

# GEMS AND JEWELLERY



September 2021

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# Executive Summary

## 1. Contribution to GDP and employment

- As of February 2021, India's gold and diamond trade contributed ~7.5% to India's Gross Domestic Product (GDP) and 14% to India's total merchandise exports.
- The gem and jewellery sector is likely to employ ~8.23 million persons by 2022, from ~5 million in 2020.

## 2. Diamond's processing and exports

- India's gems & jewellery exports reached pre-COVID-19 levels between November and December 2020, due to rising demand from key markets, such as the US, according to Gem and Jewellery Export Promotion Council (GJEPC). On November 25, 2020 (Thanksgiving Day), spending in the US increased by ~22% YoY to US\$ 5.1 billion.
- Globally, India was the top exporter of diamonds with a share of 20.6% in 2020.



## 3. Market size

- In 2019, India's gems & jewellery export sector—which is one of the largest in the world—contributed ~27% to the global jewellery consumption.
- Market size of the global gems & jewellery sector is likely to expand to US\$ 103.06 billion between 2019 and 2023.
- India's gems & jewellery exports are expected to reach US\$ 100 billion by 2025.

## 5. Import trends

- India's imports of gems & jewellery and diamonds stood at US\$ 16.49 billion and US\$ 10.88 billion, respectively in FY21.
- In June 2021, India imported gems & jewellery worth US\$ 2.20 billion compared with US\$ 589.29 million in June 2020.

## 4. Robust growth in exports

- The Government of India is aiming at US\$ 70 billion in jewellery export in the next five years (until 2025), up from US\$ 35 billion in 2020. In FY21, gems & jewellery exports in India stood at US\$ 25.30 billion.
- In FY22 (until August), India exported gems & jewellery worth US\$ 15.85 billion compared with US\$ 5.57 billion in FY21 (until August).
- In August 2021, India exported gems & jewellery worth US\$ 3.28 billion compared with US\$ 1.69 billion in August 2020.
- In August 2021, the GJEPC announced an ambitious target of raising exports of the sector to US\$ 44 billion in FY22.



## 2. INCREASING INVESTMENT

- The cumulative foreign direct investment (FDI) inflows in diamond and gold ornaments stood at US\$ 1,190.83 million between April 2000 and March 2021.
- In September 2021, Malabar Group invested Rs. 750 crore (US\$ 100 million) in a gold refinery and jewellery unit in Hyderabad.

## 1. GROWING DEMAND

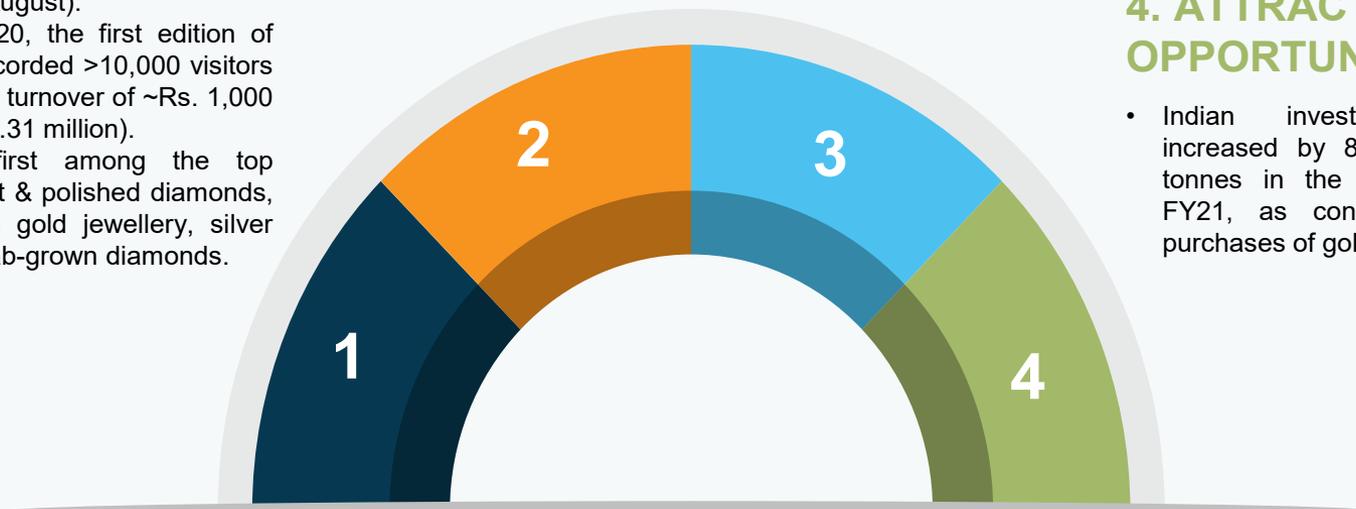
- In FY22 (until August), India exported gems and jewellery worth US\$ 15.85 billion compared with US\$ 5.57 billion in FY21 (until August).
- In October 2020, the first edition of IJS Virtual\* recorded >10,000 visitors and a business turnover of ~Rs. 1,000 crore (US\$ 137.31 million).
- India ranks 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 import duty for Gold & Silver (from 12.5% to 7.5%) and Platinum & Palladium (from 12.5% to 10%) to bring down the prices of precious metals in the local market.
- 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.

