



Report on estimation of manpower requirement in Fashion Jewellery subsector in India (2017-2026)



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July 2017



Disclaimer

Gems and Jewellery Skill Council of India (GJSCI), Mumbai engaged RSM Astute Consulting to prepare this report. The report is based on the inputs received from experts and in-house research in the Fashion Jewellery industry conducted by RSM Astute Consulting, Mumbai.

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1.0 A brief on the Fashion Jewellery and Silver Jewellery subsector:

1.1 Profile of the sector:

Culturally Indian females are known for being fascinated to wear Gold Jewellery to be glamorous, charismatic and being viewed as a person out of cluster in a gathering. There has been a general aspiration among the females among different works of life. Traditionally investment in gold is considered as a safe investment for future. However, the high price of gold, social-economic insecurities, and vulnerability to theft and other threats, there has been a growing demand for fashion Jewellery in India. Further, a significant portion of Indian women population can not afford to have golden ornaments either for regular or for occasional use in family functions.

Fashion Jewellery ornaments are significantly cheaper compared to gold ornaments depending on material used and craftsmanship of the fancy ornaments. Fashion Jewellery made by substituting gold with plated materials, plastic beads, cast iron, brass, nickle, American diamond, synthetic gems, cut and uncut stones and other attractive items. Such items are sourced from different places like Surat, Jaipur, Ahmedabad, Kolkata. Even some raw materials are imported

Wearing new Jewellery by Indian women and girls in any family functions is a tradition irrespective of social strata. Lower cost of imitation Jewellery has offered a number of options and choices at an affordable price.

Even the low price of the imitation Jewellery offers the users an affordable range to use one design for one occasion. Young generation especially campus goers, working women prefer light weight imitation fancy ornaments in different colours to match with their costumes which is fulfilled with number of options offered by the fashion Jewellery ornaments. A major advantage is that women can travel without any risk of loosing valuable ornaments due to fear of theft, chain snatching, burglary etc. Even risk of keeping gold ornaments at home is minimized to some extent.



One of the factors for growth of Fashion Jewellery market in future is the increase of gold price. When a fashion gets changed, girls and women get latest trend in Fashion Jewellery at affordable price. There are high-end Fashion Jewellery manufactured in India used in special functions, events, etc. Indian Fashion Jewellery has a huge demand in US, Europe, Canada, Australia and many Asian countries.

India holds the 2nd position being the largest manufacturer of Fashion Jewellery after China. However, increasing wage cost in China coupled with aged population due to 1 child policy (abolished last year) which will have demographic impact for few more years, cost of manufacturing imitation Jewellery in China is gradually increasing. India is well poised to take advantage of this situation with advantage of 65% of its population below the age of 35 years. Demand for fashion Jewellery ranges from flashy coloured Jewellery to traditional designs of Kundan, Polki, Antique Jewellery etc. Marketing of products with brand visibility, high standard of living, changing behavior of consumers towards fashion etc. will ensure the rising demand for this subsector.

1.2 Size of the Subsector:

It is estimated that the total market size of the Fashion Jewellery subsector is Rs 30,000 cr and the revenue from exports is Rs 5,000 cr in 2016-17.

As a thumb rule, it is estimated that half of the revenue is labour cost. Hence, the salary and wages etc. for the subsector is estimated as Rs 15,000 Cr.

Due to nature of the business and tradition, fashion Jewellery subsector employs 60% permanent staff and 40% contractual staff. Assuming the average annual salary of a permanent and contractual staff as Rs 75,000/- and Rs 24,000/- per year respectively, the total number of people employed by the this subsector is estimated to be 37,00,000/-. Following table summarizes the details.

Sl No	Details	Permanent	Part time	Total
1	Salary and wages paid (Rs Cr)	9,000	6,000	15,000
2	Average Yearly remuneration (Rs)	75,000	24,000	-
3	No of artisans (nos) (1 / 2)	12,00,000	25,00,000	37,00,000

It is estimated that the manpower employed by the Fashion Jewellery subsector would get doubled in next 10 years due to growth of the sector and the market.

Fashion Jewellery is manufactured in selected cities and towns in India. Jaipur, Delhi, Mumbai, Gujarat, Bangalore and UP (Faizabad, Muradabad etc.) are the clusters in India known for manufacturing of Fashion Jewellery catering to entire Indian market.



[⊙ Fashion Jewellery Manufacturing clusters in India in 2016]

1.3 Link with other sub-sectors / occupations:

Fashion Jewellery sector is strongly related to Gems and Jewellery Sector. The price of gold and gold ornaments plays a significant impact on the growth of the Fashion Jewellery subsector.

Due to demographic mobility, connectivity and socio-economic changes in the society, young and educated artisans are exposed to different sectors and are

aspiring for higher earning. They show keen interest to move out from this sector to other sectors for higher earning. Therefore, overall growth on economy in the country will have impact on the manpower engaged in the sector.

