Developing Capacity of Cluster Body - for networking etc.</i>
9.	<i>Strengthening regional supply chains.</i>
10.	<i>Stimulating the regional 'demand-side'.</i>

Revise Action Plans through extensive consultation / discussions with gold smiths as well as support providers. This process would help ensure meeting the businesses needs.

13.

**STRATEGIC VISION CHART**

<b>IMPLEMENTATION VISION</b>							
<b>Problem Approach</b>		<b>Strategic Approach</b>		<b>Implementation Approach</b>		<b>Evaluation Approach</b>	<b>Feed Back &amp; Monitoring Approach</b>
<i>Ground level efforts to organize clinics/ Workshop to arrive at Census on Strategies recommended and forming a Core Group</i>		<i>Coordinated and integrated efforts among CDA, Developmental Agencies, Industry Association etc. to devise suitable strategies for cluster Development and its timely implementation as per the developmental vision</i>		<i>Implementation of strategies devised by the group in specific time frame such as organizing core group meetings, assigning duties and responsibilities, ensure smooth financial flow, integrated and coordinated approach towards implementation of the developmental plan and its implementation etc.</i>		<i>Regular and periodical evaluation of implementation of the Cluster Development Action</i>	<i>Feed Back Analysis of Action Taken and its impact on the development of Cluster/suggestion of modification in the Action Plan, if any Found during implementation period.</i>
↓		↓		↓		↓	↓
<b>2 months</b>		<b>2 months</b>		<b>1 year</b>		<b>Monthly core group meeting During the period of implementation</b>	<b>Regular mechanism</b>

#### 14. ACTION PLANT FOR 3 YEARS

<i>Sl No</i>	<i>Period</i>	<i>Nature of activity and purpose</i>	<i>Action by Whom</i>	<i>Benefit</i>	
1	June - July-2005	Visit to Rubber Cluster Changanacherry, Rice Mill Cluster, Kalady, Plastic Cluster, Perumbavur Handloom cluster, Kannur and other clusters	CDE, JMA and cluster members	Trust building	10,000/
2	August-2005	Formation of Consortiums representing key actors golden jewelry manufacturing cluster members	CDE, SISI/DIC/Cluster Actors/JMA/Gold Jewelry Traders/SIDBI/Lead Bank	Creation of consortium for better intervention of cluster actors and stake holders	
3	September 2005	Formation of Cluster Co-ordination Committee for implantation, co-ordination follow-up and for pursuing the cluster activities with stake holders	CDE/Consortium/DC, SSI/SISI/Directorate of Industries Govt. of Kerala/ Lead Bank/SBT/SIDBI/NSIC/EDI/NIFT/JMA/NITK/Golden Jewellery Cluster, Anil Base Gold Consortium (P) Ltd, Koyilandi	Monitoring , evolving, Co-ordination committee for effective implementation of cluster development programmers	
4	October 2005	Conducting Skill Upgradation Programme for Cluster Groups	CDE/Consortium Members/K-BIP DC, SSI/SISI/Directorate of Industries Govt. of Kerala	Acquiring Skill	Rs.50,000
5	Nov 2005	Trade Visits to Jewellery Arabia 2005, Bahrain – 8/11/2005 to 12/11/2005	Cluster Member/CDE/DC(SSI)/Gem and Jewellers Export Promotion Council, Directorate of Industries, Govt. of Kerala/NSIC/DC-Handicrafts, Govt of India	Creating Trade Link	3 lakhs

