



INDIA'S GEMS & JEWELLERY

SET TO SHINE BRIGHTER WITH RISING INCOMES & STRONG GOVT BACKING



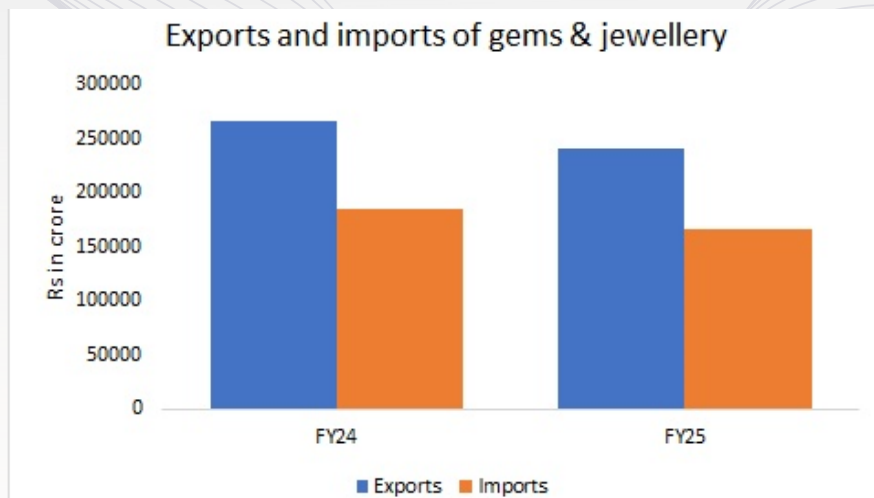
AUGUST- 2025

The Indian Gems and Jewellery industry is one of the fastest growing segments in the Indian economy. The industry contributes 7% to India's Gross Domestic Product (GDP). The industry employs more than five million skilled and semi-skilled workforce in the country. The sector contributes about 10-12% of India's total merchandise exports, accounting for the third largest commodity share. The Government of India, along with all the stakeholders of gems and jewellery sector, is well committed to aggressively promoting exports, identifying challenges and addressing them with necessary interventions, assisting exporters, especially SME units, and exploring new markets while consolidating existing ones. With strong growth prospects, the government of India has also declared the gems & jewellery sector as a focus area for export promotion.

EXPORTS & IMPORTS OF GEMS AND JEWELLERY

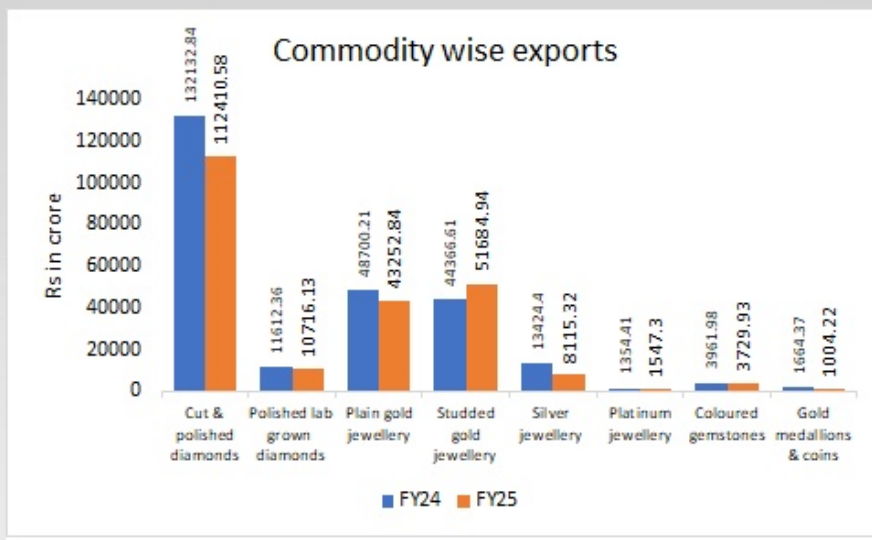
India's overall gems & jewellery exports declined by 9.82% to Rs 241089.5 crore in FY25 as compared to Rs 267350.83 crore in the previous financial year. The decline in gems & jewellery exports was mainly due to the continuous dip in demand in China as well as the US, India's key export markets, due to the ongoing geopolitical tensions. However, in March 2025, the exports improved slightly, witnessing a growth of 1.02% at Rs 22340.89 crore as compared to Rs 21228.71 crore in the same month of the previous year.