## 4. ATTRACTIVE OPPORTUNITIES

- Indian investment demand increased by 8% YoY to 48.9 tonnes in the third quarter of FY21, as consumers boosted purchases of gold coins and bars.



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.



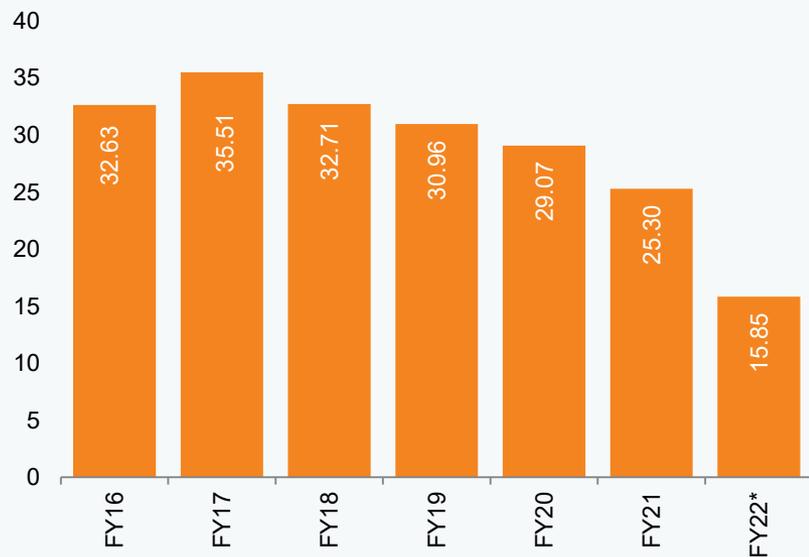
# Clusters in the Indian gems & jewellery industry



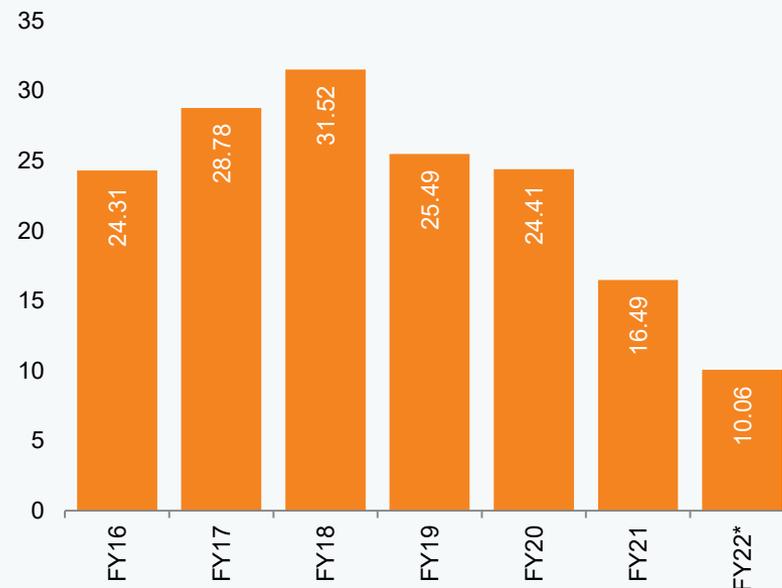
Source: Invest India

# Net export and import of gems & jewellery

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



Import of gems & jewellery (US\$ billion)



