



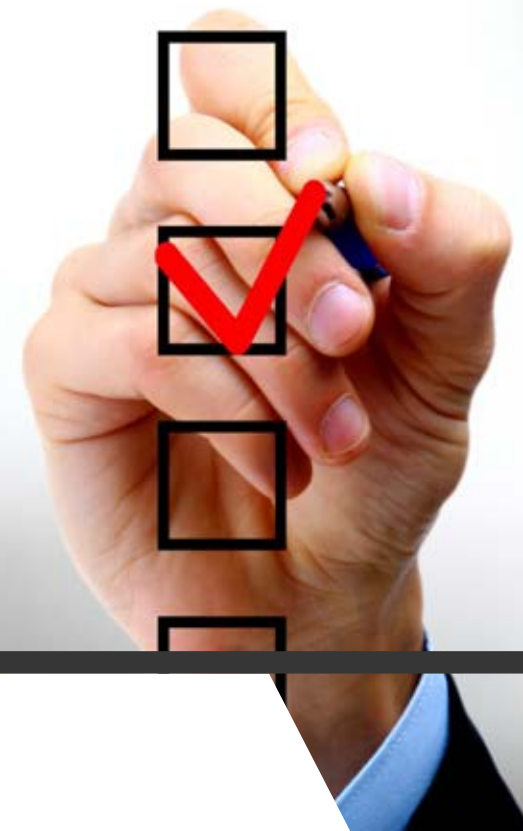
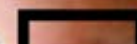
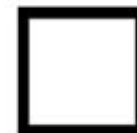
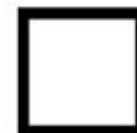
GEMS AND JEWELLERY



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EXECUTIVE SUMMARY

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.

Diamonds processing and exports

- India processed about 1 billion pieces of diamonds valued at US\$ 23 billion in 2019.
- India is the world's largest centre for cut and polished diamonds in the world and export 75% of the world's polished diamonds.
- The export of cut and polished diamonds in FY20 stood at US\$ 18.66 billion.
- Today, 14 out of every 15 diamonds sold in the world is processed in India.

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 will 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.

Robust growth in exports

- The Government of India is aiming at US\$ 80 billion in jewellery export in the next five years, up from the present level of US\$ 40 billion.

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: GJEPC, Media sources, Gems and Jewellery Export Promotion Council (GJEPC)

ADVANTAGE INDIA



- India was the second highest consumer of gold in the world as of 2019, supported by increasing disposable income of the middle-class.
- India imported gems and jewellery worth US\$24.41 billion in FY20.

Growing demand

- The cumulative foreign direct investment (FDI) in diamond and gold ornaments stood at US\$ 1.17 billion between April 2000 and March 2020.
- Domestic companies are also increasingly investing in India by expanding their business.

Increasing investment

ADVANTAGE INDIA

- The Indian middle-class is expected to rise to 547 million by 2025, which is expected to increase the demand of gold.
- India exported cut and polished diamonds worth US\$18.66 billion in FY20.

Attractive opportunities

The Government has permitted 100% FDI under the automatic route in this sector.

- On January 28, 2019, the Government launched Gems & Jewellery Domestic Council to bring all the segments of the industry under one umbrella.
- Gold Monetisation Scheme enables individuals, trusts and mutual funds to deposit gold with banks and earn interest on the same in return.

