

GEMS AND JEWELLERY



March 2024

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Executive Summary

1. Contribution to GDP and employment

- As of January 2022, India's gold and diamond trade contributed ~7% to India's Gross Domestic Product (GDP)
- The Gems and jewellery sector in India provides employment to ~5 million individuals.

2. Diamond's processing and exports

- From April-January 2024, India's cut and polished diamond exports were at US\$ 13.09 billion.
- The overall gross export of Cut & Polished diamonds stood at US\$ 1.16 billion in January 2024.



3. Market size

- India's gems and jewellery market size stood at US\$ 78.50 billion in FY21.
- In 2022, India's gems & jewellery export sector which is one of the largest in the world contributed 4.3% to the global jewellery Export.
- Market size of the global gems & jewellery sector is likely to expand to US\$ 103.06 billion by 2023.
- India's gems & jewellery exports are expected to reach US\$ 100 billion by 2027.

5. Import trends

- Between April 2023-January 2024, India's gems and jewellery gross imports were at US\$ 17.85 billion. The total imports of gems and jewellery in January 2024 stood at US\$ 2.26 billion.

4. Robust growth in exports

- The Government of India is aiming at US\$ 100 billion in jewellery export in the next few years (until 2027), up from US\$ 35 billion in 2020.
- From April-January 2024, India's gems and jewellery exports were at US\$ 26.35 billion. In January 2024, India's gems and jewellery exports were at US\$ 2.39 billion.

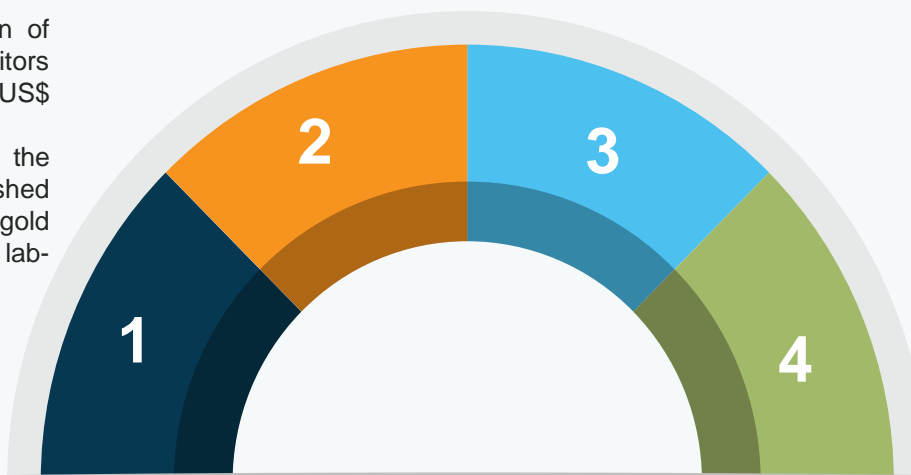


2. INCREASING INVESTMENT

- Lighthouse, a private equity platform, has made a significant investment of US\$ 34.2 million (Rs. 284 crore) in Kushal's, a brand specializing in fashion and silver jewelry.
- In September 2023, Malabar Gold & Diamonds announced to invest US\$ 120.4 million (Rs. 1,000 crore) by FY25, the company announced generating 4,000 jobs in Maharashtra.
- Cumulative FDI inflows in diamond and gold ornaments in India stood at US\$ 1,270.63 million between April 2000-December 2023, according to the Department for Promotion of Industry and Internal Trade (DPIIT).

1. GROWING DEMAND

- India's gems and jewellery exports reached US\$ 26.35 billion during April 2023-January 2024.
- In October 2020, the first edition of IJS Virtual* recorded >10,000 visitors and a business turnover of ~ US\$ 137.31 million (Rs. 1,000 crore).
- In 2022, India ranks first among the top exporters in cut & polished diamonds, and second in gold jewellery, silver jewellery and lab-grown diamonds.



3. POLICY SUPPORT

- The Government has permitted 100% FDI under the automatic route** in this sector.
- The Government has reduced custom duty on cut and polished diamond and coloured gemstones from 7.5% to 5% and NIL.
- India has 10 special economic zones (SEZ) for gems & jewellery. These zones have more than 500 manufacturing units, which contribute 30% to the country's total exports. The revised SEZ Act is also expected to boost gems and jewellery exports.
- India has signed an FTA with UAE which will further boost exports and is expected to reach the target of US\$ 52 billion.
- India has signed Economic Cooperation and Trade Agreement (ECTA) with Australia.

4. ATTRACTIVE OPPORTUNITIES

- India's demand for gold is expected to reach 800 -900 tones in 2024.
- India's gold demand witness a 774.1 tones in 2023.
- The FDI inflows in the gems and jewelry sector increased by 4% in December 2023 on a year-over-year basis.

Note: *IJS Virtual 2.0 has 250 exhibitors and more than 8,000 registered buyers, including foreign buyers from the United States, the United Kingdom, the United Arab Emirates, Singapore, Bangladesh, Nepal, Hong Kong, Belgium, Sri Lanka, Thailand, among others, with over 15,000 meetings taking place over the five days of the exhibition.

