

Industry Report
on
Gems & Jewellery Industry
in
India

June-2025

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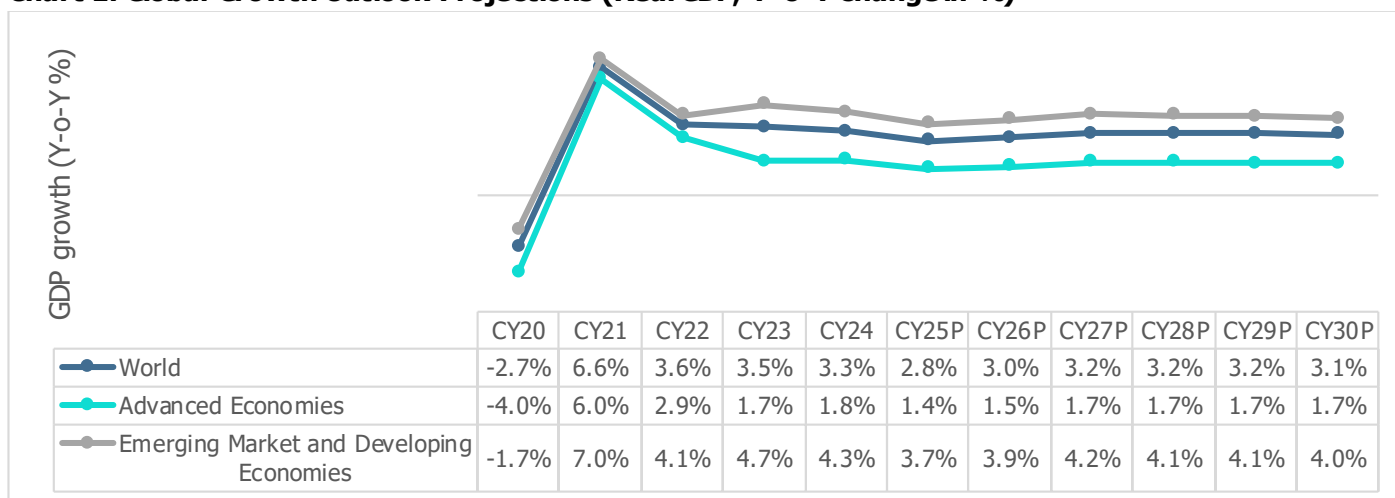
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1 Economic Outlook

1.1 Global Economy

Global growth, which reached 3.5% in CY23, is estimated to stabilize at 3.3% for CY24 and projected to decrease at 2.8% for CY25. Global trade is expected to be disrupted by new US tariffs and countermeasures from trading partners, leading to historically high tariff rates and negatively impacting economic growth projections. The global landscape is expected to change as countries rethink their priorities and policies in response to these new developments. Central banks priority will be to adjust policies, while smart fiscal planning and reforms are key to handling debt and reducing global inequalities.

Chart 1: Global Growth Outlook Projections (Real GDP, Y-o-Y change in %)



Source: IMF – World Economic Outlook, April 2025; Notes: P-Projection, E-Estimated

Table 1: GDP growth trend comparison - India v/s Other Economies (Real GDP, Y-o-Y change in %)

	Real GDP (Y-o-Y change in %)										
	CY20	CY21	CY22	CY23	CY24	CY25P	CY26P	CY27P	CY28P	CY29P	CY30P
India	-5.8	9.7	7.6	9.2	6.5	6.2	6.3	6.5	6.5	6.5	6.5
China	2.3	8.6	3.1	5.4	5.0	4.0	4.0	4.2	4.1	3.7	3.4
Indonesia	-2.1	3.7	5.3	5.0	5.0	4.7	4.7	4.9	5.0	5.1	5.1
Saudi Arabia	-3.6	5.1	7.5	-0.8	1.3	3.0	3.7	3.6	3.2	3.2	3.3
Brazil	-3.3	4.8	3.0	3.2	3.4	2.0	2.0	2.2	2.3	2.4	2.5
Euro Area	-6.0	6.3	3.5	0.4	0.9	0.8	1.2	1.3	1.3	1.2	1.1
United States	-2.2	6.1	2.5	2.9	2.8	1.8	1.7	2.0	2.1	2.1	2.1

Source: IMF- World Economic Outlook Database (April 2025)

Note: P- Projections, E-Estimate; India's fiscal year (FY) aligns with the IMF's calendar year (CY). For instance, FY24 corresponds to CY23.

Advanced Economies Group

Advanced economies, growth is now projected to decline from an estimated 1.8% in CY24 to 1.4% in CY25 and 1.5% in CY26, with the CY25 forecast revised down by 0.5 percentage points compared to the January 2025 WEO Update.

The **United States** growth is projected to ease to 1.8% in CY25, lower than the January 2025 forecast by 1 percent point. The revision reflects factors such as policy uncertainty, ongoing trade dynamics, and a slower pace of consumption demand. In CY26, growth is expected to remain moderate at 1.7%, influenced by trade measures and steady private consumption.

The **Euro Area's** growth is anticipated to ease slightly to 0.8% in CY25 due to the uncertainties in the trade tariffs and with a modest recovery in CY26 to 1.2% which is supported by consumption demand.

Emerging Market and Developing Economies Group

Emerging market and developing economies are forecasted to drop to 3.7% in CY25 and 3.9% in CY26, followed by an estimation of 4.3% for CY24. The economic forecast for emerging and developing Asia is expected to decline to 4.5% in CY25 and 4.6% in CY26. **China's** GDP growth for CY25 has been revised down to 4.0% from 4.6%, reflecting the impact of newly implemented tariffs, which offset the stronger momentum from late CY24 and planned fiscal expansion. The 2026 forecast is also lowered to 4.0% from 4.5%, due to ongoing trade policy uncertainty and the continued effect of tariffs. In contrast, **India's** growth remains stable, with anticipated rates of 6.2% in CY25 and 6.3% in CY26. This growth is mainly supported by private consumption.

The **Indonesian** economy is expected to register growth of 4.7% in CY25 and CY26, an important concern for Indonesia is the trade fragmentation. **Saudi Arabia's** growth in CY25 is predicted to have the growth rate to 3.0% on account of the extension of oil production cuts taking place in the country. Going forward, GDP is expected to grow at 3.7% in CY26. On the other hand, **Brazil's** growth is projected to be 2.0% in CY25 and CY26 due to the anticipated tightening of the labour market and ongoing restrictive monetary policy, growth is expected to slow down.

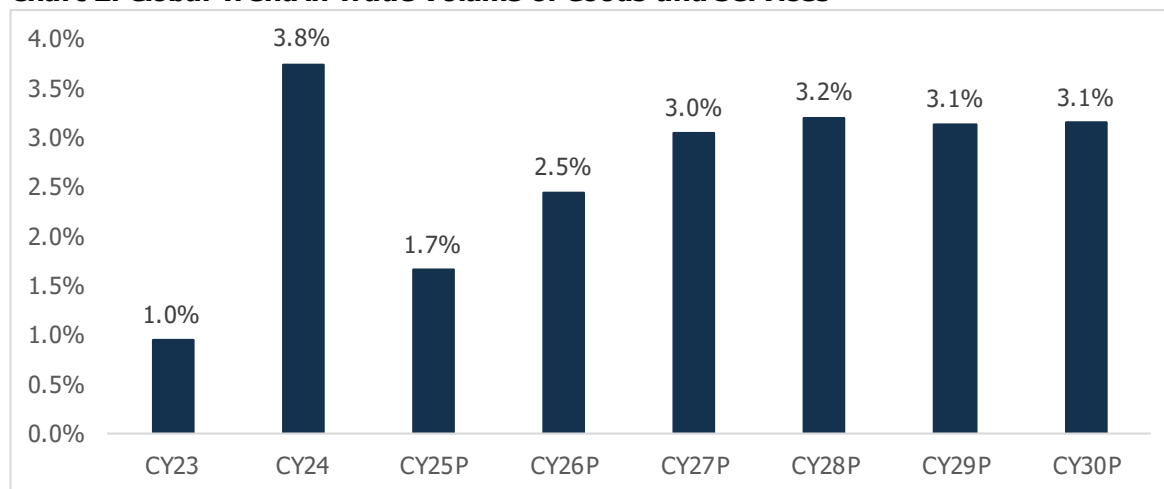
Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27-CY28. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the nominal GDP projected to be at USD 4.2 trillion for CY25 and is projected to reach USD 5.1 trillion by CY27 and USD 6.8 trillion by CY30. India's expected GDP growth rate for coming years is almost double compared to the world economy. The Indian economy shows resilience amid global inflation, supported by a stable financial sector, strong service exports, and robust investment driven by government spending and high-income consumer consumption, positioning it for better growth than other economies.

Besides, India stands out as the fastest-growing economy among the major economies. The country is expected to grow at a range of 6.2%-6.5% in the period of CY25-CY30, outshining China's growth rate. By CY27, the Indian economy is estimated to emerge as the third-largest economy globally, hopping over Japan and Germany. Currently, it is the third largest economy globally in terms of Purchasing Power Parity (PPP) with a ~7.9% share in the global economy, with China on the top followed by the United States.

1.1.1 Trend in Global Trade

In CY23, the trade volume growth rate was relatively low 1.0%, due to a mix of economic uncertainty, geopolitical tensions, inflationary pressures, and lingering supply chain disruptions, followed by a period of accelerated expected growth reaching 3.8% in CY24. Global trade growth is projected to decelerate to 1.7% in CY25, primarily due to increased tariff barriers and reduced cyclical support. Current account imbalances, which widened in CY24, are expected to gradually narrow over the medium term. The trend is expected to stabilize at around 3.0% in CY27 and for the subsequent years till CY30. This pattern suggests that trade volumes are expected to recover and grow steadily, with a more moderate pace of growth in the long run.

Chart 2: Global Trend in Trade Volume of Goods and Services



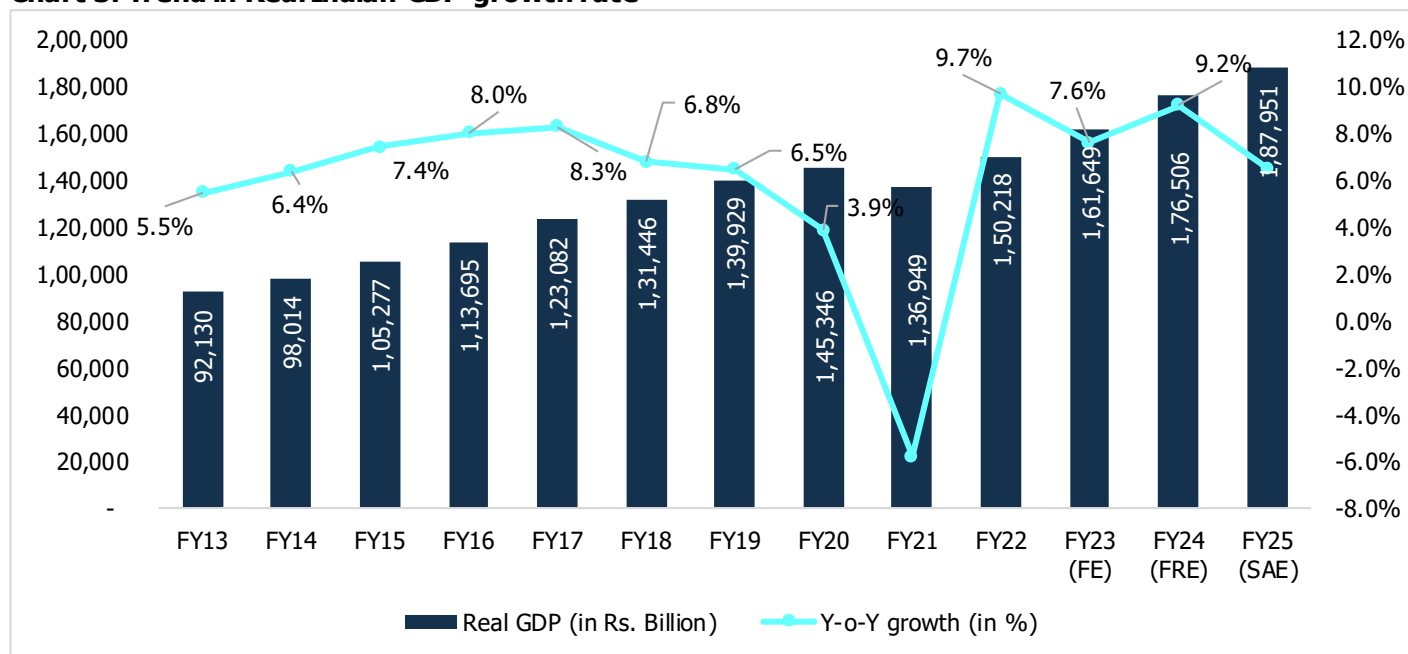
Note: P-Projections, Source: IMF- World Economic Outlook Database (October 2024)

1.2 Indian Economic Outlook

1.2.1 GDP Growth and Outlook

Resilience to External Shocks Remains Critical for Near-Term Outlook

Chart 3: Trend in Real Indian GDP growth rate



Source: MOSPI; Note: FE – Final Estimate, FRE- First Revised Estimates, SAE – Second Advance Estimates

India's real GDP grew by 9.2% in FY24 (Rs. 176,506 billion) which is the highest in the previous 12 years(excluding FY22 being 9.7% on account of end of pandemic) and is estimated to grow by 6.5% in FY25 (Rs. 187,951 billion), driven by double digit growth particularly in the Manufacturing sector, Construction sector and Financial, Real Estate & Professional Services.

GDP Growth Outlook

FY26 GDP Outlook: Real GDP growth is projected at 6.5%, driven by strong rural demand, improving employment, and robust business activity. The agriculture sector's bright prospects, healthy reservoir levels, and robust crop production support this growth. Manufacturing is reviving, and services remain resilient, despite global uncertainties. Investment activity is gaining traction, supported by healthy balance sheets and easing financial conditions. However, risks from geopolitical tensions, global market volatility, and geo-economic fragmentation persist

Persistent geopolitical tensions, volatility in international financial markets and geo-economic fragmentation do pose risk to this outlook. Based on these considerations, the RBI, in its April 2025 monetary policy, has projected real GDP growth at 6.5% y-o-y for FY26.

Table 2: RBI's GDP Growth Outlook (Y-o-Y %)

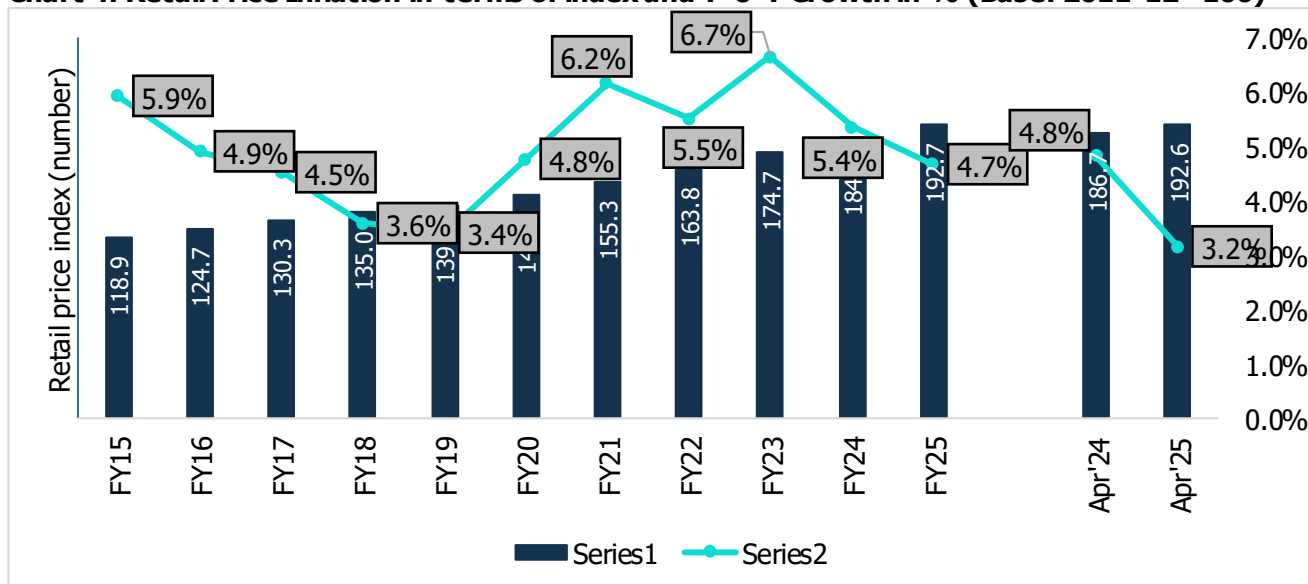
FY26P (complete year)	Q1FY26P	Q2FY26P	Q3FY26P	Q4FY26P
6.5%	6.5%	6.7%	6.6%	6.3%

Source: Reserve Bank of India; Note: P-Projected

1.2.2 Consumer Price Index

The CPI (general) and food inflation in April, 2025 over April, 2024 (3.2%, provisional) witnessed lowest Y-o-Y inflation since July 2019. The moderation was driven by decline of price inflation in Vegetables, Pulses, Fruits, Meat and fish, Personal care and effects and Cereals.

Chart 4: Retail Price Inflation in terms of index and Y-o-Y Growth in % (Base: 2011-12= 100)

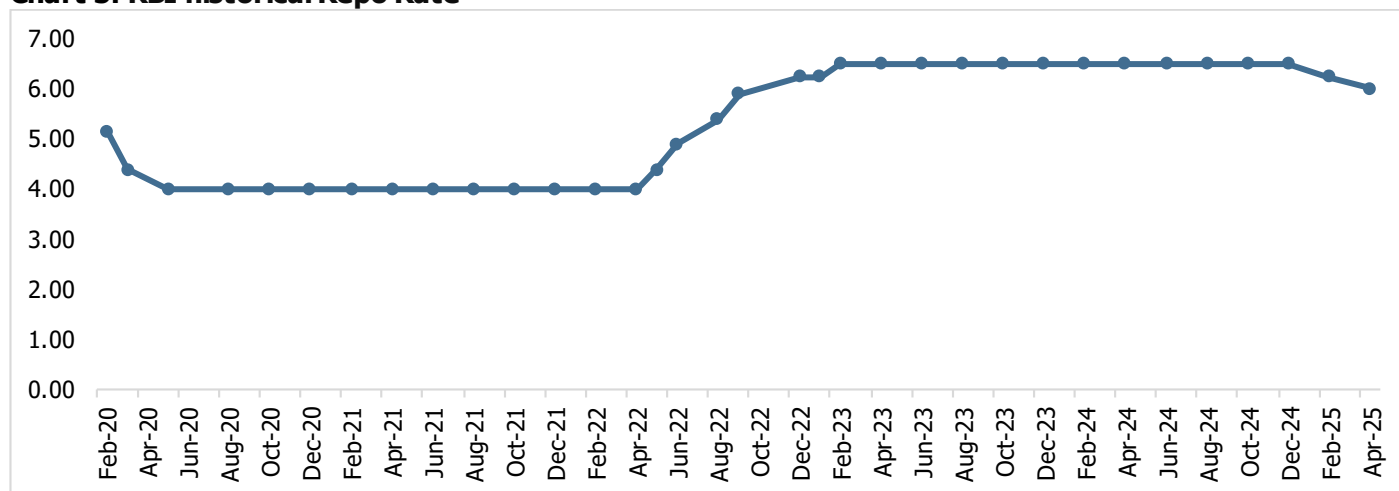


Source: MOSPI

The CPI is primarily factored in by RBI while preparing their bi-monthly monetary policy. At the bi-monthly meeting held in April 2025, RBI projected inflation at 4.0% for FY26 with inflation during Q1FY26 at 3.6%, Q2FY26 at 3.9% and Q3FY26 at 3.8% and Q4FY26 4.4%.

Considering the current inflation situation, RBI has cut the repo rate to 6.00% in the April 2025 meeting of the Monetary Policy Committee.

Chart 5: RBI historical Repo Rate



Source: RBI

Further, the central bank changed its stance to be accommodative. With a decline in food inflation, the headline inflation moderated during January-February 2025.

The economic growth outlook for India is expected to remain resilient, but it will require careful monitoring due to depreciation of the Indian rupee in recent months. Additionally, certain key sectors may face headwinds amid hiked tariffs from the US.

The RBI has adopted for a non-inflationary growth with the foundations of strong demand and supply with a good macroeconomic balance. The domestic growth and inflation curve require the policies to be supportive with the volatile trade conditions.

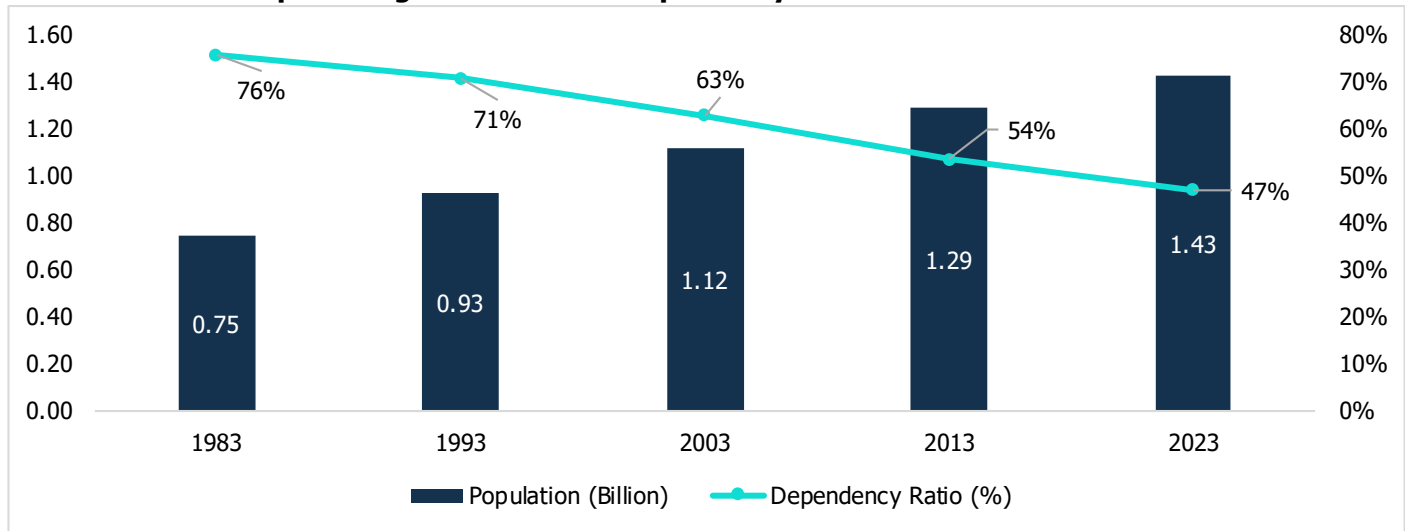
1.2.3 Overview on Key Demographic Parameters

- **Population growth and Urbanization**

The trajectory of economic growth of India and private consumption is driven by socio-economic factors such as demographics and urbanization. According to the world bank, India’s population in 2022 surpassed 1.42 billion slightly higher than China’s population 1.41 billion and became the most populous country in the world.

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are the population younger than 15 and older than 64. This ratio has been on a declining trend. It was as high as 76% in 1983, which has reduced to 47% in 2023. Declining dependency means the country has an improving share of working-age population generating income, which is a good sign for the economy.

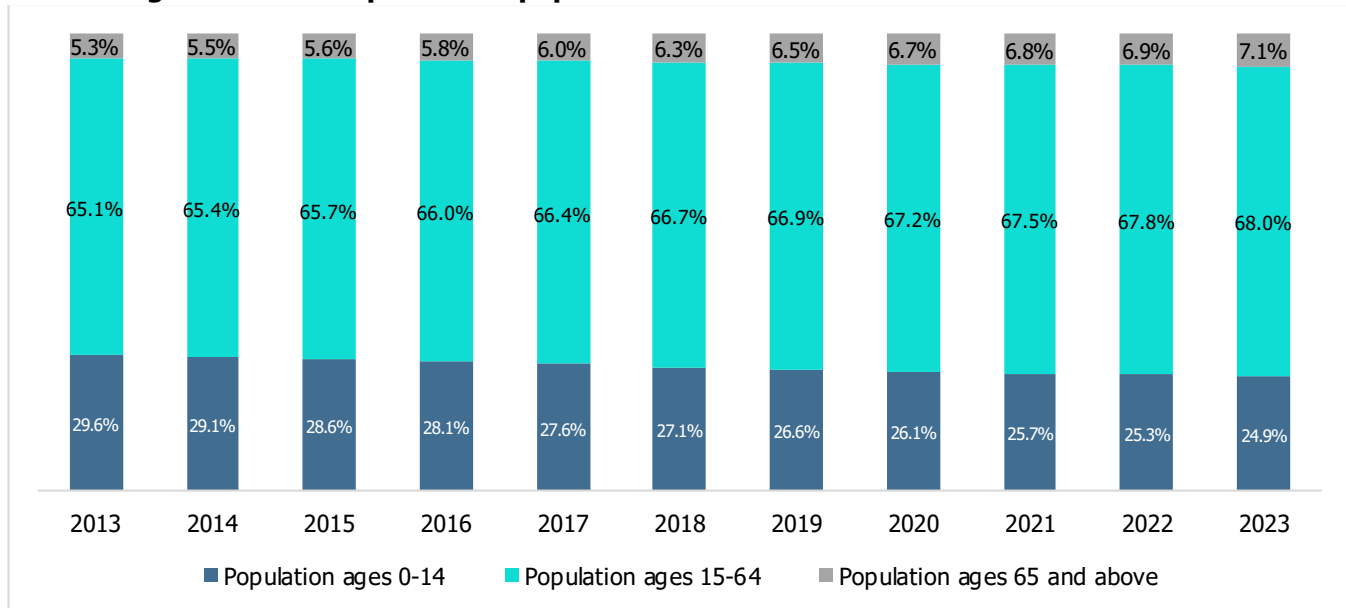
Chart 6: Trend in Population growth vis-à-vis dependency ratio in India



Source: World Bank Database

With an average age of 29, India has one of the youngest populations globally. With vast resources of young citizens entering the workforce every year, it is expected to create a 'demographic dividend'. India is home to a fifth of the world's youth demographic and this population advantage will play a critical role in economic growth.