Policy support

Source: World Gold Council, Media sources, DPIIT, GJEPC

MARKET OVERVIEW AND TRENDS



CLUSTERS IN THE INDIAN GEMS AND JEWELLERY INDUSTRY

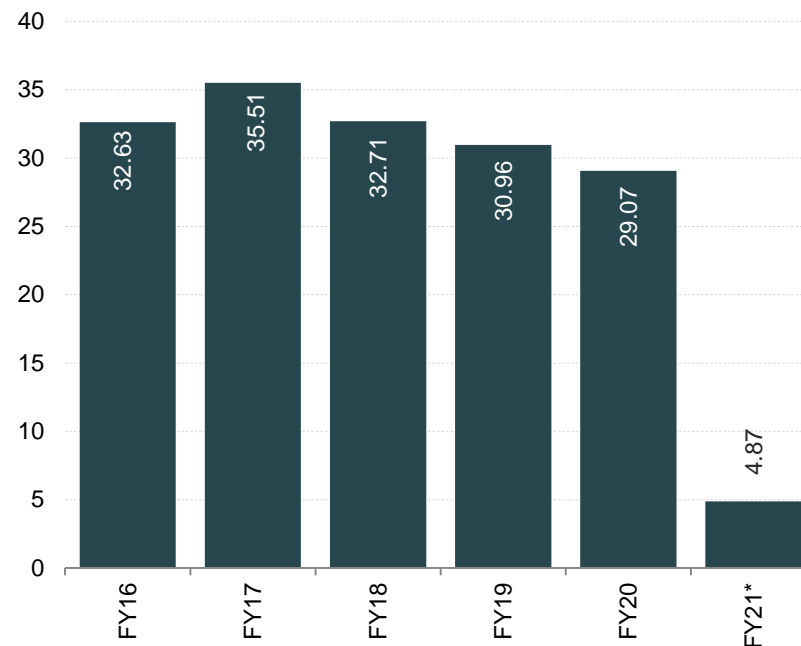


Source: Invest India

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.
- Export of gold coins and medallions stood at US\$ 831.99 million and silver jewellery stood at US\$ 1.68 billion in FY20.

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

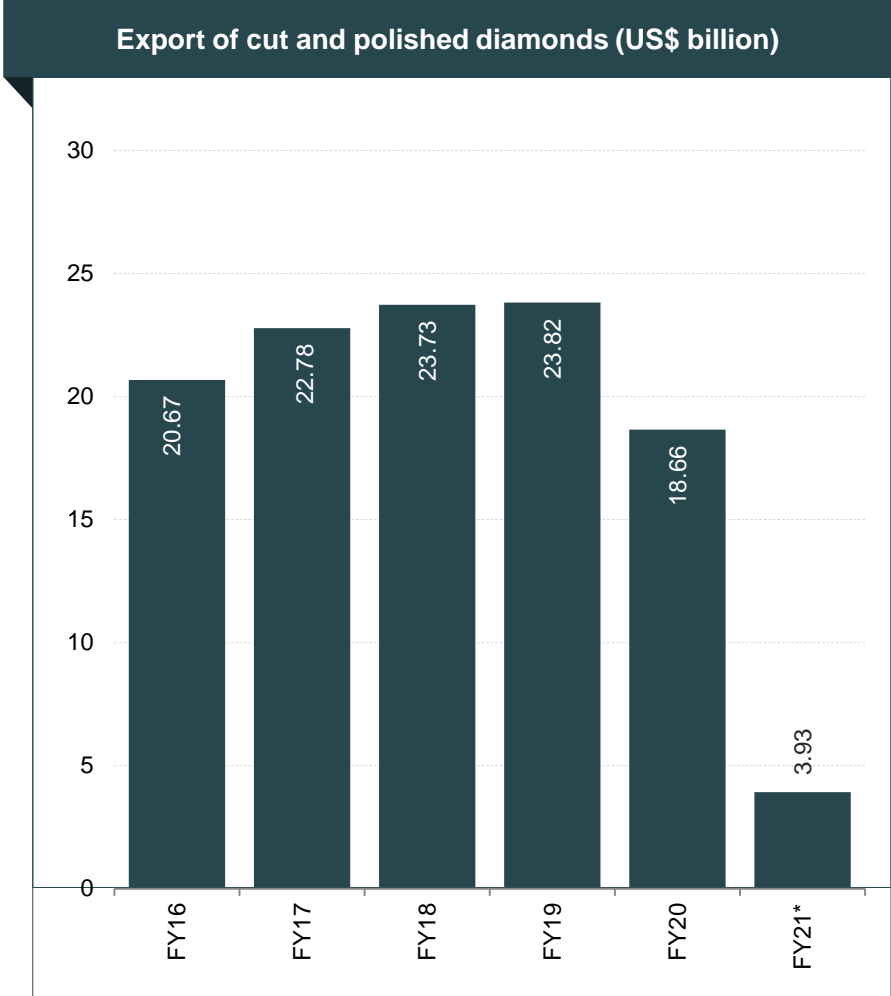


*Notes: exports are net of return consignment, *Till August 2020*

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.



