



INDIAN GEMS AND JEWELLERY SECTOR ANALYSIS

February - 2024

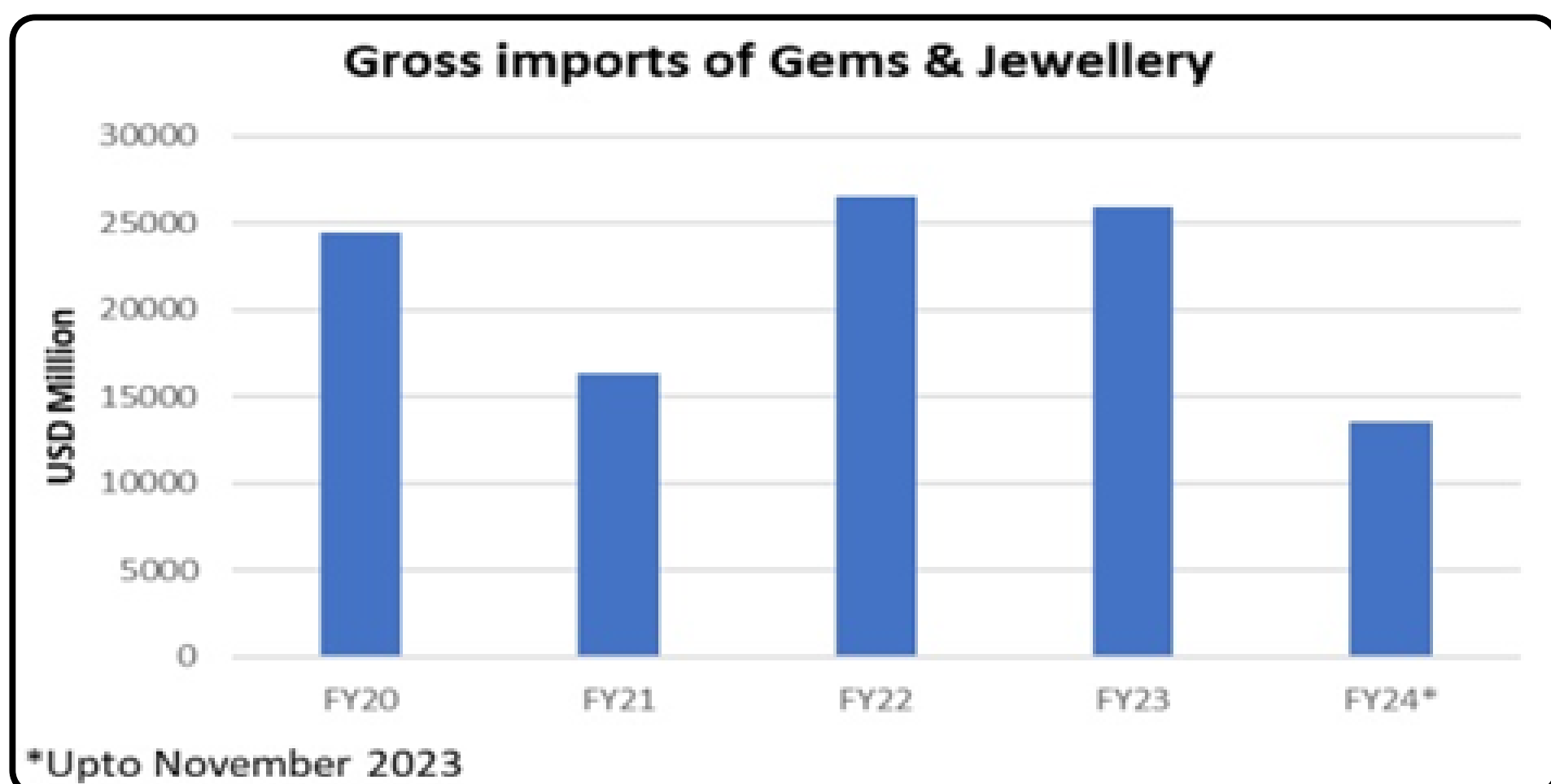


The gems and jewellery sector in India is one of the largest contributors to the global jewellery & diamond market and occupies a very significant position in the Indian economy. It contributes 7% of the country's Gross domestic product (GDP) and 15.71% of India's total merchandise exports which itself is one of the fastest growing sectors. As a result, the sector brings in a huge amount of foreign exchange and provides employment to over 4.64 million workers in both organized and unorganized sectors. The government initiatives have been pivotal in nurturing the sector's growth trajectory. Measures such as revamping gold monetization schemes, reducing import duties on precious metals, implementing mandatory hallmarking, and providing financial aid for establishing production centers and testing hubs have stimulated industry advancement. Emphasis on promoting patented designs, product diversification, cost-effective collaboration, and the promotion of lab-grown diamonds illustrates a concerted effort to drive growth and innovation. Additionally, signing the Comprehensive Economic Partnership Agreement (CEPA) with the UAE in March 2022 marked a pivotal move. This agreement grants the gems and jewellery sector duty-free access to the UAE market, propelling export prospects.