There has been a rapid growth seen in sales through retail and online sale in last few years. The growth of these sectors is going to make a very favorable impact on the Fashion Jewellery subsector.

1.4 Key trends, developments and drivers within the subsector:

Fashion Jewellery has become an inevitable part of Indian fashion accessory. Different religious and cultural streams have influenced the sector in India. Rich traditional craft remains to be relevant in Indian household and the use of the craft is for artistic pursuits as well as a source of income for artisans.

Key drivers:

- Over a period of time, taste of Indian customer for Fashion Jewellery has been going through a change. Innovation of new and colorful raw materials items at affordable price make the new designs more fashionable and fancy to be more attractive. Indian women, especially college going students, working women professionals look for a fashion Jewellery to be seen as unique, can connect to the same used by any celebrity or seen in some journal or advertisement etc. With online accessibility, new generation customers under the age of 30 years are exploring all opportunities to get fashion Jewellery with latest trend.
- Volatile and high price of Gold with changing customer taste if forcing traditional gold Jewellery retailers to sell fashion Jewellery too to protect the customer base. This will continue to be seen as a key driver for Fashion Jewellery subsector.
- Ever-growing unsafe perception of Indian women wearing gold ornaments in public place and functions will continue to be a push for the demand for fashion Jewellery.
- Growing standard of living coupled with existence of huge middleclass population is one of the key drivers of this sub-sector.
- Use of Fashion Jewellery by celebrities in Bollywood, Hollywood movies, TV Serials, national and international fashion events, etc. have started impacting the taste of Indian customers with a very short gestation period

of demand generation for new designs. Indian women irrespective of class opt for trendy fashion Jewellery noticed in some movie or TV serials. This is a very strong driver for the new designs in the sub-sector.

- Number of working women in different sectors, through relatively low compared to male counterpart, is increasing in India. Increased income coupled with aspiration to be contemporary in fashion style is one of the key factors to propel the demand in market for Fashion Jewellery.
- Trend to wear fashionable Jewellery matching with the colour of cloths is catching up amongst women. This aspect is not feasible with gold ornaments. Fashion Jewellery provides a best option for the women fulfilling their requirements. Selected Indian manufacturers cater to the export demand of such Fashion Jewellery.
- The new and young generation in India is highly brand conscious. Shift of choices towards branded fashion Jewellery coupled with marketing initiatives such as brand building and brand promotion will play a major role in growth of the sector.
- Quality Jewellery with fashionable design at affordable price is an underneath driving factor for the Fashion Jewellery industry.
- Being comparatively low priced product, Indian customers do not mind placing Fashion Jewellery orders online. The penetration of internet into tier 2 & tier 3 cities and rural segment, access to internet and television in every household, there is more awareness in the recent developments in fashion. This acts as a catalyst to create desire in prospective customer segments to buy fashion Jewellery products.



2.0 Labour Market:

Manufacturing of high end fashion Jewellery primarily involves 5 steps, namely, (i) Kadi Fitting, (ii) Chain Cutting (iii) Spitting (iv) Casting (v) Stone fitting followed by packing. Most of the manufacturing units engage permanent and contractual employees in different manufacturing activities. Casting and splitting activities warrants specialized skill and being strenuous, male artisans are engaged for such activities. Even some manufacturers engage artisans from China and Korea for splitting process due to cost and availability of skilled manpower for spitting process. For all other activities, Indian nationals, both man and women artisans are deployed.

2.1 Profiling the Age band of artisans and Management Staff

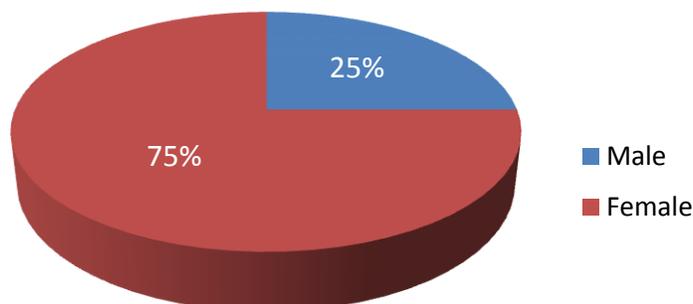
Fashion Jewellery work force primarily hail from same geographical areas surrounding the manufacturing facilities. Typically workforce in the category of artisans enters into the profession at young age of around 18-20 years. Details breakup of age profile and are as below.

2.1.1. Entry Level workforce:

Workforce, both male and female in the age profile of 18 to 20 years enter into the profession as unskilled artisan and get trained on the job for 3-6 months depending on the type of the job and speed of acquiring skill by the individual. Generally, the workforce at entry level is from surrounding area of the manufacturing plant. A fashion Jewellery manufacturing organization with a turnover of RS 100 Cr will have artisans to the tune of 1500-2000. Average ratio of male to female workforce is 1:3.