- In FY21, exports of gems & jewellery stood at US\$ 25.30 billion.
- In August 2021, exports of gems & jewellery stood at US\$ 3.28 billion.
- In September 2020, the US was the biggest importer of gems & jewellery (at 44%; worth US\$ 938.54 million) from India, followed by Hong Kong (~33%) and the UAE (~13%).

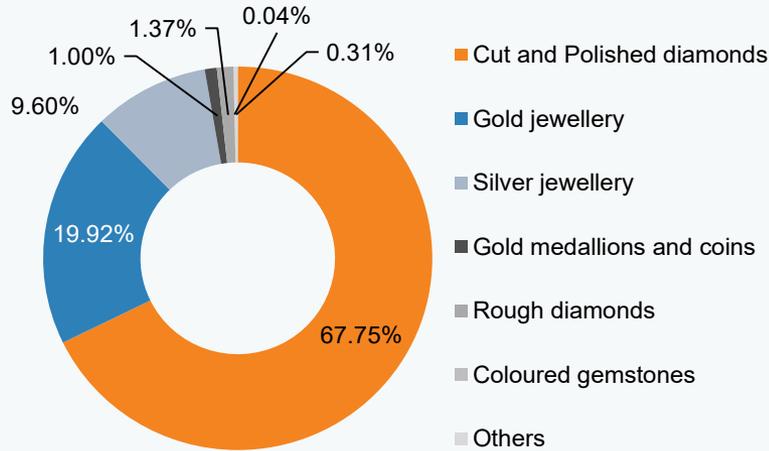
- In FY21, imports of gems & jewellery stood at US\$ 16.49 billion.
- In August 2021, India imported gems & jewellery worth US\$ 1.78 billion.

**Notes:** \*- As of August 2021

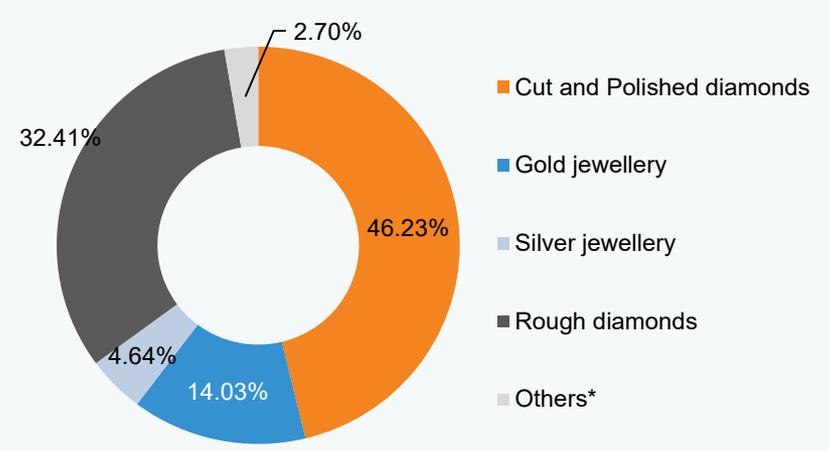
**Source:** GJEPC, Media sources

# Share of various segments of gems & jewellery in total exports

Share of various segments in total gems & jewellery exports between April 2020 and March 2021



Share of various segments in total gems & jewellery exports between April 2021 and August 2021