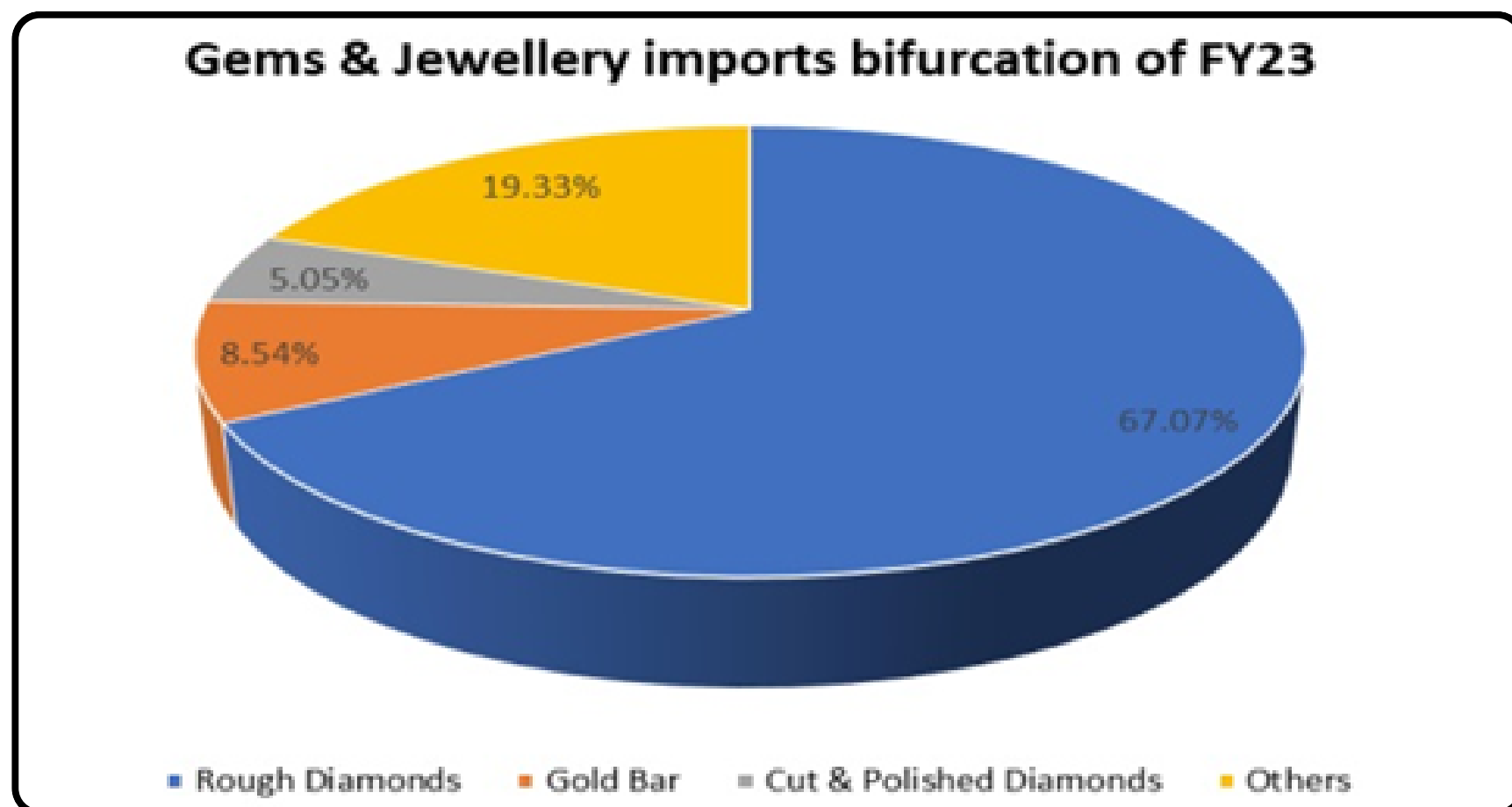
GROSS IMPORTS OF GEMS & JEWELLERY

During April-November 2023, the overall gross imports of Gems & Jewellery stood at \$13550.87 million (Rs 111999.97 crore), showing a decline of 23.83% as compared to \$17789.64 million (Rs 140995.19 crore) for the same period previous year. In the month of November 2023, the overall gross imports of Gems & Jewellery stood at \$964.97 million (Rs 8119.62 crore), showing a decline of 51.43% as compared to \$1986.8 million (Rs 16236.31 crore) for the same period previous year.

During 2022-23, the overall gross imports of Gems & Jewellery stood at \$25893.80 million (Rs 207758.44 