Further, overall gross imports of Gems & Jewellery also decreased 10.09% to Rs 165819.35 crore in FY25 as compared to Rs 184425.97 crore in FY24. In March 2025, imports of Gems & Jewellery stood at Rs 16783.49 crore as compared to Rs 17349.51 crore in March 2024.



COMMODITY WISE EXPORTS

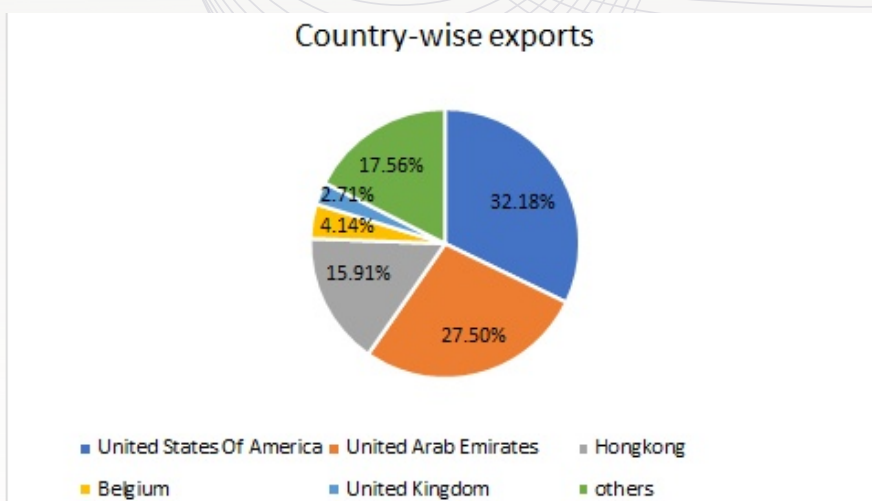
The overall gross exports of Cut & Polished diamonds stood at Rs 112410.58 crore in FY25 as compared to Rs 132132.84 crore for the same period of previous year i.e. declined by 16.75%. The overall gross exports of Cut & Polished diamonds stood at Rs 9998.78 crore in month of March 2025. Gross export of Plain Gold Jewellery stood at Rs 43252.84 crore in FY25, shown a decline of 13.1% over the comparative figure of Rs 48700.21 crore for previous year. India's status as the world's largest diamond polishing hub is the primary driver behind its high exports of cut & polished diamonds. India processes a significant portion of the world's diamonds, making it a global leader in this industry. The Department of Commerce is committed to enabling exporters by providing a conducive trade environment by bringing up trade-friendly policies to boost exports.



COUNTRY-WISE EXPORTS

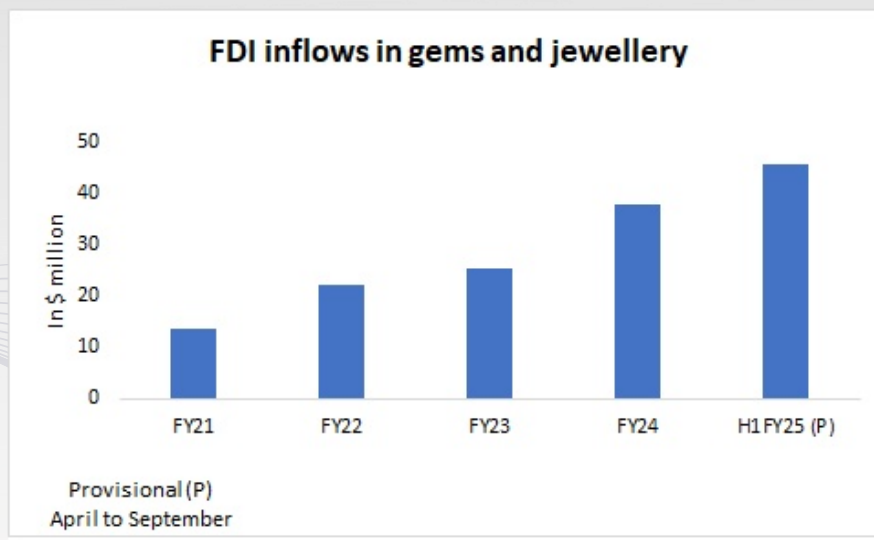
The top gems & jewellery export destination countries in FY25 were the USA (Rs 78,066.78 crore), UAE (Rs 66,711.31 crore), Hong Kong (Rs 38,585.76 crore), Belgium (Rs 10037.61 crore), UK (Rs 6567.95 crore), Israel (Rs 4639.51 crore).