**Under the Automatic Route, the foreign investor or the Indian company does not require any prior approval from the Reserve Bank or Government of India.

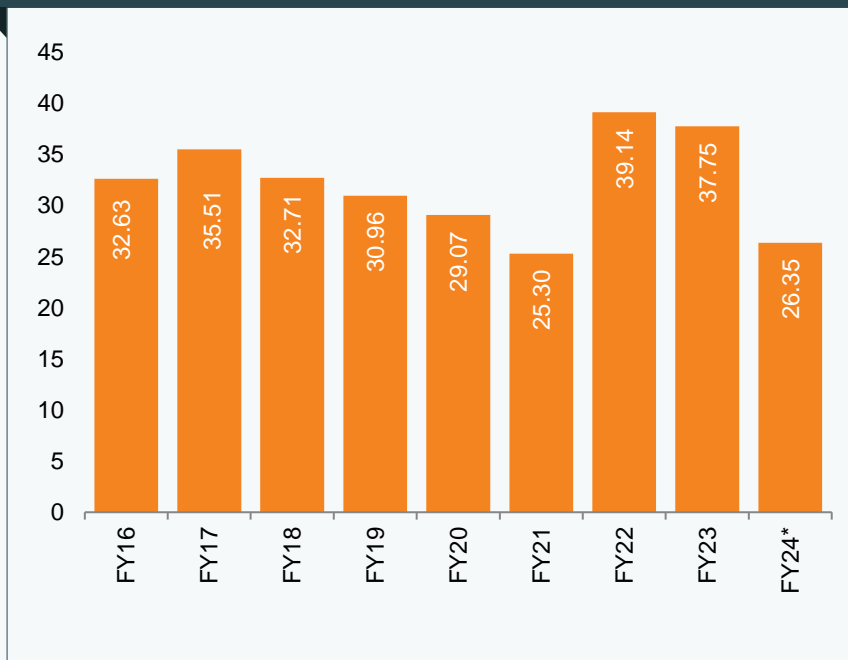


Clusters in the Indian gems & jewellery industry

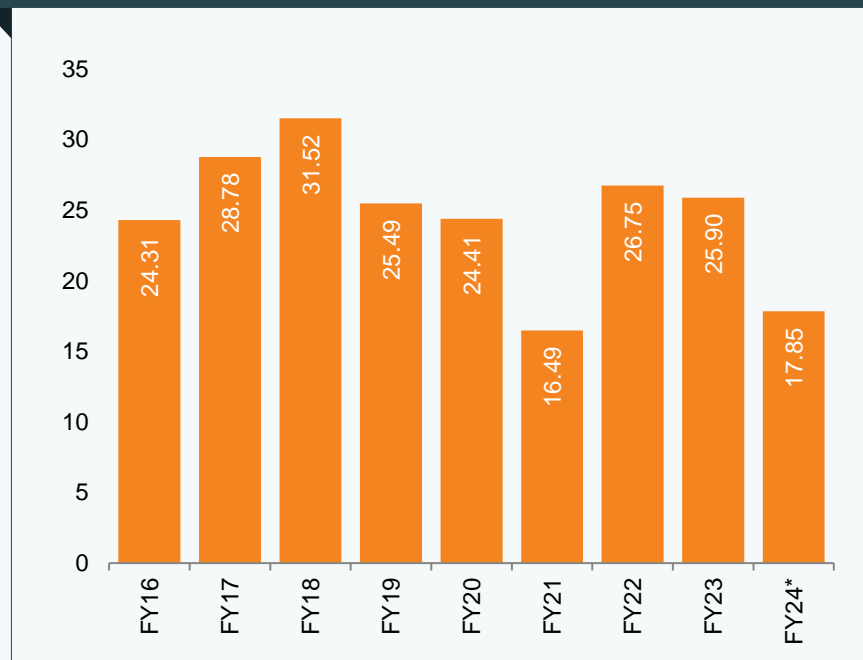


Net export and import of gems & jewellery

Net export of gems & jewellery (US\$ billion)



Import of gems & jewellery (US\$ billion)



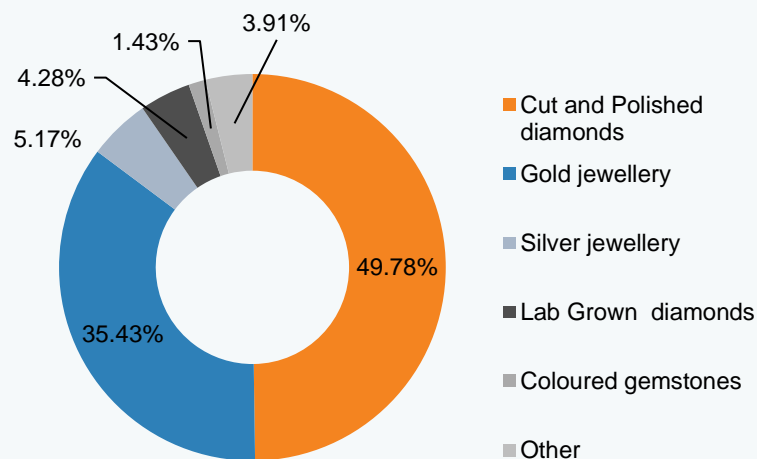
- From April 2023-January 2024, India's gems and jewellery exports were at US\$ 26.35 billion, a 16.03% decline compared to the previous year's period. While the export during April 2023-January 2024 stood at US\$ 31.39 billion.
- Gem and Jewellery exports to all top 10 export destinations have recorded a decline except Switzerland during April – December 2023 as compared to April – December 2022.