crore), showing a decline of 2.57% as compared to \$26577.07 million (Rs 198240.72 crore) for the same period the previous year, on account of slowing demand in key markets like the U.S. and China.



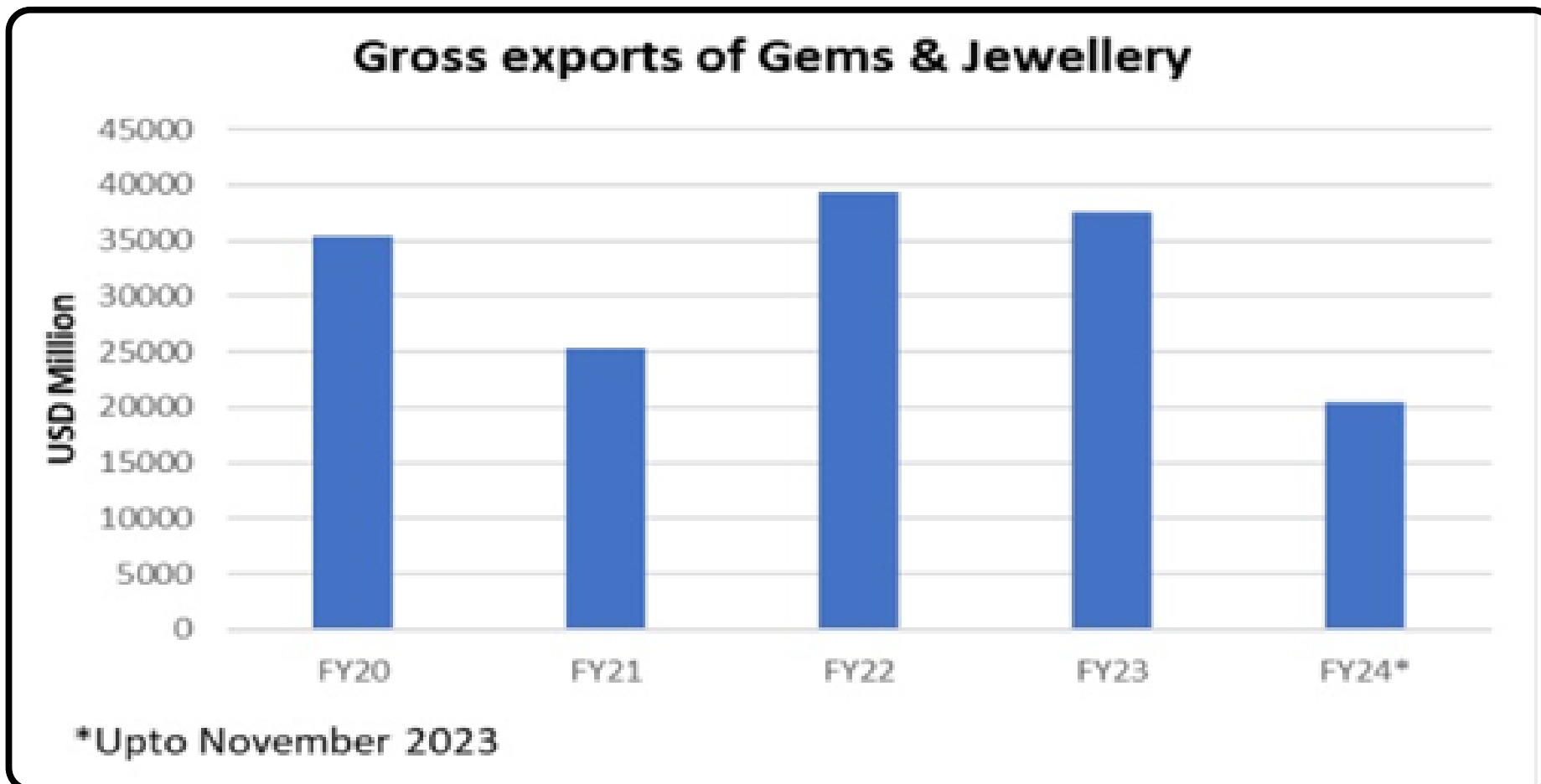
During FY23, the overall gross imports of Cut & Polished diamonds stood at \$1307.83 million (Rs 10483.16 crore), showing a decline of 12.22% as compared to \$1489.92 million (Rs 11109.26 crore) for the same period of the previous year. Gross imports of rough diamonds stood at \$17367.40 million (Rs 139371.85 crore) in FY23, showing a decline of 8.42% compared with \$18963.43 million (Rs 141460.82 crore) for previous year.