6	Dec, 2005	Participation in Trade Fair at New Delhi	Cluster Members/CDE/SIDB I, K-BIP, DC(SS I)/NSIC	Sourcing of Market and tie up with other golden Jewellery Clusters in India	75,000
7	Jan 2006	Conducting Training Programme on Achievement Motivation and Team Building	Consortium Members/CDE, K-BIP/DC(SS I)/DIC	Developing Team Spirit	10,000
8	Feb 2006	Training Programme on Communication	Consortium Members/CDE/K-BIP/DC(SS I)/DIC	Communication Development	10,000
9	March-Jul 2006	Establishment of Common Marketing Centre	CDE/Consortium/DC(SS I)/DI/SISI/NSIC	Penetrating to other Markets and Fetching Higher Price	25 lakhs
10	Aug-Dec 2006	Formation of Common Facility Centre	CDE/Consortium/DC(SS I)/Directorate of Industries, Govt of Kerala	Product Development/Quality Improvement	
11	Dec2006	Certification for Export Application	BIS/NIFT Ahmedabad	Accreditation	1.00 Lakh
12	Jan 2007	Preparation of Common Catalogue and Leaflet	Consortium Members/CDE/K-BIP/Directorate of Industries, Kerala	Publicity	65,000
13	Feb-Apr 2007	3-Months Intensive Training Programme on Designing Fashion and Product Development	NIFT Ahmedabad/Cluster Members/CDE/DC(SS I)/GEM & Jewellers Export Promotion Council, Directorate of Industries, Kerala, Gem and Jewellers Export Association (Gurukul Chambers, Mumbai Devi Road, Mumbai-400 002), International Gemological Institute, Mumbai	Skill Upgradation and Design Development	75,000
14	Apr 2007	Awareness Programme on Export Marketing Potential and Branding	CDE/DC(SS I)/Dte of Industries, Govt of Kerala/NIFT Ahmedabad	For Creating Awareness on common branding	10,000
15	May 2007	Training Programme on Skill Development/Quality Management	Gem and Jewellery Education Centre, Mumbai/Consortium/CDE/DC(SS I)/DIC	Skill Development	10,000

16	May 2007	Developing Security System	Tourism Development Corporation, Government of Kerala, Directorate of Industries/Consortium/Private Security System/Police Department	Safety and Security of Goods	1.00 Lakh
17	Jun 2007	Formation of Federation of Golden Jewellery Cluster in Kerala	Consortium Members/Koyilandi Cluster/CDE/Director of Industries, Govt of Kerala and other Gold Jewellery Associations in Kerala/K-BIP	Market Expansion and Inter Cluster Tie-up	20,000
18	Jun 2007	Customized Training Programme and measures for supporting R & D Activities	CDE/DC(SS I)/DOI Kerala/Traders/NIFT Ahmedabad/Gem and Jewellery Export Promotion Council	Skill Upgradation and Product Development	50,000
19	Jul 2007	Visit to Gold Jewellery and Diamond Cluster, Surat and Ahmedabad	Consortium Members/CDE/K-BIP/DCISSI)/DIC	Market Intervention and Cluster Interaction	3.00 lakhs
20	Aug 2007	Training Programme on Creativity and Innovation	Consortium Members/CDE/DC(SS I)/ DIC	Upgradation of Skills	10,000
21	Sep 2007	Patent Registration	Patent Office, Chennai, Ministry of Commerce/Consortium Members/CDE/DC(SS I)/ DOI Govt of Kerala	Patent Protection	20,000
22	Sep-Jan 2008	Network, creating a market information centre	DC(SS I)/DOI Govt of Kerala/Consortium/K-BIP/KINFRA/NSIC/SI DBI	Strategies for marketing development	25 lakhs
23	Oct 2007	Visit to Jaipur Cluster	Consortium Members/CDE/DC(SS I)/ DOI Govt of Kerala/K-BIP/Gem and Jewellery Information Centre of India, Jaipur Jewelers Association Building, 252-Johari Bazaar, Jaipur-302 003)	Market Expansion and inter-cluster tie-up	50,000
24	Nov-Dec 2007	Preparation of Market Survey on all India basis	CDE/DC(SS I)/DOI Kerala/Leading Private Market Research Group (MARG)	Exploration of new markets	10,000

25	Jan-Feb 2008	Development of Jewellery Export Market	Gem and Jewellery Export Promotion Council/CDE/DC(SSl)/DOI Kerala/Trade Development Authority/Ministry of Commerce and Industry/Consortium	Development Export Market	
26	Mar 2008	Promotion of Jewellery related tourism	Tourism Development Corporation/GOK/DC SSI/DOI Kerala/ Consortium	Marketing Opportunities and developing a product image building	3 lakhs
27	Mar-Apr 2008	Advanced Intensive Skill Upgradation Training Programme on Fashion Design on Product Development and Machine Cutting	NIFT Ahmedabad/JMA	Skill Upgradation and Design Development	75,000
28	Apr 2008	Social Auditing	DC(SSl)/DI GOK/CDE/Consortium	Awareness on Labour Welfare and Participation on production	10,000
29	May 2008	Conducting 2-Day Buyer Seller Meet	NIFT Ahmedabad/ Machinery Manufacturer Consortium/Other Jewellery Clusters in India/Jewellery Manufacturers in Upcountry	Vendor Development	1.00 lakhs
30	Jun-Aug 2008	Formation of Jewellery Product Development Centre, Thrissur having: documentation centre, Library, CAD-CAM Centre/Business Centre/Export Guidance Facility/ Video Conferencing Facility/Testing /Marketing Centre etc	K-BIP/KINFRA/ CDE/ DC(SSl)/DOI Kerala/Trade Development Authority/Ministry of Commerce and Industry/GOK/ G & JEPC/BIS	Trade Development	50 lakhs
31	Aug 2008	India International Jewellery Show	K-BIP/KINFRA/CDE/ DC(SSl)/DOI Kerala/ TDA/Ministry of Commerce & Industry, Govt of India/ DC-Handicrafts/ Private Players in Promotion of Fashion Technology/ Jewellery Traders/ G&JPEC	Market Development and Trade Tie-Up	60 lakhs