- Between April 2023-January 2024, India's gems and jewellery imports stood at US\$ 17.85 billion.
- In January 2024, India's gems and jewellery imports were at US\$ 2.26 billion, an 62.72% growth as compared to the same period, the previous year.

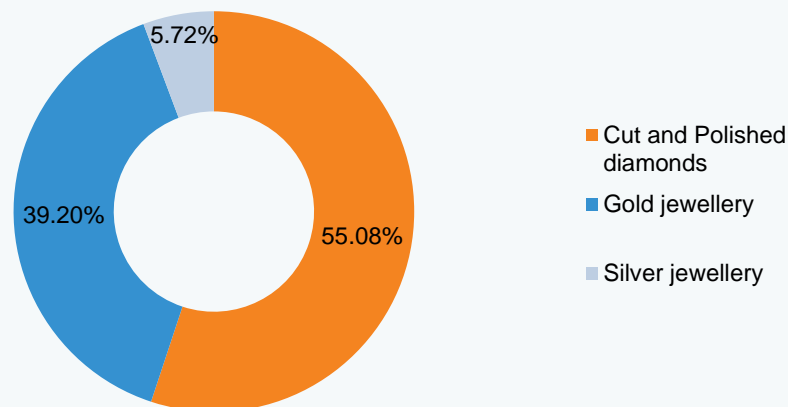
Source: GJEPC, Media sources *Until January 2024

Share of various segments of gems & jewellery in total exports

Share of various segments in total gems & jewellery exports between April 2023-December 2023 (P)



Share of various segments in total gems & jewellery exports between April 2023-December 2023 (P)



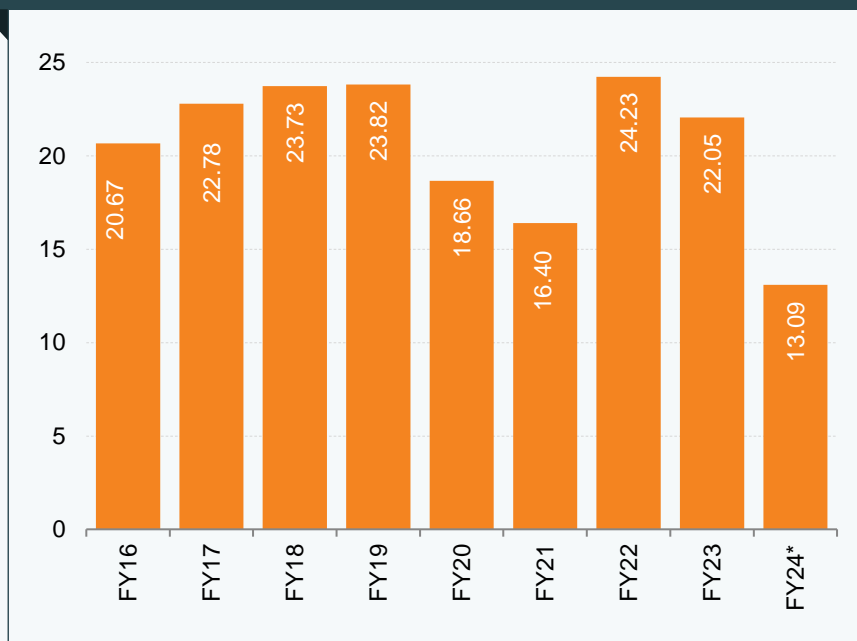
- Indian exports of gems & jewellery comprises various items such as cut and polished diamonds, silver and gold jewellery, gold medallions and coins, rough diamonds, coloured gemstones and others.
- In FY23, cut and polished diamonds accounted for the highest share of exports (49.78%), followed by gold jewellery (35.43%) and silver jewellery (5.17%).

Note: *Others include Polished Lab Grown Diamonds, Platinum Jewellery, Coloured Gemstones, and Gold Medallions & Coins