While the growth of the employment opportunities remained stagnant for few years in past, the market growth propelled by customer demand has shown an increase in demand for artisans in past 2-3 years. This trend is expected to continue for next 10 years as the Fashion Jewellery market size is expected to get double in size.

Percentage of male and female artisans



Remuneration of artisans mostly remains unchanged and hence, the working environment warrants augmentation of the existing skillset of the individual artisans to take up added responsibilities and undertake activities of more than one skillset. Organizations keep adding fresh artisans aligning to the demand arriving out of future growth.

2.1.2. Junior Management:

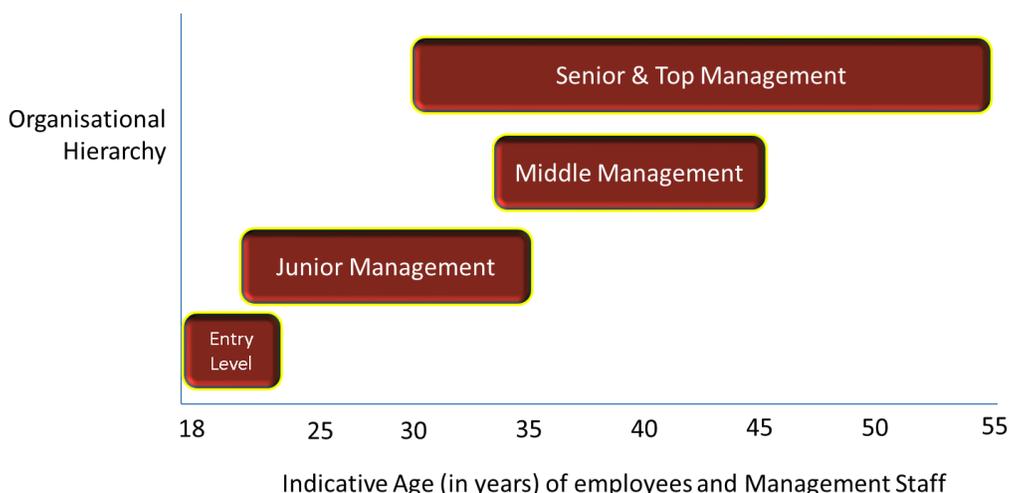
With 5-6 years of technical and people management skill, selected people are raised to a level of Supervisor. But the span of control of a typical supervisor would be 30-50 artisans. Most of the supervisors are in the age profile of 25-35 years. Due to limitations of remuneration increase and further growth, many supervisors leave or change the job / sector.

2.1.3. Middle Management:

Typically middle management persons will be restricted to very few by number and are given responsibility of functions critical to the business. A middle management staff would be of any age ranging from 25 year to 45 years or more as in most of the cases, these persons are family members or closely known to promoter or their close business network.

2.1.4. Senior Management:

By and large Promoter is considered as senior management of the organization. Being a subsector of traditional family business, the top management persons are related to the promoters' family. Though age is not a criterion, but Top management persons are found in the age bracket of 30-55 years



2.2 Average age of Workforce:

Average age of the workforce is in the range of 23-25 years. The average age is always pulled down by the younger workforce working as artisan or “Karigars” by their number.

2.3 Geographical locations from where artisans hail from:

Fashion Jewellery manufacturers in India are in few geographical clusters as mentioned under the section 1.2.

Jaipur, Delhi, Mumbai, Gujarat, UP (Faizabad, Moradabad etc.), West Bengal and Bangalore are the clusters known for manufacturing of Fashion Jewellery catering to entire Indian market. Generally, artisans or karigars are from the same location or nearby locations. There are few artisans seen moving from West Bengal or Bihar. The women artisans who contribute 75% of workforce are generally hail from locations within 5 to 10 km radius of the manufacturing facility where they are employed.

2.4 Workforce Migration Pattern:

There is not much of workforce migration from different parts of India to these manufacturing clusters as most of the artisans are from same location. However, some manufacturers of high-end fashion Jewellery use artisans from Korea and China for splitting activity. However, Indian artisans have started showing interest to acquire this special skill set.

2.5 Typical Career routes:

The Fashion Jewellery sector does not practice any structured career growth plan for employees. Few artisans become supervisor as career growth which is primarily driven by productivity, skillset and ability to show people management skill.

