

Organised Jewellery Biz Up in Faridabad

Sector witnesses uncertain growth trajectory as majority of players in this NCR township remain unorganised



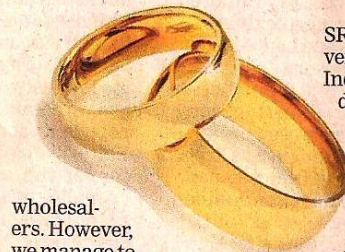
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FARIDABAD

FARIDABAD'S jewellery business scenario is hazy with no real information about its development. Nobody knows whether it is bad times for the sector or a growth story being scripted. The reason is only handful of organised players are making profits while unorganised ones are complaining about the losses incurred.

While the rise in gold prices coupled with infrastructural issues are a problem even for established brands, they appear more apparent for the unorganised players. Industry experts say that organised jewellery players in the city are growing at a rate of 30-35 percent. But this has just been considered as a partial growth because unorganised players, which is almost 85 percent of the total business, is still lagging behind in achieving desirable profit margins.

"At present, the overall jewellery market in Faridabad is worth ₹500 crore. In which, organised players contribute only ₹150 crore and a major contribution of ₹350 crore comes from unorganised players. But these days the business of unorganised players is incurring losses due to the rise in gold prices which has greatly affected the entire business," explained Balam Garg, managing director, PC Jewellers.

He further added, "Most small traders are losing money here because high purchasing cost from manufacturers which is passed on to traders. They purchase jewellery from



wholesalers. However, we manage to cut some cost because we are manufacturing jewellery ourselves and that too in bulk."

Mahindra Verma of Mahindra Jewelers a city-based trader and a veteran of 45 years said, "We have faced almost 70 percent loss due to increase in the price of gold. This has been a cause of worry for small retailers." He said that as the gold price have increased in India most of the traders are either closing down their retail business or moving out of the city."

Another trader, Dhruv Jewellers and Gems, further informed, "The rise in gold price has affected the business of big or organised players but not in a big way.

This is because organised retailers can easily switch to diamond, polki and kundan jewellery. But we cannot opt the same because unlike organised players who also manufacture different kinds of jewellery, we stick to gold jewellery. We only purchase gold from wholesale market and sell it at a fixed price."

FRACTIONAL GROWTH

Sunil Jindal, managing director of SRS Jewellers, further informed, "For the financial year 2011-12, jewellery operations of

SRS Jewellers reported a turnover of ₹1,800 crore from its pan-India operations." Though he did not have specific figures of Faridabad he still said that the growth remains a healthy 35 percent.

Whereas according to Mahindra Verma, "Few years ago, our daily income used to be about ₹1,00,000-₹2,00,000. But these days due to several issues we are not even selling even 100 grams of gold in a day."

APT FOR THE ORGANIZED

Although unorganised players has a lot to say about its declining state, organised players are quite happy with the way business is taking off in the city. "Faridabad is more convenient market for organised players.

Consumers in Faridabad are better-off than they were about half a decade ago because of the new opportunities coming up. Their preferences have evolved and they are developing an appreciation for brands, superior quality, designs and services," affirmed Jindal.

This is because of the growing disposable income amongst the people who prefer brands and also affiliation towards fashion.

Garg of PC Jewellers further added, "I think it all depends on the quality of the products one is offering. Unorganised players sometimes do not offer quality in their products, therefore people show more trust on branded jewellery."

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