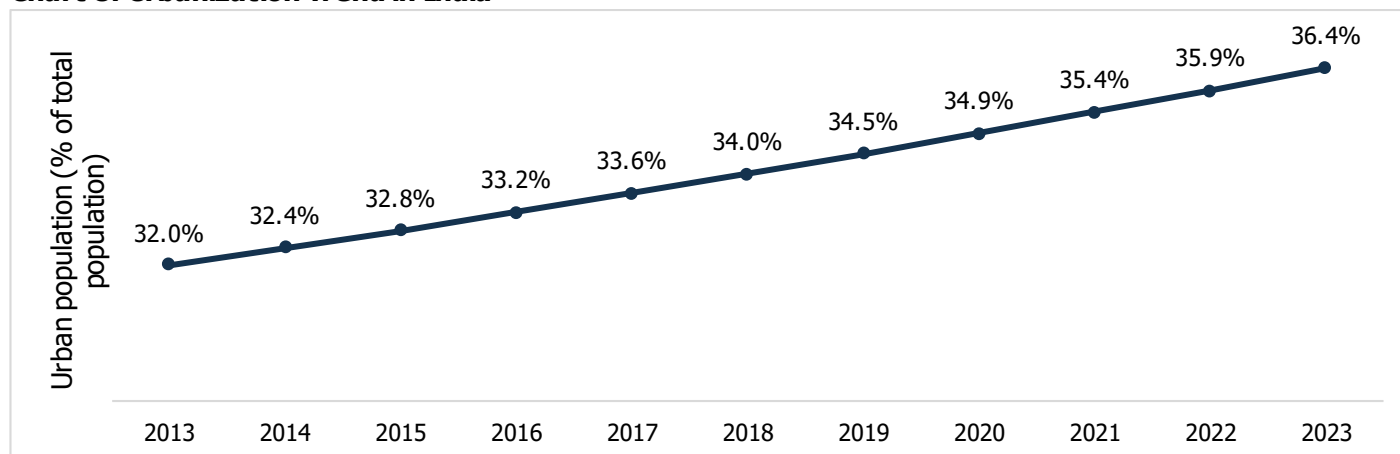
Chart 7: Age-Wise Break Up of Indian population



Source: World Bank Database

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 413 million (32% of total population) in 2013 to 519.5 million (36.4% of total population) in the year 2023.

Chart 8: Urbanization Trend in India



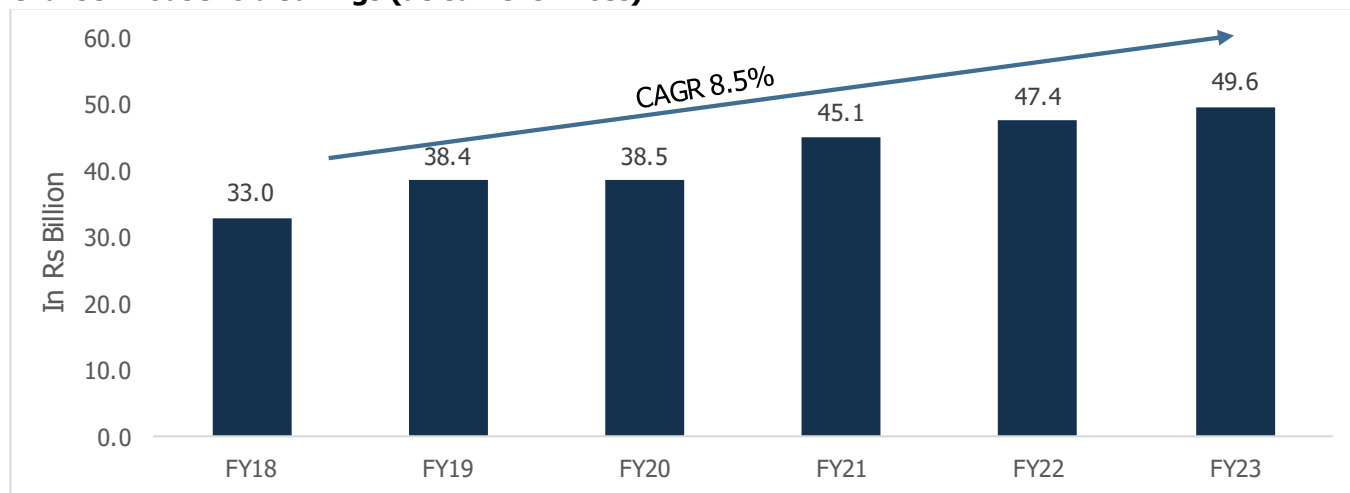
Source: World Bank Database

1.2.4 Trends in Household and Gross Savings

Household savings in India have grown steadily at a CAGR of 8.5% since FY18, with a slight dip in FY20 due to the pandemic. In FY23, total household savings reached Rs. 49.6 trillion, growing by 4.7% year-on-year. Significant contributors to this growth include savings in physical assets (real estate, etc.), which increased by 17.4%, and gold and silver ornaments, which grew by 39%. The shift towards physical assets is driven by slow appreciation in monetary assets in a high-inflation environment.

This increase in savings has been supported by higher borrowing, particularly in housing, auto, and personal loans, leading to a 73.2% rise in financial liabilities to Rs 15.6 trillion. Additionally, growth in savings in mutual funds (11.5%) and life insurance funds (13.6%) indicates a shift towards newer financial instruments, with increased participation in equity and capital markets for higher returns.

Chart 9: Household Savings (at Current Prices)

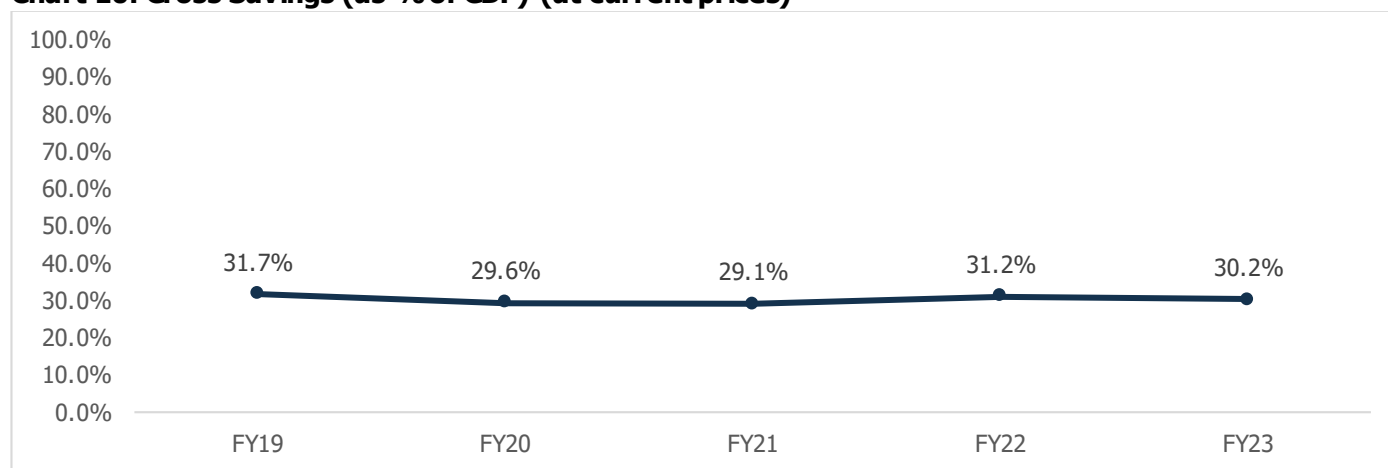


Source: MOSPI

Gross Savings as percentage of GDP, has seen a flat growth moving within a narrow range. Within the last five years, it was highest in FY19 at 31.7%. It declined to less than 30% during FY20 and FY21 on account of pandemic increasing again to 31.2% in FY22 before declining to 30.2% in FY23.

As of FY23, Savings were Rs. 81.5 trillion indicating a y-o-y growth of 10.7% while GDP was at Rs. 269.6 trillion showing a growth of 14.2%.

Chart 10: Gross Savings (as % of GDP) (at current prices)



Source: MOSPI

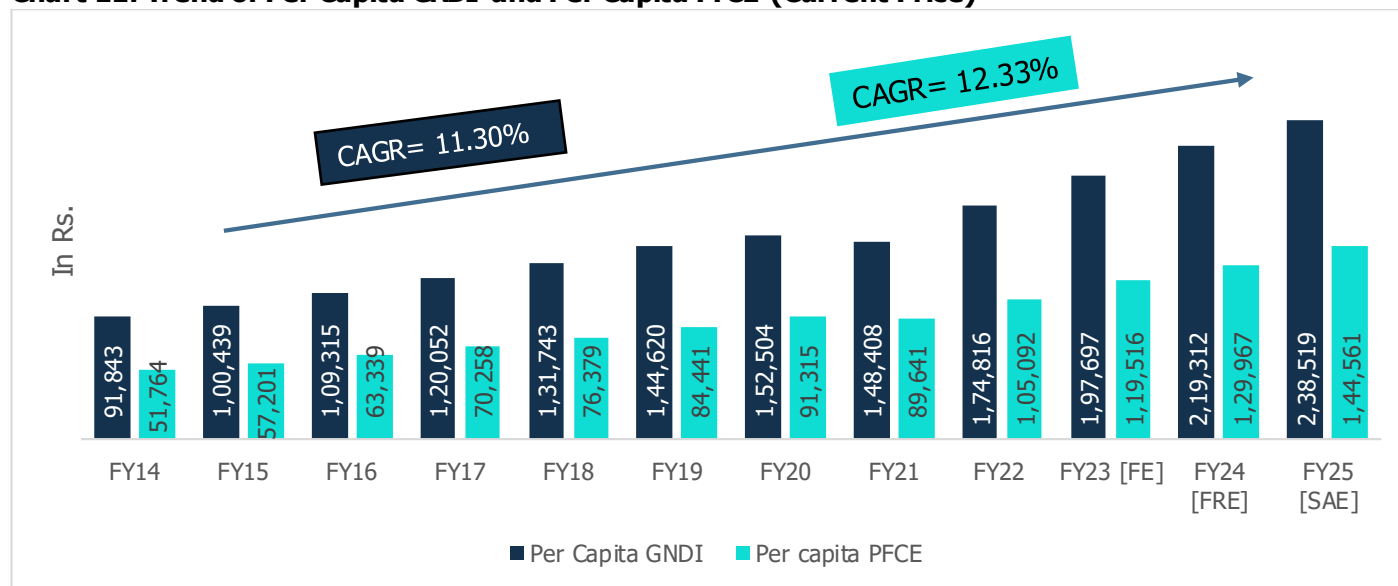
1.2.5 Per capita PFCE and GNDI

- Increasing Disposable Income and Consumer Spending**

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY14 to FY25, per capita GNDI at current prices registered a CAGR of 11.30%. More disposable income drives more consumption, thereby driving economic growth.

With increase in disposable income, there has been a gradual change in consumer spending behaviour as well. Per capita Private Final Consumption Expenditure (PFCE) which is measure of consumer spending has also showcased significant growth from FY14 to FY25 at a CAGR of 12.33%.

Chart 11: Trend of Per Capita GNDI and Per Capita PFCE (Current Price)



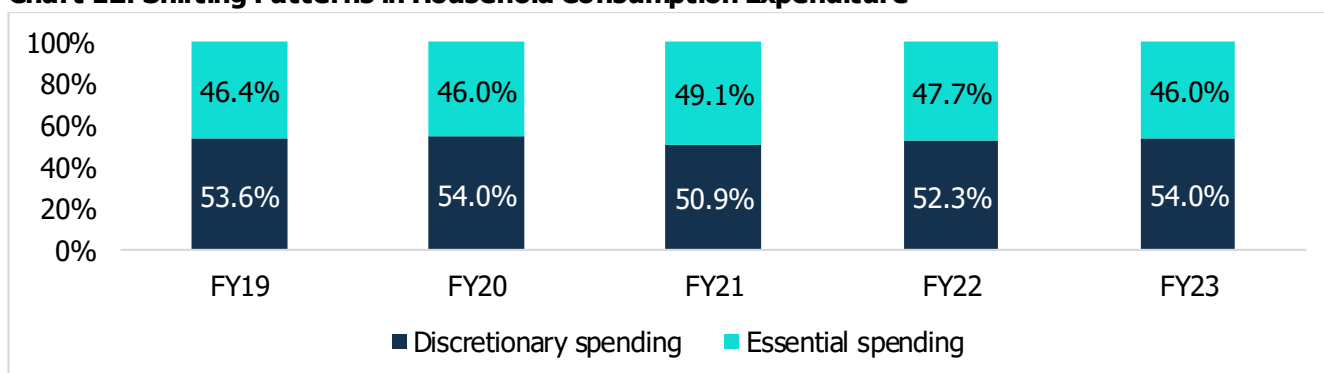
Source: MOSPI; Note: FRE – First Revised Estimates, FE – Final Estimate, SAE-Second Advance Estimate

1.2.6 Household Spending Patterns

In the past five years, Indian households have experienced a notable shift in spending patterns, transitioning from essential expenditures to a greater focus on discretionary spending. The share of expenditure on discretionary items has increased from 53.6% in FY19 to 54% in FY23, whereas share of expenditure on essential items has decreased from 46.4% in FY19 to 46% in FY23. The only exception to the trend can be observed in FY21 when essential spending share saw an uptick to 49.1% on account of pandemic.

Households are allocating a high portion of their budgets to non-food, reflecting a growing disposable income. Consequently, spending on non-food items such as clothing, entertainment, transportation, and health has risen sharply. This trend highlights an evolving consumer mindset, where families prioritize experiences and lifestyle enhancements over necessities, showcasing a shift towards a more affluent and diverse consumption culture.

Chart 12: Shifting Patterns in Household Consumption Expenditure



Source: MOSPI

Note: Essential Spending includes Food and non-alcoholic beverages, Clothing and footwear, Housing, water, electricity, gas, and other fuels

Discretionary Spending includes Alcoholic beverages, tobacco and narcotics, Clothing and footwear, Furnishing, household equipment and routine household maintenance, Health, Transport, Communication, Recreation and culture, Education, Restaurants and hotels, and Miscellaneous goods and services

1.2.7 Key growth/ demographic drivers for economic growth

- Innovation, Capital Investment, and Demographic Advantage:** India’s progress in innovation and technology along with enhanced worker productivity are crucial drivers of future growth. Additionally, the country’s favourable demographics, characterized by a large and youthful population, will further bolster its growth prospects. Increasing savings rates, driven by rising incomes and financial sector development, are likely to boost the availability of capital for investment. The Indian government’s recent efforts in facilitating investment have created a conducive environment for private-sector capital expenditure. As the private sector steps up, supported by healthy balance sheets of corporations and banks, capital investment will be a significant growth driver. Additionally, addressing the challenge of labour force participation by creating opportunities and investing in training and upskilling will be vital to harnessing demographic advantages and ensuring sustainable economic progress.
- Global Offshoring and Manufacturing Hub:** India’s position as a key player in global offshoring is gaining renewed momentum. Traditionally known for outsourcing services like software development and customer service, India is now expanding its role as a critical back office to the world. The rise of distributed work models and tighter global labour markets are reinforcing this trend. Beyond services, India is poised to become a major manufacturing hub. Corporate tax cuts, investment incentives, and significant infrastructure investments are driving capital inflows into manufacturing. This dual role of service outsourcing and manufacturing is expected to create a robust foundation for

long-term economic growth, providing India with diverse revenue streams and strengthening its global economic position. Some recent such investments include:

- **Surge in Consumer Spending:** India's consumer market is on the cusp of a substantial transformation. With expectations of increased disposable income, the country's consumption patterns are set to shift dramatically. The anticipated rise in disposable income and consumption will stimulate demand across various sectors, driving economic activity and fuelling the growth of retail and service industries. As income distribution becomes more equitable, consumer spending will play a pivotal role in bolstering economic growth.
- **Advancements in Energy Access and Transition:** Energy development is critical for India's economic advancement. While India will continue to rely on fossil fuels, the shift towards renewable energy sources—such as biogas, ethanol, hydrogen, wind, solar, and hydroelectric power—will be substantial. This transition is expected to reduce dependence on imported energy and improve living conditions, addressing pollution issues in some of the world's most affected cities. The burgeoning demand for electric solutions, including electric vehicles and green hydrogen-powered transportation, aligns with global sustainability trends and will support long-term growth.

1.2.8 Key structural reforms announced by the government of India

- **AtmaNirbhar Bharat Policy**

Initiated on May 13, 2020, by the Prime Minister, the Atmanirbhar Bharat Abhiyan (Self-Reliant India Campaign) aims to enhance India's self-reliance and economic resilience, particularly in response to the COVID-19 pandemic.

➤ The campaign is supported by a comprehensive economic package of Rs. 20 trillion, equivalent to 10% of India's GDP, designed to stimulate the economy and support various sectors during the pandemic.

➤ The strategy is built on five pillars:

- **Economy:** Boosting economic growth and strengthening the economic structure.
- **Infrastructure:** Developing modern infrastructure to support growth.
- **Systems:** Enhancing efficiency and governance.
- **Vibrant Demography:** Leveraging the demographic dividend through better employment opportunities and skills.
- **Demand:** Stimulating consumer demand and fostering a robust market.

➤ Several reforms and enablers have been introduced across seven key sectors, including:

- **Supply Chain Reforms for Agriculture:** To improve efficiency and reduce bottlenecks.
- **Rational Tax Systems:** Simplifying tax laws to enhance compliance and ease of doing business.
- **Simple & Clear Laws:** Streamlining legal processes to create a conducive business environment.
- **Capable Human Resources:** Investment in skill development.
- **Strong Financial System:** Strengthening institutions to support economic activities.

The **Make in India** initiative, launched in 2014, serves as a precursor to the Atmanirbhar Bharat vision. It focuses on positioning India as a global manufacturing and entrepreneurial hub, transforming the business environment across sectors. By addressing challenges like high logistics costs, boosting FDI in key areas like defence and infrastructure, and promoting industrial corridors and smart cities, Make in India laid the groundwork for enhancing India's domestic manufacturing capabilities. The Production Linked Incentive (PLI) scheme introduced under Atmanirbhar Bharat builds on this foundation to strengthen industrial growth and self-reliance.

This collective vision reflects India's journey towards greater economic independence and global competitiveness, focusing on reducing dependency on external factors while fostering innovation and investment.

- **Production Linked Incentive (PLI) Scheme**

Launched in March 2020, the PLI scheme aims to enhance domestic manufacturing capabilities, increase import substitution, and generate employment. It seeks to attract investments, boost production, and make Indian manufacturers globally competitive.

- The scheme includes an ambitious outlay of Rs. 1.97 trillion (over US\$26 billion) to support 14 key sectors. The 14 key sectors covered are Mobile Manufacturing and Specified Electronic Components, Critical Key Starting Materials, Drug Intermediaries, and Active Pharmaceutical Ingredients, Manufacturing of Medical Devices, Automobiles and Auto Components, Pharmaceuticals Drugs, Specialty Steel, Telecom & Networking Products, Electronic/Technology Products, White Goods (Air Conditioners and LEDs), Food Products, Textile Products (MMF segment and technical textiles), High-Efficiency Solar PV Modules, Advanced Chemistry Cell (ACC) Batteries, and Drones and Drone Components. All 14 sector-specific PLI schemes have been approved and notified by the relevant Ministries or Departments and are at various stages of implementation.
- The PLI schemes are designed to attract significant investments in cutting-edge technology, improve efficiency, and achieve economies of scale in the manufacturing sector. They are expected to significantly boost production, employment, and economic growth over the next five years.

- **Goods and Services Tax**

The Goods and Services Tax (GST) was introduced in India on July 1, 2017, to simplify India's tax system by replacing a complex system of Central and State taxes with a unified tax regime. It categorizes goods and services into different tax slabs (5%, 12%, 18%, and 28%) and exempts certain essentials. Special provisions like lower rates for gold and job work for diamonds, as well as a compensation cess on luxury and demerit goods, were also included.

- The manufacturing sector has seen significant advantages from GST's unified tax regime. By eliminating cascading taxes and introducing the Input Tax Credit (ITC) mechanism, production costs have been reduced. This shift has enhanced efficiency and competitiveness for manufacturers.
- The GST system has had varied effects on the services sector. While higher tax rates on services such as telecommunications and banking have increased consumer spending, lower rates have boosted demand in sectors like hospitality and airlines. The simplified tax structure has improved operational efficiency in the hospitality industry.
- GST has positively impacted Indian exports by removing the cascading effect of multiple taxes, reducing production costs, and enhancing competitiveness in the global market. The ability to claim input tax refunds has improved exporters' working capital management and cash flow, making compliance easier and more cost-effective.

1.2.9 Growth of the middle class in India and the rural economy in India

India's rural economy is becoming a significant driver of the Fast-Moving Consumer Goods (FMCG) sector's resurgence, signaling a promising turnaround in aggregate demand after a slow start to the 2024-25 financial year. The Reserve Bank of India (RBI) highlights that rising incomes and improved infrastructure are fueling increased rural consumption of FMCG products. This boost is supported by a rise in rural savings, marked by growing numbers of savings bank accounts and balances, and a reduction in inflationary pressures, which has allowed rural consumption to catch up with urban areas. Additionally, favorable monsoon conditions and improved sowing data are expected to sustain this growth, complemented by increased government spending on rural development and infrastructure.

The expansion of middle-income households in rural India is transforming the country's economic landscape. This growth is driven by rising incomes, increased discretionary spending, a shift towards online and omnichannel shopping, and advancements in payment and logistics infrastructure. There is also a notable dietary shift in rural areas from carb-based foods to more protein-rich diets. India's middle class, characterized by significant income variability, exhibits diverse spending patterns. Lower-middle-class households allocate much of their income to private healthcare, education, and essential consumer goods, such as motorbikes and basic appliances. In contrast, the upper-middle-class invests in luxury items, entertainment, property, and personal services, with a higher propensity to own assets like cars, computers, and air conditioners. Both segments of the middle class are substantial and emerging as key drivers of consumption and economic growth in India. Recent policies, including the Mahatma Gandhi National Rural Employment Guarantee Act, have increased rural incomes, enabling more rural households to enter the middle class. The growing, more inclusive, and politically engaged middle class reflects broader economic growth, although there is a risk of social strain if growth falters and quality job creation does not keep pace.

The forecasted above-normal southwest monsoon by the India Meteorological Department (IMD) is expected to boost kharif production and replenish reservoir levels, further enhancing rural consumption. Improvements in agriculture and rural spending are emerging as bright spots in demand conditions. The government's Budget measures, which focus on agriculture, infrastructure, and rural development, aim to increase incomes and revitalize the rural sector. These measures include transforming agricultural research, introducing new crop varieties, promoting natural farming, and enhancing digital infrastructure for agriculture. Successful implementation of these programs, coupled with proper fund allocation, is crucial for improving farm incomes and strengthening supply chains. A shift towards diversified, high-value agricultural production, along with marketing and trade reforms, is needed to foster more inclusive, environmentally friendly, and climate-resilient agriculture.

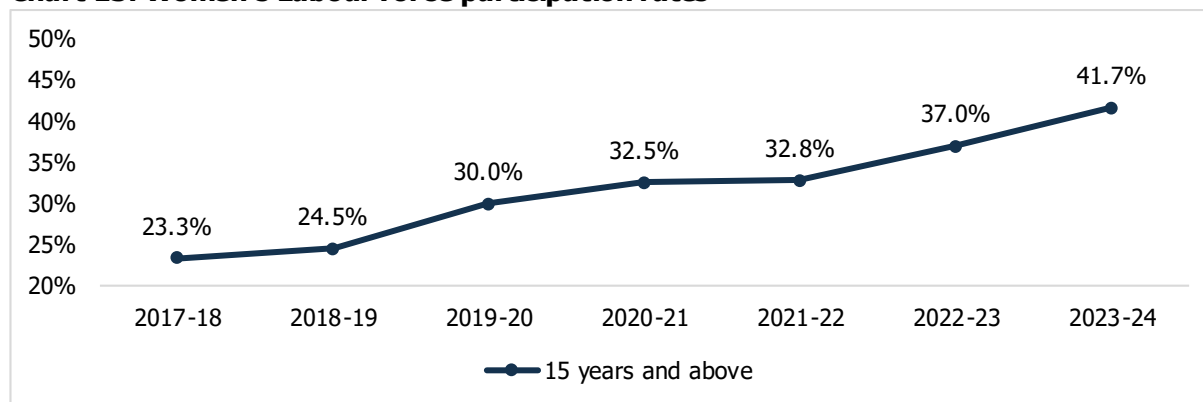
Despite higher absolute incomes among the wealthy, the sheer size of India's middle class indicates it will become a major force in the economy, creating one of the world's largest markets. This burgeoning middle class, with its growing discretionary spending power, is poised to drive investment, generate employment, and spur further economic growth. Assuming effective reforms are implemented, and the middle class expands to over one billion people, its role will be pivotal in India's economic and social fabric, influencing a wide range of activities from consumption to employment and political change.

1.2.10 Increasing Women's participation in the Workforce

The labour force participation rate (LFPR) is the proportion of individuals who are actively engaged in the labour force relative to the total population. The female LFPR has been on a steady upward trajectory since 2017-18 with significant structural shifts. Older women with lower education levels are leaving the workforce, while younger women with higher educational attainment are entering it, leading to a rise in the number of women in salaried positions and a decline in informal wage work. The proportion of women working in agriculture is decreasing, with more women moving into the services sector. This overall increase in female participation is largely driven by rural women joining the workforce, supported by government initiatives aimed at women's empowerment through education, skill development, entrepreneurship, and workplace safety. These policies have particularly benefited women from upper expenditure classes, who have seen a more significant rise in labour force participation, largely due to an increase in self-employment.

Between 2017-18 and 2019-20, the growth in women's participation was marked by an increase in helpers in household enterprises, but from 2019-20 to 2022-23, the rise was mainly due to more women becoming own-account workers. This shift is partly attributed to the return of male migrants during the pandemic, which led women to take up their farms or other non-farm activities to support household income. This trend of increasing self-employment among women spans various sectors, including agriculture, manufacturing, and services, reflecting a broader shift in the labour market dynamics for women. For 2022-23, the female LFPR was 37%, underscoring the increasing participation of women in the workforce. The increase in female LFPR from 37% in 2022-23 to 41.7% in 2023-24 can also be attributed to the increase in self-employment among women.