GROSS EXPORTS OF GEMS & JEWELLERY

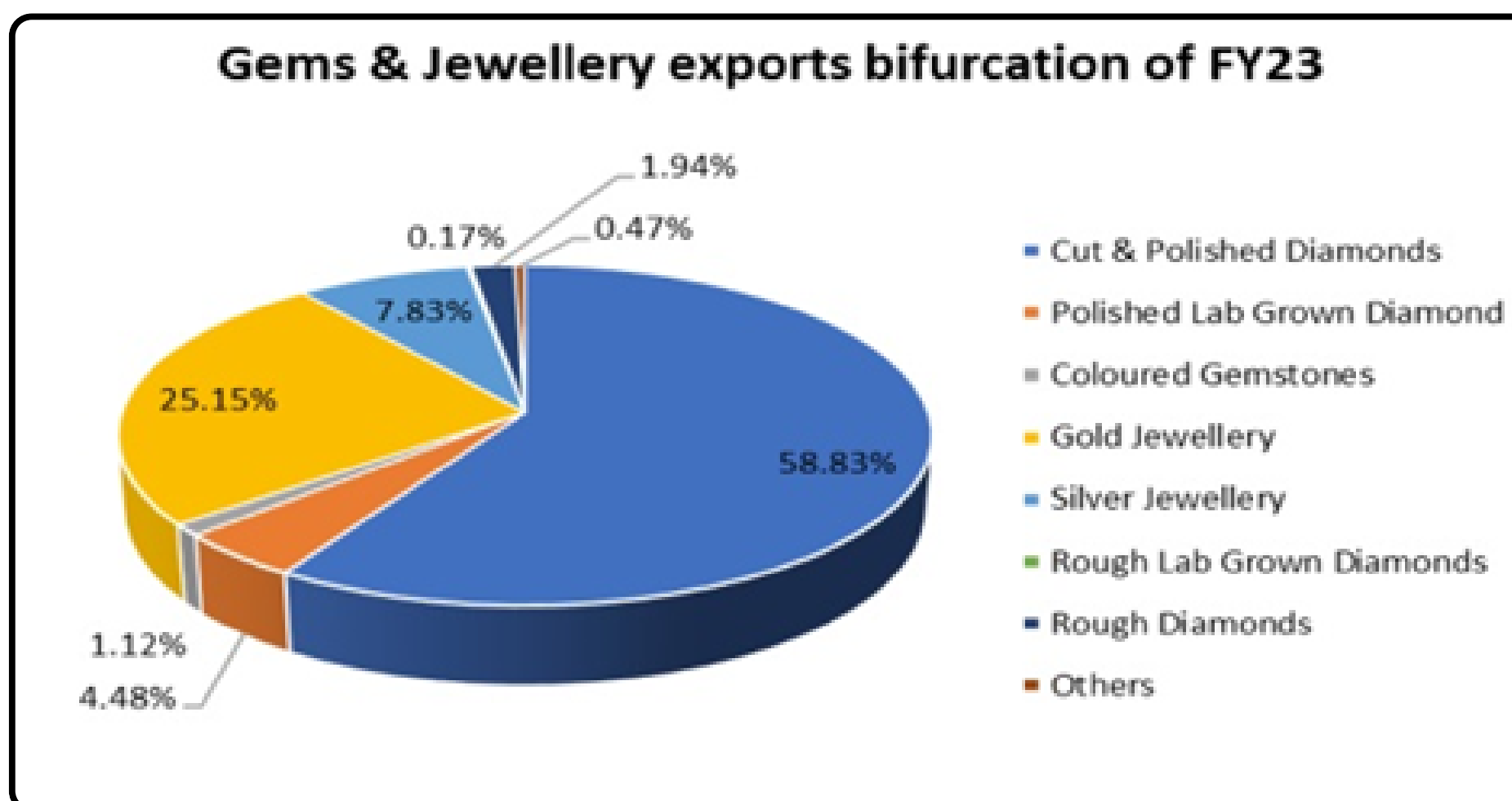
During April-November 2023, the overall gross exports of Gems & Jewellery stood at \$20512.65 million (Rs 169712.45 crore), showing a decline of 21.86% as compared to \$26251.52 million (Rs. 208101.63 crore) for the same period previous year. In the month of November 2023, the overall gross exports of Gems & Jewellery stood at \$2263.34 million (Rs 19018.180 crore), showing a decline of 7.15% as compared to \$2437.53 million (Rs 19917.73 crore) for the same period previous year.

