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India's Gems and Jewellery Competitiveness of Imports (2001-02 to 2023-24)

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ABSTRACT

In India, through import activities the international trade relations are developed between the foreign countries which promote healthy political relations among different economies of the world and at the time of any economic and natural crisis, the trading partners countries are the first to come to rescue.(Sharma,2013). Imports Competitiveness of a country reflects the level of specialisation in a commodity as compared to another country or group of countries. It can be assumed that trading of commodities imitates cost differences (price and non-price differences such as factor endowments) between countries, and hence the index can be said to 'reveal' the comparative advantage of trading countries (Parappurathu and Mathur, 2008). The paper aims to analyse the competitiveness of the India's Gems and Jewellery Imports. To calculate competitiveness, Balassa's Revealed Comparative Advantage (RCA) is applied for the India's Gems and Jewellery Imports as well as for the eight sub-categories of the India's Gems and Jewellery Imports for all the years of the study period, i.e., from 2001-02 to 2023-24. RCA greater than unity implies that a country has comparative advantage in the imports of a product and less than unity means that it has comparative disadvantage.

Keywords: Competitiveness, Countries, Imports, and Gems and Jewellery.

Introduction

Competetiveness of India's Gems and Jewellery Imports

To study the competitiveness of the India's Gems and Jewellery Imports, the study estimated Balassa's Revealed Comparative Advantage (RCA) Index. RCA is calculated for the India's Gems and Jewellery Imports as well as for the eight sub-categories of the India's Gems and Jewellery Imports for all the years of the study period, i.e., from. RCA greater than unity implies that a country has comparative advantage in the imports of a product and less than unity means that it has comparative disadvantage.

Review of Literature

Kumar (2004) analysed the import performance of Indian fisheries for the period 1980-81 to 2000-01 with the help of secondary data from various issues of Monthly Statistics of Foreign Trade of India (March Issue), DGCIS and Food and Agriculture Organisation (FAO), United Nations. Export diversification index is calculated to study the composition of fisheries imports of India, revealed that fisheries imports had become more diverse over the period of the study. The study revealed that the share of India's fisheries imports in world's fisheries exports remained around 2 percent throughout the study period. As a percentage of India's Total Imports, fisheries accounted for 3 to 4 percent share throughout the study period. Major export destinations of India's fisheries were Japan, USA, UAE and China. To study competitiveness of Indian fisheries imports, the study calculated RCA (Revealed Comparative Advantage) and RSCA (Revealed Symmetric Comparative Advantage), the results of which show that India has a comparative advantage in fisheries imports.

Sikdar (2006) examined the prospects and possibilities of bilateral trade between India and Bangladesh through trade intensity index revealed comparative advantage and trade complementarity for Naina Goyal: India's Gems and Jewellery Competitiveness of Imports (2001-02 to 2023-24)

the period of twenty-four years (1980-2014). India and Bangladesh enjoyed the trade advantage on behalf of geographical proximity and liberalisation that emerged in 1982. The study inferred that food grains, cotton yarn, fabrics, made-ups, machinery; instruments and coal were comprised of major exports from India, while imports from Bangladesh stood at 55.7% in 2004 compared to 4.84% in 1980. The paper revealed that India enjoyed the comparative advantage in Bangladesh market as Indian exports registered tremendous growth to Bangladesh.

Kumaresan et.al ((2010) studied the competitiveness of Indian silk goods exports to the major silk consuming markets in comparison with China. The paper analysed the determinants of export growth with the help of constant market share analysis for the study period 1995 to 2005. The paper with the help of constant market share analysis clearly indicated that the competitiveness improved significantly in the second period compared to the first period and had a positive contribution in the improvement of market share in all the countries. In last, the paper concluded that the competitiveness improved for Indian silk goods during 2001 to 2005 as compared to 1995 to 2000; it was not enough to have positive effect on the changes in market share.

Thomus & Shiekh(2012) studied the competitiveness and decomposition of growth of cereals and cereals preparations imports from India by using constant market share analysis for the period 1991-91 to 2008-09. The data are collected from Ministry of commerce, Government of India, COMTRADE, Food and Agricultural Organisations TRADESTAT and Foreign Trade and Balance of Payment published by Centre for Monitoring Indian Economy. Indian cereals imports are categorised as (i) unprocessed cereals (ii) processed cereals. Out of both kinds of cereals, unprocessed accounts for 95% of foreign earnings. The demand for unprocessed cereals is high in the Asian markets such as Saudi Arabia, U.A.E., Singapore, Bangladesh and Sri Lanka, while Pakistan, Nepal, Iran, Vietnam, Indonesia, Sudan and Kenya, Taiwan and Jordan are markets for cereals and cereals preparations. The paper considered the four components to determine import performance : (i) market share effect, (ii) commodity composition effect, (iii) market distribution effect and (iv) competitiveness effect. By analysing these effects, the study reveals that India's share in world market declined for the four years of the study period i.e. 1996-97, 1999-00, 2005-06 and 2008-09 respectively.