Chart 13: Women's Labour Force participation rates



Note: 2023-24 refers to the period July 2023-June 2024 and likewise for previous years; LFPR is for the usual status
Source: PLFS

1.2.11 Trends in Per capita State Domestic Product (SDP)

State Domestic Product is the total value of goods and services produced, during any financial year, within the geographical boundaries of a state. The top 10 best-performing states on per capita SDP include Delhi, Gujarat, Karnataka, and Tamil Nadu.

As of FY24, major states having a per capita SDP below national average include Andhra Pradesh, Rajasthan, Madhya Pradesh, and Uttar Pradesh, growing y-o-y by 7.20%, 6.94%, 4.83%, and 6.42% respectively. Bihar is the poorest performing state with a per capita SDP of Rs. 32,174. It has consistently performed the poorest since FY18, growing merely at a CAGR of 3.14% from FY18 to FY24.

Table 3: Per Capita State Domestic Product (SDP) for Key States (at constant prices, in Rs.)

State \ UT	FY18	FY19	FY20	FY21	FY22	FY23	FY24
Andhra Pradesh	1,03,177	1,08,853	1,10,587	1,10,971	1,21,762	1,26,690	1,35,806
Bihar	26,719	29,092	29,798	26,839	27,674	29,909	32,174
Gujarat	1,43,604	1,54,887	1,64,060	1,56,285	1,70,519	1,81,963	1,81,963
Karnataka	1,40,747	1,49,024	1,56,478	1,49,673	1,63,732	1,75,895	1,86,038
Madhya Pradesh	54,824	59,005	60,452	56,086	60,166	63,379	6,6441
Maharashtra	1,37,808	1,40,782	1,45,626	1,27,550	1,40,718	1,53,664	163,820
Rajasthan	73,529	73,975	76,840	73,447	79,507	84,935	90,831
Tamil Nadu	1,33,029	1,41,844	1,44,845	1,43,482	1,54,269	1,66,590	1,79,732
Uttar Pradesh	41,771	42,333	43,061	39,866	44,178	47,808	50,875
Delhi	2,52,960	2,57,597	2,60,559	2,28,162	2,44,024	2,58,941	2,73,687

Source: MOSPI

1.3 Concluding Remarks

Global economic growth faces headwinds from geopolitical tensions, volatile commodity prices, high interest rates, inflation, financial market volatility, climate change, and rising public debt. However, India's economy remains relatively strong, with an IMF forecast of 6.5% GDP growth in CY24 (FY25 according to the fiscal year), compared to the global projection of 3.3%. Key drivers include strong domestic demand, government capital expenditure and moderating inflation.

Public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about Rs. 11.21 trillion for FY26. The private sector's intent to invest is also showing improvement as per the data announced on new project investments and resilience shown by the import of capital goods. Additionally, improvement in rural demand owing to healthy sowing, improving reservoir levels, and progress in south-west monsoon along with government's thrust on capex and other policy support will aid the investment cycle in gaining further traction.

The impact of U.S. tariffs on India's export trade is anticipated to be minimal. The engineering goods sector will have a potential U.S. tariff impact, whereas steel industry is affected by the 25% tariffs although the impact is expected to be minimal given the volume of goods exported is less.

On February 13, Prime Minister Narendra Modi and President Donald Trump discussed enhancing the U.S. -India trade relationship, with a target to increase bilateral trade from USD 200 billion to USD 500 billion by 2030. Negotiations for a multi-sector bilateral trade agreement (BTA) are expected to commence later this year, focusing on trade fairness, national security, and job creation.

Thus, while U.S. tariffs may have a limited impact on India's exports, ongoing trade negotiations and India's competitive manufacturing advantage position it well for continued growth in global trade

2 Global Gems & Jewellery Industry

2.1 Overview of the Global Gems and Jewellery Industry

The global jewellery market is shaped by diverse economic trends, cultural practices, and shifting consumer preferences. The interest in gold chains and necklaces extends beyond weddings and unique events. People increasingly wear platinum and gold rings, delicate gold chains, bracelets, and anklets as everyday fashion accessories. These items are also commonly given as gifts for occasions like birthdays and anniversaries. This shifting consumption pattern is likely to drive market growth. Modern designs and emerging fashion trends are drawing in customers, and manufacturers are capitalising on these frequent changes by creating unique products to attract buyers. Coloured gemstones such as emeralds, sapphires, and opals are gaining prominence, adding vibrant touches and uniqueness to jewellery collections. While classic earring and necklace sets remain popular, artificial jewellery is exploring new avenues, with items like hair clips, headbands, anklets, and waist chains gaining popularity as ways to showcase personal style.

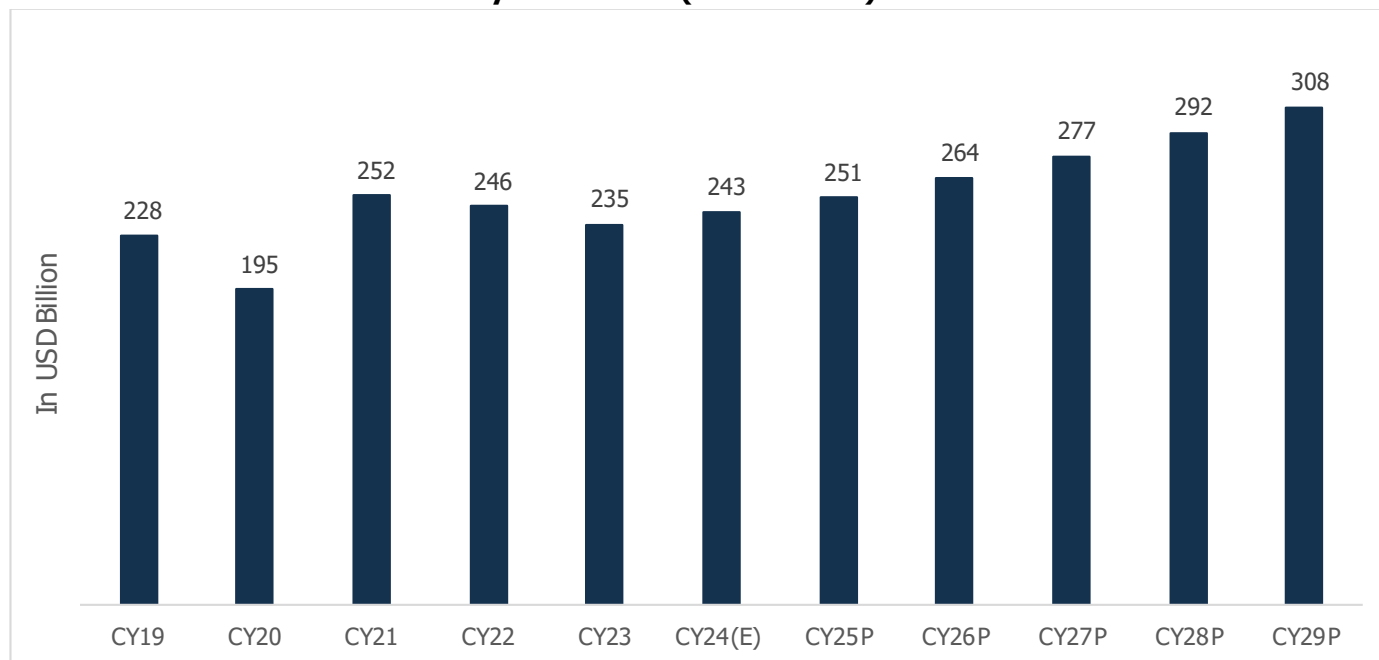
The global appetite for jewellery is anticipated to grow as more individuals seek luxury items. Jewellery offers various benefits, including enhancing certain body features, reflecting fashion trends and styles, and improving one's appearance or that of others. Its appeal as a status symbol among higher-income groups has accelerated its consumption. The rising demand for contemporary designs and the influx of new designers are further driving market expansion.

The global gold jewellery market is likely to grow due to increasing consumer disposable income and the appeal of gold as a long-term investment. Gold is considered a haven, and most investors turn to gold during market turmoil for safe investment. Between CY20 to CY24, the global gems and jewellery market rebounded, achieving a Compound Annual Growth Rate (**CAGR**) of 6%. The diamond-studded gold jewellery segment has also gained traction, particularly in developed markets like North America and China, where it holds a higher share due to consumer preference for branded and certified jewellery.

In CY24, around 3,700 tons of gold is mined globally, around 1400 tons of gold is recycled, and around 5,000 tons of gold is consumed for various purposes like jewellery fabrication, technology, investments, etc. Around 58% of the total gold demand comes from China and India. China is the largest country producing gold in the world, accounting for around 10% of total CY23 gold production. Africa, which includes various other countries, produces around 28%, whereas Asia produces 18% of the total newly mined gold. Central and South America produce around 15%, North America produces around 13%, and Australia and Russia produce around 8% of the total newly mined gold.

2.1.2 Market Size and Trend of the Global Gems and Jewellery Industry

Chart 14: Global Gems and Jewellery Market Size (CY19-CY29P)



Source: IMARC Group, CareEdge Research

In CY24, the global gems and jewellery industry was valued at around USD 243 billion, and there was a stagnant CAGR of 1.3% during CY19 to CY24. This is due to economic uncertainties, pandemic-related disruptions, and shifting consumer preferences toward essential spending. There has been a slight slowdown in CY23 compared to CY22 due to the economic slowdown caused by geopolitical tensions and regional conflicts. However, the gems and jewellery market is expected to reach USD 308 billion by CY29, driven by economic recovery, rising disposable incomes in emerging economies, and increased demand for innovative and ethically sourced jewellery options.

The global gems and jewellery market is expected to experience steady growth in the coming years, fuelled by emerging economies and rising disposable incomes. Although gold and diamond jewellery will continue to dominate the market, alternative materials are likely to see increased demand due to concerns over ethics and affordability. Additionally, the growth of e-commerce platforms and innovations in jewellery design technology are anticipated to drive significant expansion.

2.2 Overview of the Global Gold Demand and Industry Trends

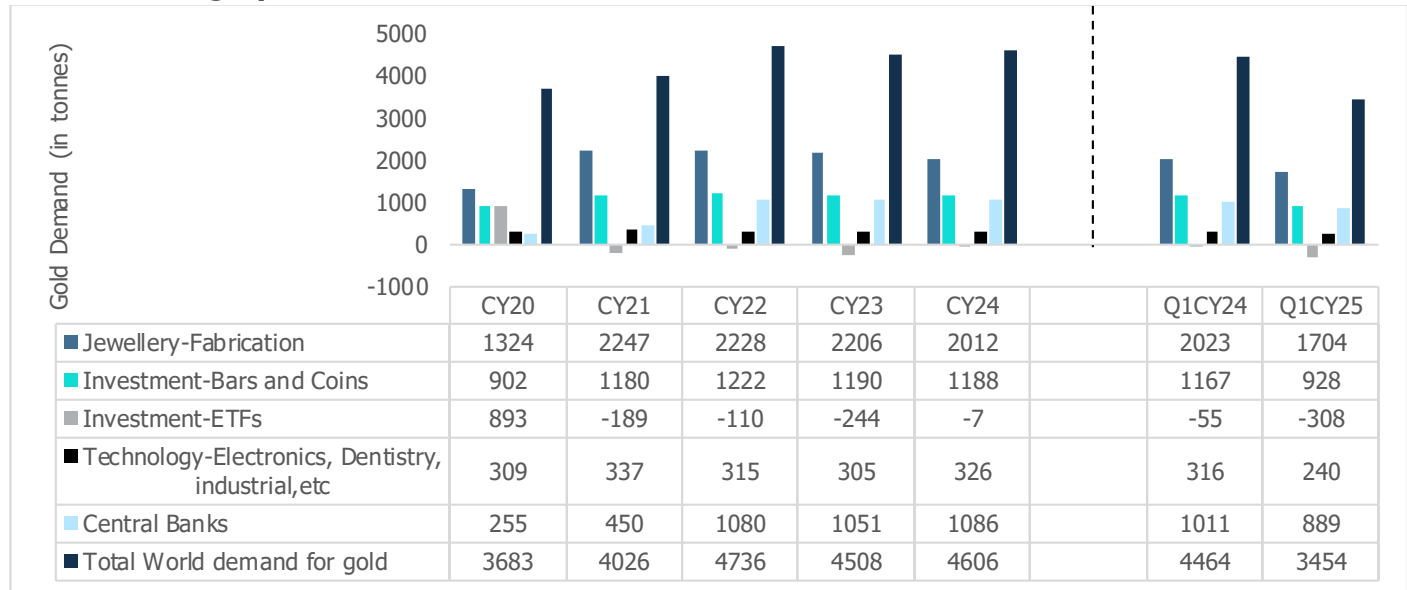
Beyond its monetary value, gold carries deep emotional and cultural significance in many societies, making it a sought-after asset for various purposes. People across the world purchase gold for varied reasons, which are often shaped by local traditions, economic conditions, and broader global trends. Gold demand is influenced by a range of factors, including the state of the global economy, geopolitical developments, shifts in investor sentiment, and evolving industrial and technological uses.

Gold's versatility contributes to its demand in several key sectors: it is highly prized in jewellery, used in advanced technology, and accumulated by central banks as part of their reserve strategies. Additionally, gold is a popular choice among individual and institutional investors looking for safe-haven assets. The relative importance of these sectors can shift depending on the phase of the global economic cycle, with certain areas of the market, such as investment demand during periods of financial instability or jewellery demand during cultural celebrations, taking centre stage at various times.

This diversity of demand across multiple industries and the self-adjusting nature of the gold market help stabilise its value, making gold a resilient and attractive asset. Whether for wealth preservation, industrial use, or cultural purposes, gold’s broad range of applications ensures that it maintains its significance, offering both a hedge against economic uncertainty and a tangible store of value.

2.2.1 Category-wise Gold Demand

Chart 15: Category-wise Gold Demand



Source: WGC, CareEdge Research

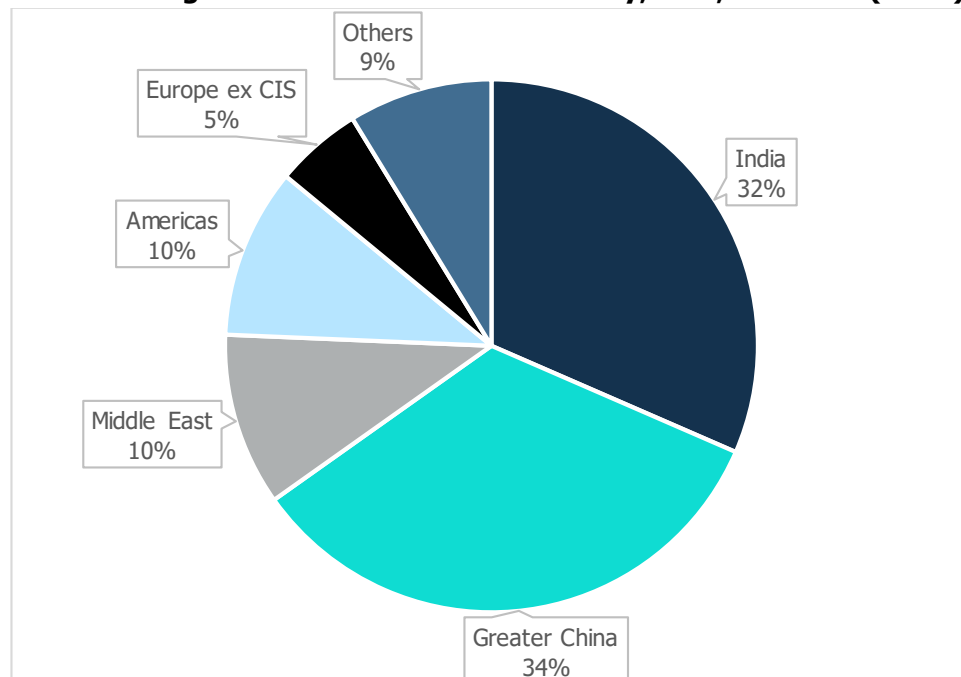
Note: Jewellery Fabrication includes jewellery consumption and jewellery inventory

In CY24, the total demand for gold by global consumers was 4,606 tonnes, compared to 4,508 tonnes in CY23. For Q1CY25, the gold demand reduced from 3,454 tonnes to 4,464 tonnes. The majority share of global gold demand consists of gold jewellery, which is 44% for CY24 and around 49% for Q1CY25, followed by bars and coins, which account for 26% of total gold demand for CY24 and 27% in Q1CY25.

The global gold jewellery demand remained more or less stable for CY24; however, for Q1CY25, it showed a 22% y-o-y decline as compared to Q1CY24. One of the main reasons was the rally in gold prices, which curtailed the overall demand. The gold prices reached an all-time high of USD 3,208 per troy ounce in April 2025. Buying by the central bank remained stable at 1086 tonnes for CY24, and for Q1CY25 it was 889 tonnes.

2.2.2 Region-wise Share of Gold Consumption in Volume Terms for Jewellery, Bars, and Coins

Chart 16: Region-Wise Share of Gold Jewellery, Bars, and Coins (CY24)



Source: WGC, CareEdge Research

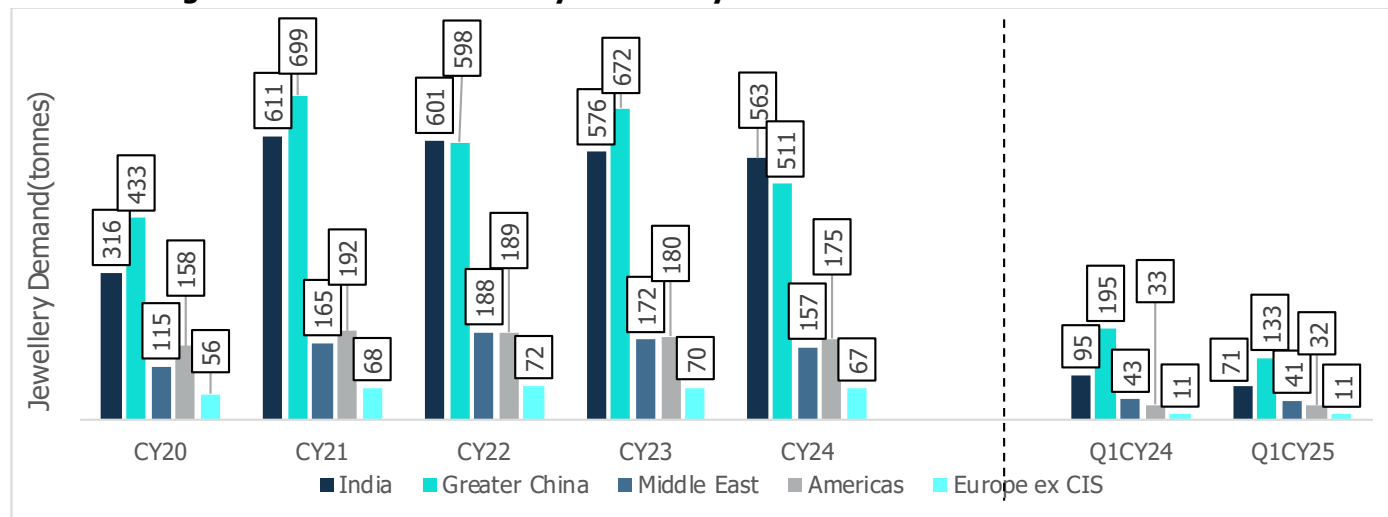
Note: The Middle East includes Saudi Arabia, the UAE, Kuwait, Egypt, Iran, and others. Europe included France, Germany, Italy, Spain, the UK, Switzerland, Austria, and others. Greater China includes China, the P.R. Mainland, Hong Kong, and Taiwan Province of China. The Americas include the US, Canada, Mexico, and Brazil.

China consumes the maximum share of world jewellery, bars and coins, followed by India. China in total consumed around 857 tonnes of gold in the form of jewellery and bars & coins in CY24, followed by India with 803 tonnes. Other key regions after China and India are the Americas (263 tonnes), the Middle East (267 tonnes) and Europe (134 tonnes). In Q1CY24, the jewellery demand for China was 133 tonnes as compared to 196 tonnes, showing a decline of 32% y-o-y. Overall, all the regions have seen a y-o-y decline.

On the other hand, China’s demand for bars and coins increased in Q1CY24 by around 12% y-o-y. Overall, China and its government have been increasing their gold reserves and using it as a haven. Other than China, India showed a decent growth of 7% y-o-y, and Europe saw an exponential growth of 79% y-o-y. America, on the other hand, saw a decline of 14% y-o-y.

2.2.3 Region-Wise Trend in Jewellery Demand - Volume Terms & Value Terms

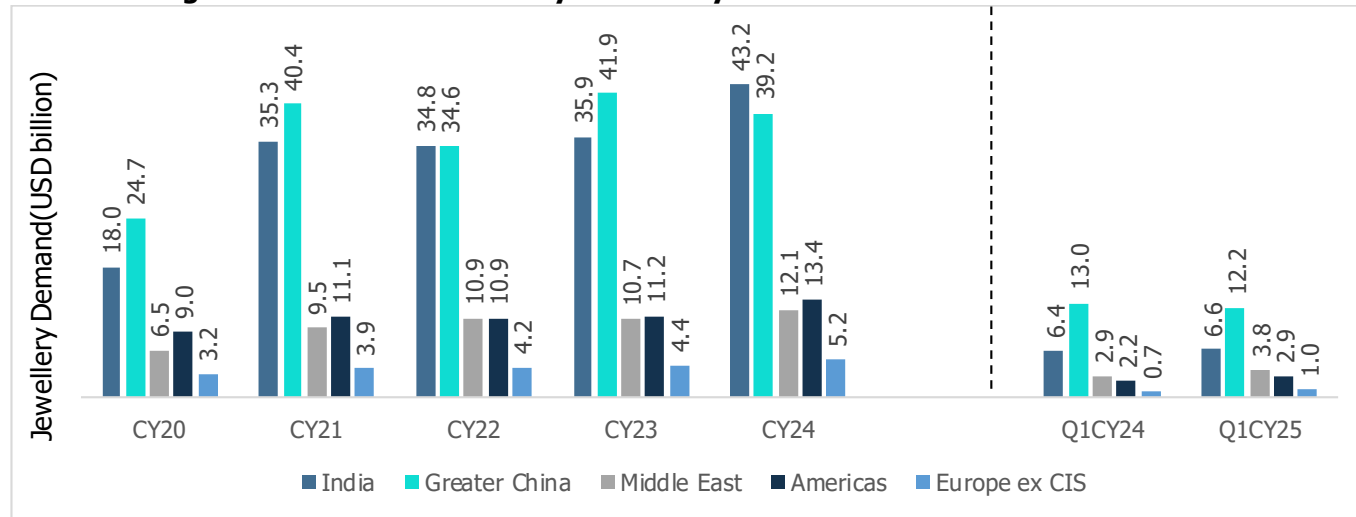
Chart 17: Region-Wise Trend in Jewellery Demand by Volume



Source: WGC, CareEdge Research

Note: The Middle East includes Saudi Arabia, the UAE, Kuwait, Egypt, Iran, and others. Europe included France, Germany, Italy, Spain, the UK, Switzerland, Austria, and others. Greater China includes China, the P.R. Mainland, Hong Kong, and Taiwan Province of China. The Americas include the US, Canada, Mexico, and Brazil.

Chart 18: Region-Wise Trend in Jewellery Demand by Value



Source: WGC, CareEdge Research

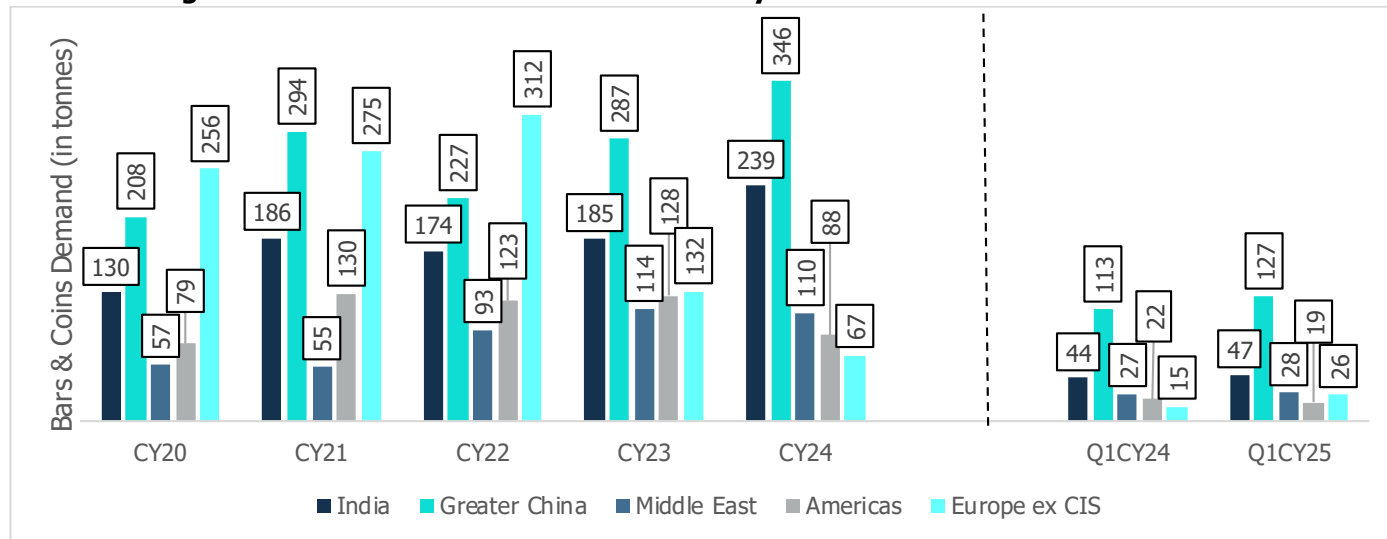
Note: The Middle East includes Saudi Arabia, the UAE, Kuwait, Egypt, Iran, and others. Europe included France, Germany, Italy, Spain, the UK, Switzerland, Austria, and others. Greater China includes China, the P.R. Mainland, Hong Kong, and Taiwan Province of China. The Americas include the US, Canada, Mexico, and Brazil.