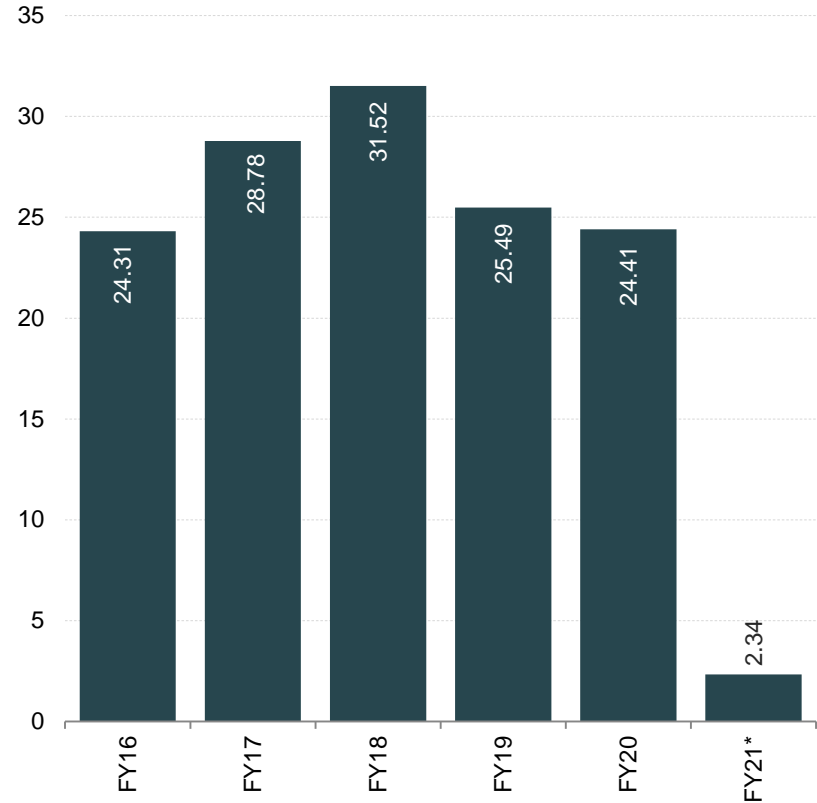
*Notes: Data of Cut & Pol Diamonds include export of Cut and Polished Diamonds (Bonded Warehouse), *-Till August 2020*

Source: GJEPC

IMPORT OF GEMS AND JEWELLERY

- 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.
- India imported rough diamonds worth US\$ 13.02 billion in FY20; this accounted for 53.3% of the total gems and jewellery import.

Import of gems and jewellery (US\$ billion)



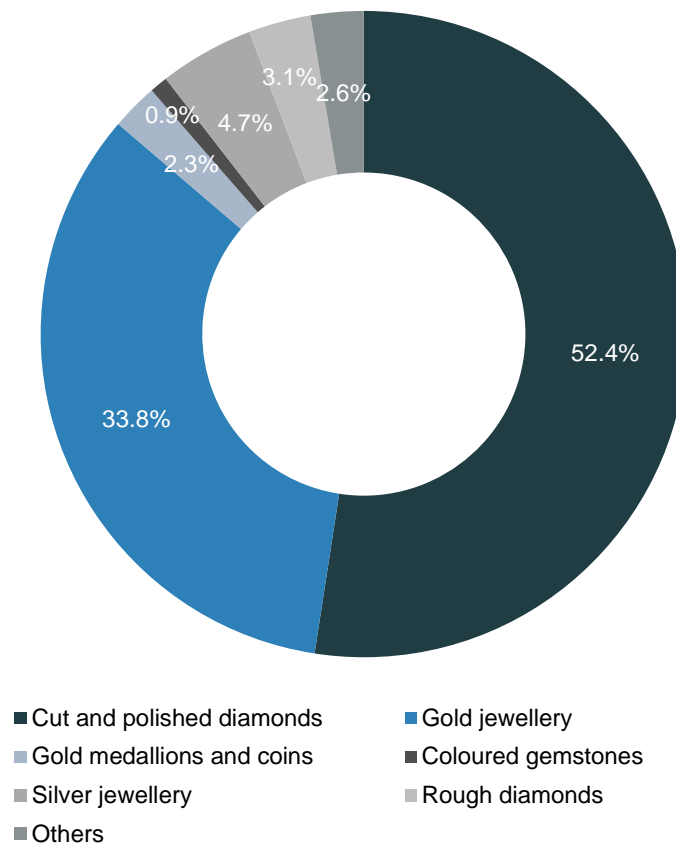
Notes: P- Provisional, *- Till August 2020