Source: GJEPC

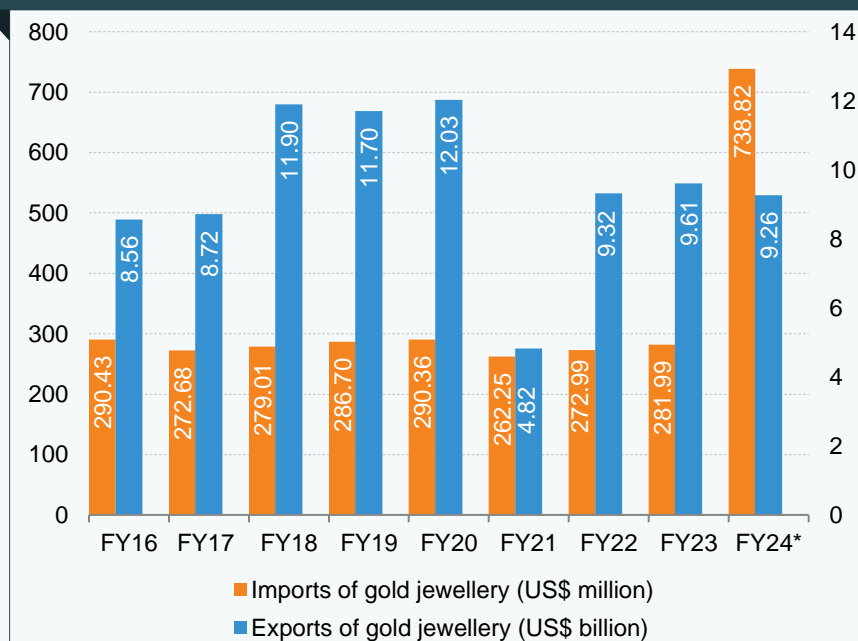
Export and import of top jewellery segments

Export of cut and polished diamonds (US\$ billion)



- In FY24*, exports of cut and polished diamonds stood at US\$ 13.09 billion.
- In January 2024, India's cut and polished diamond gross exports stood at US\$ 1.16 billion.

Gold jewellery import and export



- In FY24*, the exports of gold jewellery stood at US\$ 9.26 billion whereas the imports of gold jewellery stood at US\$ 738.82 million.
- During January 2024, the total gross exports of gold jewellery stood at US\$ 775.94 million.

Notes: Data of Cut & Pol Diamonds include export of Cut and Polished Diamonds (Bonded Warehouse) , *Until January 2024
Source: GJEPC

Key players



Strategies adopted



Strategies adopted... (1/3)

1

Expansion into new jewellery category

- Retailers are focusing to expand into new jewellery category to attract urban consumers.
- In February 2021, Reliance expanded its e-commerce arm, JioMart, to jewellery with silver coins of 5gm and 10 gm, and gold coins of 1gm, 5gm and 10gm.
- Reliance's in-house jewellery brand, Reliance Jewels, which has ~143 stand alone showrooms and 212 shop-in-shops in 126 cities in the country, will fulfil the orders for the new segment.

2

Online selling by gems & jewellery retailers

- Jewellery players in India are re-evaluating the brick-and-mortar business model and planning to implement omni-channel approach with focus on digital strategy to boost sales.
- According to the 'Online Gold Market in India' report by The World Gold Council, the online gold market in India, with relatively nascent at 1-2% (as of 2020), is witnessing a strong push from both digital players who view this market as an opportunity and large jewellers who view this market as a required addition to their brick-and-mortar model.

3

Rising micro and small enterprises (MSEs) players

- Maximum development was driven by MSEs in gems & jewellery and textiles.
- In November 2020, adoption of digital distribution platforms among manufacturers of gems & jewellery, manufacturing mostly non-precious, stone-studded jewellery, imitation jewellery and luxury fashion jewellery, more than quadrupled to 55% from 13% before the pandemic.
- The segment's micro enterprises recorded the highest boost of 41% in November 2020, from the previous 13%.

4

Introduction of customised jewellery

- Companies have also started selling customised jewellery for customers who prefer to have their jewellery altered as per their own preference, for example, Malabar Gold.

Strategies adopted... (2/3)

5

Enhanced focus on virtual reality

- Companies such as PC Jewellers, PNG Jewellers, and Popley and Sons are planning to introduce a virtual-reality (VR) experience for their customers. The customer will have to wear a VR headset, through which, they can select any jewellery, see it from different angles and zoom on it to view intricate designs.

6

New product launches

- In June 2021, Tanishq launched antimicrobial jewellery in certain markets as a pilot project. Currently, the range is available in stores across Chennai and Lucknow, with further launches planned in Kolkata and Hyderabad followed by other key markets. Antimicrobial jewellery is being offered in categories such as chains and rings, which feature special-coated layers that self-disinfect the surface and impede any further microbial growth.

7

Expansion

- In September 2023, Malabar Gold & Diamonds announced to invest Rs. 1,000 crore (US\$ 120.4 million) by FY25, the company announced generating 4,000 jobs in Maharashtra.
- Malabar Gold & Diamonds makes history as the first Indian jewellery brand to set up shop in Australia.
- In the last 10-15 years, the market share of the chain stores has increased by 35% by 2021.

8

Partnerships

- In 2022, the demand for gold jewellery grew due to the India-UAE CEPA Agreement.
- In October 2021 at the 12th India Global Connect, Thailand and India agreed to work together to revive the bilateral gem & jewellery trade.
- In June 2021, the World Gold Council and Gem and Jewellery Export Promotion Council (GJEPC) signed an agreement to promote gold jewellery in India. Under the agreement terms, both partners will jointly fund a multi-media marketing campaign that would aim to increase awareness, relevance and adoption of gold jewellery amongst Indian consumers, especially in millennials and Gen Z.