China has always been the largest consumer of gold jewellery; however, in CY24, India surpassed China. India in total consumed around USD 43 billion of gold in the form of jewellery in CY24, followed by China with USD 39 billion. Other key regions after India and China are the Middle East (USD 12 billion), the Americas (USD 13 billion), and Europe (USD 5 billion). In Q1CY25, the jewellery demand for China showed a decrease of 6% y-o-y to USD 12 billion, followed by India, for which gold jewellery demand reached USD 7 billion, showing y-o-y growth of 3%. Except for China, all other

regions showed a y-o-y increase value-wise in Q1CY25. Although the overall demand has reduced, the spending has increased due to higher gold prices.

2.2.4 Region-Wise Trend in Bars and Coins Demand - Volume Terms & Value Terms

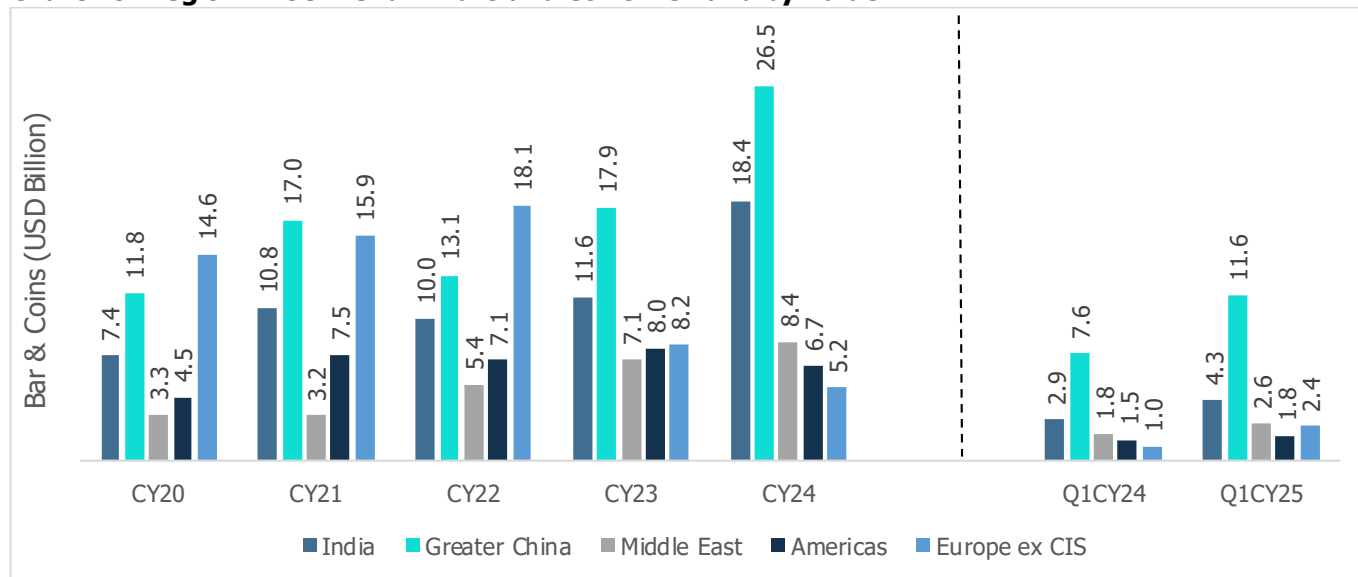
Chart 19: Region-Wise Trend in Bars & Coins Demand by Volume



Source: WGC, CareEdge Research

Note: The Middle East includes Saudi Arabia, the UAE, Kuwait, Egypt, Iran, and others. Europe included France, Germany, Italy, Spain, the UK, Switzerland, Austria, and others. Greater China includes China, the P.R. Mainland, Hong Kong, and Taiwan Province of China. The Americas include the US, Canada, Mexico, and Brazil.

Chart 20: Region-Wise Trend in Bars and Coins Demand by Value



Source: WGC, CareEdge Research

Note: The Middle East includes Saudi Arabia, the UAE, Kuwait, Egypt, Iran, and others. Europe included France, Germany, Italy, Spain, the UK, Switzerland, Austria, and others. Greater China includes China, the P.R. Mainland, Hong Kong, and Taiwan Province of China. The Americas include the US, Canada, Mexico, and Brazil.

China in total consumed around USD 27 billion of gold in the form of bars and coins in CY24, followed by India with USD 18 billion. Other key regions after China and India are the Middle East (USD 8 billion), the Americas (USD 7 billion) and Europe (USD 5 billion). In Q1CY25, the gold bars and coins demand for China showed an increase of 54% y-o-y to USD 12 billion, followed by India, for which gold bars and coins demand reached USD 4 billion, showing y-o-y growth of 48%.

2.3 Global Trade Scenario

2.3.1 Trend in Export Market for Precious Stones and the Jewellery Industry

2.3.1.1 Top Global Exporters of Jewellery (Share in %)

CY20		CY21		CY22		CY23	
India	12.10	India	11.90	India	12.60	India	11.50
China	10.30	China	11.90	China	10.60	Italy	10.90
France	9.95	Italy	10.30	Italy	10.20	China	10.20

Source: Industry Sources, CareEdge Research

2.3.1.2 Top Global Exporters of Precious Stones (Share in %)

CY20		CY21		CY22		CY23	
Thailand	14.20	Burma	15.00	Burma	32.80	Thailand	15.30
United States	10.20	Thailand	11.70	Thailand	9.45	United States	10.90
India	9.22	United States	8.54	Hong Kong	6.67	Hong Kong	9.79

Source: Industry Sources, CareEdge Research

2.3.2 Trend in Import Market for Precious Stones and the Jewellery Industry

2.3.2.1 Top Global Importers of Jewellery (Share in %)

CY20		CY21		CY22		CY23	
Hong Kong	18.60	Hong Kong	19.10	Hong Kong	18.50	Hong Kong	18.70
United States	13.10	United States	15.20	United States	12.30	United Arab Emirates	14.70
Switzerland	12.80	United Arab Emirates	10.40	United Arab Emirates	11.30	United States	11.90

Source: Industry Sources, CareEdge Research

2.3.2.2 Top Global Importers of Precious Stones (Share in %)

CY20		CY21		CY22		CY23	
Hongkong	24.60	Hongkong	22.20	China	35.30	Hong Kong	25.50
United States	19.10	China	17.70	United States	16.00	United States	19.60
Switzerland	10.10	United States	13.30	Hong Kong	12.00	China	10.50

Source: Industry Sources, CareEdge Research

2.4 Factors for gold price movement

• Currency Fluctuation

When the value of a currency (especially the dollar) declines, investors often look to gold as a "safe haven" asset. This increases demand for gold, driving up prices. A weakening currency can also cause inflation, making gold more appealing as a hedge against rising prices. If inflation increases and a currency weakens, gold can function as a store

of value, which often pushes its price higher. Investors may use gold as a hedge against currency risk, particularly in times of economic instability or when there is significant fluctuation in a national currency. Countries with large foreign exchange reserves may buy or sell gold as part of their strategy to stabilise or diversify their currency holdings. Changes in these reserves due to currency fluctuations can influence global gold prices.

- **Key Consuming Nations**

Gold production is heavily influenced by some of the world's major mining players, including China, South Africa, the United States, Australia, Russia, and Peru. The output from these countries plays a significant role in setting global gold prices, as the supply of gold impacts its market value. Over time, it has become increasingly challenging to extract gold because the more accessible reserves have already been mined. This means that miners now have to dig deeper, often in more remote or geologically complex areas, to access high-quality gold. This shift makes gold mining costlier and riskier. Deeper mining operations require advanced technology, more labour, and increased safety measures, all of which add to production costs.

- **Volatility & Performance of other assets**

Gold often benefits from downturns in other financial markets, like stocks and currencies, because it is seen as a safe-haven asset. When stock markets experience negative price movements or when currency values drop, investor confidence tends to decline, and people look for ways to protect their wealth. Gold offers a stable alternative, so when these markets are down, demand for gold usually goes up. As more investors buy gold to shield themselves from the losses they might face in stocks or currency investments, demand for gold rises.

- **Inflation**

Gold has long been considered a reliable store of value, especially when inflation rises or interest rates fall. As inflation climbs, the purchasing power of traditional currencies declines, eroding the value of money. In such cases, investors often turn to gold because, unlike fiat currencies, it retains its intrinsic value, providing a safeguard against the devaluation that inflation brings. This tendency to preserve wealth makes gold a favoured asset in inflationary times. Furthermore, low-interest environments often signal economic distress or a loose monetary policy, encouraging investors to seek stability in assets like gold. In times of economic uncertainty, gold acts as a hedge, with demand and, subsequently, its price rising as a result.

- **International gold prices are inversely correlated with the dollar index.**

When the US dollar is strong, it holds more value against other global currencies. This makes it more expensive for people in other countries to buy gold, which is typically priced in dollars. A strong dollar means people need to spend more of their currency to buy the same amount of gold, which can discourage buying. As a result, demand for gold might drop, which can lead to a decrease in its price. On the other hand, when the US dollar weakens, gold becomes cheaper for international buyers who hold other currencies. They do not need as much of their local currency to buy gold, making it a more affordable and attractive purchase. This increase in affordability often leads to higher global demand, pushing up gold's price.

2.5 Global Trends and Gradual Shift Towards Sustainability in the Gems and Jewellery Industry

The global jewellery industry is undergoing a gradual shift towards sustainability, with increasing emphasis on ethical sourcing, eco-friendly production processes, and responsible consumption. This trend is being driven by evolving consumer preferences, regulatory pressures, and a growing awareness of environmental and social impacts. Below is an overview of how these changes are impacting the sector, with a specific focus on the ethical sourcing of metals:

Consumer Demand for Sustainable and Ethical Products:

Consumer demand for ethically sourced gold jewellery is rising, driven by concerns over the environmental and social impacts of mining. In response, industry bodies like the World Gold Council (WGC) and the London Bullion Market Association (LBMA) are committing to responsible sourcing practices and aligning with global sustainability goals.

The WGC's Gold Industry Declaration of Responsibility and Sustainability Principles emphasises aligning gold industry practices with the UN Sustainable Development Goals, promoting human rights, reducing greenhouse gas emissions, and improving transparency in the gold supply chain. These initiatives aim to meet the growing demand for sustainable, ethically produced gold, addressing both environmental and social concerns across all stages of production.

Ethical Sourcing of Metals:

The demand for responsibly sourced gold has grown notably over the past few years. The World Gold Council and other industry bodies have reported a marked rise in certified sustainable gold production. The London Bullion Market Association (LBMA) has established stricter guidelines for its Good Delivery List, requiring refineries to demonstrate responsible sourcing and prove that their gold is not linked to human rights abuses or environmental degradation. Additionally, most of the global gold supply is now sourced from sustainable and traceable methods through initiatives like the Responsible Jewellery Council (RJC) and Fairmined certification.

Shift to Recycled Metals and Eco-friendly Practices:

Another prominent trend is the shift towards using recycled metals in jewellery production. As of 2024, nearly 30% of global gold used in jewellery manufacturing comes from recycled sources, up from 20% in 2015. The rise in recycled gold is attributed to both environmental concerns and supply chain stability. Jewellery brands and manufacturers are increasingly adopting eco-friendly practices such as reducing energy consumption, minimising water usage, and using alternative, non-toxic chemicals in production. This transition towards a circular economy is expected to continue growing, driven by both consumer demand and regulatory pressures.

Market Impact of Certification and Traceability:

Ethical sourcing certifications are playing a significant role in this shift. The Responsible Jewellery Council (RJC), for example, now represents over 1,900 companies from across the jewellery supply chain, from miners to retailers, promoting ethical sourcing practices. These certifications help companies trace and verify the origins of their metals, ensuring that they meet rigorous human rights, environmental, and social criteria.

Impact of Regulations and Industry Standards:

Governments are also contributing to the push for sustainability through regulations and initiatives aimed at ensuring that the jewellery sector operates more ethically. The EU's Conflict Minerals Regulation, which requires businesses to trace and report the sourcing of gold, tin, tantalum, and tungsten, has set a precedent for ethical practices in global supply chains. Additionally, countries like Canada and Australia are championing sustainable mining practices, with an increasing number of mining companies committing to meet the OECD Due Diligence Guidance for Responsible Supply Chains.

2.6 Impact of Trade Relations Between Dubai, India, Malaysia, and Singapore on the Global Gold Market

Dubai-India Trade Relations:

Dubai serves as a pivotal hub for gold trading due to its strategic location and advanced infrastructure. The India-Dubai trade relationship is a key driver in the global gold market, as India is one of the largest consumers of gold, especially for jewellery. Dubai acts as a major re-exporter of gold to India, facilitating easy access to gold at competitive prices. Trade policies, customs duties, and logistical ties between the two countries ensure a steady flow of gold into India, with Indian consumers benefiting from Dubai's role as a tax-efficient trading centre. Additionally, Dubai's Gold Souk attracts Indian investors and tourists, further bolstering demand.

The India-UAE CEPA, signed on February 18, 2022, and implemented on May 1, 2022, has further strengthened this trade relationship. The agreement has provided Indian jewellers with preferential terms, increasing gem and jewellery exports to the UAE by 21% to USD 4 billion in April-October 2023, while imports from the UAE grew by 17.54% to USD 10.02 billion. Bilateral trade between India and the UAE rose by 19% during this period.

Malaysia and Singapore's Influence:

Both Malaysia and Singapore play significant roles in the Southeast Asian gold market. Singapore, as a global financial hub, attracts international investors to its gold exchange and plays a crucial role in the distribution of gold across Asia. The Malaysia-Singapore trade ties in gold are also strong, with Singapore being a leading exporter and trader of gold to Malaysia. The mutual benefits of trade between these two nations ensure a dynamic flow of gold within the region. For example, the ease of cross-border gold movement, favourable import duties, and the role of Singapore as a centre for gold-backed investment products enhance the demand for gold across Southeast Asia, particularly among investors in Malaysia.

Impact on Key Markets:

The close trade relations between these countries help stabilise global gold prices and ensure liquidity in the market. These countries' trade agreements foster smoother customs procedures, reduce gold supply chain costs, and create a conducive environment for the flow of gold between suppliers and consumers. Therefore, any shifts in trade policies, such as changes in import duties or taxation in Dubai, India, Malaysia, or Singapore, can directly impact gold prices and market trends, influencing global demand and consumer sentiment.

3 Indian Gems and Jewellery Industry

3.1 Overview of Indian Gems & Jewellery Industry

The Indian gems and jewellery industry is a significant pillar of the national economy, contributing approximately 7% to the country's GDP and around 15% of total merchandise exports. The sector is expected to grow steadily, driven by domestic consumption and international demand. India is the largest diamond-cutting and polishing hub globally, producing over 90% of the world's polished diamonds.

The industry comprises various segments, including gold jewellery, diamond jewellery, coloured gemstones, and diamond-studded gold jewellery, with gold jewellery dominating the market. Gold plays a vital cultural and religious role in India, symbolising prosperity and wealth, and is an essential part of weddings, festivals, and other ceremonies. The manufacturing base is geographically concentrated in key states like Maharashtra, Gujarat, and Tamil Nadu.

Organised players are gaining traction as the industry undergoes formalisation. Increasing consumer preference for branded jewellery, quality assurance, and contemporary designs is driving this transition. Government initiatives, such as mandatory hallmarking for gold jewellery, the Gold Monetisation Scheme, and easing gold import restrictions, are bolstering the formal sector.

In 2024, seven major trade fairs were organised by prominent councils such as the Gem and Jewellery Export Promotion Council (GJEPC), the All India Gem and Jewellery Domestic Council and others. These events were held across cities, including Jaipur, Mumbai, Bengaluru, Coimbatore, Delhi NCR, Hyderabad, and Kolkata, showcasing the dynamic Gems and Jewellery sector in India. Serving as vital platforms, these fairs promoted innovation, enhanced domestic and international trade, and fostered collaborations among industry stakeholders.

Domestic demand is fuelled by rising disposable incomes, urbanisation, and a growing preference for lightweight, modern designs, especially among younger consumers. On the export front, markets like the U.S., UAE, and Hong Kong continue to drive growth. Trade agreements and government support for export-oriented policies further strengthen India's position in the global market.

While the sector holds immense potential, it faces challenges such as gold price volatility, dependency on imports, and increasing competition from synthetic diamonds. Fluctuations in international demand and compliance with stringent regulatory norms also pose risks. However, these hurdles are being addressed through policy interventions, innovation, and diversification.

Technological advancements, while still emerging, are being explored to improve efficiency and build trust. Digital retail platforms and blockchain-based supply chain transparency tools are examples of these efforts. However, traditional factors such as India's skilled workforce, robust manufacturing infrastructure, and a deep-rooted cultural affinity for jewellery remain the primary growth drivers.

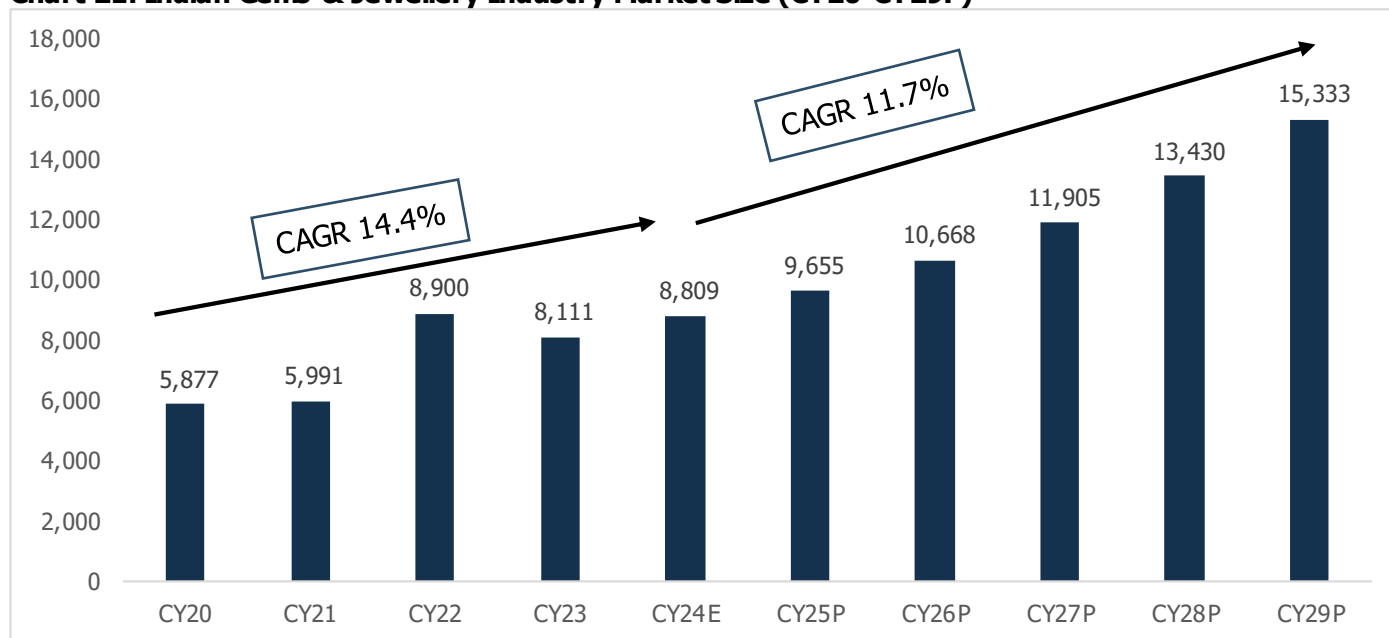
In conclusion, the Indian gems and jewellery industry continues to thrive, blending traditional strengths with evolving consumer preferences and gradual modernisation. Its ability to adapt to changes while leveraging its heritage ensures its sustained growth and competitiveness on the global stage.

3.2 Indian Gems & Jewellery Industry Market Size

The Indian Gems and Jewellery (G&J) business has traditionally been fragmented, with consumers purchasing from family jewellers. The fragmented nature of this sector makes it difficult to quantify the number of jewellers in India.

However, the industry has seen structural transformation in the recent decade, with more G&J players moving up the value chain with a greater focus on branded jewellery. Moreover, consumers are more predisposed to branded jewellery, particularly in metro & tier I cities, given the rising media and Western influences and willingness to pay a premium price.

Chart 21: Indian Gems & Jewellery Industry Market Size (CY20-CY29P)



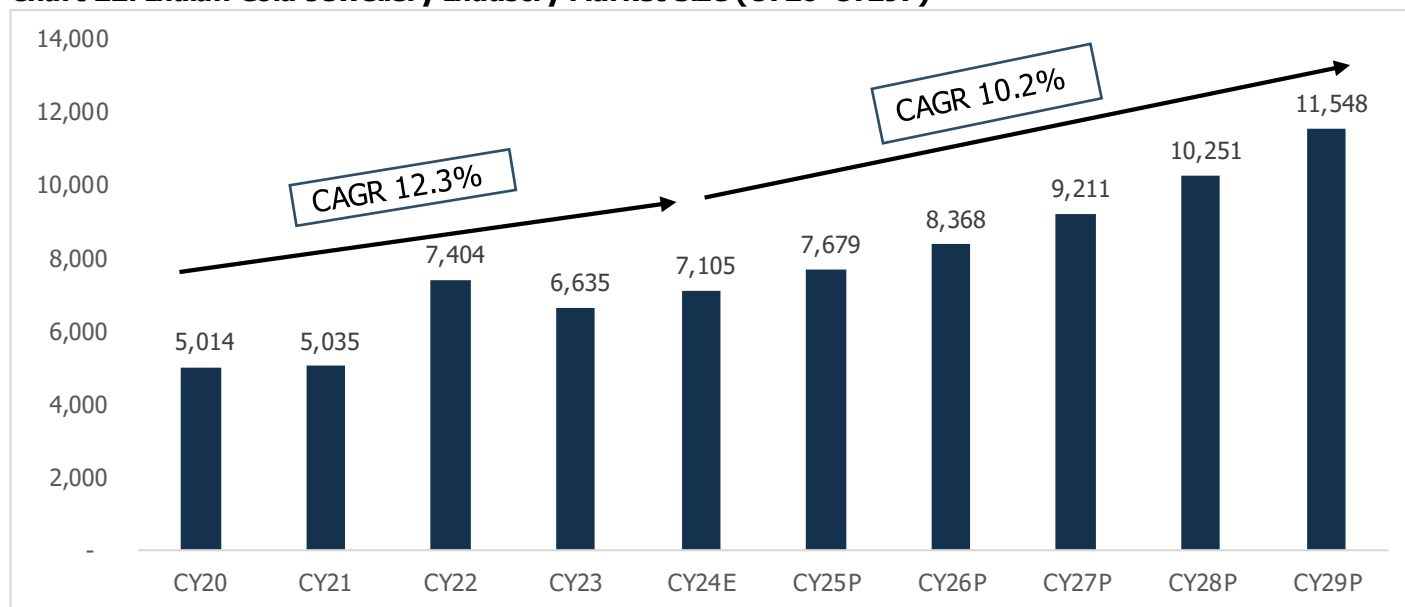
Source: IMARC Group, CareEdge Research

In CY24, the domestic gems and jewellery industry was valued at around Rs. 8,809 billion, with a CAGR of 14.4% during CY20–CY24. Further, the gems and jewellery market is expected to grow at a CAGR of 11.7% between CY24 and CY29. The long-term demand prospects for the sector are supported by a growing working population, higher disposable income, easier access to credit, and improved living standards. To cater to the changing consumer preferences and design trends, larger stores are offering more variety and a diverse range of jewellery. This continuous adaptation to consumer trends and behaviour is likely to further support the shift towards the organised jewellery segment.

3.3 Indian gold jewellery industry market size (CY20-CY29)

The Indian jewellery market is traditionally dominated by gold jewellery. Gold jewellery purchases in India are not just limited to consumption, as is the case with fashion jewellery. They have a strong saving significance. This is more evident in rural communities where access, literacy, and acceptance of other financial savings instruments are low. These factors have resulted in gold being a major savings asset class. Cultural differences, religious & trust concerns, and other elements that influence jewellery purchases have all contributed to gold jewellery's significance.

Chart 22: Indian Gold Jewellery Industry Market Size (CY20-CY29P)

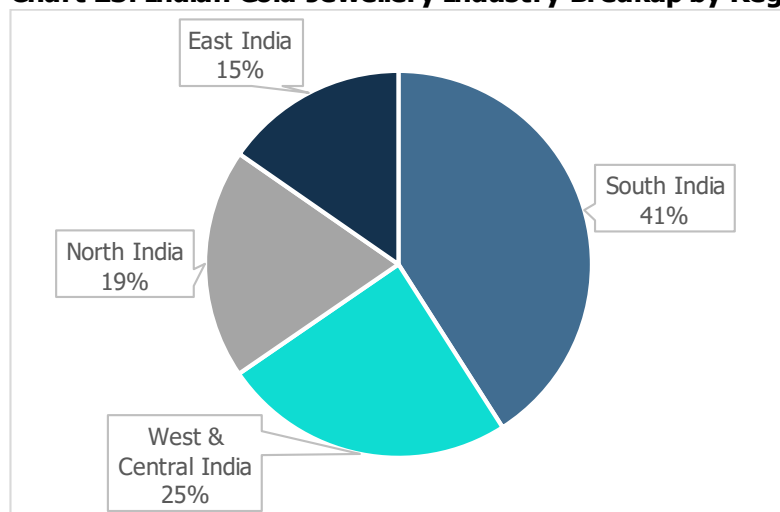


Source: IMARC Group, CareEdge Research

In CY23, the domestic gold jewellery industry was valued at around Rs. 6,635 billion. However, in CY23, the demand for gold jewellery remained subdued in terms of volume and declined by about 2%, while the gold price registered a ~7% increase compared to its previous year.

In CY24, the Indian jewellery market is estimated to be Rs. 7,105 billion. Furthermore, the market is expected to grow at a compounded annual growth rate (CAGR) of 10.2% between CY24 and CY29 to Rs 11,548 billion. In India, the surge in demand for gold jewellery can be attributed to the growing middle-class population and their increasing disposable income levels. As more individuals experience higher income levels, they are more capable of affording luxury items like gold jewellery. These growing middle-class individuals view gold jewellery as a status symbol, a reflection of their improved lifestyle, and a worthwhile investment. The trend is especially prominent in urban areas where economic growth has enhanced financial independence and purchasing power.