During 2022-23, the overall gross exports of Gems & Jewellery stood at \$37468.66 million, showing a marginal decline of 4.74% as compared to \$39331.71 million for the same period the previous year, on the back of weak underlying demand conditions in key consuming nations like the US and Europe due to the inflationary pressures, leading to a shift in spending away from diamonds.



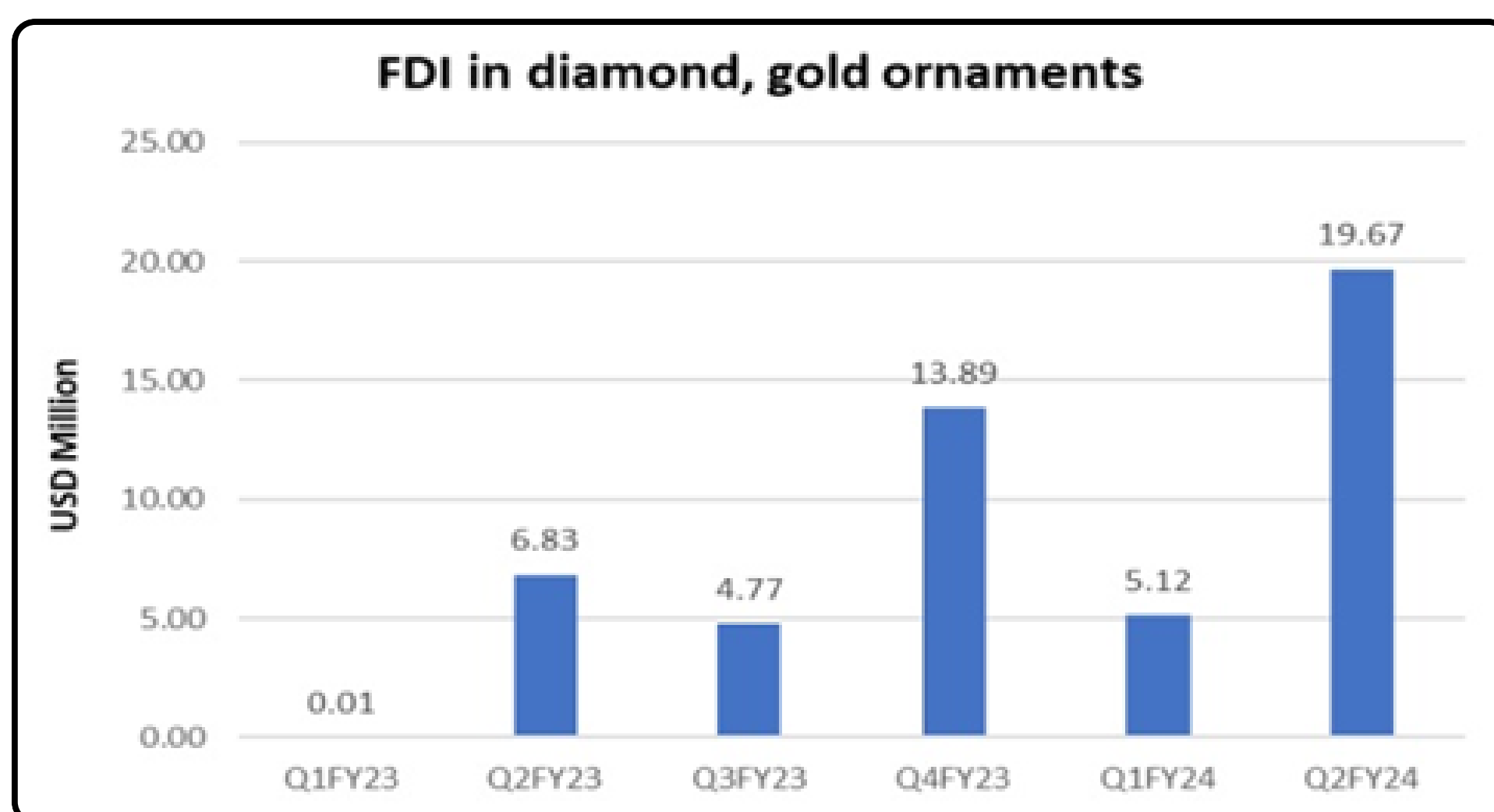
During 2022-23, the overall gross Exports of Cut & Polished diamonds stood at \$22044.58 million (Rs 176696.95 crore), showing a decline of 9.78% as compared to \$24433.75 million (Rs 182111.14 crores) for the same period of the previous year. Provisional gross export of Polished Lab Grown Diamonds in FY23 stood at \$1679.98 million (Rs 13466.42 crore), showing a growth of 27.85% over the comparative figure of \$1313.98 million (Rs 9807.56 crores) for the previous year.