Strategies adopted... (3/3)

9

Trade and award shows by the GJEPC

- In October 2023, Record-breaking 500+ International Buyers at 3rd Edition of GJEPC's International Gem & Jewellery Show in Dubai
- In August 2023, Gem & Jewellery industry trade show IJJS Premiere 2023, underway here till August 8, is expected to generate business worth more than US\$ 7.25 billion (Rs. 60,000 crore), the Gem & Jewellery Export Promotion Council (GJEPC).
- In February 2022, GJEPC organized a four-day Internal Jewellery Show Signature 2022, where 850 exhibitors had participated and there were more than 400 international visitors, buyers, and delegations from the US, UAE, Egypt, Nepal, Uzbekistan, and Bangladesh.
- In May 2021, GJEPC and Embassy of India, Morocco, co-hosted the 'India Global Connect' to better understand the present business climate in the gems & jewellery sector and seek trade prospects for manufacturers, exporters and importers from both countries.
- On July 20, 2021, the GJEPC held the 4th edition of 'The Artisan Awards,' India's premier jewellery design competition, at the Four Seasons Hotel in Mumbai. The competition's theme, 'Reinventing Vintage', featured three different eras of jewellery from various cultures: Indian heritage was celebrated through the sub-theme temple jewellery; Japanesque was a nod to Asian inspiration and Victorian was a nod to colonial history to create timeless yet modern silhouettes. National and international participants from Japan, the US, Taiwan, Russia, Egypt, Abu Dhabi, and Australia submitted a total of 586 entries.

10

Knowledge webinars benefitting ~6,500 Gem and jewellery industry professionals

- Since May 2020, GIA India Laboratory Private Limited (an independent subsidiary of the Gemological Institute of America, Inc., is the world's foremost authority in gemmology) has hosted >60 knowledge webinars to equip the gem and jewellery trade with the most up-to-date industry knowledge and advance its consumer protection mission. ~6,500 industry professionals from around the world attended these webinars.
- Participants (manufacturers, wholesalers, traders, retailers and professionals) gained important information on gemmology topics such as 'Navratna', 'Introduction to Laboratory-Grown Diamonds', 'April Birthstone: Diamond', 'September Birthstone: Sapphire', 'November Birthstones: Topaz & Citrine' and 'The Big 3 – Ruby, Sapphire and Emerald'. These diversified gemmological topics helped attendees gain valuable information to buy and sell gemstones with confidence.

11

New entrants

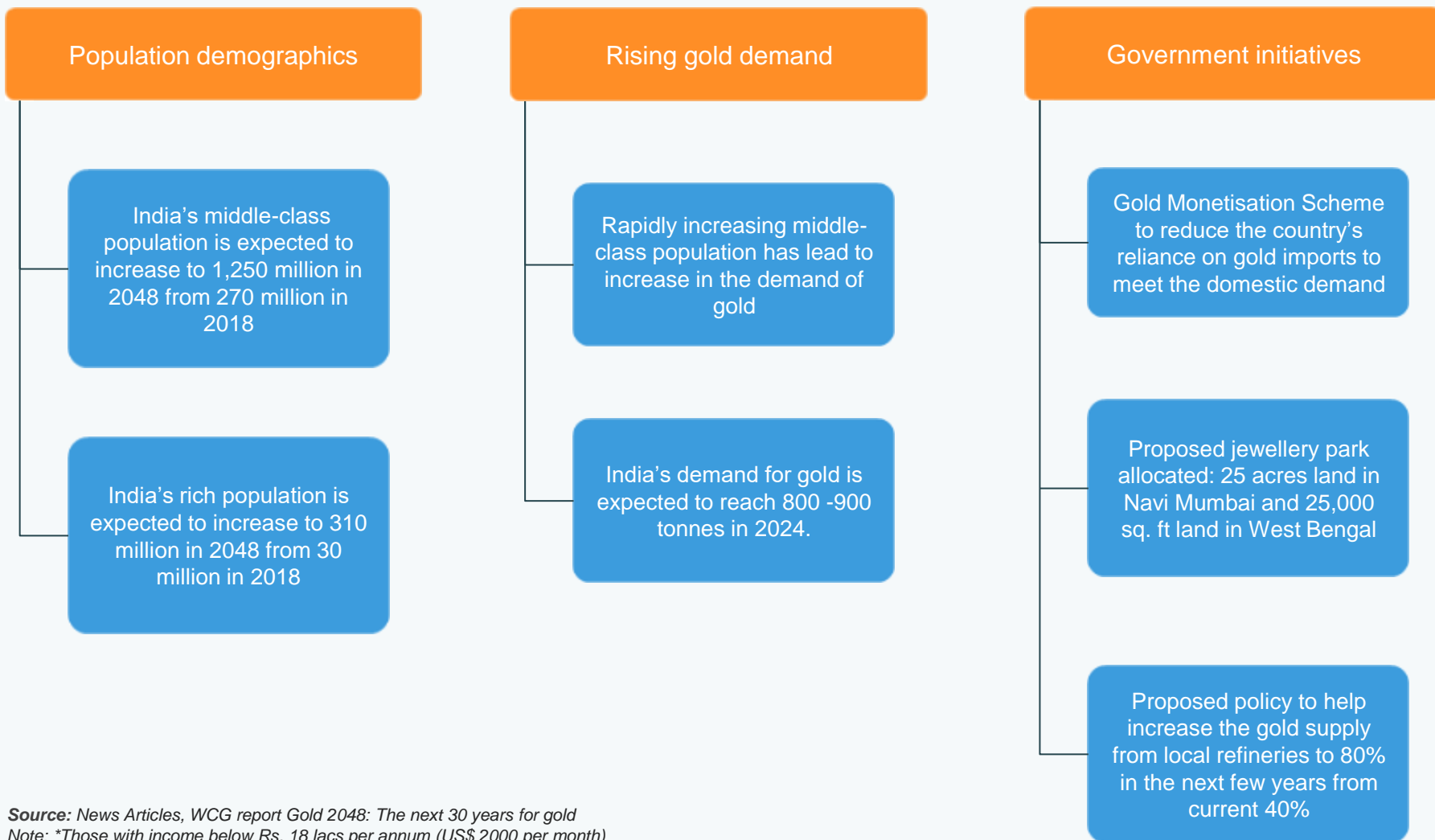
- Chairman of Aditya Birla Group, Mr. Kumar Mangalam Birla, announced that the company intends to introduce its jewellery business in June and establish expansive exclusive jewellery retail outlets throughout India showcasing their in-house jewellery brands. The Aditya Birla Group is set to unveil Novel Jewels in June, with a planned investment of US\$ 601.8 million (Rs. 5,000 crore).