**15. GLIMPSES OF THE CLUSTER****Number of SSI units**

Organized	20
Unorganized and small units	2500
Geography details of the cluster	Situated in and around Thrissur city.
Total Area of the Cluster (Sq. Km.)	625 Sq. KM.
Name of Nearest Air port	Nedumbassery, Kochi
Distance of the airport from the location	60
Name of the nearest port:	Kochi
Distance of the port from the location (KM):	100
Name of the nearest Railway station	Thrissur, Ollur
Distance of the Railway station: from the location (KM)	5
Name of the nearest City	Thrissur
Distance of the nearest from the location (KM) :	5 KM
Testing facility available	Hall marking testing facility
	Trichur Assay and Hallmarking Centre Pvt. Ltd. TCX/1398, Opposite Police Control Room High Road Trichur, 680 001
	Cochin Assay Centre 25/1279, Pazhenadakkavu Round West Thrissur-680 001
• Training facility	: No training facilities available.

- Infrastructure facility availability : Moderate
- Servicing facility : Nil
- R & D Facility availability : Nil
- Ancillary and allied industrial : Nil
- Concentration  
 Thrissur,  
 Cherpu, Perinchery,  
 Chevvur, Ammadam,  
 Avinissery, Kizhakkumpattukara,  
 Ollur, Trikkur, Velur,  
 Amballur, Mellor, Kodanoor
- Financial Institutions and other supporting government organizations:

Existing but not extended support so far

#### Suggestion for improvement and modernization

It is felt that urgent attention is to be focused on establishing Networking and resource centre, R & D Support, providing skill oriented training, etc