Chart 23: Indian Gold Jewellery Industry Breakup by Region (% Share) in CY24



Source: IMARC Group, CareEdge Research

Jewellery preferences vary significantly across different age groups, reflecting the evolving interests, lifestyles, and values of Indian women. Every demographic has diverse needs and perspectives, from senior women who value traditional motifs to young brides who choose modern patterns. Furthermore, according to a report by the World Gold Council, recent interactions between Metals Focus and retailers have highlighted a significant increase in demand for lightweight jewellery, especially in the daily wear segment. For instance, it is now common to find chains or Mangalsutras weighing just 5-8 grams, a development that would have been unlikely five years ago. This surge in demand can be attributed to the rising per capita income, increased expenditure on jewellery, a higher number of weddings in India, and the influence of social media. These demographic shifts have significantly impacted gold jewellery purchases in recent years.

Regional demographics play a crucial role in influencing purchase decisions. In South India, the tradition of investing heavily in gold jewellery is deeply ingrained, with families often prioritising substantial, intricate designs that reflect both wealth and cultural heritage. The emphasis on gold as an investment also drives higher expenditure in this region.

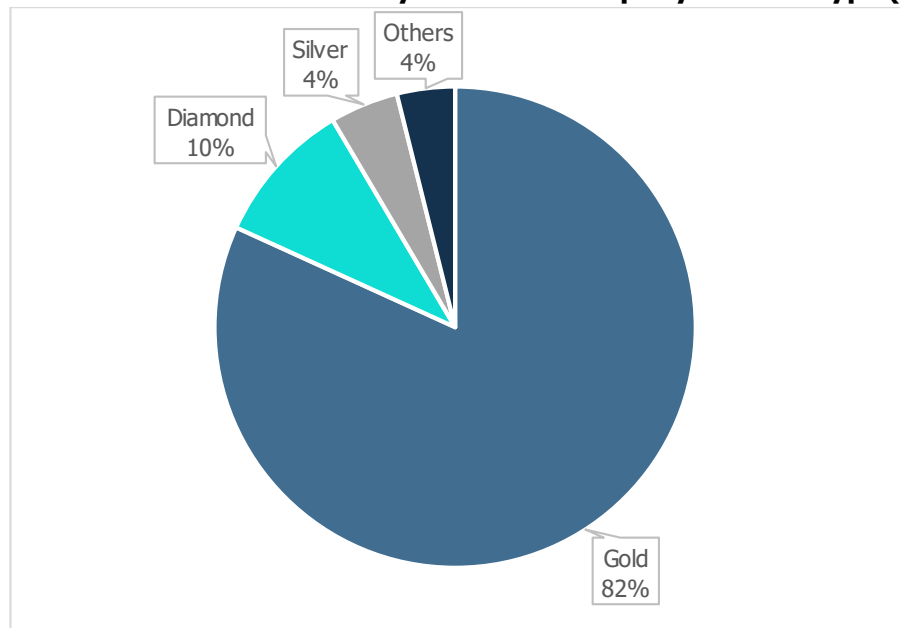
In contrast, Maharashtra sees continuous spending on jewellery, driven by strong replacement demand. Women in this region often buy new pieces or upgrade existing ones, reflecting both cultural practices and evolving fashion trends. The state's inclination towards nath (nose rings) and kamarband (waistbands) also influences the jewellery market.

In North India, the preference for heavy gold jewellery remains strong, but there is a growing trend towards more versatile, lightweight designs that cater to modern lifestyles. Meanwhile, in Eastern India, especially Bengal, traditional motifs inspired by nature dominate jewellery designs, reflecting the region's rich cultural heritage.

3.4 Indicative Share of Indian Gems and Jewellery Industry

India's gems and jewellery market is one of the largest and most vibrant in the world, deeply embedded in the country's cultural and economic life. The market can be divided by material type, with gold, diamonds, gemstones, and other materials each playing a significant role in its diversity and value.

Chart 24: Gems and Jewellery Market Breakup- By Material Type (CY24)



Source: IMARC Group, CareEdge Research

In 2024, gold was the dominant material in India's gems and jewellery market, making up 82% of the total market share. It was followed by diamonds (10%), silver (4%), and other materials (4%).

Gold: Gold remains the foundation of India’s jewellery market, due to its cultural and historical importance. It is highly prized for weddings and festivals, and as an investment, often seen as a symbol of wealth and social status. Although demand fluctuates with market prices and economic factors, gold jewellery continues to be in strong demand, thanks to its deep ties to tradition. There has also been a growing interest in lighter, more modern gold jewellery designs, particularly among younger consumers, adding a contemporary layer to the traditional market.

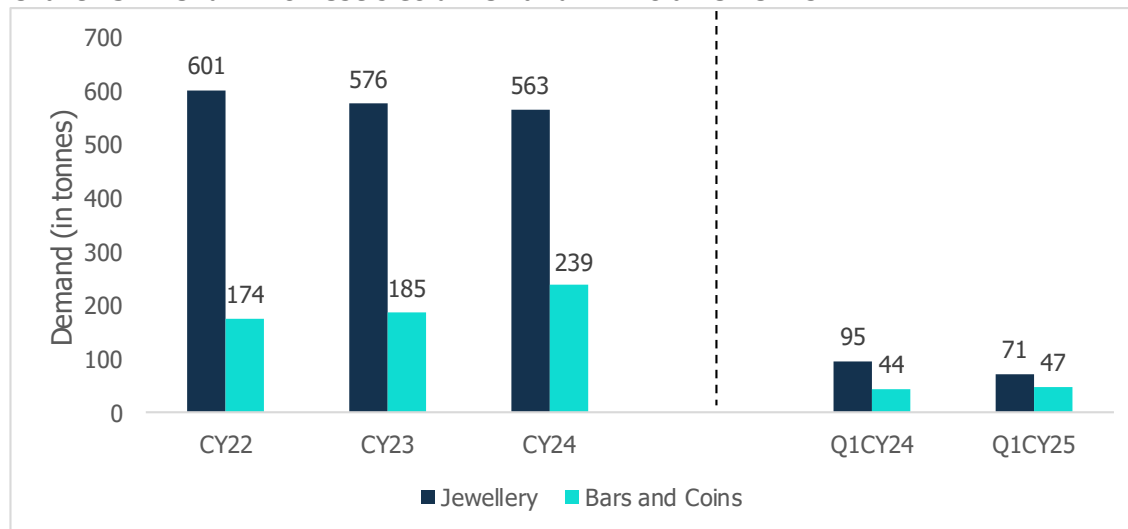
Diamond: The diamond jewellery sector in India has seen robust growth in recent years, particularly among consumers looking for luxury and exclusivity. Diamonds are a popular choice for special occasions, particularly weddings, and are often seen as a symbol of sophistication. This segment is supported by a strong retail presence and branding efforts from both domestic and international jewellers. Innovations in diamond cutting and bespoke design options have further driven interest, making diamond jewellery a staple in modern Indian collections.

Silver: Silver is valued for its affordability and versatility, appealing to a broader customer base. It is commonly used in both traditional and modern jewellery designs, such as bangles, anklets, and earrings. Silver also plays a key role in fashion jewellery, where its flexibility allows for more creative and experimental styles. The material has gained popularity due to its cost-effectiveness in comparison to gold and diamonds, particularly among middle-income consumers. Additionally, the rise of silver-plated and sterling silver items has introduced a modern twist to traditional designs, catering to changing consumer preferences.

Others: The "others" category encompasses a variety of materials, including gemstones and non-traditional metals. Fashion jewellery incorporating synthetic and alternative materials is on the rise, attracting consumers who seek trendy yet affordable options. This segment is particularly appealing to fashion-forward buyers looking for unique, budget-friendly pieces.

3.5 Domestic Gold Demand from Various Segments

Chart 25: Trend in Domestic Gold Demand- in Volume Terms



Source: WGC, CareEdge Research

In CY24, the total domestic demand for gold (including jewellery, bars, and coins) was estimated at 803 tonnes as compared to 761 tonnes in CY23. In CY24, the gold demand was 803 tonnes, an increase of 5.5% y-o-y over CY23.

The jewellery segment continued to be the largest contributor and accounted for ~70% of the gold demand in India, while bars and coins accounted for the balance. The gold jewellery demand declined by 2.2% y-o-y in CY24. The demand was impacted due to increasing gold prices.

3.6 Business Model in the Gems and Jewellery Industry

3.6.1 Franchisee-Owned, Franchisee-Operated (FOFO) Model:

In the FOFO model, the franchisee invests their capital to establish the jewellery store, including the costs of real estate, inventory, and operational expenses. The franchisee is responsible for the day-to-day operations of the store, including hiring staff, managing sales, and maintaining customer relationships. The franchisor provides branding, training, and support, along with the necessary systems and processes.

Key Features of the FOFO Model:

- **Investment:** Franchisees bear the financial responsibility for setting up and running the store.
- **Operational Control:** Franchisees have autonomy over the daily operations, allowing them to tailor their business strategies to local markets.
- **Brand Support:** The franchisor offers branding, marketing, and training support, ensuring that franchisees align with the overall brand image.
- **Revenue Sharing:** Franchisees pay an initial franchise fee and ongoing royalties based on sales to the franchisor, which provides a steady revenue stream for the brand.

Advantages of FOFO:

- **Lower Risk for Franchisor:** The franchisor does not have to invest in physical stores, reducing financial risk.
- **Local Expertise:** Franchisees often have better knowledge of local markets and consumer preferences, which can lead to more effective marketing and sales strategies.
- **Scalability:** This model enables rapid expansion of the brand across different regions.

3.6.2 Franchisee-Owned, Company-Operated (FOCO) Model:

In the FOCO model, the franchisee owns the store, but the company (franchisor) operates it. The franchisor retains control over the daily operations, staffing, and customer service, while the franchisee provides the physical space and bears the financial investment. This model allows the franchisor to ensure consistent quality and service across all locations.

Key Features of the FOCO Model:

- **Investment:** Franchisees invest in the physical location, while the franchisor manages the operations.
- **Operational Control:** The franchisor oversees all operational aspects, maintaining quality control and brand standards.
- **Revenue Sharing:** Similar to the FOFO model, franchisees pay initial fees and ongoing royalties, but profit margins may differ due to the operational control by the franchisor.

Advantages of FOCO:

- **Quality Assurance:** The franchisor can maintain stringent quality control and consistency across locations, enhancing the brand's reputation.
- **Operational Expertise:** The franchisor can leverage its experience and systems to manage the store effectively, potentially leading to higher profitability.

Store Format Classification (Based on Size)

Retail stores in the industry are categorised based on their physical footprint. The size of the store often correlates with the product assortment, inventory depth, and target customer base. Typical classifications include:

Store Format	Approx. Size (sq. ft.)	Description
Small Format	100–500 sq. ft.	Compact stores designed for high-street locations or convenience centres; limited product range and faster service.
Medium Format	500–1,000 sq. ft.	The most common format in malls or commercial zones; balanced inventory with moderate footfall capacity.
Large Format	> 2,500 sq. ft.	Flagship stores offering a complete brand experience, often used in metro cities or destination malls with premium product lines and in-store events.

3.6.3 Shop-in-Shop (SIS) Model

The **Shop-in-Shop (SIS)** format is a strategic retail concept where a brand sets up a dedicated branded section within a larger multi-brand store (such as a department store, hypermarket, or retail chain). The SIS store typically includes exclusive branding, fixtures, and trained staff, while the host store manages overall infrastructure and billing.

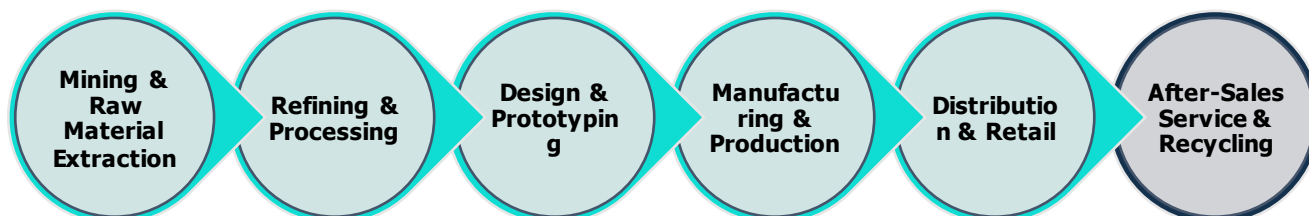
Key Advantages of the SIS Model:

- **Low Capex Expansion:** Brands can expand to premium locations without incurring full rental and fit-out costs.
- **Brand Visibility:** Strategic placement in large-format stores enhances brand recall and accessibility.
- **Targeted Footfall:** Beneficial in locations with established customer traffic, such as malls, large existing stores, Etc.

SIS models are widely used by fashion, electronics, cosmetics, and lifestyle brands as part of their retail mix, particularly during early market entry or for showcasing premium products.

3.7 Value Chain of Gems and Jewellery

Chart 26: Gems and Jewellery Value Chain



Source: IMARC Group, CareEdge Research

• Mining and Raw Material Extraction

This phase starts with the extraction of precious metals and gemstones from mines worldwide. Key gold-producing countries include China, South Africa, the United States, Australia, Russia, and Peru. The process involves obtaining raw materials such as gold, silver, platinum, and gemstones from these mines. The cost of extraction is influenced by the location and availability of resources, as well as the methods used, which vary depending on factors like depth, accessibility, and mineral content. Additionally, environmental concerns and labour conditions are significant factors, with the jewellery industry placing greater emphasis on ethical sourcing practices.

- **Refining and Processing**

Once extracted, raw materials are refined to eliminate impurities and achieve the required purity for use in jewellery. Refining metals involves specialised facilities and techniques to ensure consistent quality. For gemstones, the processing includes cutting, shaping, and polishing to enhance their colour, clarity, and brilliance. This step improves the visual appeal and market value of the stones. The refining process is crucial, as high-quality, well-processed materials result in durable and aesthetically pleasing jewellery pieces.

- **Design and Prototyping**

Jewellery design blends creativity with technical skill. Designers either sketch their ideas or use computer-aided design (CAD) software to visualise each piece. The designs must balance both aesthetic appeal and practicality, ensuring the jewellery is comfortable to wear and durable. Prototyping, often done with a model or sample, lets designers evaluate their ideas and adjust before full production begins. This stage is crucial for producing pieces that reflect current trends and meet customer preferences.

- **Manufacturing and Production**

At this stage, jewellery is produced on a larger scale. Skilled artisans or machinery work with the finalised designs to shape metals, set gemstones, and assemble each piece. Depending on the complexity and desired quality, both traditional techniques (such as handcrafting) and modern methods (like 3D printing) may be employed. Quality control is essential to ensure that every piece meets the brand's standards. In luxury jewellery, artisanry is especially prized, as fine detailing can increase the item's value.

- **Distribution and Retail**

In the jewellery value chain, distribution and retail are crucial stages that connect production to final sales. After production, jewellery is distributed through wholesalers who buy in bulk from manufacturers and supply retailers. This phase involves secure logistics to manage high-value items, which affects inventory management and customer satisfaction by ensuring retailers have sufficient stock. Retailers, whether through physical stores or online platforms, then sell the jewellery directly to consumers. They use marketing strategies that emphasise the product's appeal and brand values, such as luxury or sustainability. Personalised services like custom fittings, engraving, and resizing further enhance customer satisfaction and promote brand loyalty, as customers often associate the quality of service with the jewellery's overall value.

- **After-sales Service and Recycling**

High-quality after-sales services, such as cleaning, repairs, and maintenance, play a vital role in extending the life of jewellery while fostering customer trust and loyalty. These services address post-purchase issues like resizing or replacing stones, further enhancing customer satisfaction. Recycling has also gained significance in the jewellery industry, with many brands offering buy-back or recycling programs. These initiatives allow companies to refurbish old pieces and reuse valuable metals and gemstones, promoting environmental sustainability and resource efficiency.

3.8 Gold Processing in India vs China

Gold Mining

In CY22, China was the largest producer in the world with 10.3% of total global production, which amounted to 3,627.7 tonnes. During CY23, the gold mining in the country was recorded at 375 tonnes. The value of gold mining in China grew at a CAGR of about 9.1% from USD 16,458 million in CY19 to USD 23,300 million in CY23.

Whereas gold mining in India has been low due to factors such as lack of investments, closure of mines, regulatory challenges and poor infrastructure. The mining in India recorded only 0.8 tonnes in CY23 with a value of USD 48 million. It is projected to increase its mining volumes to 1.3 tonnes in CY24.

Table 4: Gold Mining in China and India

Particulars	CY19		CY23		CY24F	
	Volumes (Tonnes)	Value (USD Million)	Volumes (Tonnes)	Value (USD Million)	Volumes (Tonnes)	Value (USD Million)
China	380	16,458	375	23,300	401	28,090
India	1.7	79	0.8	48	1.3	90

Source: Maia Research, CareEdge Research

Gold Ore Concentrate

The scale of gold ore concentrates (including production and import volumes) in china has been growing steadily over the period CY19 to CY23 and recorded a total of 78,00,000 tonnes in CY23. The value of these ore concentrates in China region has increased swiftly by 9.7% CAGR during the same period. Further, the volumes and value are estimated to grow by around 8% and 16% respectively in CY24 for China.

The scale of gold ore concentrate in the Indian market has witnessed a notable growth in recent years. Moreover, the reserves with the central bank have been rising in recent times as the RBI is driving the gold purchases in the current year 2024. The Hutti Gold Mine, located in Karnataka, is one of the primary and significant producers of gold ore concentrate in India. This mine has a higher grade of ore and is responsible for producing more output in the country. Additionally, Birla Copper's smelter in Gujarat is also involved in producing gold as a by-product of domestic copper production. Alongside, the government is striving to promote domestic availability of critical minerals, including gold. As a result, the production activities of gold ore have increased in India both in terms of volume and value.

Table 5: Gold Ore Concentrate in India and China

Particulars	CY19		CY23		CY24F	
	Volumes (Tonnes)	Value (USD Million)	Volumes (Tonnes)	Value (USD Million)	Volumes (Tonnes)	Value (USD Million)
China	78,00,000	13,948	78,00,000	20,179	84,00,000	23,445
India	46,900	83	31,826	164	50,008	313

Source: Maia Research, CareEdge Research

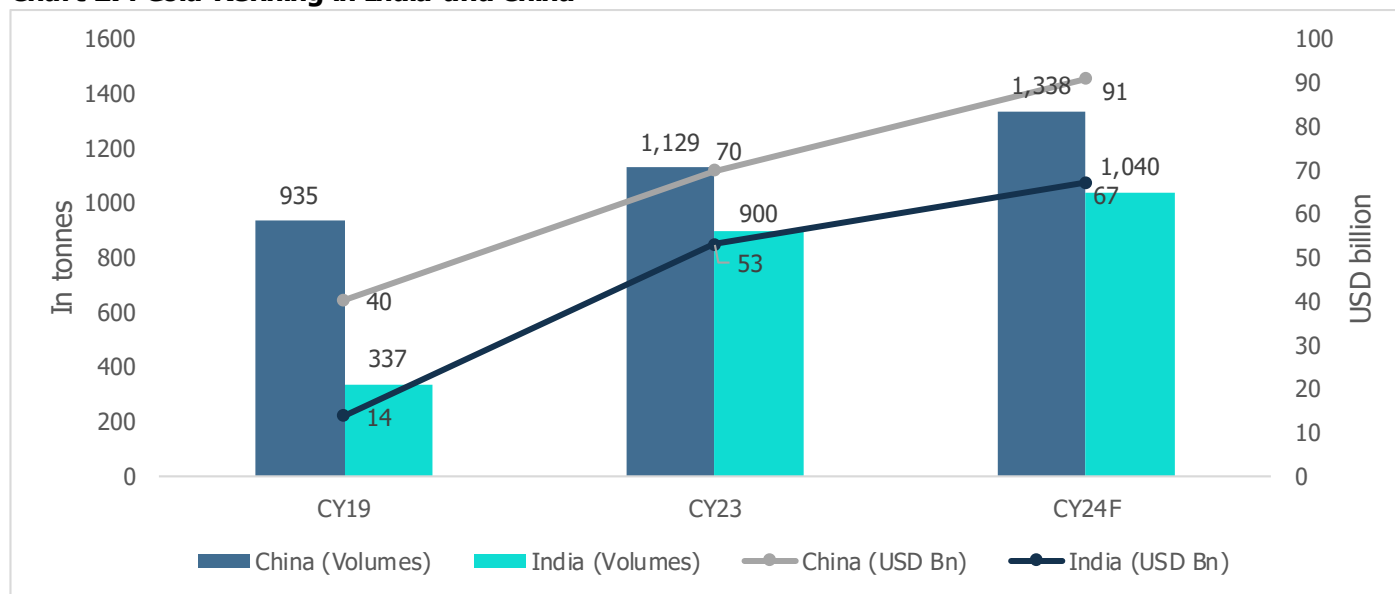
Note: Gold ore concentrate includes both production and import volumes

Gold Refining

The refining of gold in China has witnessed a CAGR of around 5% during the period of CY19 to CY23. It rose from 935 tonnes in 2019 to 1,129 tonnes in 2023. On the other hand, the volumes of gold refining in India have significantly increased with a CAGR of around 28% from 337 tonnes in 2019 to 900 tonnes in CY23.

Impact of Interest Rates, Geopolitical

Chart 27: Gold Refining in India and China

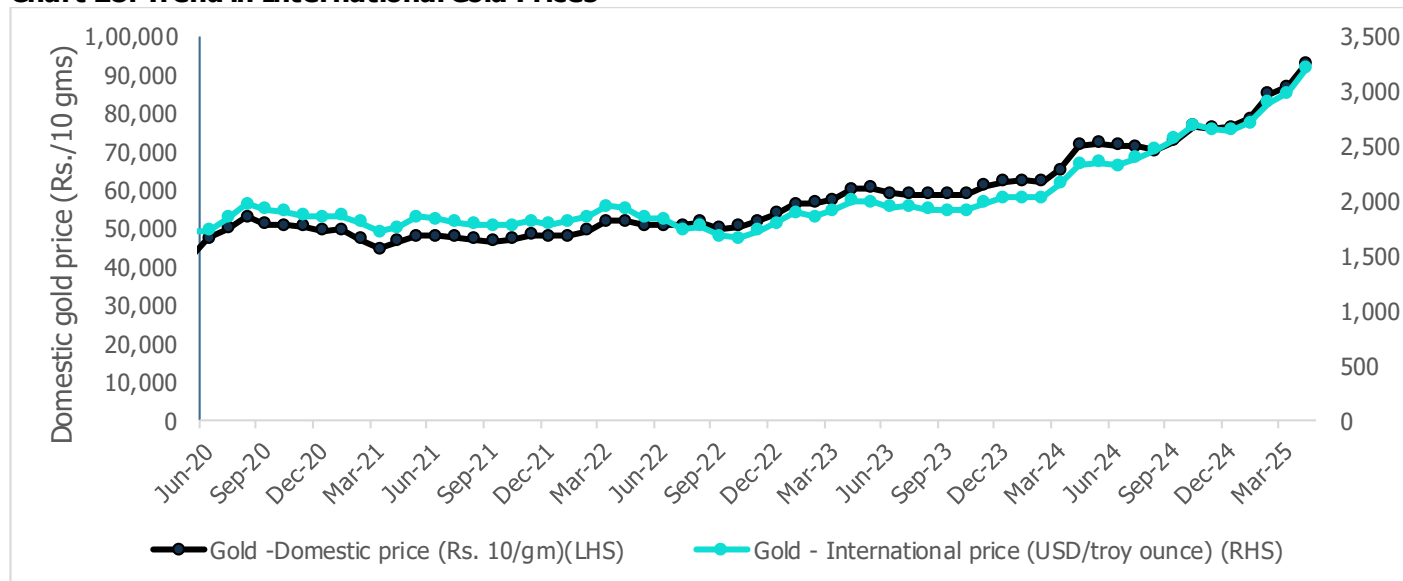


Source: Maia Research, CareEdge Research

3.9 Tensions on Gold Prices

Gold jewellery accounts for a major share of overall jewellery consumption in India. However, the demand for gold, particularly physical gold in the form of coins and bars, which is primarily for investment, is dependent on movements in gold prices.

Chart 28: Trend in International Gold Prices



Source: CMIE; CareEdge Research

In CY24, international gold prices exhibited a strong upward trajectory, starting at USD 2,034 per troy ounce in January and peaking at USD 2,690 in October. The domestic gold prices mirrored this trend, climbing from Rs 62,387 per 10 grams in January to Rs 76,686 by October. This surge was primarily fueled by a weakening US dollar, heightened geopolitical tensions, and expectations of monetary policy easing by the US Federal Reserve, which had already implemented rate cuts totalling 50 basis points.

Additionally, investors sought safety in gold amid global uncertainties, including political developments related to upcoming elections and continued instability in the Middle East. However, gold prices saw a slight decline in November and December CY24, driven by strong US labour market data and the People's Bank of China's reported pause in gold purchases.

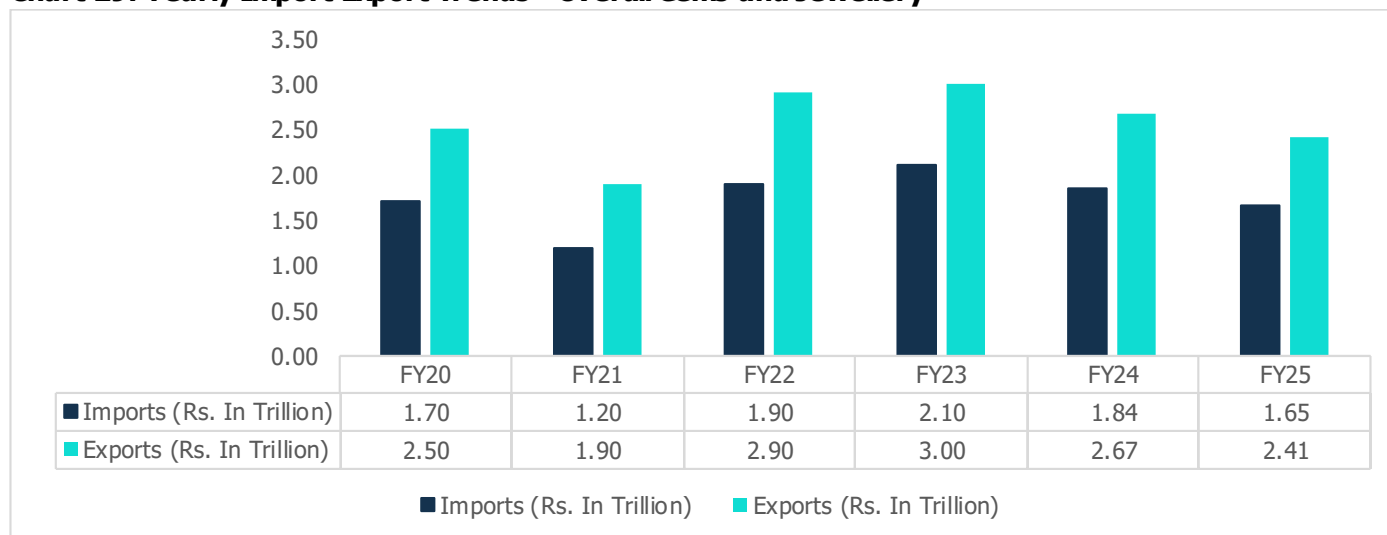
Entering CY25, gold prices resumed their upward momentum, reaching new record highs. By April 2025, international prices had risen to USD 3,208 per troy ounce, while domestic gold prices surged to Rs. 93,033 per 10 grams. This continued rally was supported by expectations of further rate cuts, persistent geopolitical risks, and sustained demand from central banks and investors amid global economic uncertainty.