In FY23, provisional gross exports of total Gold Jewellery stood at \$9423.31 million (Rs 75635.72 crore) shown a growth of 3.22% over the comparative figure of \$9129.71 million (Rs 68062.41 crore) for previous year. Provisional gross exports of Silver Jewellery for FY23 stood at \$2932.12 million (Rs 23492.71 crore), showing growth of 8.03% over the comparative figure of \$2714.14 million (Rs 20248.09 crore) for the previous year. Provisional gross exports of Coloured Gemstones for FY23 stood at \$ 419.63 million (Rs 3373.43 crore), showing growth of 34.83% over the comparative figure of \$ 311.21 million (Rs 2319.41 crore) for previous year.



FDI IN SECTOR

The government permits 100% foreign direct investment (FDI) in the gems and jewellery sector under the automatic route. The sector is the second largest foreign exchange earner in India. During July-September quarter of FY24 (Q2FY24), the country has attracted \$19.67 million FDI in diamond, gold and ornaments, up by around 188% percent as compared to \$6.83 million in July-September quarter of FY23.



GOVERNMENT INITIATES / RECENT DEVELOPMENTS

- **Govt raises import duty on gold, silver findings to 15%:**

The government has increased import duty on gold and silver findings and coins to 15 per cent by imposing a 5 per cent Agriculture Infrastructure Development Cess (AIDC). An AIDC of 4.35 per cent has also been levied on 'spent catalyst or ash containing precious metals'. AIDC has been imposed in addition to the basic customs duty of 10 per cent with an aim to bring the incidence of import duty on precious metals at par with bullion. 'Gold or silver findings' means a small component such as hook, clasp, clamp, pin, catch, or screw back, used to hold the whole or a part of a piece of jewellery. The additional duty came into effect from January 22, 2024.

- **GJEPC expands presence in Mumbai with new office at Iconic Zaveri Bazaar:**

The Gem & Jewellery Export Promotion Council (GJEPC) has inaugurated its second office at Zaveri Bazaar in Mumbai on November 1, 2023. To serve its members across India – around 9500 members, GJEPC has offices in major gem and jewellery clusters in India, namely, Surat, Jaipur, Delhi, Kolkata, Chennai, and Mumbai. Zaveri Bazaar is a prominent jewellery hub, home to over 3000 gem and jewellery manufacturing units, of which around 1300 are GJEPC members and exporters. The new office at Zaveri Bazaar will play a pivotal role in enhancing gem and jewellery exports by better serving these manufacturers.