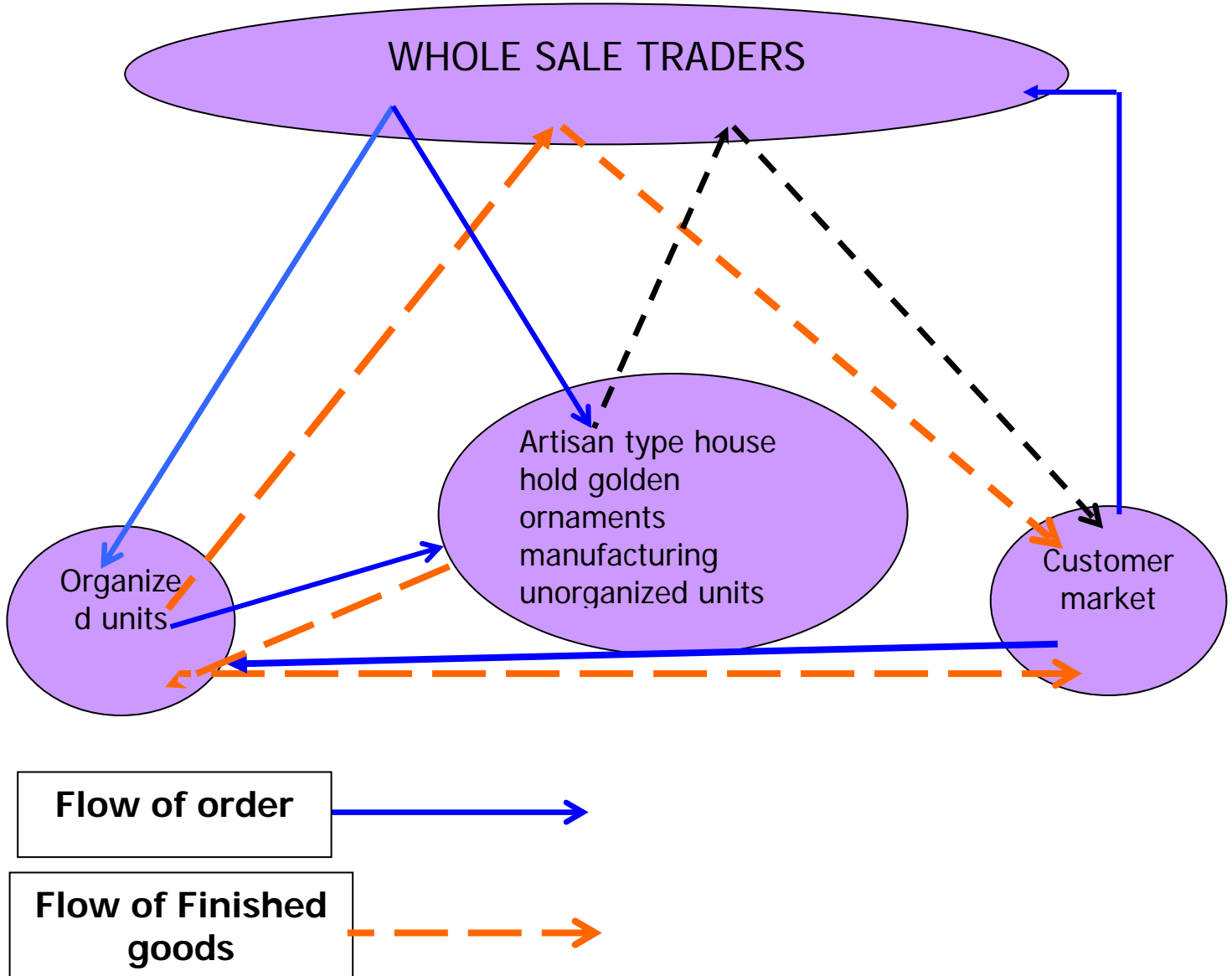
#### Cluster Associations

JMA-Jewellery Manufactures Association

**Address**

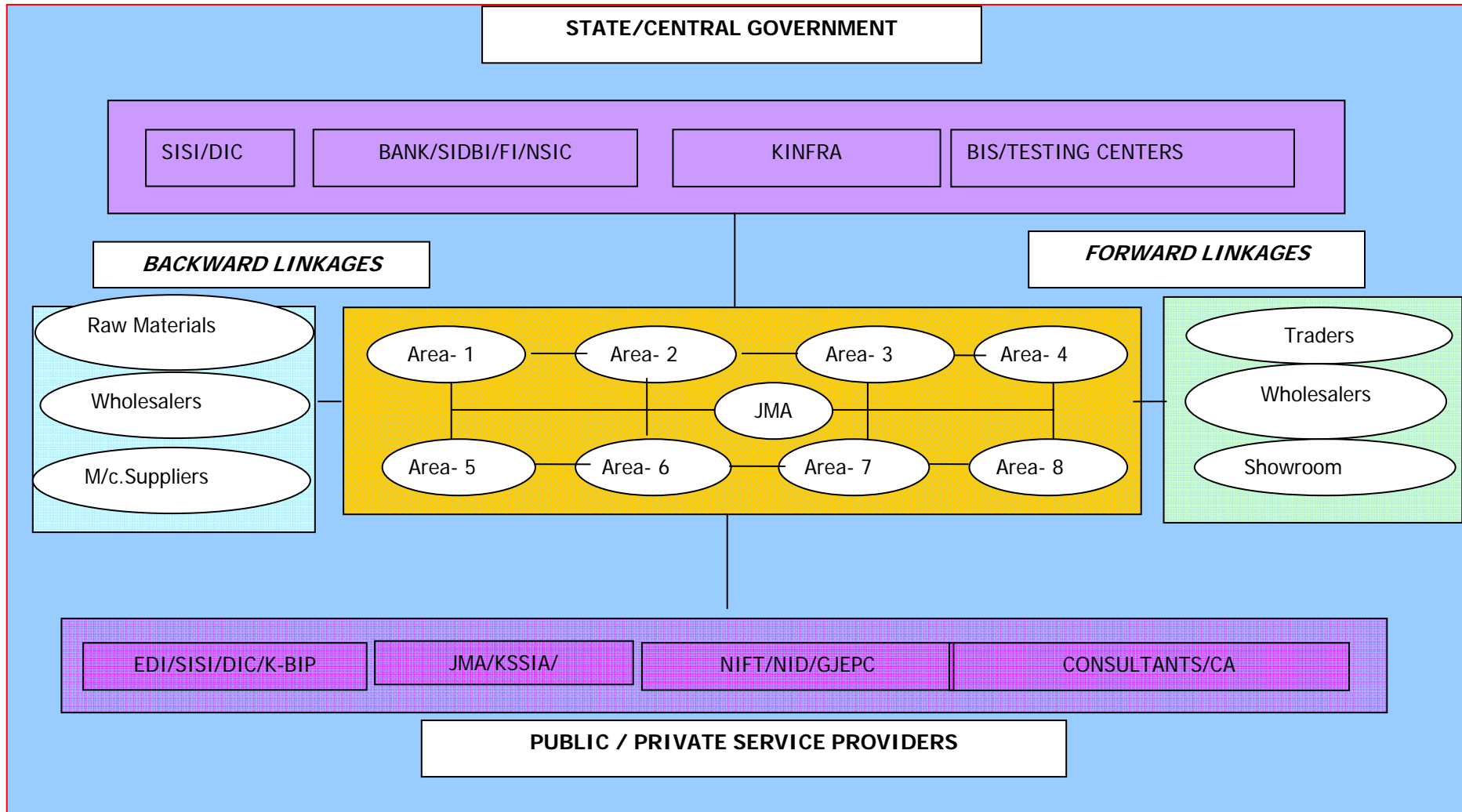
St. Louis Commercial Complex,  
 10/598, Church Circle,  
 Erinjery Angadi, Thrissur-680 001  
 Kerala, Telephone: 0487 2420009  
 E-Mail- peeyarexpo@sancharnet.in

