GEMS AND JEWELLERY
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Executive Summary

1 Contribution to GDP and employment

• India’s gems and jewellery sector contributes about 7% to India’s Gross Domestic Product (GDP) and 16% to India’s total merchandise export.
• The sector employs over 4.64 million employees and is expected to have nearly 8.23 million employees by 2022.

2 Diamonds processing and exports

• India is the world’s largest centre for cut and polished diamonds in the world and export 75% of the world’s polished diamonds.
• India’s gems and jewellery exports reached pre-COVID-19 levels between November and December 2020, due to the rising demand from key markets, such as the US, according to the gem and jewellery export promotion council (GJEPC).
• Gems and jewellery exports in November 2020 registered a 95% recovery at US$ 2.5 billion compared with the same month last year.

3 Market size

• India’s gems and jewellery sector is one of the largest in the world, contributing 29% to the global jewellery consumption. The sector is home to more than 300,000 gems and jewellery players.
• Market size of gems and jewellery is expected to grow to US$ 103.06 billion during 2019-2023.
• Its market size was about US$ 75 billion in 2017 and is expected to reach US$ 100 billion by 2025.
• India’s domestic jewellery market is expected to grow at a CAGR of 5.6% during FY18-23E.

4 Robust growth in exports

• The Government of India is aiming at US$ 70 billion in jewellery export in the next five years, up from the present level of US$ 35 billion.

5 Import trends

• India’s import of gems and jewellery stood at US$ 24.41 billion in FY20.
• Rough diamonds and gold bar accounted for 53.3% and 32.16%, respectively, of the total gems and jewellery import.

Source: Gems and Jewellery Export Promotion Council (GJPEC), Media sources
**1 GROWING DEMAND**

- Between November and December 2020, India’s gems and jewellery exports achieved pre-COVID-19 peaks on the back of growing demand in all key markets, including the US.

**2 INCREASING INVESTMENT**

- The cumulative foreign direct investment (FDI) inflows in diamond and gold ornaments stood at US$ 1,183.07 million between April 2000 and September 2020.
- Domestic companies are also increasingly investing in India by expanding their business.

**3 POLICY SUPPORT**

- The Government has permitted 100% FDI under the automatic route in this sector.
- Gem and Jewellery Export Promotion Council has proposed a reduction in import duty on cut and polished diamonds to 2.5% from the existing 7.5% to double exports of gems & jewellery to US$ 70 billion by 2025.

**4 ATTRACTIVE OPPORTUNITIES**

- The Indian middle-class is expected to rise to 547 million by 2025, which is expected to increase the demand of gold.
Market Overview and Trends
Net export of gems and jewellery

- Gems and jewellery industry plays a vital role as it is one of the largest exporters and contribute a major chunk to the total foreign reserves of the country. Net export rose to US$ 29.07 billion in FY20.
- In FY20, Hong Kong, UAE and the US accounted for 33%, 25% and 23%, respectively, in export of gems and jewellery from India.
- In FY21*, exports of gems & jewellery stood at US$ 11.45 billion.
- In November 2020, exports of gems and jewellery stood at US$ 2.69 billion.
- In continuation with the current trends of exports, the total shipments are expected to reach ~Rs. 1.6 lakh crore (US$ 20-21 billion) in FY21.

**Notes:** exports are net of return consignment, *between April 2020 and November 2020

**Source:** GJEPC, Media sources
Export of cut and polished diamonds

- India is the world’s largest centre for cut and polished diamonds in the world and export 75% of the world’s polished diamonds.
- India exported US$ 18.66 billion worth of cut and polished diamonds in FY20. It contributed 64% of the total gems and jewellery export.
- In FY21*, exports of cut and polished diamonds is estimated at US$ 8.95 billion.

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Notes: Data of Cut & Pol Diamonds include export of Cut and Polished Diamonds (Bonded Warehouse), *-Between April 2020 and November 2020  
Source: GJEPC
- India is a major importer of gems and jewellery as well.
- India's import of gems and jewellery stood at US$ 24.41 billion in FY20.
- In FY21*, imports of gems & jewellery (pearls, precious & Semi-precious stones) is estimated at US$ 9.34 billion.
- Imports of gold recorded US$ 12.29 billion from April 2020 to November 2020.