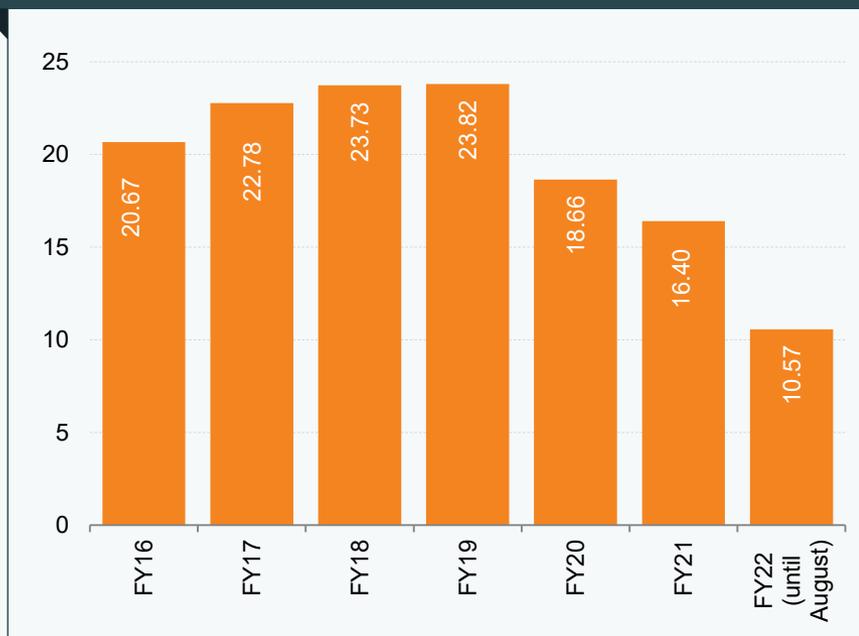


- Indian exports of gems & jewellery comprises various items such as cut and polished diamonds, silver and gold jewellery, gold medallions and coins, rough diamonds, coloured gemstones and others.
- In September 2021, Union Minister, Ms. Anupriya Patel, said that reforms such as the revamped gold monetisation scheme, reduction in import duty of gold, hallmarking and others would help the industry grow. The market export target is US\$ 43.75 billion for 2021.
- In FY22 (until August 2021), cut and polished diamonds accounted for the highest share (46.23%), followed by gold jewellery (14.0%) and rough diamonds (32.4%).
- In FY21, cut and polished diamonds accounted for 67.75% of the total gems & jewellery exports.
- Gold jewellery accounted for the second-highest share (19.92%) and silver jewellery accounted for 9.60% in FY21
- Rough diamonds accounted for 1.37% of the total gems & jewellery exports in FY21

Note: In June 2021, exports of Cut & Polished Diamonds were worth US\$ 2,000.48 million, against US\$ 898.30 million in June 2020, and accounted for 69.86 of the total gems & jewellery exports.  
Source: JIPEC

# Export and import of top jewellery segments

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



- In FY21, exports of cut and polished diamonds stood at US\$ 16.40 billion.
- In August 2021, exports of cut and polished diamonds stood at US\$ 2.05 billion.
- Reduction of 2.56% on import duty in Budget 2021 is expected to boost the cut and polished diamonds market in India.

### Gold jewellery import and export



- In FY21, the total gold jewellery exports stood at US\$ 4.82 billion.
- In August 2021, the total gold jewellery exports stood at US\$ 777.65 million.

Notes: Data of Cut & Pol Diamonds include export of Cut and Polished Diamonds (Bonded Warehouse), \*- As of June 2021

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 ~93 flagship showrooms and 110 shop-in-shops in 105 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 April 2021, Malabar Gold & Diamonds announced to invest Rs. 1,600 crore (US\$ 214 million) in FY22 to launch 56 stores, of which 40 would be in India and 16 across global markets. In India, stores will be opened in Tamil Nadu, Telangana, Andhra Pradesh, Karnataka, Maharashtra, Delhi, West Bengal, Uttar Pradesh, Odisha and Kerala. In July 2021, the company announced hiring of >5,000 staff, across its retail operations, brand headquarters and regional offices in the country.

## 8

### Partnerships

- 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.
- In March 2021, Joyalukkas collaborated with IBM Global Business Services to design, develop and deploy a new cloud-native e-commerce platform across 11 countries including India, the UAE, the US, the UK, Singapore, Malaysia, Bahrain, Qatar, Saudi Arabia, Kuwait and Oman.