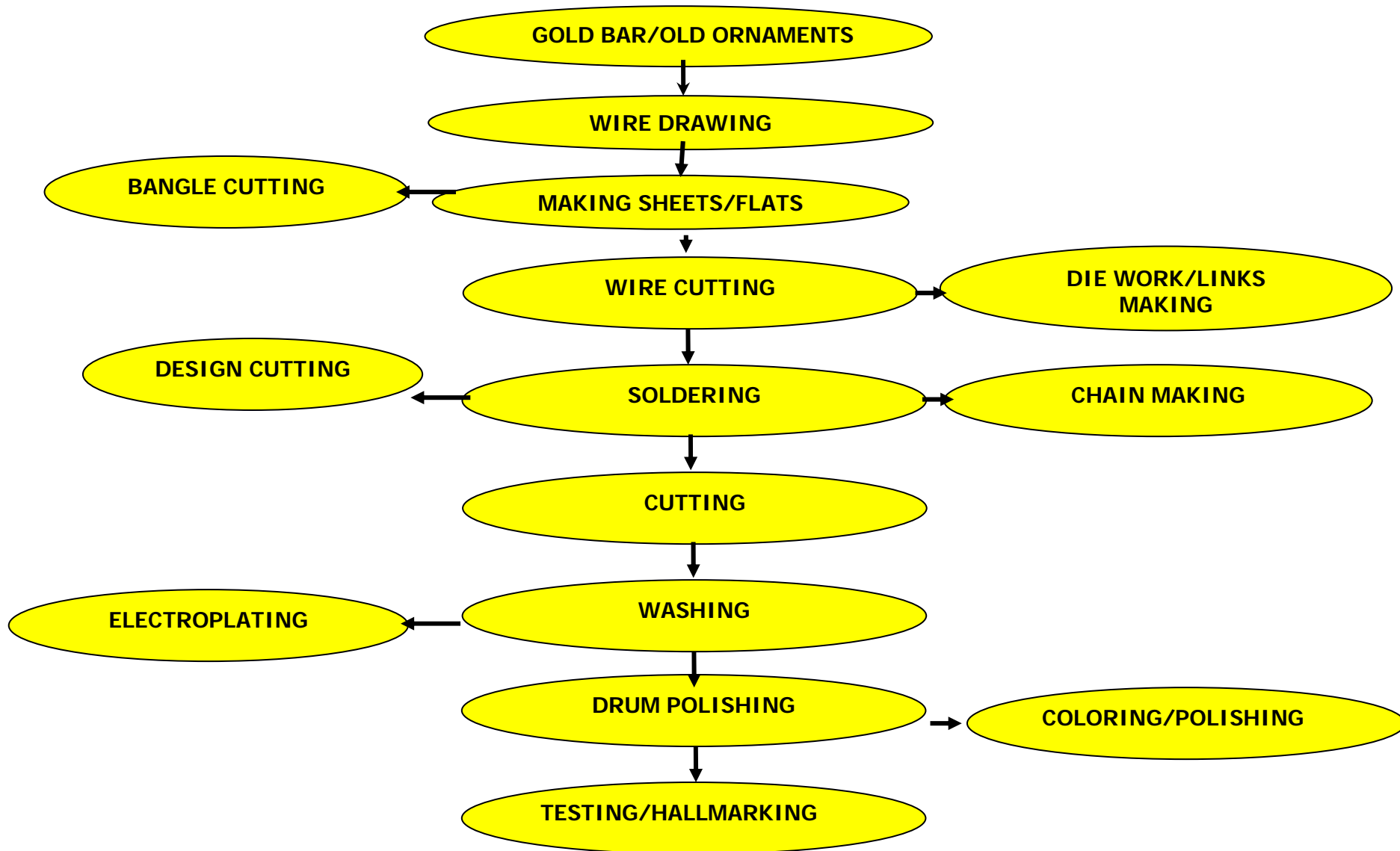
# CLUSTER MAP-PRE-INTERVENTION



# CLUSTER MAP-POST INTERVENTION

ANNEXURE-3



**MANUFACTURING PROCESS OF GOLD ORNAMENTS-BANGLES & CHAINS**

**ANNEXURE-5****EXIM POLICY**

Scheme for Gem and Jewellery	Exporters of gem and jewellery are eligible to import their inputs by obtaining Replenishment (REP) Licenses from the licensing authorities in accordance with the procedure specified in this behalf.
Eligibility	Undertaking to export their entire production of goods and services may be set up under the Export Oriented Unit (EOU) Scheme, Export Processing Zone (EPZ) Scheme, Electronic Hardware Technology Park (EHTP) Scheme or Software Technology Park (STP) Scheme. Such units may be engaged in manufacture, services, repair, remaking, reconditioning, re-engineering
Sub-Contracting	<p>(a) The EOU/EPZ/EHTP/STP units other than gem and jewellery units, may on the basis of annual permission from the Customs authorities, sub-contract production process in DTA, which may also involve change of form or nature of the goods, through job work by units in the DTA. These units may also subcontract up to 50% of the overall production of previous year in value terms for job work in DTA with the permission of Customs authorities. Sub-contracting of both production and production process may also be undertaken without any limit through other EOU/EPZ/EHTP/STP/SEZ units on the basis of records maintained in the unit. Subcontracting of part of production process may also be permitted abroad with the approval of the Board of Approval.</p> <p>(b) EOU/EPZ units may, on the basis of annual permission from the Custom Authorities, undertake job-work for export, on behalf of DTA exporter, provided the goods are exported directly from the EOU/EPZ units and export documents are in the name of the DTA exporter. For such exports, the DTA units will be entitled to refund of duty paid on the inputs by way of Brand Rate of duty drawback.</p> <p>(c) The scrap/waste/remnants generated at the job worker's premises may be either cleared from the job worker's premises on payment of duty or returned to the supplying unit.</p> <p>(d) <b>Gems and jewellery EOU/EPZ units are allowed to receive plain gold/silver/ platinum jewellery, including findings, components and semi-finished jewellery from DTA against exchange of equivalent quantity of gold / silver/ platinum,</b> as the case may be, contained in the said jewellery. The DTA units supplying such jewellery against exchange of gold/silver/platinum shall not be entitled for deemed export benefits. The EOU/EPZ units shall not be eligible for wastage or manufacturing loss against jewellery.</p>