- **GJEPC facilitates India's first jewellery exports through courier from Mumbai:**

The GJEPC has achieved a significant milestone by facilitating India's first jewellery exports through courier mode from the country's financial hub. This development is a significant leap forward in simplifying international trade and will further enhance the sector growth and open up new avenues for exports, especially in the e-commerce segment. India's first four jewellery exports worth \$1,000 in value from Caratlane to the USA were dispatched on September 6, 2023. Enabling exports through courier mode will not only open doors to new markets but also expand the value-added exports from the sector by reaching directly to retail and end consumers abroad. The utilisation of courier mode for exports has the potential to reduce costs by as much as 70 per cent compared to cargo mode, thereby facilitating the entry of numerous jewellery businesses across India into the realm of e-commerce. This new initiative aligns with GJEPC's mission to promote and simplify international trade in the gems and jewellery sector.

- **Centre notifies third phase of mandatory hallmarking from September 8, 2023:**

The third phase of the mandatory hallmarking vide Hallmarking of Gold Jewellery and Gold Artefacts (Third Amendment) Order, 2023 comes into force from September 8, 2023. The third phase of the mandatory hallmarking will cover additional 55 new districts under the mandatory hallmarking system, wherein a hallmarking centre has been setup post implementation of the second phase of the mandatory hallmarking order thereby making the total number of districts covered under mandatory hallmarking as 343. The Bureau of Indian Standards (BIS) has been successful in implementation of Mandatory Hallmarking in 256 districts of the country with effect from 23 June 2021, in the first phase and in the additional 32 districts with effect from April 4, 2022, in second phase wherein more than 4 lakh gold articles are being hallmarked with HUID every day. Since the implementation of mandatory hallmarking, number of registered jewellers have increased from 34,647 to 1, 81,590, while Assaying and Hallmarking Centers (AHCs) have increased from 945 to 1471. More than 26 crore articles of gold jewellery have been hallmarked with Hallmark Unique Identification (HUID) so far.

- **GJEPC opens India Jewellery Exposition Centre in Dubai:**

The GJEPC has launched India Jewellery Exposition Centre (IJEX), a 365-day exhibition platform, in Dubai to commemorate the first anniversary of the Comprehensive Economic Partnership Agreement (CEPA). IJEX is a year round exhibition located opposite the Gold Souk in Deira Dubai. The GJEPC, with the support of the Ministry of Commerce & Industry, has taken this drive to establish this centre as a much-needed avenue for MSME jewellers to exhibit their products on a continuous basis in the Middle East market. IJEX is a one-stop destination for the world to source Indian jewellery in Dubai. The platform will enable GJEPC members to display goods and book orders throughout the year. The 365-day exhibition will promote specific categories of 'Made in India' gems and jewellery. IJEX aims to generate business by bringing together buyers and manufacturers from various regions, including the Middle East market, North Africa, CIS countries, and beyond. The facility allots ten cubicles on a first-come, first-serve basis for three months. IJEX 2023 had eight out of ten cubicles occupied by business houses.

- **WGC and DMCC join forces on a strategic endeavor:**

In a move to address the challenges posed by the illicit trade of hand-carried gold, the World Gold Council (WGC), in collaboration with the Dubai Multi Commodities Centre (DMCC), has announced a strategic initiative. This project will seek to strengthen and standardize international regulations and procedures, addressing a crucial gap in the responsible sourcing and trade of gold. Together, the two organisations will convene a group of industry stakeholders to identify the key challenges on both legitimate and illegal aspects of hand-carried gold and will conduct comprehensive research and analysis on the scale of illicit gold trade, focusing on the role of hand-carry methods. The result will be a set of policy recommendations that will address the forms of gold that can be hand-carried, definitions of acceptable personal limits, and the establishment of standardized customs declaration and digital tracking processes.

- **GJEPC signs agreement with JAB to set up Jewellery Park in Karnataka: GJEPC**

GJEPC has inked an agreement with Jewellers Association Bengaluru (JAB) to set up a jewellery park in Karnataka to boost jewellery manufacturing and trade in the state. The project is expected to generate 1 lakh additional jobs in the sector for the people of Karnataka.