Source: Company websites, Media sources

# Strategies adopted... (3/3)

9

## Trade and award shows by the GJPEC

- 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.
- The GJEPC will organise its first International Gems and Jewellery Show (IGJS) outside the country, in Dubai, from August 14-16, 2021. It will also hold a five-day physical exhibition—India International Jewellery show (IJS-2021)—in Bengaluru from September 15-19, 2021, in a first such event outside Mumbai. GJPEC sources said that >250 buyers have registered and >95 stalls have been booked for Dubai IGJS 2021. There will be 150 booths having products such as plain gold, gold-studded jewellery, diamond-studded jewellery, silver jewellery, loose diamonds and gemstones.

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.

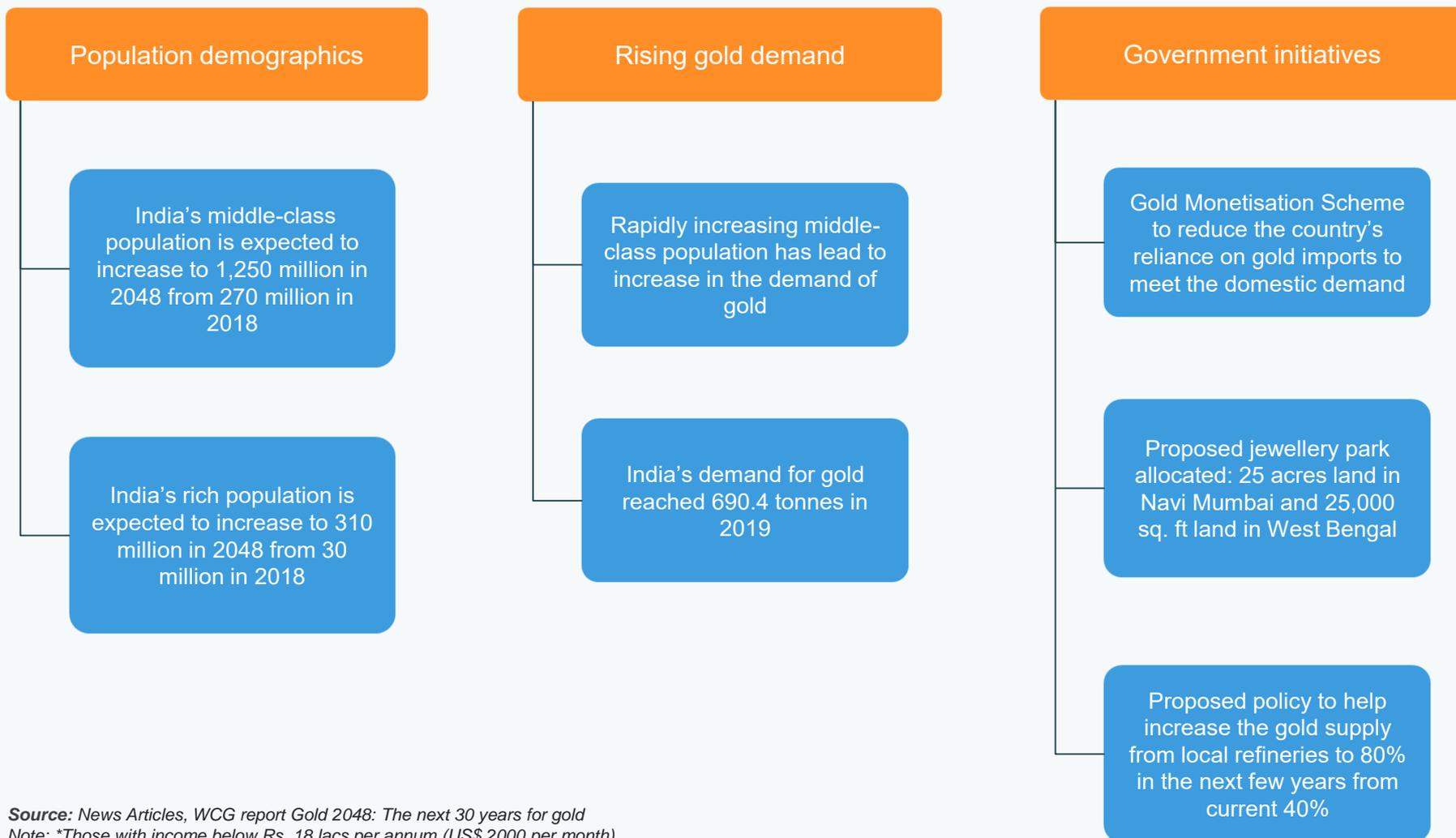
Source: Company websites, Media sources

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# Growth drivers and opportunities