Source: Company websites, Media sources

Growth drivers and opportunities



Growth drivers of gems & jewellery sector in India



Source: News Articles, WCG report Gold 2048: The next 30 years for gold
Note: *Those with income below Rs. 18 lacs per annum (US\$ 2000 per month)
 *Those with income above Rs. 18 lacs per annum (US\$ 2000 per month)

High gold demand in India acts as a major driver for growth and opportunity

- According to Gem and Jewellery Export Promotion Council, between April-January 2024, imports of gold bars stood at US\$ 2,367.12 million and gold jewellery stood at US\$ 738.82 million.
- India's gold demand stood at 747.50 tonnes in 2023.
- The Reserve Bank of India (RBI) purchased 9 tonnes of gold in the September quarter, contributing to the 337 tonnes purchased by global central banks, and underscoring the importance of gold as a diversifier of its total reserves.



Source: World Gold Council,

Government initiatives and regulatory framework...(1/3)

1

Gems and jewellery industry related to duties and taxes

- In the Union Budget 2023-24, the government proposed to increase the import duty on silver dore, bars, and articles to 10% to align them with that of gold and platinum.

2

FDI Policy

- The Government has permitted 100% FDI in the sector under the automatic route, wherein the foreign investor or the Indian company do not require any prior approval from the Reserve Bank or Government of India.

3

Demonetisation

- The demonetisation move is encouraging people to use plastic money and debit/ credit cards for buying jewellery. This is good for the industry in the long run and will create more transparency.
- The Government would notify a new limit for reporting about transactions in gold and other precious metals and stones to authorities to avoid the parking of black money in bullion.

4

Gold spot exchange

- The government's announcement on establishing gold spot exchange could help in India's participation in determining gold price in the international market.

5

BIS Hallmarking Scheme

- The gold jewellery hallmark will now carry a BIS mark, purity in carat and fitness as well as the unit's identification and the jeweller's identification mark. The move is aimed at ensuring a quality check on gold jewellery.
- The Government made hallmarking mandatory for Gold Jewellery and Artefacts. A period of one year is provided for implementation, i.e. until January 2021.
- In August 2020, the Indian government launched an online registration and renewal system for 'Jewellers & Hallmarking' centres. This online system can be accessed via BIS web portal (www.manakonline.in)

6

Gold Monetisation Scheme

- The Gold Monetisation Scheme was launched in November 2015. This scheme enabled individuals, trusts and mutual funds to deposit gold with banks and earn interest on the same in return.
- As of January 2019, the Reserve Bank of India (RBI) increased the scope of the gold-monetisation scheme by allowing charitable institutions and Government entities to deposit gold to boost deposits over the coming months.

7

Mandatory hallmarking regime

- In December 2020, All India Gem and Jewellery Domestic Council (GJC) welcomed the decision to make hallmarking compulsory from June 2021 in a phased manner; urged the government to examine the key concerns of the industry for smooth implementation of the initiative.
- Hallmarking of gold jewellery is set to begin from June 15, 2021. In view of the COVID-19 pandemic, the government accepted request of stakeholders to provide jewellers some more time to prepare for implementation and resolve issues. Earlier, the date of implementation was June 01, 2021.

Government initiatives and regulatory framework...(3/3)

8

Prevention of Money Laundering Act (PMLA)

- In December 2020, the Finance Ministry notified that the amendment under Prevention of Money Laundering Act (PMLA), notifying dealers in precious metals and stones, will maintain records of cash transactions worth US\$ 13.61 thousand (Rs. 10 lakh) or more cumulatively with a single customer.

9

Special Group

- In August 2020, the government called for constituting a special group, which will include both customs and banking officials, to resolve issues faced by the gem and jewellery sector.