**Notes:** P- Provisional, *- Between April 2020 and November 2020

**Source:** GJEPC
India export of gems and jewellery is composed of a variety of items like cut and polished diamonds, silver jewellery, gold jewellery, gold medallions and coins, rough diamonds, coloured gemstones and others.

Cut and polished diamonds accounted for almost 64% of the total gems and jewellery export with India exporting 75% of the world’s polished diamonds.

Gold jewellery accounted for the second-highest share of nearly 18% with silver jewellery having a share of 10%.

Rough diamonds accounted for 1.4% of the total gems and jewellery export.

Source: GJEPC
India is one of the largest gold jewellery exporters of the world and export to around 160 countries.

In FY20P, India’s gold jewellery export stood at US$ 11.99 million and import stood at US$ 290.36 million.

Mostly, high-end jewellery or machine-made jewellery is imported, usually from Middle East or South East Asia.

The total gold jewellery export was US$ 24.73 billion from April to November 2020.

*Notes: P- Provisional
Source: GJEPC*
Key players

Tanishq

Malabar Gold & Diamonds

Rajesh Exports Ltd

PC Jeweller

Joyalukkas

Gitanjali

Tbz

Kalyan Jewellers

tara
Strategies adopted
Strategies adopted… (1/2)

1. Expansion and opening of exclusive showrooms
   - Companies are indulging in expansion to more and more cities as well as expanding across the value chain. Retailers are focusing on opening exclusive showrooms especially in tier I cities to attract the urban customers.
   - Kalyan Jewellers is planning to open three showrooms as a part of its expansion plans in Oman.
   - Malabar Gold & Diamonds created history by inaugurating 11 showrooms in a single day in six countries.
   - In October 2020, Malabar Gold and Diamonds announced its plan to invest Rs. 240 crore (US$ 32.80 million) to open nine stores in India and other countries.
   - In August 2020, De Beers Group’s diamond brand, Forevermark, announced that it will be launching in three stores in New Zealand. Thus, marking Forevermark’s presence across 35 countries.

2. Online selling by gems and 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 Online gold market in India’ Report by “The World Gold Council”, Consumers between the ages of 18 and 45 account for 70-80% of online purchases, while those over the age of 45 account for 20-30%. The average online gold jewellery purchase ticket size is Rs. 25,000-30,000 (US$ 341.65 – US$ 409.98) and is purchased for regular wear (50%) and festivals or gifting (50%)

3. Micro and small enterprises (MSEs)
   - Maximum development was driven by MSEs in gems & jewellery and textiles. In November 2020, adoption of digital distribution platforms among manufacturers of gems and 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%, from the previous 13%.

4. 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.

Source: Company websites, Media sources
### 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.

### Virtual ‘Buyer-Seller’ meet
- The Gem and Jewellery Export Promotion Council of India (GJEPC), the apex body for promotion of Gems and Jewellery Exports, organised the first virtual ‘Buyer and Seller’ meet for loose diamonds in September 2020.
- This meet gave buyers and exhibitors an opportunity to connect and talk business over the virtual platform.

### Centre of Excellence (CoE)
- In December 2020, in collaboration with Persistent Systems & IIT- Bombay, the Gem & Jewellery Skills Council of India (GJSCI) launched a Centre of Excellence (CoE) for Jewellery Artificial Intelligence & Data-science Excellence (J.A.D.E.), which will boost incorporation of AI, ML and data science techniques into the gem and jewellery industry.

### 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.

### New Product Launches
- In November 2020, Platinum Guild International (PGI) launched their new ‘Men of Platinum’ collection for men in leading retail stores across India.