# Growth drivers of gems & jewellery sector in India

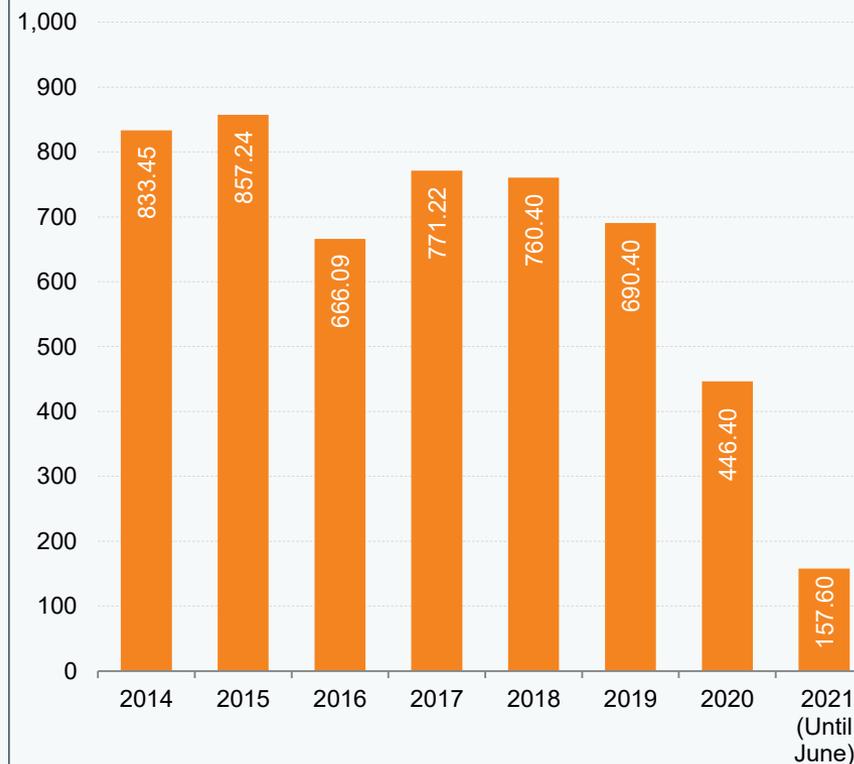


**Source:** News Articles, WCG report Gold 2048: The next 30 years for gold  
**Note:** \*Those with income below Rs. 18 lacs per annum (US\$ 2000 per month)  
 \*Those with income above Rs. 18 lacs per annum (US\$ 2000 per month)

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

- According to Gem and Jewellery Export Promotion Council, between April 2020 and December 2020, gold bars accounted for ~6.8% (US\$ 678.77 million) and gold jewellery at ~1.8% (US\$ 181.49 million) of the total gems & jewellery imports in India.
- As per the World Gold Council (WGC), India's gold demand stood at 446.4 tonnes in 2020.
- The festive period and the wedding season revived consumer demand in the fourth quarter of FY20 and attracted demand for jewellery worth 137.3 tonnes. The quarter also witnessed strong growth by investment demand (increased by 8% to 48.9 tonnes). As lockdown eased and normalisation measures were gradually phased in, imports increased by 19% YoY in the fourth quarter of FY20, highlighting the positive impact of the pent-up demand.
- In India, gold demand in terms of volume increased by 37% YoY to 140 tonnes and in value terms, the demand increased by 57% YoY to Rs. 58,800 crore (US\$ 7.9 billion) in the first quarter of 2021, according to the World Gold Council. In the second quarter of 2021, gold demand in terms of volume increased by 19% YoY to 76 tonnes and in value terms, the demand increased by 23% YoY to Rs. 32,180 crore (US\$ 7.9 billion).
- The second quarter of 2021 has been better for businesses as establishments were better prepared for lockdowns compared with 2020. Total jewellery demand in terms of volume increased by 25% YoY to 55 tonnes in the second quarter of 2021.