10

EDI (Electronic Data Interchange) Connectivity of Postal Service with Customs in e-commerce Policy

- In December 2020, the Gem and Jewellery Export Promotion Council (GJEPC) urged the government to include in the comprehensive e-commerce policy the EDI connection of postal services with customs, to enable banks to automatically close e-commerce exports against advance credit card payments by foreign purchasers.
- The step would drive for progressive reforms to help the industry fulfil its long-term goal of being the epicentre of global gems & jewellery.

11

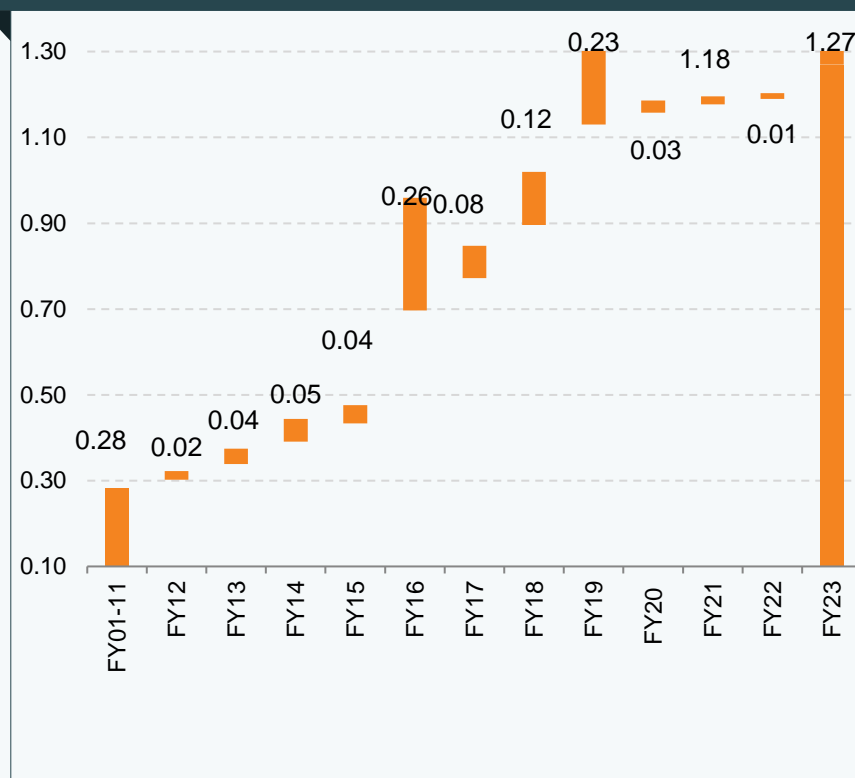
Suspension of additional tariff on goods by the US

- In June 2021, the US suspended additional tariffs on six countries, including India, that have imposed or are considering equalisation levy/digital services tax on e-commerce companies for up to six months. This was done to provide additional time to complete the ongoing multilateral negotiations on international taxation at the Organisation for Economic Co-operation and Development (OECD) and G20.
- The suspension is likely to provide relief to the COVID-hit gems & jewellery sector in India.

Increasing FDI inflows into the sector

- The total foreign direct investment (FDI) inflows in the gems and jewellery sector during April 2000-December 2023 stood at US\$ 1.27 billion.
- The Government of India permitted 100% FDI in the sector through an automatic route.
- Due to the allowance of 100% FDI and improvements in the ease of business establishment in India, foreign investors in the jewellery industry will discover favorable conditions to expand their presence within the country. This presents an opportunity for luxury jewellery brands to establish flagship stores locally. Notably, the renowned US luxury jewellery brand Tiffany & Co recently inaugurated its inaugural store in India.

FDI inflow in gems & jewellery sector (US\$ billion)