Source: GJEPC

SHARE OF VARIOUS SEGMENTS OF GEMS AND JEWELLERY IN TOTAL EXPORTS

- India export of gems and jewellery is composed of a variety of items like cut and polished diamonds, gold and silver jewellery, gold medallions and coins, coloured gemstones, pearls and synthetic stones, and rough diamonds.
- Cut and polished diamonds accounted for almost 52.4% 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 33.8% with silver jewellery having a share of 5.8%.
- Rough diamonds accounted for 4.7% of the total gems and jewellery export.
- India's overall gross export of gems and jewellery declined 5.8% to US\$ 29 billion during FY20 compared to US\$ 30.96 billion in FY19.

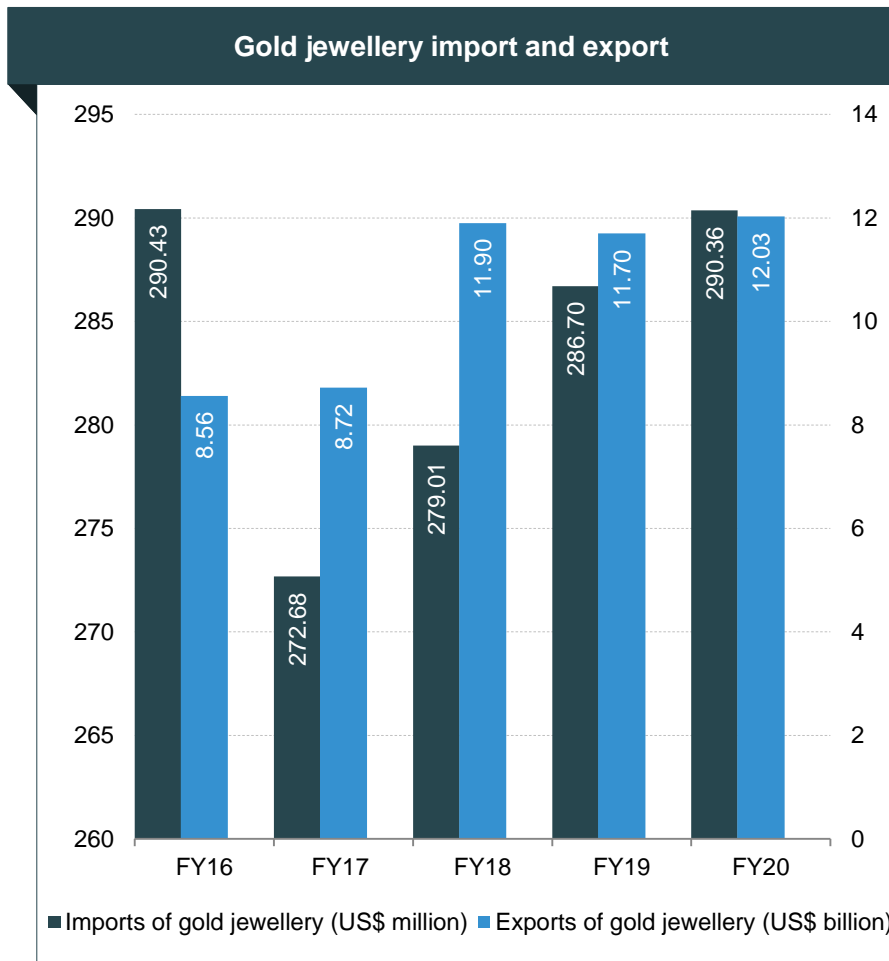
Share of various segments in total gems and jewellery export during FY20



Source: GJEPC

EXPORT AND IMPORT OF GOLD JEWELLERY

- 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 billion 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.