The US is a top importer of India for the gems and jewelry sector due to its large and dynamic market, high consumer spending & evolving fashion trends. India's exports to the USA primarily consist of diamond jewellery, gold jewellery, coloured gemstones & fashion jewellery. India specializes in the diamond processing industry, supplying both natural & lab-grown diamonds to the US market.



GEMS AND JEWELLERY SECTOR SEES GROWTH IN FDI

India's foreign direct investment (FDI) inflows in Gems & Jewellery sector during H1FY25 (April to September period) stood at \$45.71 million. In FY24, FDI inflows were witnessed 48.9% growth to \$37.97 million as compared to \$25.50 million in FY23. The growth aligns with the government's vision of making India a global hub for jewellery manufacturing and trade. This increase in the sector's share reflects India's rising stature as a manufacturing center for world-class gems & jewellery, and India's rising global appeal as a preferred destination for foreign investment. The infusion of capital will likely lead to expansions in manufacturing capabilities, innovation in design, and stronger global branding of Indian jewellery products.



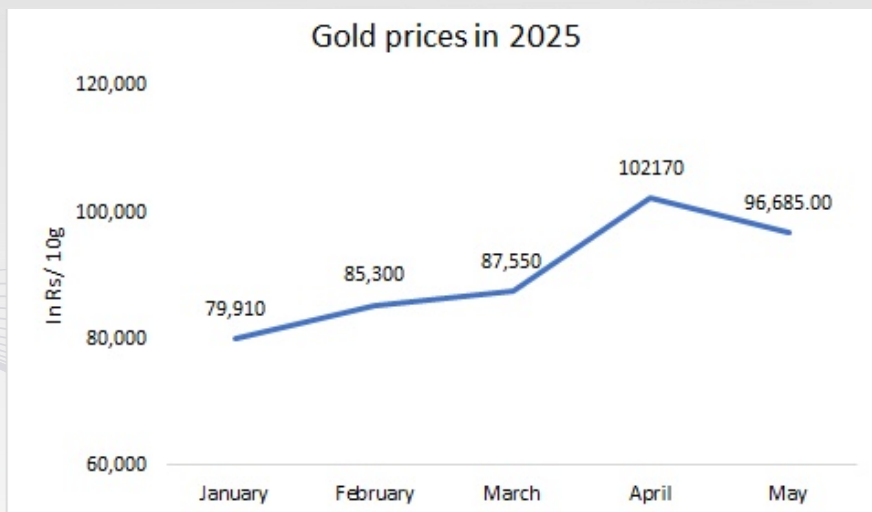
POSITIVE FACTORS FOR THE SECTOR

Growth of e-commerce: Online sales channels are growing, providing consumers with greater convenience and access to a wide range of jewellery. Online merchants are providing a more comprehensive buying experience, intending to merge the in-store purchase experience into a digital platform with high-quality pictures, great navigation, and simple product configuration options. With more merchants moving to the digital world drawn by immense opportunities available on the online marketplace, the market is getting more competitive, necessitating the presence of prominent entrepreneurs capable of capitalizing on the available advantage and propelling the jewellery sector forward. E-commerce is revolutionizing jewellery sales, with online sales expected to reach \$39 billion by 2027.

Growing international demand for Indian jewellery: Unique designs and craftsmanship are attracting more global buyers, presenting export growth opportunities. Some Indian jewellery brands have established presence in global markets via strategic marketing campaigns. Lab-grown diamonds (LGDs) have emerged as a key growth driver within the sector. The Indian LGD market is projected to reach \$1.2 billion by 2033, growing at a CAGR of nearly 15%. Exports of LGDs have grown eightfold since FY21, and India now contributes around 15% of global LGD production.

NEGATIVE FOR THE SECTOR

Rising gold prices: Gold continues to dominate the market, accounting for 86% of the overall share. The balance between the demand and supply of gold is a key determinant of its price. An increase in demand for gold, driven by factors such as economic uncertainty or geopolitical tensions, can lead to a rise in its price, reflecting its limited availability. Higher gold prices raise production costs for jewelers, affecting profit margins and potentially shifting consumer preferences towards alternative materials. Gold prices in India have shown a renewed upward momentum till April 2025. Gold prices surged to new record highs globally, as investors demand for the safe-haven asset rose amid fresh concerns over political tensions in the United States.



