

EXECUTIVE SUMMARY

The Gem and Jewellery Industry

Sri Lanka's Gem and Jewellery industry is one of the country's oldest and is also one of the largest export earners.

Manufacturing

Whilst Sri Lankan Gem and Jewellery industry is centuries old, the country began manufacturing calibrated Gemstones, Cast Jewellery, and Diamonds in the 1980's with gradual industrialization of the country and the opening up of trade barriers. From there onward, progressive legislation helped the country.

Employment

The Jewellery manufacturing sector employs about 25,000 workers of which about 15,000 are individual craftsmen. Of the total, about 7,500 craftsmen specialize in Silver Jewellery. Factories and workshops in the Gem and Jewellery industry employ about 2,500 workers, most of which were set up, recently. Of the 25,000 employees, only 10,500 are registered with the relevant authorities. The Gemstone Mining industry employs around 200,000 workers currently, and there is a further 500,000 workers, engaged in illegal mining. The Gemstone manufacturing provides employment to 15,000 people.

Trade Liberalization

Over the years the trade has lobbied the Government to liberalize the industry on the grounds that: (a). it is an export driven industry with possibility for high value addition, (b). Trade liberalization would have an impact on a large segment of the country's Gem and Jewellery industry, and (c). the trade is likely to go underground, if heavily taxed. This led to establishment of a liberal import export climate in 1998 that has led to a steady growth in export earnings from the industry.

Incentives

The Gem and Jewellery industry is among five industries to be offered incentives because of the potential to provide large-scale employment for persons. It is also an industry, which brings in greater revenue due to higher value of the items processed and exported.

Market Segments

The market for Gem and Jewellery is composed of at least three segments: (a). Domestic, (b). Tourist, and (c) Export. It was believed that domestic segment is on decline, while the Tourist and Export segments are growing.

Industry Size and Growth Potential

Among the firms that are catering to the local market, majority are small in scale and operation, with employees averaging less than ten, and as with many other industries, the majority of the firms had commenced operation in the early eighties, as a result of the open economic policies introduced by the then Government.

With regard to future of the industry, 30% of Owners/ Managers of firms interviewed were of the view that the industry was growing, while a further 32% stated that the industry was static, and the balance 38% believed that the sector was declining.

Future Expansions

Only a minority of firms interviewed had thought of expansions beyond the year 2005. This was due to their belief that the market was declining. Among those who had plans for expansions, the priorities were: (a). Diversification of products, and (b). Recruitment of additional workers. However, a notable feature was that the Owners/ Managers were keen on recruiting more Sales staff than Technical staff.

Human Resource Profile

The Gem and Jewellery sector in Sri Lanka is predominantly male dominant. This sector was also found to be dominated by Tamils and Muslims of Indian origin. In the non Managerial category, only 7% possessed the GGE A/L qualification, while a further 40% possessed the GCE O/L qualification, and the balance 53% had dropped out, before reaching the GCE O/L.

Salaries and Career Opportunities

The salary currently paid to non- Managerial range between Rs. 2,000/= and 15,000/=, per month. Both Salesman and General workers earned less than Rs. 5,000/=. Craftsmen and Goldsmiths were paid more, between Rs. 7,000/= and Rs. 20,000/=, per month.

Manpower Requirement

Since the sector is very informal in structure, very little attention was paid the Manpower Requirement. However, most Owners/ Managers interviewed were somewhat no-committal on this issue.

Training

Though there are few institutions offering Technical Training on limited disciplines, the Manpower Requirement survey revealed that only 20% of employees who responded to the survey had pursued some form of formal training relating to the Gem & Jewellery industry.