Objective of the Study

To analyse the competitiveness of India's Gems and Jewellery Imports and its sub- categories.

Hypothesis

Keeping in view the foresaid objective the following hypothesis will be tested:

- H10: India has a Revealed Comparative Advantage (RCA) in Gems and Jewellery Imports over the total Gems and Jewellery Imports of the world.
- H20: India's Gems and Jewellery Imports need to improve competitiveness in terms of diversification of products and market.

Table 1 shows Revealed Comparative Advantage (RCA) for the India's Gems and Jewellery Exports as well as of its eight sub- categories, i.e., Cut & Polished Diamonds Exports, Gold Jewellery Exports, Coloured Gemstones Exports, Pearls Exports, Non- Gold Exports, Synthetic Stones Exports, Costume/ Fashion Jewellery Imports and Rough Diamonds Imports.

For India's Gems and Jewellery Imports, RCA remained over unity for most of the years of the study period, except 2004-05, 2005-06 and 2009-10 implying that India experiences comparative advantage as compared to the world average in case of India's Gems And Jewellery Imports. For all the years of the study period, i.e., from 2001-02 to 2023-24, the value of RCA fluctuated between 0.83 (in the year 2014-15) to 5.43 (in the year 2001-02), exhibiting a declining trend for all the years of the study period.

Cut & Polished Diamonds Imports experienced comparative advantage for most of the years of the study period except 2014-15. The RCA figure remained above 2 for the initial years of the study period till 2003-04, after that it ranged between 0 and 2 till 2013-14. RCA figures increased again after 2004-05 and it ranged between 2 to 19 till 2023-24 implying that it experiences comparative advantage over most of the years of the study period, i.e., from 2001-02 to 2023-24. For all the years of the study period, i.e., from 2001-02 to 2023-24. For all the years of the study period, i.e. (in the year 2019-20), exhibiting a fluctuating trend for all the years of the study period.

Gold Jewellery Imports experienced comparative advantage for most of the years of the study period except 2008-09. The RCA figure remained above 2 for the initial years of the study period till

2003-04, after that it ranged between 0 and 2 till 2009-10. RCA figures increased again after 2009-10 and it ranged between 3 to 15 till 2023-24 implying that it experiences comparative advantage over most of the years of the study period, i.e., from 2001-02 to 2023-24. For all the years of the study period, i.e., from 2001-02 to 2023-24. For all the years of the study period, i.e., from 2001-02 to 2023-24, the value of RCA fluctuated between 0.99 (in the year 2004-05) to 19.18 (in the year 2010-11), exhibiting a fluctuating trend for all the years of the study period.

Coloured Gemstones Imports experienced comparative advantage for most of the years of the study period except 2003-04, 2005-06 to 2009-10 . The RCA figure remained above 2 for the initial years of the study period till 2003-04, after that it ranged between 0 and 2 till 2009-10. RCA figures increased again after 2009-10 and it ranged between 3 to 15 till 2023-24 implying that it experiences comparative advantage over most of the years of the study period, i.e., from 2001-02 to 2023-24. For all the years of the study period, i.e., from 2001-02 to 2023-24. For all the years of the study period, i.e. , from 2001-02 to 2023-24, the value of RCA fluctuated between 0.99 (in the year 2004-05) to 19.18 (in the year 2010-11), exhibiting a fluctuating trend for all the years of the study period.

Pearls Imports experienced comparative disadvantage for most of the years of the study period except for the years 2010-11 to 2017-18. The RCA figure remained less than 1 for the initial years of the study period till 2009-10, after that it increased and ranged above 2 till 2017-18. For all the years of the study period, i.e., from 2001-02 to 2023-24, the value of RCA fluctuated between 0.51 (in the year 2002-03) to 3.55 (in the year 2017-18), exhibiting a increasing trend for all the years of the study period.

Non- Gold Imports experienced comparative disadvantage for most of the years of the study period except for the years 2010-11 to 2013-14, 2015-16 to 2017-18. The RCA figure remained less than 1 for the initial years of the study period till 2009-10, after that it increased and ranged above 1 till 2017-18 except 2014-15. For all the years of the study period, i.e., from 19902001-02 to 2023-24, the value of RCA fluctuated between 0.15 (in the year 2008-09) to 1.91 (in the year 2016-17), exhibiting a increasing trend for all the years of the study period.

Synthetic Stones Imports experienced comparative disadvantage for most of the years of the study period except for the years 2010-11 to 2012-13, 2014-15 and 2016-17. The RCA figure remained less than 1 for the initial years of the study period till 2009-10, after that it increased and ranged above 1 till 2012-13 and for the years 2014-15 and 2016-17. For all the years of the study period, i.e., from 2001-02 to 2023-24, the value of RCA fluctuated between 0.15 (in the year 2008-09) to 1.37 (in the year 2012-13), exhibiting a increasing trend for all the years of the study period.