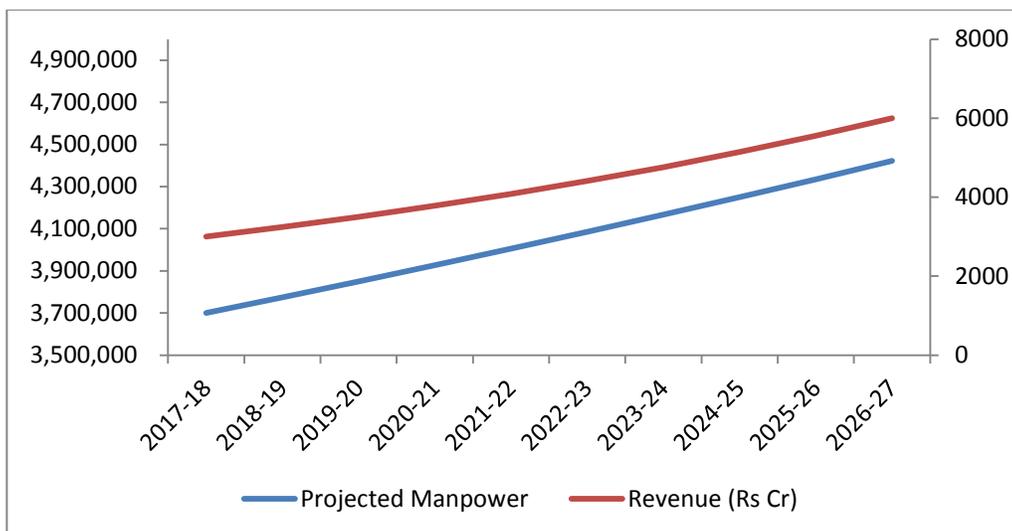
Employees in support functions such as accounts, Admin, Sales etc. in relatively larger organization, grow to next level purely on the need basis and consent from promoters. Existence of formal processes in the organizations is minimal.

2.6 Anticipated changes in the employment pattern:

The sector is expected to see changes in the employment pattern in next 10 years. The changes will be driven by induction of newer technology, adoption of modern machines in the areas of manufacturing and use of Computer Aided Design etc. It is expected that number of employees engaged in Fashion Jewellery subsector would increase by 20% YOY for next 10 years. This number of workforce would be required as the expected revenue of the subsector would get doubled in 10 years.

Manpower Projection for next 10 years in fashion Jewellery sector is as below.

SI No	FY	Projected Workforce (numbers)	Estimated Revenue (Rs Crore)
1	2017-18	3,700,000	30,000
2	2018-19	3,774,000	32,400
3	2019-20	3,849,480	34,992
4	2020-21	3,926,470	37,791
5	2021-22	4,004,999	40,815
6	2022-23	4,085,099	44,080
7	2023-24	4,166,801	47,606
8	2024-25	4,250,137	51,415
9	2025-26	4,335,140	55,528
10	2026-27	4,421,843	60,000



[Workforce growth trend and revenue growth of Fashion Jewellery Sector in India]

2.7 Anticipated changes in the employment pattern:

There has been a change in the expectations of new generation workforce particularly male and educated workforce in terms of higher income level, employment guarantee, availability of other job and working conditions.

It is expected that the sector is expected to embrace changes by introduction of better technology into the manufacturing which would improve productivity and precision. Current practice of manual or semi-manual design will be replaced by Computer Aided Design (CAD) application software which will open the opportunity of workforce with CAD skill set replacing the manual design workforce.

Fashion Jewellery sector will see a demand for branded products. It will be driven by the gradual shift of choice of Indian customers for branded fashion Jewellery products. This will generate employment of workforce in retail segment. Branding of products may see surge in online selling of fashion jewellery primarily by the young customers.

With increasing cost of manufacturing of fashion jewellery in China due to aging population and one child policy, Vietnam is catching up in increasing its export share due to its low labour cost. India is well poised to take advantage of the present situation.

3.0 Way forward:

Fashion Jewellery subsector will continue to play a vital role in future. Growth in the subsector will positively influence following areas.

- It would create new job opportunities especially at artisan level. This would help a number of families currently under BPL to upgrade their income and standard of living.
- The Fashion Jewellery sector employs approximately three times more women compared to male workforce. With financial independence coupled with exposure to external business environment and experience backed up with strong skillset acquired, the subsector would be helpful for “women empowerment”.
- The Fashion Jewellery subsector employs a number of women artisans. Growth will boost the employment opportunities to women artisan. As this industry grows, number of manufacturers will look at artisans working from home for activities like threading and hand work. This will help women artisans to work from the comfort of their house and also be an earning member of the house.
- Growth of Fashion Jewellery market is going to contribute to the revenue growth of promoters in the sector.
- The growth of the subsector will propel the contribution to government revenue on account of taxes and duties and therefore benefit Indian economy on its growth path.

GJSCI will play a vital role to the Fashion Jewellery subsector with support from all stake holders. It would continue to initiate suitable programs to connect with the industry and its stake holders to facilitate the growth of the sector fulfilling the sectorial demand for skilled / semi-skilled artisans and contribute to Indian economy and to the process of nation building.