3.10 Trends in Imports and Exports of Gems and Jewellery in India

3.10.1 Overview

In FY25, G&J exports reached Rs. 2.41 trillion, representing an 11.72% decline compared to the same period in FY24. The overall gross imports of Gems & Jewellery reached Rs 1.65 trillion in FY25, showing a decline of -10.09% compared to Rs 1.84 trillion for the same period the previous year.

Chart 29: Yearly Import Export Trends - Overall Gems and Jewellery



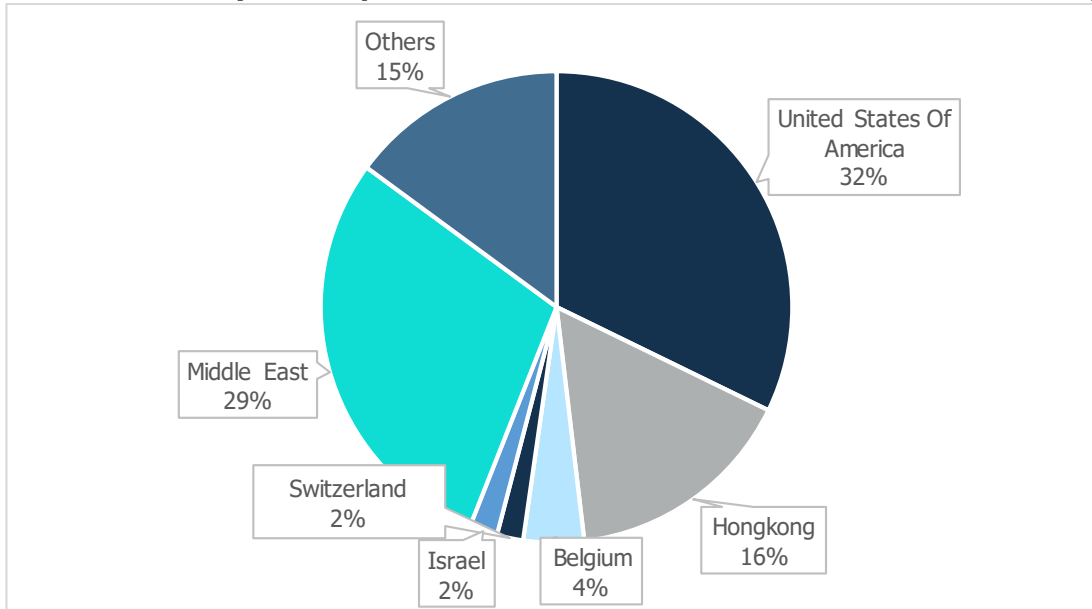
Source: Gems & Jewellery Export Promotion Council (GJEPC)

Growing Government Focus on Export Promotion

The Government of India, along with all the stakeholders of the G&J 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 rapid growth prospects, the government of India has also declared the G&J sector as one of the focus areas for export promotion.

With such continuous government support, the superior quality of Indian manufacturers has enabled the Indian gems & jewellery trade market to penetrate markets like the USA, UAE, Hong Kong, Israel, Switzerland, and Belgium. The USA market is the largest destination for Indian gems and jewellery exports, accounting for a 30% share of India's exports in FY24.

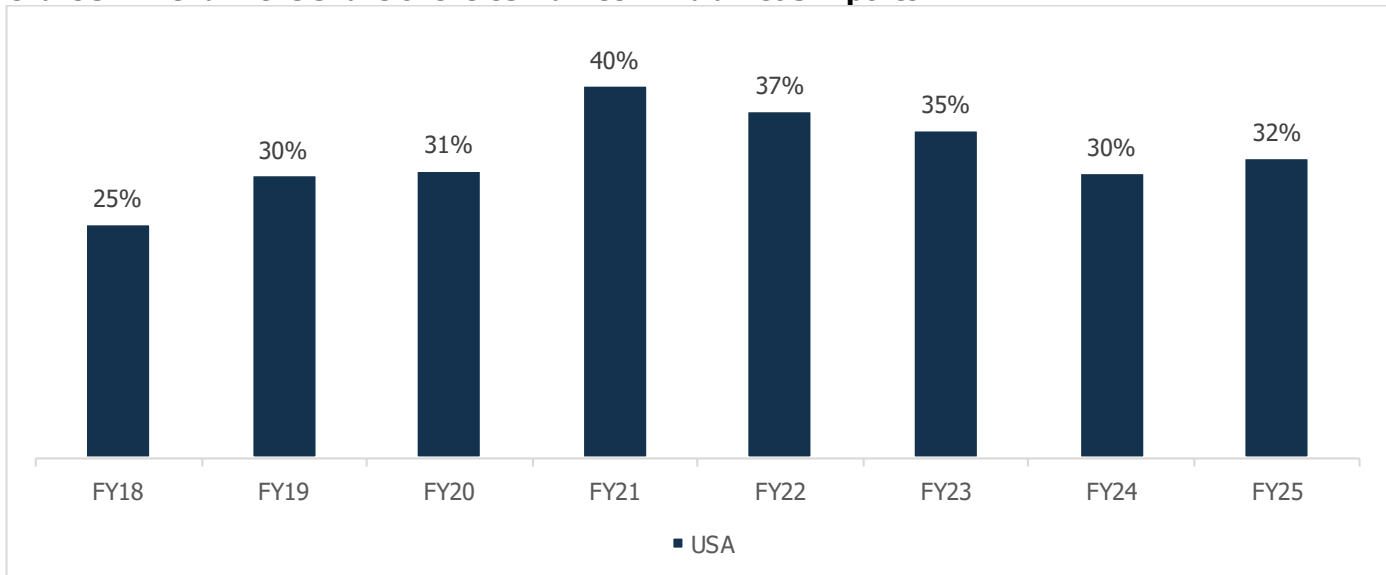
Chart 30: Country-wise Export Share in FY25 - Overall Indian Gems and Jewellery



Source: Gems & Jewellery Export Promotion Council (GJEPC)

In July 2020, Washington ended Hong Kong's preferential trade protection by raising the import duty on gems and jewellery to 7.5% from 3.3%. Further, the levy of additional tariffs on Chinese jewellery being exported to the USA has made Indian exporters more competitive. These factors benefitted India and helped it increase its penetration in the US export market. China and Hong Kong are respectively the fourth- and fifth-largest suppliers of gems and jewellery to the US after India, France, and Italy.

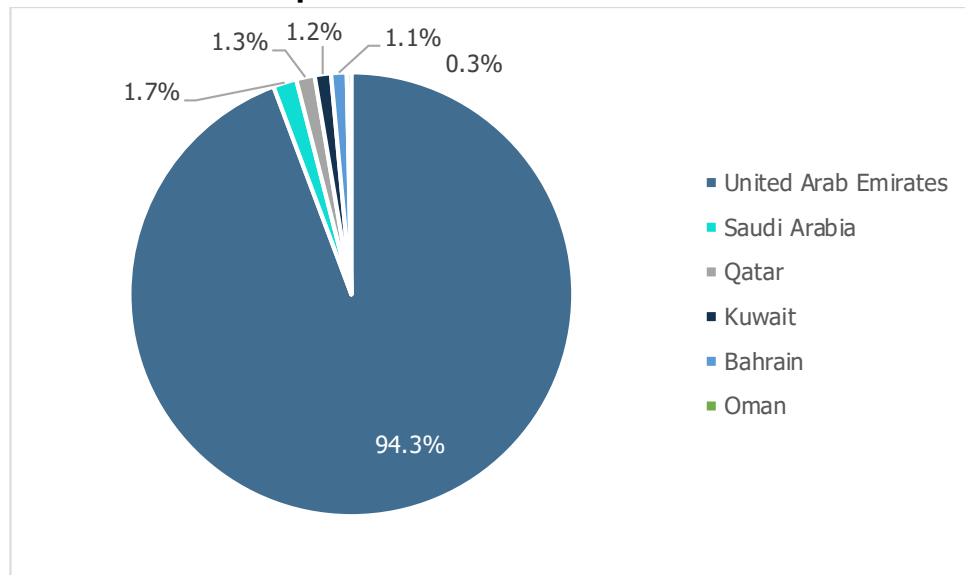
Chart 31: Trend in the Share of the US Market in Indian G&J Exports



Source: Gems & Jewellery Export Promotion Council (GJEPC), CMIE

Focus on Middle East Countries

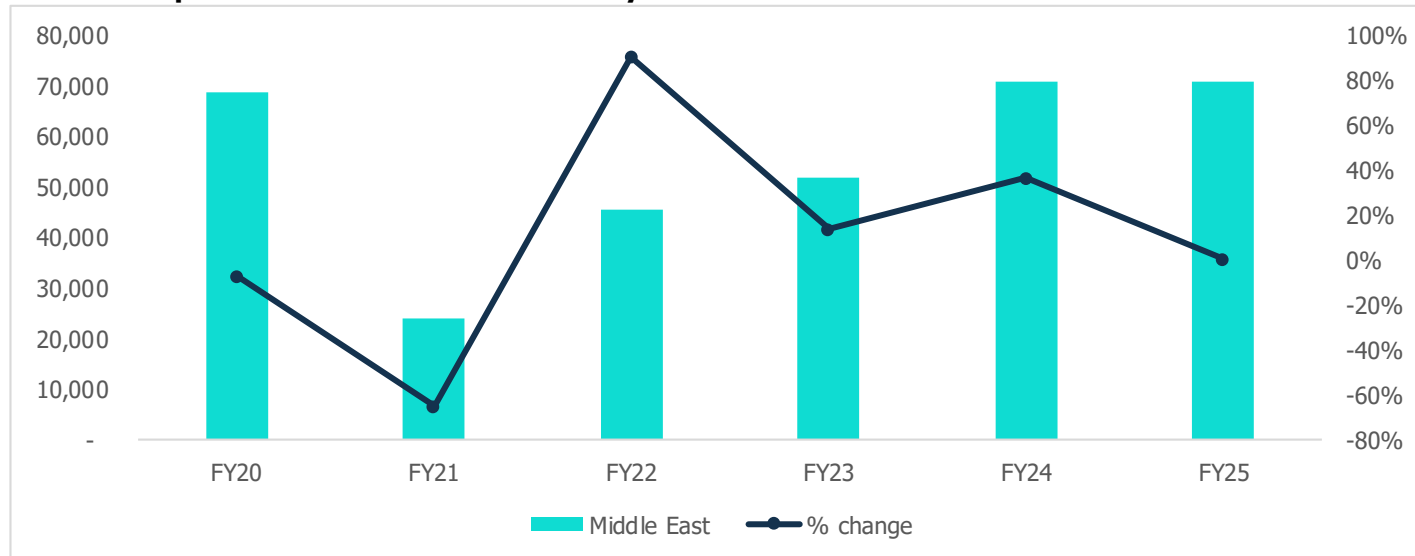
Chart 32: Share of Exports of Middle Eastern Countries-Overall Indian Gems and Jewellery in FY25



Source: Gems & Jewellery Export Promotion Council (GJEPC)

The Share of Middle Eastern countries is around 29% in the total export of the Indian gems and jewellery industry. It comes 2nd after the USA. Middle Eastern countries to which India exports consist of the United Arab Emirates (UAE), Saudi Arabia, Qatar, Kuwait, Bahrain, and Oman. But the maximum share is of the UAE with a 94% share.

Chart 33: Export Trend for Gems and Jewellery to the Middle East



Source: Gems & Jewellery Export Promotion Council (GJEPC)

Note: The Middle East countries include United Arab Emirates (UAE), Saudi Arabia, Qatar, Kuwait, Bahrain, Oman, and Jordan

The compound annual Growth Rate (CAGR) for FY20-FY24 is 0.6% for overall exports of gems and jewellery to the Middle East. As the India-UAE came into force in 2022 and hence we can see a significant increase of 90.3% y-o-y in

FY22 for the gems and jewellery exports. India-UAE CEPA has contributed to an increase in the share of G&J exports to the UAE, especially in Dubai.

3.10.2 Product-Segment Wise Import and Export Trend

Rough Diamonds:

India is a leading importer of rough diamonds, supported by a robust diamond processing sector. In FY25, the country imported rough diamonds worth Rs. 913.5 billion, which represented 55% of the total gems and jewellery imports. This drop can be attributed in part to a two-month import ban from October to December 2023, implemented by the GJEPC to help balance supply and demand, considering decreased demand from the US and China. While polished diamond prices saw a decline, rough diamond prices remained stable, resulting in reduced demand and lower import levels. The ban was lifted in December 2023, and prices have since stabilised.

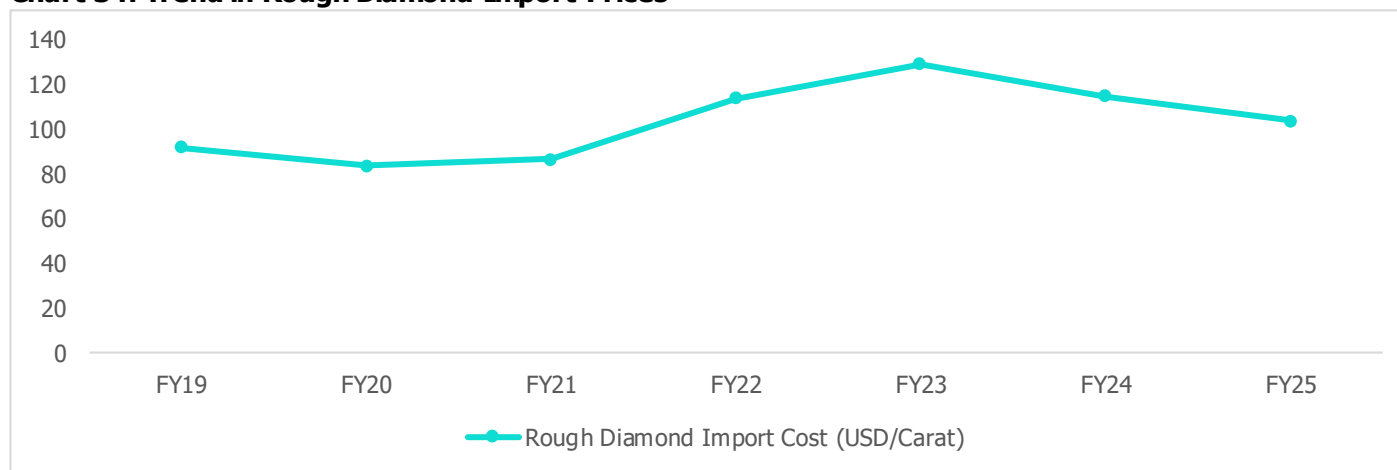
Table 6: Import Trend of Rough Diamonds

Year	Imports (Rs. In Billion)	Y-o-Y Growth (In %)	% Share in Total G&J Imports
FY20	921.6	-15.9%	53%
FY21	802.4	-12.9%	66%
FY22	1411.7	53.2%*	71%
FY23	1118.4	-20.8%	65%
FY24	1180.4	5.6%	64%
FY25	913.55	29.2%	55.4%

* compared with pre-pandemic year FY20

Source: Gems & Jewellery Export Promotion Council (GJEPC), CareEdge Research

Chart 34: Trend in Rough Diamond Import Prices

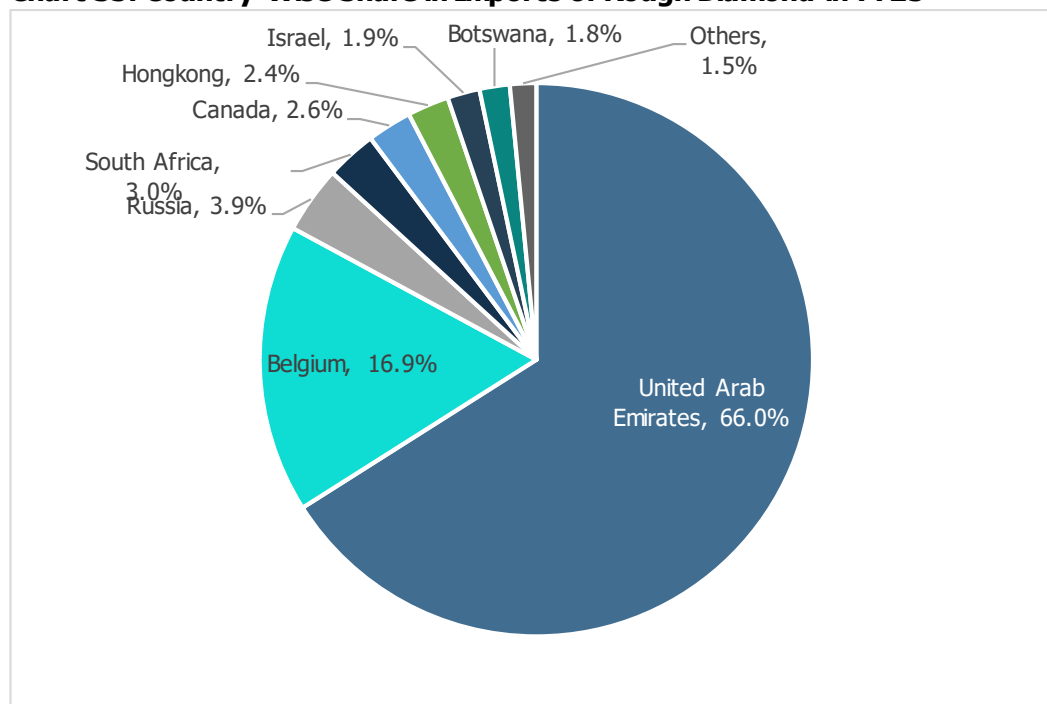


Source: Gems & Jewellery Export Promotion Council (GJEPC), CareEdge Research

Rough diamond prices have increased over the past two to three years as the ongoing Russia-Ukraine war has resulted in a decline supply of rough diamonds. The supply from Russian miner Alrosa, one of the leading suppliers of small-sized diamonds, has been impacted significantly, leading to the increasing rough diamond prices. However, the prices have corrected slightly in FY24 and continued correcting in FY25 as well, on account of weak global demand.

The United Arab Emirates (66%) had the highest share in rough diamond imports to India in FY25, followed by Belgium (16.9%), Russia(3.9%), South Africa(3%), Canada(2.6%), Hongkong(2.4%), Israel(1.9%), Botswana(1.8%) and others.

Chart 35: Country-Wise Share in Imports of Rough Diamond in FY25



Source: Gems & Jewellery Export Promotion Council (GJEPC)

Gold Jewellery:

The gold jewellery market holds the second-largest share of G&J exports after the cut and polished diamonds segment. In FY25, gold jewellery accounted for 39% of the total exports of G&J.

Table 7: Exports of Gold Jewellery (Rs. in billion)

Year	Exports	Y-o-Y growth
FY20	852.3	2.4%
FY21	371.1	-56.5%
FY22	687.8	-19.3%
FY23	765.9	11.4%
FY24	923.5	20.6%
FY25	949.4	2.8%

Note: * compared with pre-pandemic year FY20

Source: Gems & Jewellery Export Promotion Council (GJEPC), CareEdge Research

In FY25 gold jewellery exports increased by 2.8% y-o-y. The commissioning of the India-United Arab Emirates Comprehensive Economic Partnership Agreement (CEPA) resulted in significant growth in exports of plain gold jewellery balancing the gap in exports to key markets such as the United States of America and Hong Kong.

Further, Dubai is a key market for Indian gold jewellery exports. The 'Dubai Gold Souk,' (Traditional gold market of Dubai) where Indian jewellery from Kolkata and Mumbai is popular, makes for a substantial portion of gold sales in Dubai. Mumbai, Chennai, and Kolkata account for many gold jewellery exports. However, several exporters outsource manufacturing to Gujarat-based companies.

The India-UAE Free Trade Agreement (FTA) signed on 18th February 2022 and effective from 1st May 2022, is expected to raise India's gold jewellery exports, create jobs, and provide chances for skill development in the jewellery

manufacturing and supply chain. The FTA between the two nations will encourage the establishment of a more organized wholesale of Indian-made gold jewellery. This breakthrough will make Indian-made jewellery even more appealing to UAE customers (residents and tourists).

Imports of Raw Gold:

After China, India is the world's second-largest gold consumer. India imports unwrought gold in the form of bars, gold plated with platinum or in semi-manufactured forms, and gold powder. Imports are mostly used to meet the demand of the domestic jewellery business. The demand for gold is expected to register a further increase on account of the festive and marriage seasons.

Table 8: Imports of Raw Gold

Year	Gold Imports (Rs. In Billion)	Y-o-Y (%)	Growth	Gold (In Kgs)	Imports	Y-o-Y Growth (%)
FY20	1,992.4	-13.2%		7,19,930		-26.7%
FY21	2,542.8	27.6%		6,51,240		-9.5%
FY22	3,440.9	35.3%		8,79,010		35.0%
FY23	2,804.8	-18.5%		6,78,300		-22.8%
FY24	3,772.5	34.5%		7,95,240		17.2%
9MFY24	2,976	31.8%		6,22,350.00		11.7%
9MFY25	4,074	36.9%		6,39,380.00		2.7%

Source: CMIE, CareEdge Research

The import duty on gold and silver findings and coins of precious metals had increased to 15% from 10% from January 2024. This includes Basic Custom Duty (BCD) of 10% and 5% of AIDC (Agriculture Infrastructure Development Cess). Findings are items like hooks, clips, pins, screws, etc., which are components of jewellery making.

From June 2024, the Directorate General of Foreign Trade (DGFT) has brought gold jewellery studded with pearls, diamonds, and precious & semi-precious stones in the 'restricted' category from 'free' with immediate effect, which means their import will require a government permit. These restrictions have been imposed as the imports from Indonesia under the India-ASEAN free trade agreement had surged, and some articles of gold were coming duty-free and being melted in India to make jewellery. UAE is, however, exempted from these restrictions as per the India-UAE CEPA. However, in July 2024, the Finance Minister of India announced that the Customs Duty on precious metals like gold and silver will be reduced from 15% to 6% and for platinum, it will be reduced from 15.4% to 6.4%.

Domestic gold imports reached Rs. 3,772.5 billion in FY24 as compared to Rs. 2,804.8 billion in FY23 and reached Rs. 4,074 billion in 9MFY25 as compared to Rs. 2,976 billion in 9MFY24. During FY24 the imports of gold imports in India saw a rise of 34.5% y-o-y in value terms, whereas a rise of 17.2% y-o-y was seen in volume terms.

3.11 Outlook for the Gems & Jewellery Industry in India

The gems & jewellery industry's performance has been weak in the first quarter of CY25. However, the demand is expected to improve in the coming months, led by purchasing during the festivals. The demand is expected to further revive in subsequent years, driven by the moderation of inflation and alleviation of global geopolitical issues. Also, the domestic growth is likely to be driven by resilience in demand, particularly during the festive and wedding seasons and expansion by organised jewellery retailers across pan-India.

Diamonds Segment:

India is the world's largest centre for cutting and polishing diamonds, with most players concentrated in the three cities of Gujarat, Surat and Navsari. With a global share of more than 90% in the processing of rough diamonds, Cut & Polished Diamonds (CPD) accounted for 47% of the overall gems and jewellery exports from India. The CPD industry caters to demand from the US, Hong Kong, and the Middle East.

Majorly, India imports rough diamonds and exports cut and polished diamonds. The import prices per carat have been increasing, putting pressure on imports since FY21. On the other hand, the volume of exports has significantly reduced. This situation has resulted in an imbalance of demand and supply, making the demand outlook of the diamond industry negative.

In markets such as the US, diamonds are considered fashionable jewellery affordable to youngsters, which augurs well for the Indian market. The increasing acceptance in markets such as the UK and Australia would further support the demand.

The government has identified lab-grown diamonds (LGD) as an emerging sector. The India-UAE CEPA will further boost the growth of this industry. For instance, Finance Minister Nirmala Sitharaman, in the Budget 2023-24, announced a reduction in basic customs duty on seed used to manufacture LGD from 5% to NIL. This move was made to focus on the LGD exports from India due to depleting natural diamond reserves. Further, in the Budget 2024-25, the finance minister has announced that safe harbour rates for foreign mining companies selling raw diamonds in the country will be provided. Safe harbour rate will help promote the diamond industry and increase demand both domestically and internationally. The prices for rough diamonds may go down, which in turn will increase the demand for 'Cut and Polished Diamonds'

Furthermore, LGD exports are expected to be driven by the growing use of such diamonds in various end-use industries, rising synthetic diamond trade, and environmentally friendly manufacturing of such diamonds. LGDs are now categorised as a separate, more affordable commodity, and their demand is expected to grow due to increased supply and technological advancement.

The U.S. has imposed steep tariffs (27%-34%) on Indian gems and jewellery, significantly increasing the cost of Indian exports in the U.S. market. It is a major challenge for India's gems and jewellery sector, as it could reduce export earnings, lead to job losses, and weaken India's position in the global market. While the immediate impact will be challenging, businesses and policymakers must focus on trade diversification, supply chain realignment, and cost optimization to sustain India's leadership in the global gems and jewellery market.