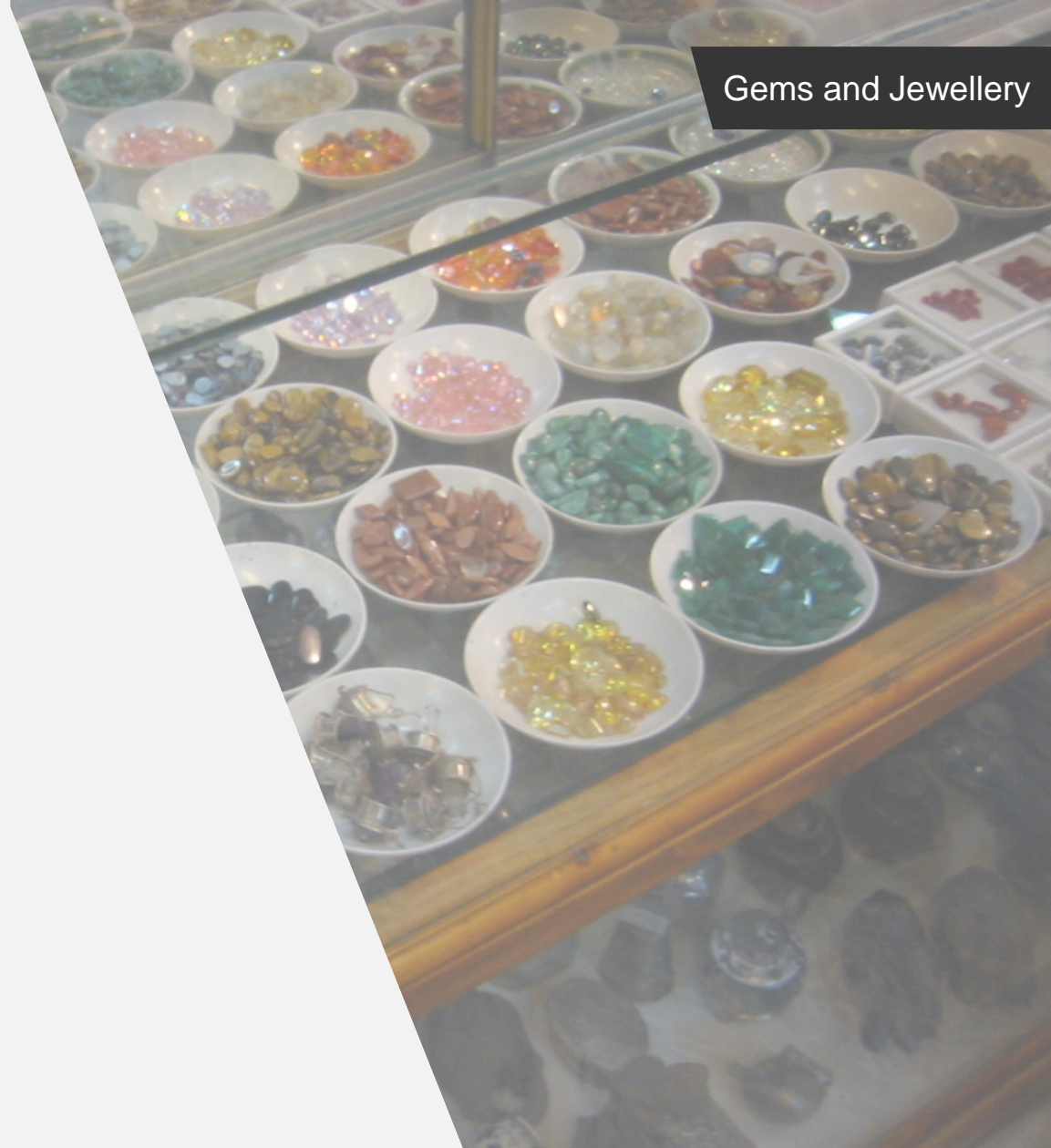
Notes: P- Provisional

Source: GJEPC

KEY PLAYERS



STRATEGIES ADOPTED



STRATEGIES ADOPTED... (1/2)

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 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.

Online selling by gems and jewellery retailers

- The growth of online jewellery is driven by increasing internet penetration rates, growth in high net worth individuals' population and availability of low online jewellery prices.
- Some companies have also tied up with E-commerce companies like Amazon India for selling their jewellery, like Joyalukkas.
- In April 2020, majority of the players in the Indian market like Malabar Gold, Tanishq, and Joyalukkas offered jewellery online for Akshay Tritiya.

Buyback guarantee on gold jewellery

- Companies are also giving buy back option to customers on jewellery within certain days after the purchase and based on certain terms and conditions.

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.

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.

Source: Company websites, Media sources

STRATEGIES ADOPTED...(2/2)

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.