Notes: ^ - Diamond and gold ornaments

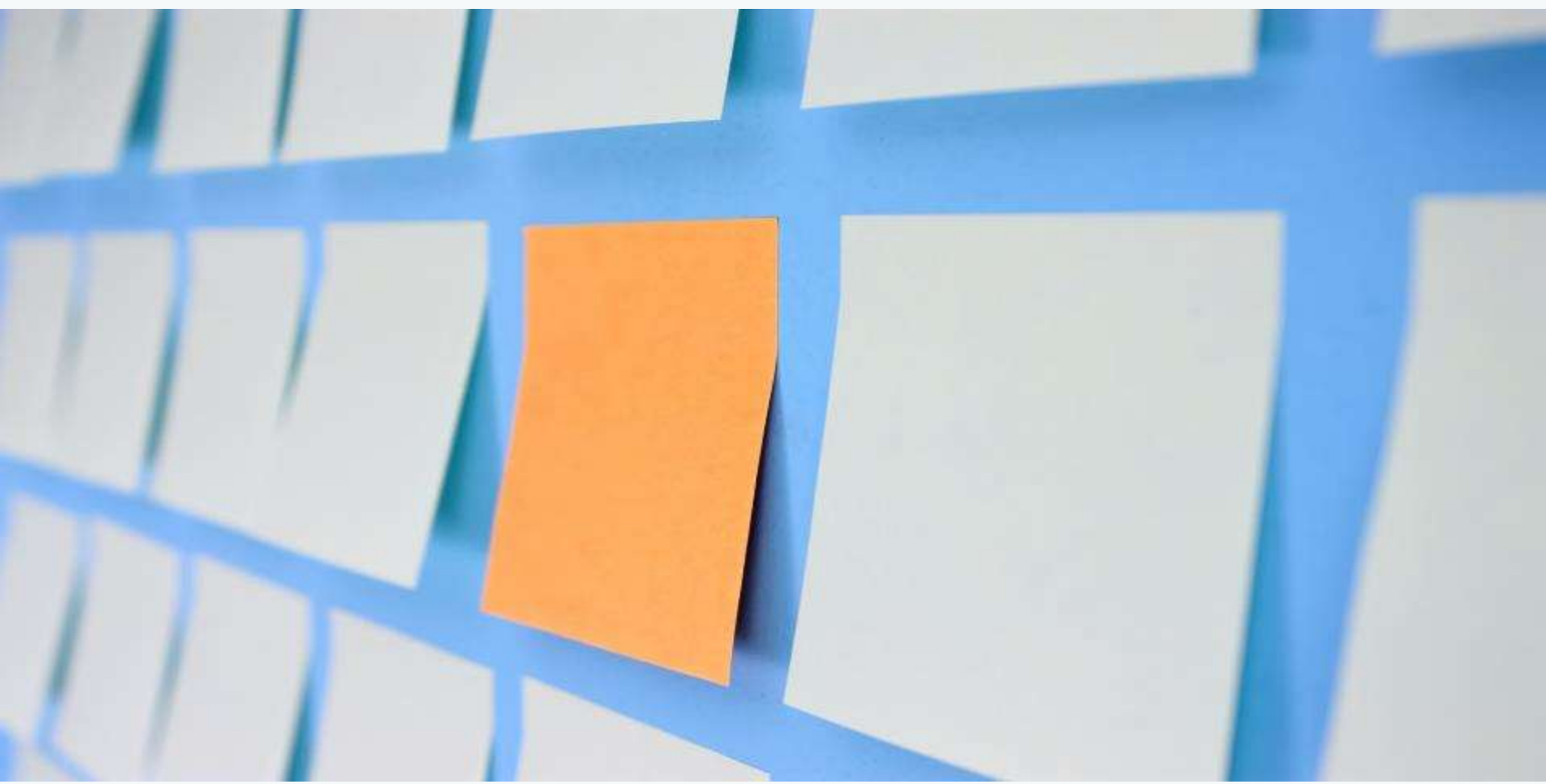
Source: DPIIT

Key Industry Contacts



Key Industry Contacts

	Agency	Contact Information
 <p>GJEPC INDIA SPONSORED BY THE MINISTRY OF COMMERCE & INDUSTRY</p>	<p>Gems and Jewellery Export Promotion Council of India (GJEPC)</p>	<p>Office No. AW 1010, Tower A, G Block, Bharat Diamond Bourse, Next to ICICI Bank, Bandra-Kurla Complex, Bandra - East Mumbai - 400 051 Phone: +91 22 26544600 Fax : 91 - 22 - 26524764 Email: ho@gjepcindia.com Website: www.gjepc.org</p>
 <p>ALL INDIA GEMS AND JEWELLERY TRADE FEDERATION GJF</p>	<p>All India Gems and Jewellery Trade Federation (GJF)</p>	<p>P & S Corporate House, Plot No. A-56, Road No. 1, 6th Floor, Near Tunga International, MIDC, Andheri (East) Mumbai - 400093 Phone: +91 22 67382727/ 8879001898 E-mail: info@gjf.in Website: https://www.gjc.org.in</p>



Glossary

- CAGR: Compound Annual Growth Rate
- FDI: Foreign Direct Investment
- FY: Indian Financial Year (April to March)
- GOI: Government of India
- Rs.: Indian Rupee
- US\$: US Dollar
- Wherever applicable, numbers have been rounded off to the nearest whole number

Exchange rates

Exchange Rates (Fiscal Year)

Year	Rs. Equivalent of one US\$
2004-05	44.95
2005-06	44.28
2006-07	45.29
2007-08	40.24
2008-09	45.91
2009-10	47.42
2010-11	45.58
2011-12	47.95
2012-13	54.45
2013-14	60.50
2014-15	61.15
2015-16	65.46
2016-17	67.09
2017-18	64.45
2018-19	69.89
2019-20	70.49
2020-21	73.20
2021-22	74.42
2022-23	78.60

Exchange Rates (Calendar Year)

Year	Rs. Equivalent of one US\$
2005	44.11
2006	45.33
2007	41.29
2008	43.42
2009	48.35
2010	45.74
2011	46.67
2012	53.49
2013	58.63
2014	61.03
2015	64.15
2016	67.21
2017	65.12
2018	68.36
2019	69.89
2020	74.18
2021	73.93
2022	79.82
2023	82.61
2024*	83.09

Note: *- Until February 2024

Source: Foreign Exchange Dealers' Association of India

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