<p>Export through Exhibitions/ Export Promotion Tours/Export of branded Jewellery/ Export through show rooms abroad/Duty Free Shops.</p>	<p>EOU/EPZ gem and Jewellery units shall be entitled for the following:</p> <p>(i) Export of gold/silver/platinum Jewellery and articles thereof, for holding/ participating in exhibitions abroad with the permission of Development Commissioner.</p> <p>(ii) Personal carriage of gold/ silver/ platinum jewellery, precious, semi-precious stones, beads and articles.</p> <p>(iii) Export of Jewellery and branded jewellery is also permitted for display/sale in the permitted shops set up abroad.</p> <p>(iv) Display/sell in the permitted shops set up abroad or in the show rooms of their distributors/agents.</p> <p>(v) Set up show rooms/retail outlets at the International Airports for sale of jewellery.</p>
<p>Personal carriage of Export/ Import parcel.</p>	<p>Personal carriage of gems and jewellery export parcels by foreign bound passengers and personal carriage of gems and jewellery, import parcels by an Indian or foreign national may be permitted as per the conditions given in paragraph 6.24 of the Handbook (Vol.1).</p>
<p>Export by Post / Courier</p>	<p>Gold/silver/platinum jewellery and articles thereof may be exported by airfreight or through Foreign Post Office or through courier.</p>

**Case Study:****Case study of M/s Krishna Die works, Cheerachi.****Profile of the Unit:**

M/s Krishna Die Works, a registered small scale unit functioning within the Thrissur Gold Ornaments Cluster, promoted by Sri P.V. Unni, a traditional gold smith with over 25 years experience for manufacturing ornaments conforming to 916 grade of 22 carats. The investment of the promoter in this unit is to the tune of Rs.12 lakhs raised by him from Catholic Syrian Bank, Ollur in Thrissur District.

**Capacity Creation:**

The unit undertakes orders on job work basis and also manufacture gold ornaments on a regular basis. The unit has a capacity to manufacture ornaments to the tune of 1000 grams per day.

**Employment generation:**

The unit has employed 38 persons and the remuneration level ranging from Rs.3,000 to 5,000 per month. The wages paid per skilled worker is fixed at Rs.5, 000/- per month.

**Processing details: Refer Manufacturing Process Chart in Annexure-4****Structure of the units:**

This unit is in the 3 rd hierarchal classification from bottom up level i.e. traditional artisan's type but is a self sustained unit mostly depending of Traders and direct customers for business operation.

**Marketing Structure.**

The unit is manufacturing gold ornaments of various types and dexterity based on the orders placed by the customers and the traders. This unit has got its own designing and pattern making facilities.

The lack of forward-linkages backward linkages with Raw-Material Market for Sourcing of Raw material is the major problems faced by the unit.

**Product Range:**

This unit is used to manufacture 22 carat gold ornaments and has all types of facilities and man power to manufacture of various types of handmade gold ornaments.

**Synergy in the Unit**

Since the unit has been promoted by gold smithy, the unit has got special synergy in their operation. The major problem faced by the units is procuring of required gold from the open market.

**Problem faced by the unit**

1. High Cut throat Competition
2. Non availability of gold in time and sufficient quantity
3. High dependent on Traders and middle man
4. unorganized operation
5. Low profit margin
6. Regular absenteeism and drops outs
7. Low integrity
8. Poor market penetration
9. Security problems
10. No brand building

**The issues on Excise levy on branded Jewellery - The Union Budget 2005**

THE proposed two per cent excise duty on branded jewellery has angered gold jewellery makers and makers of diamond and other high-value jewellery.

The protest is primarily on the grounds that branded jewellery is an emerging segment and that a fiscal burden at this stage would discourage the makers.

There is an increase in the number of branded jewellery players in the country. The jewellery market is getting flooded with competitive brands.

In past two years, over 28 brands have been launched. Excise duty has been imposed @ 2 per cent on articles of jewellery, on which a brand name or a trade name is indelibly affixed or embossed on the articles of the jewellery itself."

The branded jewellery market in the country is over Rs 800 crore, while the diamond market is over \$1.4 billion. For the last 10 years, the market for diamonds has been growing at an average rate of 15 per cent annually.

The industry is concerned about the proposal to levy 2 per cent excise duty on branded jewellery at a time when the industry is promoting branded jewellery. This levy will be detrimental to the growth of exports. Hence, GJEPC has requested a repeal of this provision, according to Mr. Bakul Mehta, Chairman of the Gem & Jewellery Export Promotion Council.

By nature branded jewellery items are value-added products and are known to leave a decent margin for producers.

Making of branded jewellery is an organised business and many new entrants are expected to come in.

When brought under the excise net, all the makers can band together and bring discipline to the industry.

They can also jointly pressure the unorganised players to fall in line in terms of product quality.

In order not to displease ordinary consumers, Mr Chidambaram has left the rate of Customs duty on gold imports untouched

Source : The Business Line : dated Feb. 28, 2005