Finance facility

- Companies have also started providing financial facility to their customers who cannot afford to pay the whole amount at once.
- EMI payments for jewellery – certain companies like Caratlane are providing EMI at zero interest.

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 led 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

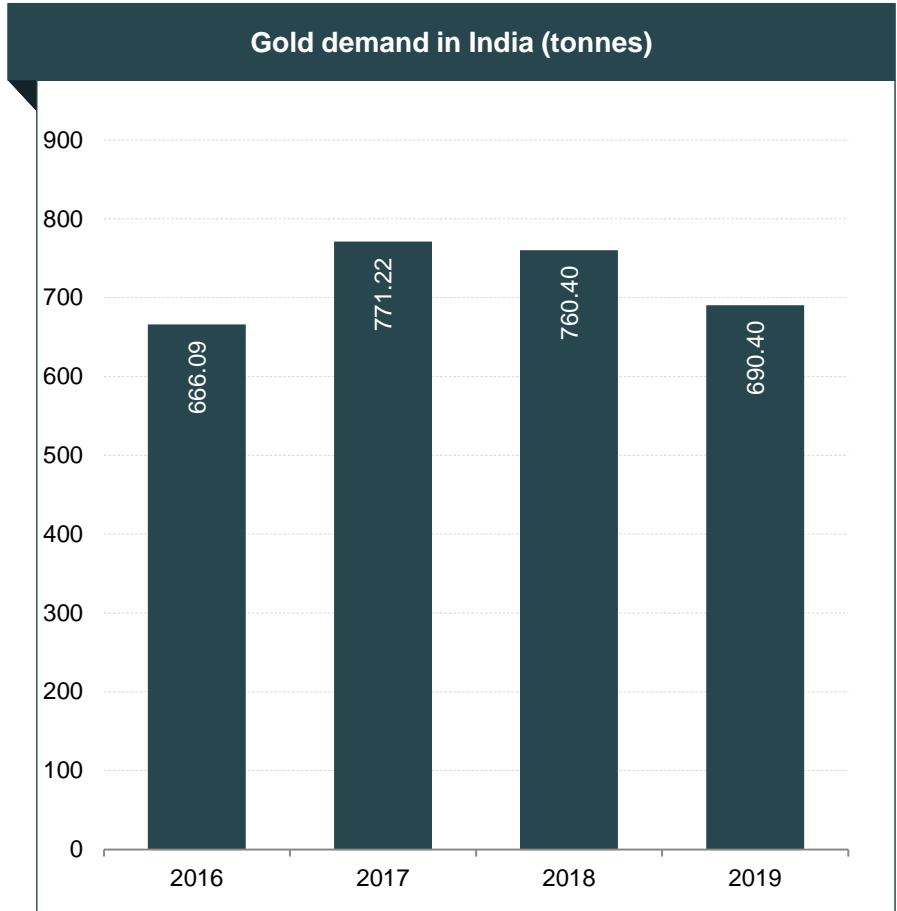
Proposed jewellery park allocated: 25 acres land in Navi Mumbai and 25,000 sq. ft land in West Bengal

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 690.40 tonnes in 2019.



Source: World Gold Council

GOVERNMENT INITIATIVES AND REGULATORY FRAMEWORK...(1/2)

Goods and Services Tax (GST)	<ul style="list-style-type: none">▪ 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.
Corporate Tax Rate	<ul style="list-style-type: none">▪ 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.
FDI Policy	<ul style="list-style-type: none">▪ The Government has permitted 100% FDI in the sector under the automatic route.
Demonetisation	<ul style="list-style-type: none">▪ 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.
Gold spot exchange	<ul style="list-style-type: none">▪ The government's announcement on establishing gold spot exchange could help in India's participation in determining gold price in the international market.
BIS Hallmarking Scheme	<ul style="list-style-type: none">▪ 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)

Source: Union Budget 2019–20, Media sources

GOVERNMENT INITIATIVES AND REGULATORY FRAMEWORK...(2/2)

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.

Sovereign Gold Bond Scheme

- The Government of India launched the Sovereign Gold Bond Scheme. This scheme enabled the RBI to issue gold bonds denominated in grams of gold individuals in consultation with the Ministry of Finance.
- This scheme provides an alternative to owning physical gold. It is aimed at keeping a check on imports of gold.