The cut and polished diamond export volumes have moderated in FY24 and continued the same trend during FY25. In the short term, sanctions on Russia, rising inflation, and weakening global demand due to economic slowdown concerns will likely continue to affect Indian exports. However, in the long term, the segment is expected to witness healthy demand. The overall share of LGDs remains low within the diamond industry, and declining exports alongside price corrections pose significant challenges, putting the sector in a difficult position.

Gold Jewellery Segment:

The demand for gold jewellery in India is predominantly driven by the domestic market, with weddings and festivals being the key contributors. Bridal jewellery accounts for more than half of the market share. Economic growth, wage increases, and wealth distribution will significantly impact long-term demand for gold jewellery.

In rural areas, gold demand typically increases post-harvest, especially after the Kharif crop season from September to November. Festivals like Diwali and Akshaya Tritiya are also major drivers, with 40-60 tonnes of gold sold during these periods alone. The growth of organised jewellery retailers and sustained demand are expected to drive moderate growth in the medium term. Additionally, India remains a key exporter of gold jewellery, with the Comprehensive Economic Partnership Agreement (CEPA) allowing 90% of Indian jewellery to enter the UAE duty-free, boosting international trade.

However, rising gold prices, inflation in food and fuel, and a weakening rupee are likely to impact consumer spending, particularly on discretionary purchases. Gold prices reached an all-time high of USD 2,690 per troy ounce, in CY24 and remains close to it, reaching around USD 3,208 per troy ounce in April 2025, which, combined with a weaker rupee, could make gold more expensive and reduce demand, especially in rural areas where demand is sensitive to crop performance.

The gold jewellery sector faces challenges from high gold prices. Wedding purchases have been subdued, with many consumers opting to exchange old gold instead of making new purchases. As gold prices surged, some consumers sold their old gold for profit, contributing to a slowdown in demand. This has resulted in a liquidity crunch among retailers, making them reluctant to restock.

The Union Budget kept the import duty on gold at 6% but reduced the customs tariff on gold jewellery from 25% to 20%, a move that is unlikely to significantly impact domestic production, as jewellery imports are limited to high-end, low-carat products. New tariff lines for precious metals were introduced to address disruptions in gold imports in forms like platinum alloy and gold paste.

Despite challenges in the jewellery segment, investment demand for gold remains strong, with continued interest in gold bars and coins as prices rise. Looking ahead, jewellery demand is expected to stay muted in the short term due to high prices and economic pressures, but price stabilisation could improve demand in the upcoming fiscal year.

In the long term, the gold jewellery industry remains stable, driven by robust export growth, sustained retail demand during festival periods, and a strong investment appetite for gold. However, short-term challenges like high gold prices and inflation may continue to impact consumer demand.

4 Diamond and Diamond Studded Gold Wholesale Market

4.1 Overview of the Diamond industry in India

India is a global leader in diamond processing, accounting for approximately 90% of the world’s rough diamond cutting and polishing by volume. The country has established a highly integrated value chain centred around the midstream segment, with Surat in Gujarat emerging as the world’s largest diamond processing hub. The industry benefits from low labour costs, advanced technology adoption, and a skilled workforce with decades of experience in diamond craftsmanship.

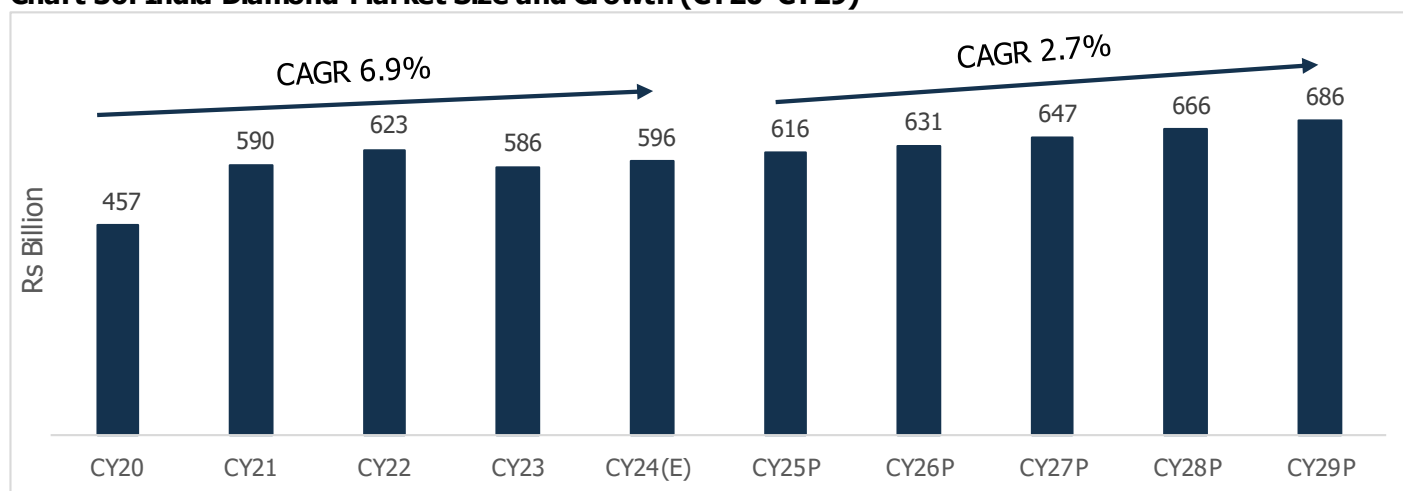
The Indian diamond industry operates across the entire value chain, encompassing the import of rough diamonds, cutting and polishing, grading and certification, and the export of finished stones. Rough diamonds are primarily sourced from international mining hubs such as Russia, Botswana, and Canada and are processed in India for re-export. Mumbai serves as the key trading and export centre, connecting Indian processors with global buyers. In FY25, the cut & polished segment contributed 47% of the overall exports in the gems & jewellery segment and the overall exports of cut & polished diamonds stood at Rs. 1,124.2 billion in FY25.

While exports remain the dominant demand driver, India’s domestic diamond consumption is witnessing steady growth, supported by rising disposable incomes, increasing urbanisation, and evolving consumer preferences towards branded and lightweight diamond jewellery. Organised retail players such as Tanishq, Malabar Gold & Diamonds, and Kalyan Jewellers are expanding their product offerings and retail footprint, particularly in Tier I and Tier II cities. Additionally, the increasing acceptance of lab-grown diamonds is reshaping demand dynamics, offering consumers a cost-effective and sustainable alternative to natural stones.

The industry, however, continues to face certain challenges including volatility in rough diamond prices, dependence on imported raw materials, and growing competition from synthetic diamonds. Furthermore, compliance with international traceability and ethical sourcing standards is becoming critical for maintaining export competitiveness. Despite these headwinds, the long-term outlook for the Indian diamond industry remains stable, supported by continued investment in technology, increasing formalisation of operations, and policy support through initiatives such as the India International Bullion Exchange (IIBX) and skill development programmes under the government’s 'Skill India' mission.

4.2 Market Size of the Diamond Industry in India

Chart 36: India Diamond Market Size and Growth (CY20-CY29)



Source: IMARC Group, CareEdge Research

In CY24, the Indian retail diamond jewellery market was valued at approximately Rs 596 billion, having grown at a CAGR of 6.9% during CY20–CY24. Looking ahead, the market is expected to expand at a CAGR of 2.7% over the forecast

period CY25P–CY29P. This growth is driven by rising consumer preference for branded and lightweight jewellery, increasing penetration of organised retail in Tier I and Tier II cities, and growing awareness of lab-grown diamonds. However, challenges such as price volatility in rough diamonds, global demand fluctuations, and rising competition from synthetic alternatives may moderate the pace of future expansion.

4.3 Overview of the Diamond Studded Gold and Platinum Jewellery

Diamond Studded Gold

Diamond-studded gold jewellery is a popular and growing segment in India. It combines the classic appeal of gold with the elegance of diamonds, making it a preferred choice for many consumers. This type of jewellery is especially popular for weddings and special occasions, where diamonds are seen as a symbol of luxury and status. With increasing disposable incomes and changing consumer preferences, demand for diamond-studded gold jewellery is on the rise, particularly in urban areas.

India is now the second-largest consumer of diamond jewellery in the world, accounting for 11% of global consumption. This growth is mainly driven by the increasing number of middle-class consumers and their higher spending power.

The demand for diamond-studded gold jewellery is driven by factors like higher disposable incomes, a growing preference for branded products, and the influence of global fashion trends. Young professionals and millennials are important consumers, often choosing trendy and lightweight designs. Traditional wedding jewellery also incorporates diamond-studded pieces, making it an essential part of Indian culture.

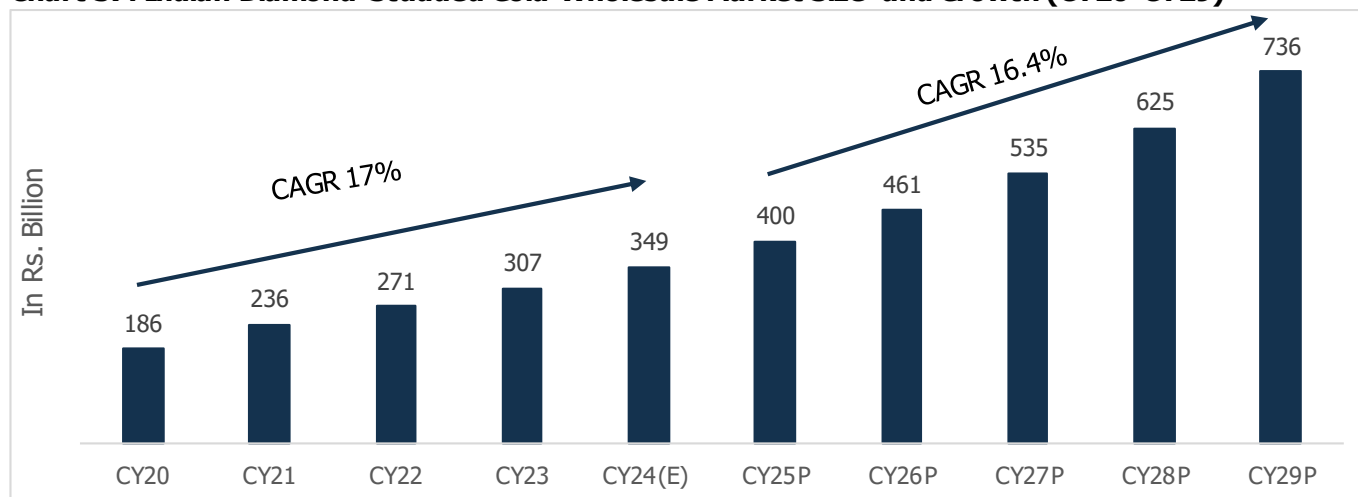
Several key trends are shaping the market. Customization has become a popular choice, especially among affluent customers looking for unique designs. E-commerce platforms have made it easier for consumers to buy diamond-studded jewellery, offering convenience and competitive pricing. Additionally, lab-grown diamonds are becoming increasingly popular due to their affordability and sustainability, changing consumer buying habits.

However, the segment faces challenges, including the fluctuating prices of diamonds, which may limit its accessibility to certain consumers. While few companies manage to mitigate the risk of fluctuating prices, some companies also find too difficult to surpass the prices to the end consumers. The unorganized market still holds a large share, and fluctuations in gold prices and import duties affect pricing and availability. These factors introduce some uncertainty, but they are balanced by consumer demand for quality and trust in branded jewellery.

Looking ahead, the diamond-studded gold jewellery market is expected to continue growing. The expansion of India's middle class, increasing brand awareness, and the rise of organized retailers will help drive this growth. Government initiatives to promote hallmarking and transparency are also boosting consumer confidence, ensuring a positive outlook for the segment.

4.4 Indian Diamond Studded Gold Wholesale Market Size

The Indian diamond-studded gold wholesale market reached a value of Rs. 349.33 billion in CY24, growing at a CAGR of 17% from CY20 to CY24. This growth is largely driven by the expanding middle class, which increasingly prefers branded products, contributing to the rise in demand for diamond jewellery. The growing influence of organized retail chains has significantly improved accessibility and consumer trust in branded diamond-studded jewellery, thereby boosting sales. Moreover, exports of studded gold jewellery also witnessed strong growth, increasing by 14.58% to USD 4.57 billion during April–December 2024 from USD 3.99 billion in the same period of 2023, supported by rising global consumer preference for Indian designs.

Chart 37: Indian Diamond-Studded Gold Wholesale Market Size and Growth (CY20-CY29)


Source: IMARC Group, CareEdge Research

Continuous innovation in designs and customisation options is attracting a broader customer base. Furthermore, the rise of online shopping platforms has expanded the market reach, enabling consumers to explore a wider variety of diamond-studded jewellery conveniently. As a result, the market is poised to grow at a CAGR of 16.4% during CY25-CY29, reaching an estimated value of Rs. 735.62 billion by CY29.

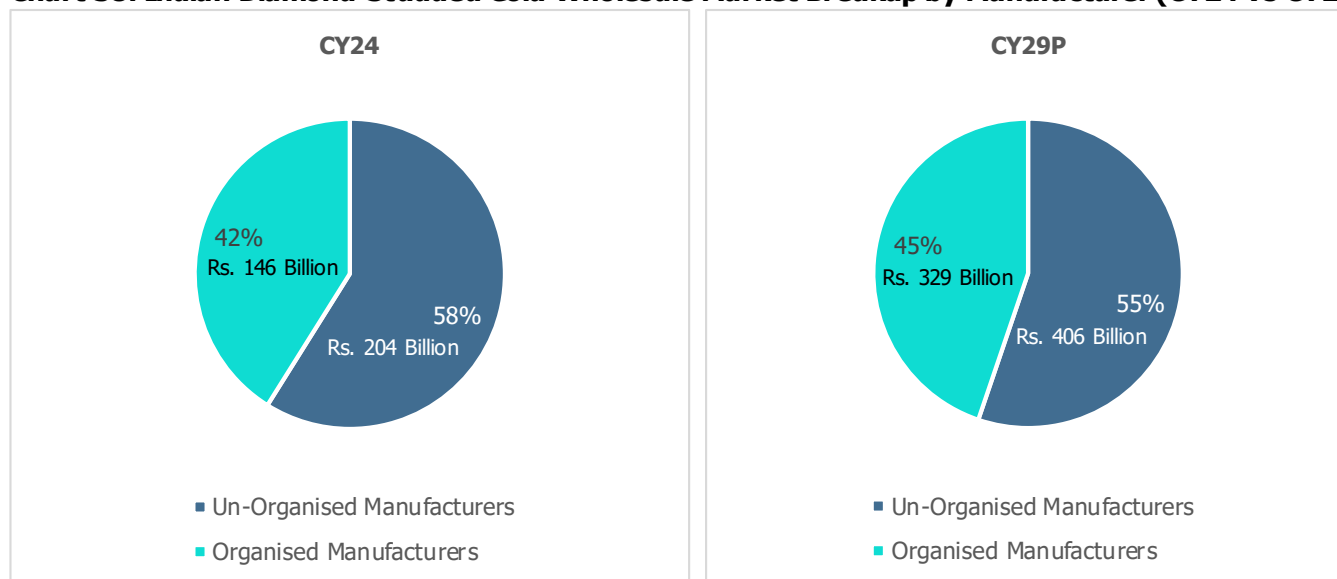
India's strong position as a major exporter of gems and jewellery presents opportunities for manufacturers to tap into global demand for diamond-studded gold jewellery. The integration of advanced technologies in production processes enhances efficiency and quality, allowing manufacturers to produce intricate designs that meet the ever-evolving market demands. Growing consumer awareness about the value of investing in quality jewellery is also encouraging the shift from traditional to diamond-studded pieces, further driving market demand.

4.5 Share of Organised and Unorganised Manufacturers

The cultural significance of gold and diamond jewellery, especially during weddings and festivals, remains a major driver of demand in India. Unorganised players benefit from lower overhead costs, allowing them to offer competitive pricing and cater to budget-conscious consumers seeking affordable luxury. These manufacturers also possess deep insights into local consumer preferences, enabling them to quickly adapt to market trends and offer unique, personalised jewellery pieces. Many unorganised players leverage traditional craftsmanship to produce intricate designs that appeal to consumers looking for authenticity and heritage. By expanding their distribution networks through partnerships with local retailers or e-commerce platforms, unorganised manufacturers can improve product availability and enhance their market reach, further driving demand.

On the other hand, the growing middle class and increasing disposable income in India provide significant opportunities for organised manufacturers to cater to affluent consumers. As demand for unique and personalised jewellery continues to rise, organised players are investing in innovative designs and customisation options to meet these preferences. Sustainability is becoming a key factor in purchasing decisions, with ethical sourcing and environmentally friendly practices influencing conscious consumers. Technological advancements such as 3D printing are transforming jewellery design, enabling organised players to produce intricate designs efficiently and cost-effectively. Expanding retail presence in Tier II and III cities, where disposable incomes are rising, and leveraging strong brand recognition and collaborations with renowned designers, will further enhance the competitiveness of organised players, attracting discerning consumers and fostering long-term loyalty.

Chart 38: Indian Diamond Studded Gold Wholesale Market Breakup by Manufacturer (CY24 Vs CY29P)

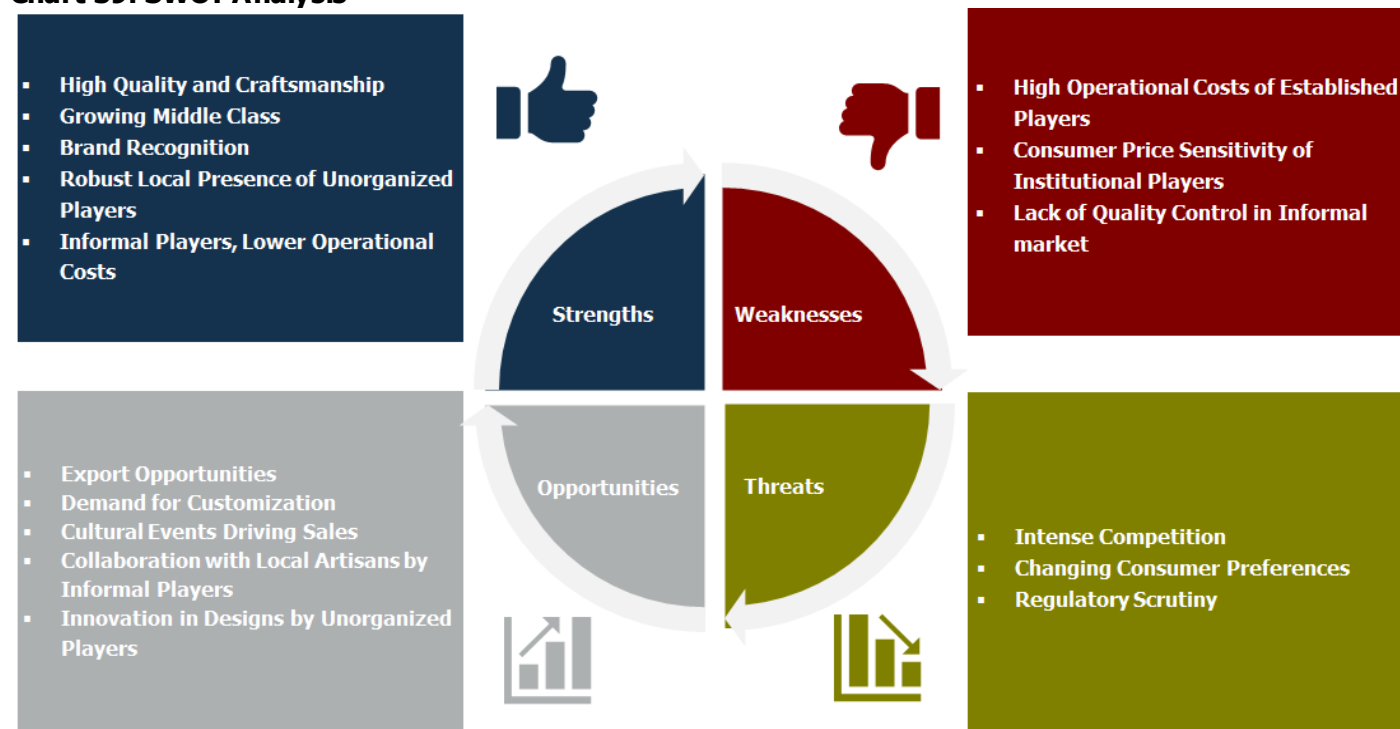


Source: IMARC Group, CareEdge Research

In CY24, the unorganised segment of the Indian diamond-studded gold wholesale market held a dominant share of 58.3%, valued at Rs. 203.74 billion. The organised segment, in contrast, accounted for 41.7% of the market, valued at Rs. 145.59 billion. Looking ahead, by CY29, the unorganised segment is projected to grow to Rs. 406.21 billion, maintaining a 55.2% market share, while the organised segment is expected to grow to Rs. 329.41 billion, reaching a 44.8% market share.

4.6 SWOT Analysis of the Indian Diamond-Studded Gold Wholesale Industry

Chart 39: SWOT Analysis

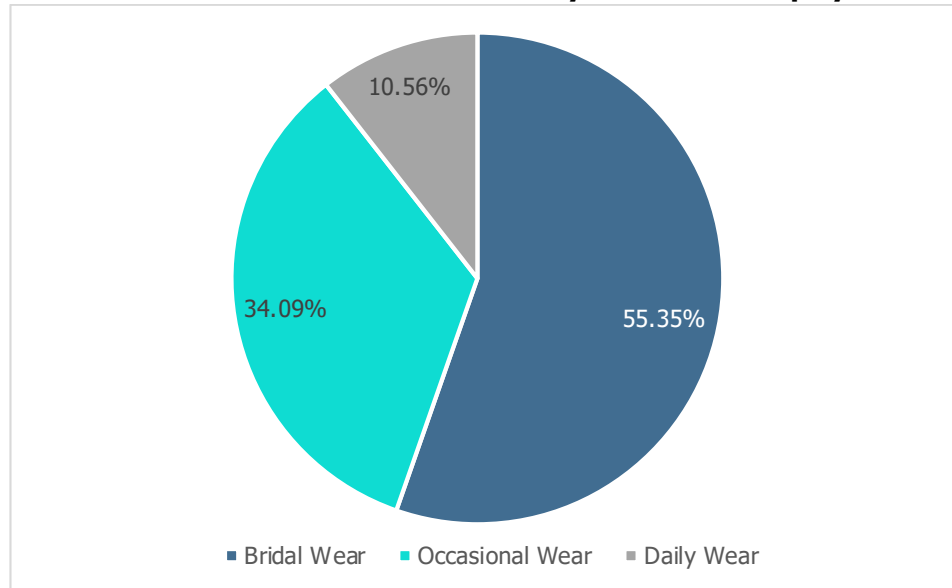


Source: CareEdge Research

4.7 Indian Wholesale Gold Jewellery Market Breakup by Wearing

The Indian wholesale jewellery market is segmented based on the type of wear, which includes bridal wear, occasional wear, and daily wear.

Chart 40: Indian Wholesale Gold Jewellery Market Breakup by Wearing (in %), CY24(E)



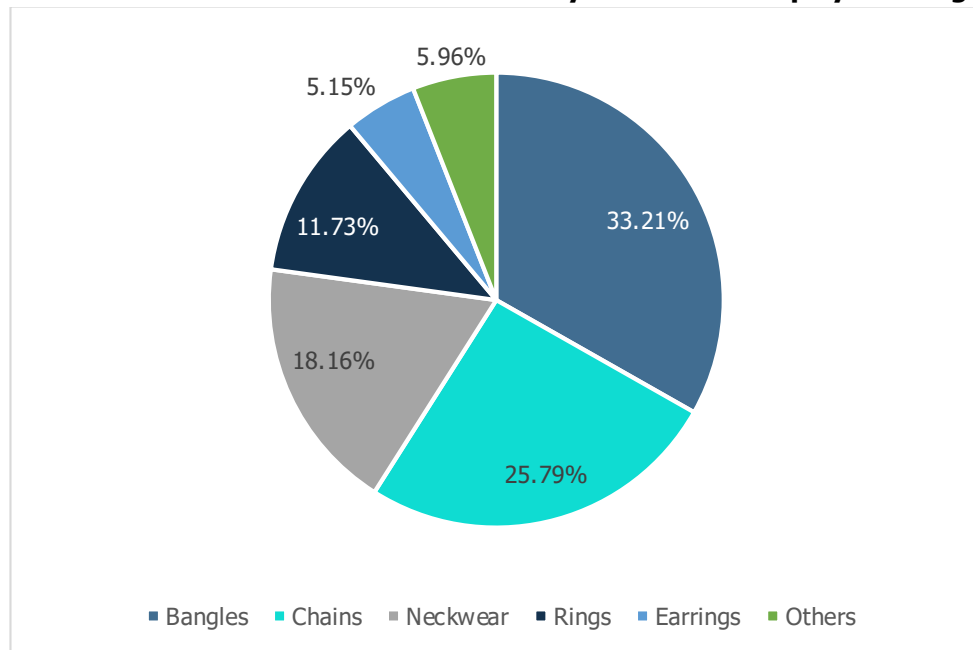
Source: IMARC Group, CareEdge Research Analysis; E= Estimated

Segment	Details
Bridal Wear	The Indian bridal jewellery segment is a leading category, supported by cultural heritage and the significance of weddings. It consists of intricate designs made of gold, diamonds, Kundan, and Polki. Demand is at its peak during the wedding season, especially in North and South India. In CY23, jewellery contributed 23–25% to overall wedding spending, reflecting its cultural importance. Key trends include the rise of destination weddings and a preference for heritage designs, ensuring bridal jewellery’s continued prominence in India’s wholesale market.
Occasional Wear	The occasional wear segment caters to demand for festivals, family occasions, and special occasions. Customers prefer semi-precious stones, modern designs, and multi-occasion pieces that incorporate tradition with modern looks. Key cities such as Mumbai, Delhi, and Bangalore contribute high sales, particularly during Diwali. The market is changing, with young consumers increasingly opting for light and low-cost designs, which has been driving the segment’s consistent growth in the wholesale jewellery market.
Daily Wear	Daily wear jewellery is becoming increasingly popular in urban and semi-urban regions, with emphasis on minimalist, light, and long-lasting designs such as gold chains, rings, and earrings. Growing numbers of working professionals have increased demand for low-cost yet fashionable pieces. Maharashtra, Gujarat, and West Bengal register steady demand owing to high urban populations and high density of professionals. Mumbai, being the economic capital of Maharashtra, accounts for major sales. Gujarat’s increasing business group and Kolkata’s cultural heritage also help in the segment’s consistent growth in the wholesale market.