**Gold demand in India (tonnes)**



*Source: World Gold Council*

1

## Gems and jewellery industry related to duties and taxes

- In Union Budget 2021-22, the government announced reduction on import duty for precious metals (including gold and silver) to 7.5%, from 12%, that will help the gems and jewellery exports market in India become globally competitive.<sup>1</sup>

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](http://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.

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 Rs. 10 lakh (US\$ 13.61 thousand) 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.

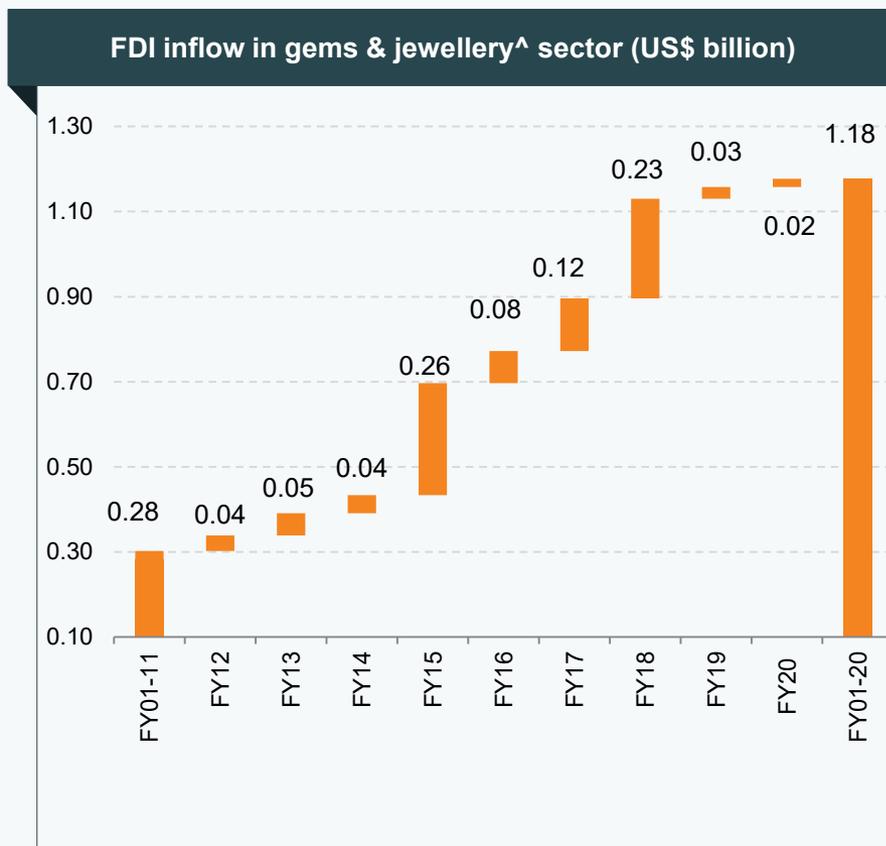
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## Suspension of additional tariff on goods by the US

- 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

- Cumulative FDI inflows in diamond and gold ornaments stood at US\$ 1,190.83 million between April 2000 and March 2021.
- 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

	Agency	Contact Information
 <p>GJEPC INDIA SPONSORED BY THE MINISTRY OF COMMERCE &amp; 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: <a href="mailto:ho@gjepcindia.com">ho@gjepcindia.com</a> Website: <a href="http://www.gjepc.org">www.gjepc.org</a></p>
 <p>GEMS AND JEWELLERY TRADE FEDERATION INDIA GJF</p>	<p>All India Gems and Jewellery Trade Federation (GJF)</p>	<p>P &amp; 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: <a href="mailto:info@gjf.in">info@gjf.in</a> Website: <a href="https://www.gjc.org.in">https://www.gjc.org.in</a></p>



# Glossary

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- 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

## 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*	73.58

Note: As of September 2021

Source: Reserve Bank of India, Average for the year

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