Costume/ Fashion Jewellery Imports experienced comparative disadvantage for all the years of the study period, i.e., from 2001-02 to 2023-24. The RCA figure remained less than 1 throughout the study period. For all the years of the study period, i.e., from 2001-02 to 2023-24, the value of RCA fluctuated between 0.04 (in the year 2008-09) to 0.57 (in the year 2014-15), exhibiting a fluctuating trend for all the years of the study period.

Rough Diamonds Imports experienced comparative disadvantage for the 9 years of the study period, i.e., 2003-04 to 2005-06, 2007-08 and 2008-09 while it experienced comparative advantage for the remaining 19 years of the study period. The value of RCA fluctuated between 0.61 (in the year 2004-05) to 8.08 (in the year 2014-15).

Table 1: Revealed Comparative Advantage	of India's Total Gems and Jewellery Imports and its
sub-categories	s (2001-02 to 2023-24):

Years	RCA of Gems and Jewellery	RCA of Cut& Polished Diamonds	RCA of Gold Jewellery	RCA of Coloured Gemstones	RCA of Pearls	RCA of Non- Gold	RCA of synthetic Stones	RCA of Costume/ Fashion Jewellery	RCA of Rough Diamonds
2001-02	5.43	5.43	4.53	0	0	0	0	0	0
2002-03	3.21	5.14	3.06	0	0	0	0	0	0
2003-04	2.98	3.37	2.91	0	0	0	0	0	0
2004-05	3.16	3.16	2.39	0	0	0	0	0	0
2005-06	2.72	3.59	2.19	1.45	0	0	0.59	0	0

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2006-07	1.76	2.32	1.91	1.04	0	0.75	0.37	0.21	0
2007-08	2.14	2.08	1.27	1.32	0.96	0.68	0.34	0.41	1.18
2008-09	1.82	2.39	1.35	1.48	0.73	0.55	0.28	0.11	1.19
2009-10	1.68	2.42	1.59	0.75	0.77	0.66	0.41	0.17	0.84
2010-11	1.42	1.65	1.29	1.24	0.71	0.66	0.39	0.11	1.23
2011-12	1.45	1.41	1.55	0.81	0.57	0.55	0.24	0.16	0.81
2012-13	1.06	1.79	1.44	0.66	0.64	0.68	0.23	0.14	0.91
2013-14	1.53	1.59	1.48	1.05	0.51	0.54	0.22	0.13	0.73
2014-15	1.39	1.39	1.28	1.44	0.76	0.49	0.27	0.13	0.64
2015-16	0.83	0.99	1.81	1.67	0.85	0.37	0.44	0.09	0.61
2016-17	0.93	2.23	1.92	0.69	0.44	0.42	0.21	0.14	0.96
2017-18	1.06	2.73	2.25	0.93	0.59	0.51	0.18	0.13	1.19
2018-19	1.12	2.32	1.95	0.61	0.54	0.65	0.16	0.05	0.79
2019-20	0.42	1.63	0.63	0.61	0.28	0.15	0.15	0.04	0.63
2020-21	0.97	2.68	1.25	1.12	0.38	0.28	0.21	0.07	1.12
2021-22	5.19	19.18	14.67	8.91	3.15	1.35	1.45	0.52	6.74
2022-23	7.31	10.74	6.76	3.97	2.17	1.26	1.15	0.36	4.45
2023-24	4.32	10.53	5.81	3.31	2.25	1.49	1.37	0.45	3.31
AVERAGE	2.89	5.08	3.62	2.35	1.13	0.69	0.48	0.21	2.14
RCA									

Source: Author's Calculation

Conclusion

- The sub-categories of the India's Gems and Jewellery Imports for which RCA was calculated exhibit comparative advantage for most of the years of the study period.
- The category Cut & Polished diamonds imports experienced comparative advantage for almost all the years of the study period except 2004-05.
- The category Gold Jewellery Imports experienced comparative advantage for almost all the years of the study period except 2008-09.
- The category Coloured Gemstones Imports experienced comparative advantage for most of the years of the study period, except 8 years, i.e., 2005-06 to 2009-10.
- The category Pearls Imports experienced comparative advantage for most of the of the study period except the last years of the study period ,i.e., from 2010-11 to 2017-18.
- The category Non- Gold Imports experienced comparative advantage for only 7 years, i.e., 2010-11 to 2013-14, 2015-16 to 2017-18.
- The category Synthetic Stones Imports experienced comparative advantage for only 5 years of the study period, i.e., 2010-11 to 2012-13, 2014-15 and 2016-17.
- The category Costume / Fashion Jewellery Imports experienced comparative disadvantage throughout the study period; i.e. from 2001-02 to 2023-24.
- The category Rough Diamonds Imports experienced comparative advantage for most of the years of the study period except 9 years.

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