US tariffs to hit gems-jewellery industry: This sector is likely to be the highest impacted, as its share in Indian exports to the U.S. is high. The Trump administration's announcement of a 26% reciprocal tariff on Indian gem and jewellery exports to the US would be a significant burden on Indian exporters and American consumers alike. India, the world's largest source of polished diamonds, will face a 26% tariff on US-bound shipments of all products followed by Gold (31.5%- 33%), Silver (31%), Lab-Grown Diamonds (26%) and Gemstone (31-32%). Increased tariffs will make Indian exports noncompetitive compared to destinations like Thailand, Vietnam, and Korea, affecting market share and profit margins. The industry is hoping for a positive development between the two countries before the new tariffs come into force. Higher tariffs on gold and silver jewellery, as well as certain polished stones, can increase the cost of these products, making Indian exports less competitive in the US market. On the other hand, the duty-free status of cut and polished diamonds, rough diamonds, and pearls provides a competitive advantage.

Economic impact: Gold is among the leading purchases in India and it is on the list of major importers in the world. When gold prices rise, it can increase import costs, subsequently impacting the country's trade balance and current account deficit. India recorded a trade deficit of \$14.05 billion in February of 2025, narrowing from the \$18.7 billion deficit of the corresponding period of the previous year to mark the lowest gap since August 2021 amid a sharp decline in imports.

The prices of gold have continued to increase and inflate the economy due to its overall effect on the sector. Since gold is treated as a medium of store of value, rise in prices of gold also influences people's inflation anticipation, thus exerting pressure on the RBI in making further shifts in its monetary policies. The RBI may also opt for increasing interest rates in order to check inflation which may lead to an increase in business & consumer borrowing costs that may hurt growth on the economy.

Imitation jewellery gaining popularity: For the majority of Indians real jewellery that is gold jewellery is not affordable. Artificial jewellery or imitation jewellery is equally attractive and gorgeous as real jewellery so people easily choose imitation jewellery over gold and the huge difference in their price compared to gold. The Global Imitation Jewellery Market size is expected to be worth around \$30.7 billion by 2034, from \$15.3 billion in 2024, growing at a Compound annual growth rate (CAGR) of 7.2% during the forecast period from 2025 to 2034. The imitation jewellery market is experiencing robust growth, driven by increasing consumer interest and favorable economic factors.

RECENT DEVELOPMENTS

Union Budget 2025-26 cuts customs duty on jewellery, platinum findings: India has reduced customs duties on jewellery and parts, effective from February 02, 2025. The customs tariff for HSN Code 7113, covering articles of jewellery and parts thereof, has been reduced from 25% to 20%. HSN Code 7113 includes gold, silver and platinum jewellery, as well as other precious metals. The duty on platinum findings has also been reduced from 25% to 5%. The announcements are expected to make jewellery cheaper for consumers. For a country like India, renowned for its high jewellery consumption, this move is expected to drive increased demand in the domestic market.

Bharat Ratnam Mega CFC: In January 2024, Prime Minister Mr. Narendra Modi inaugurated the commencement of the Bharat Ratnam Mega CFC at the SEEPZ SEZ in Mumbai. Bharat Ratnam Mega CFC is a Socio-economic project promoted by the Ministry of Commerce and Industry, GJEPC India and SEEPZ SEZ authority to drive exports from the country. This project aims at creating a world-class infrastructure for promoting the inherent skills of the gems & jewellery manufacturing industry. The Mega Common Facilitation Centre provides a supportive and collaborative environment for entrepreneurs, MSMEs and small businesses to grow and thrive.

India-UK free trade agreement opens new chapter for Indian Jewellery exports: India and the United Kingdom have concluded a historic Free Trade Agreement (FTA) on May 06, 2025. This forward-looking Agreement is aligned with India's vision of Viksit Bharat 2047 and complements the growth aspirations of both the countries. It specifically highlights gems and jewellery as one of the labour-intensive sectors poised to gain from full tariff elimination and expanded market access. Beyond tariff relief, the FTA includes provisions aimed at bolstering the services ecosystem that supports jewellery exports.

OUTLOOK

Indian jewellery sector is likely to witness growth in the coming years driven by rising disposable incomes among the middle class, growing demand for certified and branded jewellery, and increased adoption of digital retail platforms. The increasing penetration of e-commerce, omnichannel retail strategies, and digital innovations such as virtual try-ons, AI-driven recommendations, and blockchain authentication will further driving market transformation. The lower customs duty on jewellery, platinum findings will boost jewellery demand in near time. However, industry may face several challenges, including volatile gold prices, high labour costs, fragmented inventory systems, and the slow adoption of advanced retail technologies. Besides, US government's reciprocal tariffs on imports will hurt India's exports to the US in coming years.



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