Jewellery Park

- A jewellery park worth Rs 50 crore (US\$ 7.8 million) is to be set up in Mumbai by the Government where local handmade workers and factories will be relocated to develop their trade, improve their work environment and standard of living.
- The Gems and Jewellery Export Promotion Council (GJEPC) signed a memorandum of understanding (MoU) with Maharashtra Industrial Development Corporation (MIDC) to build India's largest jewellery park at Ghansoli in Navi-Mumbai on 25 acres land with an overall investment of Rs 13,500 crore (US\$ 2.09 billion). It will have more than 5000 jewellery units of various sizes, ranging from 500–10,000 square feet.

Common Facility Centres (CFCs)

- The Government of India has inaugurated two Common Facility Centres (CFCs), one at Visnagar and the second at Palanpur. GJEPC has plans to open two more CFCs at Amreli and Ahmedabad. GJEPC also plans to set up a CFC at Thrissur, Kerala. Thrissur being a major jewellery cluster, it would be suitable to set up a CFC to encourage the production and quality of manufacturing jewellery by creating awareness about modern machines to smaller units in and around Thrissur.
- A total of 200 small and medium manufacturers will receive access to CFCs.

Special Group

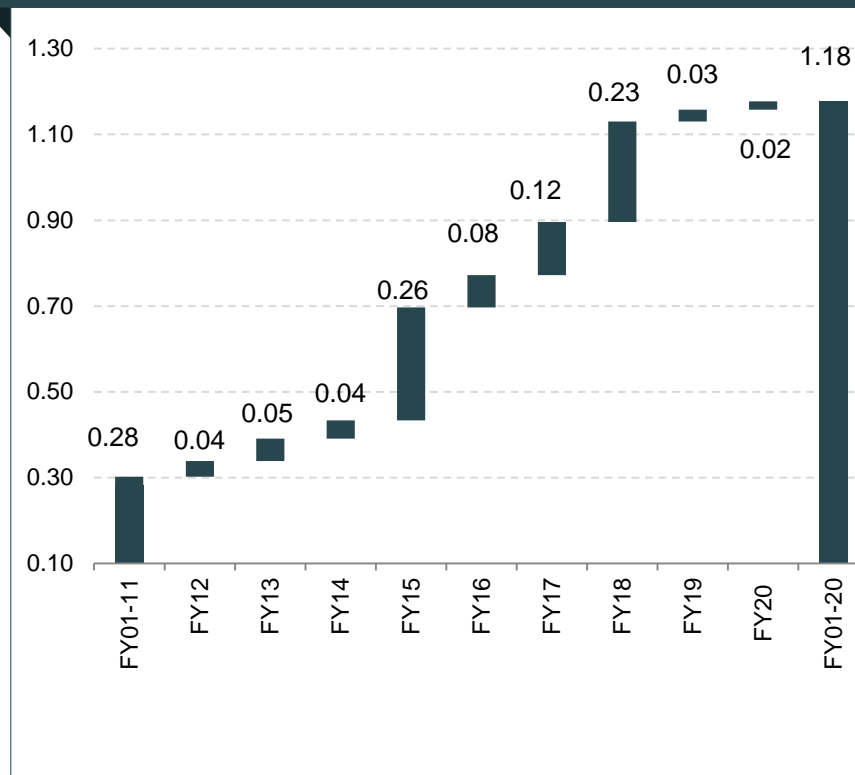
- In August 2020, the government called for constituting a special group, which will include both customs and banking officials, to resolve issues faced by the gem and jewellery sector.

Source: Press Information Bureau, World Gold Council, Media sources

INCREASING FDI INFLOWS INTO THE SECTOR

- Cumulative foreign direct investment (FDI) in diamond and gold ornaments in India stood at US\$ 1.18 billion between April 2000–March 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.

FDI inflow in gems and jewellery[^] sector (US\$ billion)



Notes: ^ - Diamond and gold ornaments,
Source: DPIIT

INDUSTRY ASSOCIATIONS



KEY INDUSTRY ASSOCIATIONS

Gems and Jewellery Export Promotion Council of India (GJEPC)

Address: 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

All India Gems and Jewellery Trade Federation (GJF)

Address: 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

USEFUL INFORMATION



- 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	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

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

Source: Reserve Bank of India, Average for the year

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