OUTLOOK

Outlook for Indian gems and jewellery sector is likely to remain optimistic in coming time, supported by the development of large retailers/brands. Established brands are guiding the organised market and are opening opportunities to grow. Increasing penetration of organised players provides variety in terms of products and designs. Increasing demand for precious metal in key markets such as the US and the UAE may help Indian gems and jewellery exporters to achieve shipments of \$40 billion in FY24. The government is also exploring new export markets and further penetrating the existing markets, which will boost gem and jewellery exports as well. Higher income & positive government initiatives will be the major drivers to take the market ahead, while economic volatility and rising online competition create major challenges in the sector.

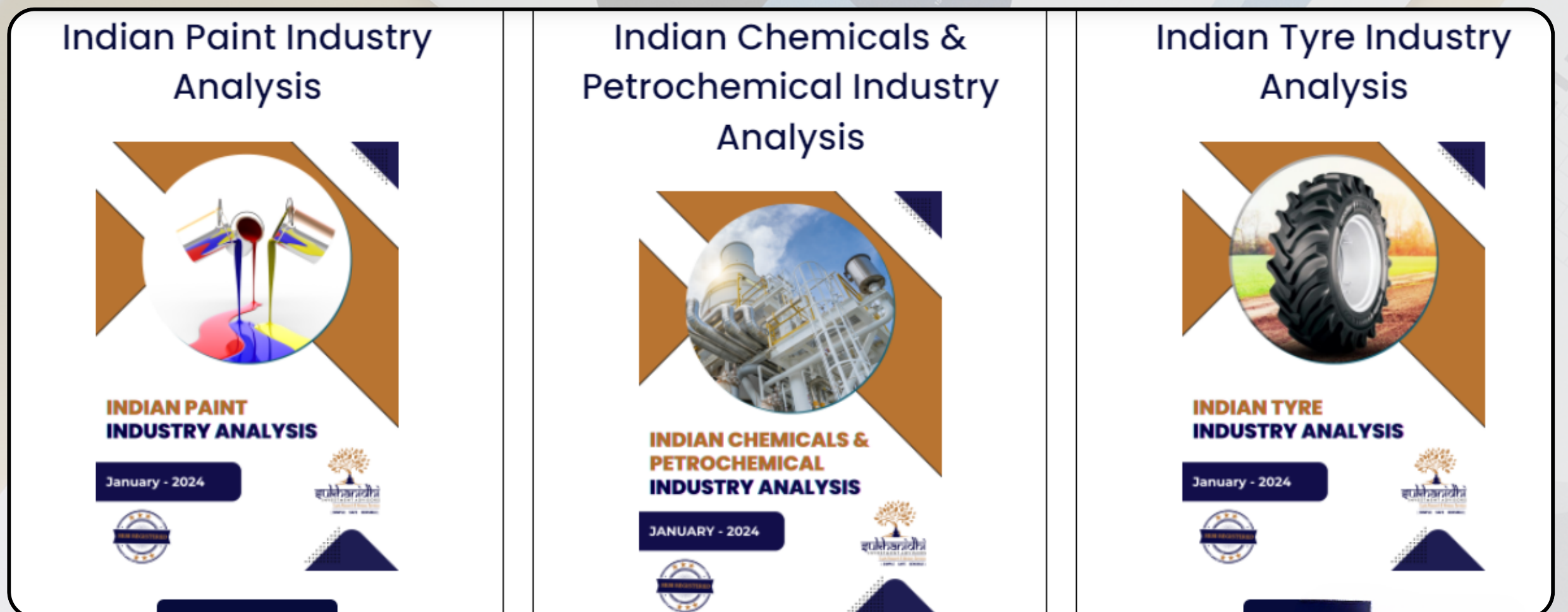
WE AT SUKHANIDHI ARE ON A MASSIVE MISSION TO HELP 1,000+ INDIVIDUAL INVESTORS TO BUILD A SUCCESSFUL RETIREMENT CORPUS. WE UNDERSTAND THAT THE WORKING HOURS AND YEARS OF AN INDIVIDUAL WILL DECREASE WITH AGE AND THAT EVERYONE REQUIRES AN INCOME STREAM TO MAINTAIN A CERTAIN LIFESTYLE AS THEY GET OLDER.

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