*Source: Company websites, Media sources*
Growth drivers and opportunities
Growth drivers of gems and jewellery sector in India

### Population demographics
- India’s middle-class population is expected to increase to 1,250 million in 2048 from 270 million in 2018
- India’s rich population is expected to increase to 310 million in 2048 from 30 million in 2018

### Rising gold demand
- Rapidly increasing middle-class population has lead to increase in the demand of gold
- India’s demand for gold reached 690.4 tonnes in 2019

### Government initiatives
- Gold Monetisation Scheme to reduce the country’s reliance on gold imports to meet the domestic demand
- Proposed jewellery park allocated: 25 acres land in Navi Mumbai and 25,000 sq. ft land in West Bengal
- Proposed policy to help increase the gold supply from local refineries to 80% in the next few years from current 40%

Source: News Articles, WCG report Gold 2048: The next 30 years for gold
High gold demand in India acts as a major driver for growth and opportunity

- India has always been a major country with respect to gold demand.
- Gold accounts for a major part of India’s total gems and jewellery import.
- Rural purchases are expected to boost India’s gold demand in 2020, supported by growth in farmer’s income.
- As per the World Gold Council (WGC), India’s gold demand stood at 86.6 tonnes in the third quarter of 2020.

Source: World Gold Council
Government initiatives and regulatory framework...(1/3)

1. **Goods and Services Tax (GST)**
   - The Government of India levied 3% GST on gold, gold jewellery, silver jewellery and processed diamonds and 0.25% on rough diamonds. Gems and Jewellery exporters are exempted from paying 3% integrated GST (IGST) to banks from January 01, 2019.
   - As per Union Budget 2019-20, GST rate has been reduced from 18% to 5% (*5% without Input Tax Credit (ITC)) for services by way of job work in relation to gems and jewellery, leather goods, textiles etc.

2. **Corporate Tax Rate**
   - The Government of India’s proposal to cut corporate tax rate to 25% for micro, small and medium enterprises (MSMEs) having annual turnover up to Rs. 50 crore (US$ 7.5 million) will benefit many gems and jewellery exporters from MSME category.

3. **FDI Policy**
   - The Government has permitted 100% FDI in the sector under the automatic route.

4. **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.

5. **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.

*Source: Union Budget 2019-20, Media sources*
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. till 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)

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.

Gems and jewellery industry related to duties and taxes
- In November 2020, Chairman of Gems and Jewellery Export Promotion Council, Mr. Colin Shah, proposed lowering import duties on gold from 12.5% to 4.5% and on diamonds from 7.5% to 2.5%. The proposal is under consideration.

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.

Source: Press Information Bureau, World Gold Council, Media sources
### 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 Rs. 10 lakh (US$ 13.61 thousand) or more cumulatively with a single customer.

### 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.

### 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 and jewellery.

**Source:** Press Information Bureau, World Gold Council, Media sources
Increasing FDI inflows into the sector

- Cumulative FDI inflows in diamond and gold ornaments in India stood at US$ 1,183.07 million between April 2000 and September 2020.
- The Government of India permitted 100% FDI in the sector through automatic route.
- The Rs. 250,000 crore (US$ 35.77 billion) big household jewellery industry is probably going to get a major lift through government’s decision for FDI in retail.

Notes: ^ - Diamond and gold ornaments,
Source: DPIIT
Key Industry Contacts
### Key Industry Contacts

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<tr>
<th>Agency</th>
<th>Contact Information</th>
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<tr>
<td>Gems and Jewellery Export Promotion Council of India (GJEPC)</td>
<td>Office No. AW 1010, Tower A, G Block, Bharat Diamond Bourse, Next to ICICI Bank, Bandra-Kurla Complex, Bandra - East Mumbai - 400 051</td>
</tr>
<tr>
<td></td>
<td>Phone: +91 22 26544600</td>
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<tr>
<td></td>
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</tr>
<tr>
<td></td>
<td>Email: <a href="mailto:ho@gjepcindia.com">ho@gjepcindia.com</a></td>
</tr>
<tr>
<td></td>
<td>Website: <a href="http://www.gjepc.org">www.gjepc.org</a></td>
</tr>
<tr>
<td>All India Gems and Jewellery Trade Federation (GJF)</td>
<td>P &amp; S Corporate House, Plot No. A-56, Road No. 1, 6th Floor, Near Tunga International, MIDC, Andheri (East) Mumbai - 400093</td>
</tr>
<tr>
<td></td>
<td>Phone: +91 22 67382727/ 8879001898</td>
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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)

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**Note:** As of January 2021  
**Source:** Reserve Bank of India, Average for the year
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