4.8 Indian Wholesale Gold Jewellery Market Breakup by Product Type

The Indian wholesale jewellery market is segmented based on product type, which includes neckwear, rings, earrings, chains, and bangles/bracelets.

Chart 41: Indian Wholesale Gold Jewellery Market Breakup by Wearing (in %), CY24(E)



Source: IMARC Group, CareEdge Research Analysis; E= Estimated

- **Neck Wear**

The neck wear segment, including necklaces, chokers, and pendants, is a cornerstone of the Indian wholesale jewellery market. It is highly diverse, with demand ranging from heavy, ornate designs in gold and diamonds for weddings to lightweight, everyday wear pieces. Traditional styles like Kundan and Temple jewellery remain popular, especially in South India. The segment sees peak demand during the wedding and festive seasons, with a growing trend towards customizable designs that blend traditional motifs with modern aesthetics.

- **Rings**

Rings are a versatile and highly popular product in the Indian wholesale jewellery market. This segment includes everything from elaborate bridal rings, often adorned with diamonds and precious stones, to simple, everyday gold bands. Engagement rings are a significant driver, with a strong preference for solitaire diamonds. Rings also serve as popular gifting options during festivals and special occasions. The demand for innovative designs, including stackable and multi-finger rings, is on the rise, particularly among younger consumers.

- **Earrings**

Earrings are a key segment in the Indian jewellery market, catering to various occasions, from daily wear to weddings. The range includes studs, hoops, jhumkas, and chandbalis, with gold and diamonds being the most sought-after materials. Demand for lightweight and versatile designs is growing, especially among urban consumers. Earrings are also a popular gifting choice, driving consistent sales throughout the year. Regions like Maharashtra and Gujarat show strong demand for both traditional and contemporary styles, making this segment a staple in the wholesale market.

- **Chains**

Chains are a fundamental part of the Indian wholesale jewellery market, favoured for their simplicity and versatility. Gold chains dominate this segment, available in a variety of styles such as plain, beaded, and rope designs. Chains are popular as everyday wear, particularly among men and working professionals. They also serve as a common gifting item, especially during festivals and family occasions. The market for lightweight and durable chains is expanding, with increasing demand from urban and semi-urban areas.

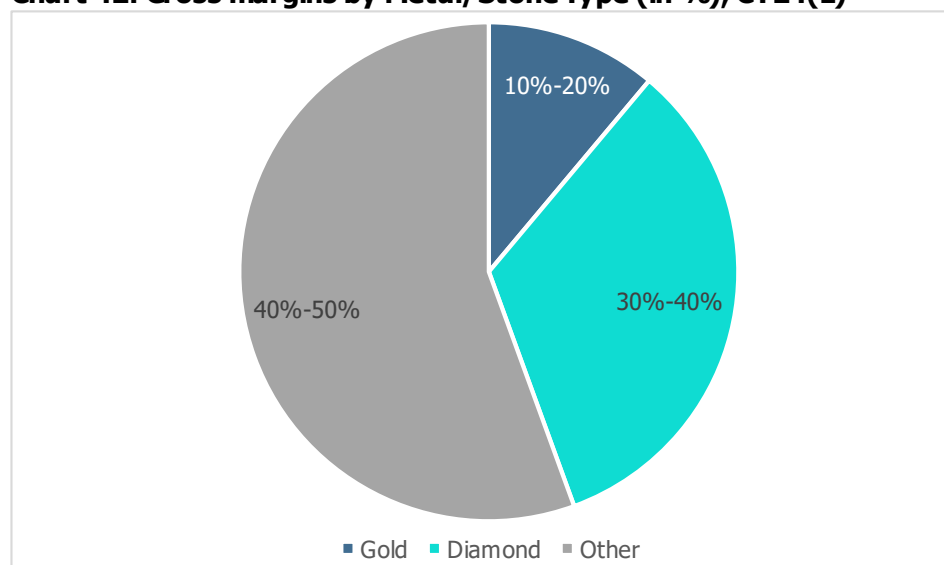
- **Bangles/Bracelets**

The bangles and bracelets are the largest market segment. Bangles and bracelets hold a special place in Indian jewellery, symbolising tradition and elegance. This segment includes a wide range of products, from heavy, ornate bridal bangles to sleek, contemporary bracelets. Gold bangles are particularly popular in South India, while diamond-studded bracelets are gaining traction among younger consumers. The demand peaks during wedding seasons and festivals like Diwali and Raksha Bandhan. The trend towards mixing traditional designs with modern styles is driving innovation in this segment within the wholesale market.

4.9 Gross margins by metal/stone type

Based on stone/metal type, the Indian jewellery market can be segmented into jewellery made of gold, diamond, and others (including platinum, gemstones, and non-traditional metals). The gross margins for these segments vary due to factors such as raw material costs, consumer demand, design complexity, and pricing strategies.

Chart 42: Gross margins by Metal/Stone Type (in %), CY24(E)



Source: IMARC Group, CareEdge Research Analysis; E - Estimated

The gross margin for the plain gold jewellery segment ranges from 10% to 14%. It has lower gross margins compared to non-gold jewellery. Although gold holds high value, it does not offer the same premium pricing opportunities as diamonds and other precious stones. Its pricing is more standardised, allowing less flexibility for high markups compared to diamond-studded or gemstone jewellery. Plain gold jewellery typically features simpler or standardised designs, with pricing primarily based on weight rather than design complexity or exclusivity. As a result, profits are more closely tied to the weight and purity of the gold rather than design innovation. Furthermore, gold prices are publicly available, making it difficult for retailers to charge a brand premium.

In contrast, diamond-studded jewellery has gross margins ranging from 30% to 35%. Non-gold jewellery, particularly diamond-studded pieces, often features more intricate designs in the luxury market. Compared to plain gold jewellery, diamond-studded jewellery requires greater craftsmanship, involving skilled labour, stone setting, and complex design work. The pricing of diamond-studded jewellery is more customised and allows for higher markups due to continuous innovation in designs and customisation options, catering to consumer preferences for aesthetic appeal and exclusivity. Diamond prices are more flexible as they depend on factors such as cut, clarity, colour, carat weight, rarity, and branding, enabling premium pricing opportunities. As the studded ratio (studded jewellery/total revenue) increases, profitability also rises. Additionally, lower karat gold can be used in diamond-studded jewellery, reducing the gold component cost and optimising overall expenses, which leads to higher margins.

4.10 Outlook of the Gold and Platinum Jewellery Wholesale Market in India

The gold and platinum jewellery wholesale market in India is expected to experience steady growth, driven by consistent demand from both traditional and modern consumers. Gold remains the dominant metal, particularly for bridal jewellery and as an investment vehicle. Platinum, however, is gaining traction, especially among high-income groups, with increasing demand for premium products such as engagement rings and exclusive collections. The growing trend for personalised and designer jewellery, coupled with platinum’s appeal for its durability and hypoallergenic qualities, is contributing to its expanding market share.

Rising disposable incomes, urbanisation, and the shift towards online retail platforms are making jewellery more accessible, further enhancing market growth. There is also an increasing preference for purity, certification, and branded jewellery, which is supporting demand.

However, challenges such as fluctuations in gold and platinum prices, import regulations, and global market volatility may influence market dynamics. Despite these factors, the long-term outlook for the gold and platinum jewellery wholesale market remains strong, with innovations in designs, a growing affinity for certified and branded products, and the rise of digital sales channels contributing to continued market expansion.

Recent Trends in the Jewellery market in India

Trend	Description
Rise of Minimalist Designs	Minimalist jewellery designs are increasingly favoured, especially by younger consumers. These designs prioritise simplicity and elegance, often featuring lightweight gold and diamond pieces. This trend is propelled by shifting fashion preferences and the desire for jewellery that seamlessly fits into everyday attire.
Digital and Omni-Channel Strategies	The jewellery market is progressively embracing digital strategies, with retailers adopting omnichannel approaches to enhance customer experiences. Online platforms now function not only as sales channels but also for virtual try-ons, consultations, and customisations. The integration of AI and AR tools in the online environment has significantly boosted consumer engagement.
Expansion of the Wholesale Gold Jewellery Market	The wholesale gold jewellery sector is transitioning towards more organised trade practices. Wholesalers are leveraging technology to optimise operations, improve inventory management, and enhance transparency. A growing trend towards direct sourcing from mines and refineries is diminishing reliance on intermediaries.
Increased Demand for Pre-Owned and Vintage Jewellery	There is a rising interest in pre-owned and vintage jewellery, driven by a commitment to sustainable fashion and a preference for unique, heritage pieces. Retailers and wholesalers

Trend	Description
	are responding to this trend by offering refurbished and certified pre-owned jewellery, often at more accessible price points.
Influence of Global Design Trends	Global design trends are significantly influencing jewellery preferences in India. There has been a marked increase in demand for jewellery styles inspired by international fashion, such as those from Italy or the Middle East. This trend is particularly evident in metropolitan areas, where consumers are more attuned to global fashion influences.
Focus on Customisation in Wholesale Gold Jewellery	The wholesale gold jewellery market is experiencing a growing demand for customised pieces.
Hallmarking and Certification	With the mandatory hallmarking of gold jewellery introduced in January 2021, there has been an increased focus on certified products in the wholesale market. Wholesalers are now more inclined to deal with hallmarked gold, ensuring quality and authenticity, which has boosted consumer confidence and led to greater demand for certified products.

5 Regulatory Process and Framework for the Gems & Jewellery Industry in India

5.1 FDI Norms

The gems & jewellery industry is the second-largest Foreign Exchange Earner (FEE) in the Indian economy. India is known as the hub of global jewellery due to its low costs, availability of skilled labour, and other benefits like policy support etc. Various government policies support the industry. Currently, 100% Foreign Direct Investment (FDI) is permitted in the sector under the automatic route.

This sector has become a focus area for promoting exports. The government has taken various initiatives for investment promotion and technology upgradation. The country is looking forward to building a 'Brand India' in the global market because of its growth prospects.

The Government of India's decision to bring FDI into the retail market expedited the growth in the organized jewellery sector. This facilitated substantial job opportunities in various departments like logistics, repackaging centres, distribution channels, housekeeping, security, etc. FDI has been one of the key drivers in uplifting the jewellery sector and contributing towards the overall development of the economy.

5.2 Goods & Services Tax (GST)

Before the introduction of the GST regime, gold attracted a 2% tax, consisting of service tax and a value-added tax (VAT) of 1% each. The tax rate levied on gold sales increased from 2% to 3% due to the introduction of GST and had a critical impact on the jewellery industry. An additional 5% GST is applicable on the making charges of gold jewellery in India. GST of 1.5% is levied on cut and polished diamonds. Implementation of GST benefited interstate business transactions as different states operated varying tax structures before the GST, which subsumed into a single tax rate post-GST rollout. It has also simplified the purchase of bullion. Further, the implementation of GST has improved transparency and accountability, especially in the organized sector.

5.3 Gold Imports by the RBI

Given that gold is thought to be a reliable inflation safeguard, and that global inflation is on the rise, central banks have become a major source of gold demand. The RBI purchases gold frequently for its reserves intending to diversify the assets under which the country's foreign exchange reserves are held. This is used as a safe investment tool against inflation and brings stability to the overall reserves of the central bank during that inflationary period. Gold is usually bought in the form of gold bars. RBI's gold reserves stood at 854.7 metric tonnes as of September 2024.

5.4 Authorized Banks for Purchase of Gold

Individuals can buy gold from banks either in physical or digital form. Banks provide multiple schemes with options, such as physical gold in the form of bars and coins, digital gold, sovereign gold bonds (SGBs), etc.

Authorized Banks Permitted to Purchase Gold from Other Countries

Axis Bank	Federal Bank
Industrial and Commerce Bank of China	HDFC Bank
IndusInd Bank	ICICI Bank
Punjab National Bank	Indian Overseas Bank
Kotak Mahindra Bank	Karur Vysya Bank
State Bank of India	RBL Bank
Yes Bank	Union Bank of India

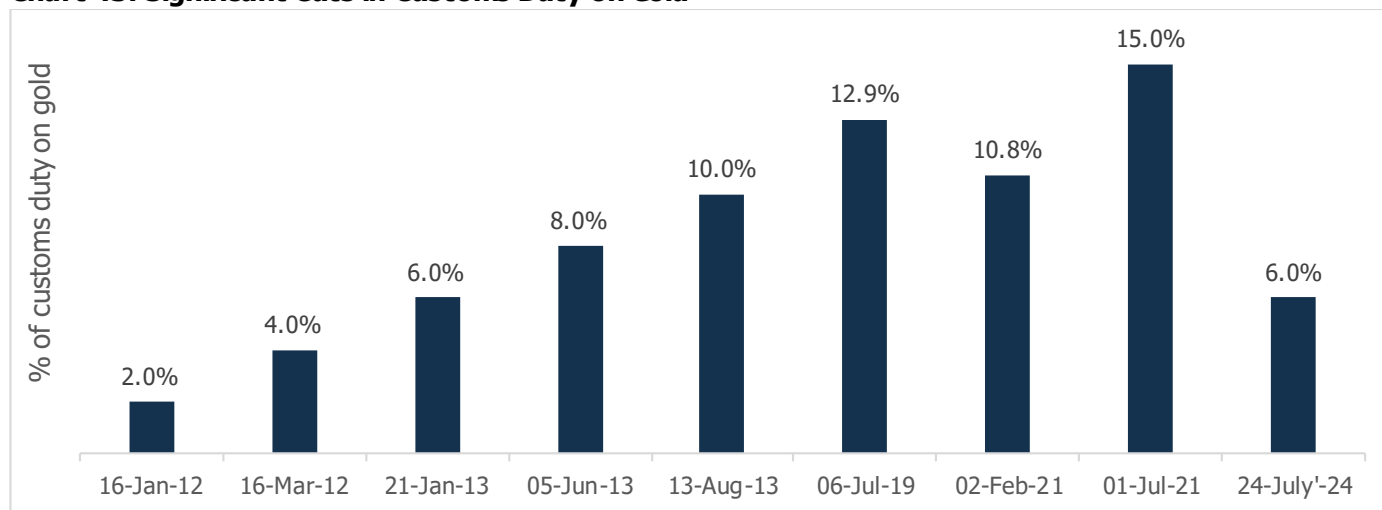
Latest Budget Provisions for the Gems and Jewellery Industry in India

The 2024–25 Union Budget introduced several reforms to streamline the gold market, promoting transparency and growth in the industry. Key measures include:

- **Reduction in import duty on gold and gold doré:**

A notable cut of 9% in the import duty on gold and gold doré has been introduced. Total customs duty on gold was reduced from 15% to 6%, while the duty on gold doré was slashed from 14.35% to 5.35%. This marks the sharpest duty reduction since 2013, and duties had remained above 10% for over a decade. These changes are effective from 24 July 2024.

Chart 43: Significant Cuts in Customs Duty on Gold



Source: Ministry of Finance, World Gold Council, CareEdge Research Analysis

- **Changes in taxation on long-term capital gains for gold:**

The holding period for long-term capital gains taxation on gold has been shortened from 36 months to 24 months. Additionally, the rate for long-term capital gains tax has been reduced from 20% with indexation to 12.5% without indexation. This change is applicable from 23 July 2024, providing significant tax relief for gold investors.

- **Recategorization of gold ETFs and mutual funds:**

Gold ETFs and gold mutual funds will no longer be classified under “Specified Mutual Funds.” The holding period for long-term capital gains on these assets has been reduced to 12 months for listed securities and 24 months for unlisted securities. Gains from listed gold ETFs or mutual funds held beyond 12 months will be taxed at 12.5%, while unlisted ones held for over 24 months will also face a 12.5% tax rate. These changes are set to take effect from 1 April 2026, impacting the assessment year 2026–27.

The Union Budget 2023–24, announced by the Finance Minister Mrs. Nirmala Sitharaman had some new provisions and updates for the gems and jewellery industry. They are as follows:

Policy/ Measure	Details
Reduction in Customs Duty on Seeds for Lab-Grown Diamonds	Import duty on seeds for lab-grown diamonds reduced from 5% to 0% to encourage domestic manufacturing.

Policy/Measure	Details
Gold Conversion to Digital Gold	No capital gains tax on converting physical gold into digital gold. Basic customs duty on gold bars reduced to 10% from 12.5%, while Agriculture Infrastructure Cess increased to 5% from 2.5%.
Increase in Customs Duty on Precious Metals Articles	Customs duty on articles made of rare metals like gold, silver, and platinum raised from 20% to 25%.
Increase in Import Duty on Gold and Silver Findings	Import duty on gold and silver findings, and coins made from precious metals increased to 15% from 10%, including Basic Customs Duty of 10% and AIDC of 5%. Finance Ministry also raised import duty on precious metals to 14.35%.
Facilitation of Jewellery Exports via E-Commerce	The government aids jewellery exports by promoting e-commerce and implementing a simplified regulatory framework (since June 2022), increasing access to international customers and boosting sales.
Regulation of Online Market	The government will regulate online gems and jewellery markets to monitor transactions, protect data, and prevent fraud, supporting rural economic development and ensuring fair trade practices.

5.5 Central Government's Gold Monetization Scheme

Gold Monetization Scheme (GMS) is a scheme, which was launched by the Central Government of India in November 2015 to make productive use of the gold kept idle at home or stored by households and institutions of the country in their bank lockers. Another motive behind this scheme was to reduce the country's dependency on gold imports. Individuals, institutions, corporations, and temple trusts can deposit their gold for a short-, medium-, and long-term period with RBI-designated banks under this scheme. This will help them earn interest at a rate of interest chosen by the Central Government.

The government modified the existing Gold Deposit Scheme and Gold Metal Loan Scheme with the intention to permit investors to earn term deposits with both interest earnings and security on their investments in gold. This scheme has benefited them in saving costs of gold storage and helped the government bear borrowing costs.

With the new Revamped Gold Monetization Scheme in 2021, a few more additional provisions were added to the GMS.

Revamped Gold Deposit Scheme (R-GDS):

- Increase of banks' participation in GMS
- Dematerialization of Medium-Term Government Deposit (MTGD) Long Term Government Deposit (LTGD) Certificates for tradable and mortgageable
- Encourage jewellers as Collection and Purity Testing Centres (CPTCs)
- Reduction of minimum deposit under R-GDS
- Payment of interest in respect of STBD
- Permission is given to banks to purchase standard locally refined/sourced from refineries and Gold Spot Exchanges
- Interbank lending of IGDS/LBMA standard Bullion
- Development of the GMS digital platform for transparency and traceability
- Public communications and awareness program

- Use of MLTGD gold under GMS for bullion leasing under GML

Revamped Gold Metal Loan (R-GML):

- Repayment of Gold Metal Loan (GML) in lots of 1kg
- Repayment of the gold loan under GML using locally sourced IGDS standard bullion
- Availability of GML to all jewellers with a valid working capital credit limit

All these amendments have been implemented to strengthen the Gold Monetization Scheme. To alleviate the financial distress caused by COVID-19 among households, small businesses, and entrepreneurs, the RBI has provided a relaxation by increasing the permissible loan-to-value ratio (LTV ratio indicates the percentage value of the property which can be granted to a borrower by banks) to 90% from 75% for those availing loans against gold and jewellery for non-agricultural purposes. At present, the government is reconsidering the scheme as not being effective and not attaining its goals. Moreover, the cost of the scheme is said to outweigh its benefits.

5.6 Training Initiatives by Government Agencies such as the Gems and Jewellery Skill Council of India

The Gems and Jewellery Skill Council of India (GJSCI) is a council body established in 2012 under the supervision of the National Skill Development Corporation (NSDC) and is presently operating under the Ministry of Skill Development & Entrepreneurship (MSDE). GJSCI is an institution that encourages skill development among the workforce in the Indian gems & jewellery industry. They provide training for the processing of diamonds, coloured gemstones, manufacturing of jewellery, and other areas such as wholesale, retail, and exports. They also undertake initiatives to provide manufacturing setups with the latest technology and other resources for upgrading.

Its founding organizations are as follows:

1. The Gem & Jewellery Export Promotion Council (GJEPC): GJEPC, set up by the Ministry of Commerce, Government of India in 1966, is the apex body that drives the growth of Indian exports in the gems & jewellery industry. It eases interaction between the industry and the Ministry of Commerce & Industry, Ministry of Finance, DGFT, Department of Commerce, and Department of Finance on issues related to trade. It holds integrity and conducts the Kimberly Process Certification Scheme for diamonds. It also runs various training institutes, which focus on manufacturing skills, design, and other technical skills required in the industry. GJEPC helped Micro, Small & Medium Enterprises (MSMEs) by providing modern machines that are affordable. GJEPC addresses the concerns and issues that are faced in the gems & jewellery industry. They identified the need for a new revamped Gold Monetization Scheme, import duty reduction of gold, hallmarking etc. Recently, the organization arranged numerous trade events and webinars for buyers and sellers across the globe which helped the industry in the recovery process. A few of them include virtual IJS, India Global Connect, virtual International Gems & Jewellery Show (e-IGJS), etc.

2. All India Gem and Jewellery Domestic Council (GJC): It is a national trade federation established to promote and advance the growth in the gems & jewellery industry. It ensures fair-trade practices conducted in the industry and manages the efficiency of businesses. GJC constitutes various divisions such as wholesalers, retailers, allied, gold, silver, platinum, diamonds, gemstones, machinery, etc. It is responsible for developing uniformity and promoting transparency and compliance standards which contribute towards industrial growth and development.

3. The SEEPZ Gems & Jewellery Manufacturers' Association (SGJMA): SEEPZ was founded in 1989 and represents the gems and jewellery units in the SEEPZ SEZ region. It is established by jewellery units in SEEPZ and resolves problems arising in export production and growth.

4. The Jewellers Association, Jaipur: It was formed for the progress and growth of the gem & jewellery trade of Jaipur. The Association conducts shows/exhibitions as well to enable exhibitors and buyers to interact directly.

5.7 Hallmarking of Jewellery in India

Bureau of Indian Standards (BIS) introduced the hallmarking scheme under the BIS Act, Rules, and Regulations for jewellery in India in 2000 and the same was made mandatory with effect from June 2021. From July 1, 2021, all gold jewellery products must be hallmarked with Hallmark Unique Identification (HUID) only. The hallmark consisted of 3 marks viz, BIS logo, purity of the article, and six-digit alphanumeric HUID. Each hallmarked article has a unique HUID number which is traceable.

However, the old, hallmarked jewellery with four marks without HUID was also permitted to be sold by the jewellers simultaneously with the 6-digit HUID mark. The hallmark on the jewellery indicates the quality of jewellery and it protects the interest of consumers by having quality checks on jewellery.

BIS conducts random market surveillance on accredited jewellers at set intervals. This involves collecting hallmarked gold jewellery from a licensee's retail store or manufacturing facility and having it examined for compliance at a BIS - accredited hallmarking centre. BIS also has an advanced online digital solution in which the assaying and hallmarking centre is automated.

Furthermore, the hallmarking of the jewellery builds trust in the consumers as it gives them a sense of purity in carats. As a result, they tend to buy more jewellery from trusted brands which increases the sales of the jewellery. With the introduction of the scheme, not only customers but also the owners of jewellery outlets have benefitted. The Bureau of Indian Standards scheme has been successful in uplifting the quality and increasing reliance on the gems and jewellery industry.

5.8 Jewellery Parks

Jewellery parks are integrated industrial parks, which provide access to facilities under one roof, including manufacturing units, commercial areas, residences for industrial workers, commercial support services, and an exhibition centre. Multiple state governments promote the setting up of jewellery parks to encourage the gems and jewellery sector, which is currently characterized by a poor working environment, low economies of scale, limited space for modern machinery, etc.

Jewellery parks will help in streamlining manufacturing which will in turn improve the domestic and international trade. The existing special economic zones (SEZs) - Sitapura Special Economic Zone in Jaipur and Santacruz Electronics Exports Processing Zone (SEEPZ) in Mumbai have sizeable manufacturing units with modern technology that has helped improve export potential.

Currently, there are two jewellery parks operational in Ankurhati, West Bengal, and another in Surat, Gujarat. Ankurhati focuses on plain gold jewellery whereas Surat engages in diamond cutting and polishing, and jewellery manufacturing. Three more jewellery parks are coming up – two in Mumbai and one in Raipur.

5.9 KYC Compliance

KYC (Know Your Customer) compliance in the Indian jewellery industry, particularly regarding the purchase of precious metals and stones, is governed by both local regulations and international standards, such as those set by the Financial Action Task Force (FATF).

Regulatory Framework:

- The Reserve Bank of India (RBI), the Ministry of Finance, and the Financial Intelligence Unit (FIU) oversee KYC regulations in the jewellery sector.

- Under the Prevention of Money Laundering Act (PMLA), 2002, dealers in precious metals and stones (DPMS) are required to perform KYC and Customer Due Diligence (CDD) primarily for cash transactions above INR 1 million.

Recent Clarification (Dec 28, 2020):

- The Department of Revenue (DoR) clarified that purchases below INR 0.2 million of gold, silver, jewellery, or precious gems and stones do not require mandatory KYC documents such as PAN or Aadhaar.
- This clarification is aligned with FATF's international standards, which require KYC for transactions exceeding USD/EUR 15,000 (approximately INR 1 million).
- Misinformation suggesting that KYC is mandatory for all transactions, even below INR 0.2 million, is incorrect.

Transaction Limits:

- For cash transactions above INR 0.2 million, KYC requirements under the Income Tax Act, 1961 (Section 269ST) will apply, as cash transactions above this limit are not allowed. However, transactions below this threshold do not require KYC.
- Only cash transactions above INR 1 million necessitate KYC compliance, per FATF recommendations.

Customer Identification:

- For eligible high-value transactions, jewellers must verify the customer's identity using government-issued ID cards, such as PAN, Aadhar, passport, voter ID, or driver's license.

Record-Keeping and Monitoring:

- Jewellers must maintain records of all transactions, particularly those above INR 0.2 million, and ensure compliance with anti-money laundering (AML) guidelines by monitoring suspicious activities.

Training and Risk Management:

- Jewellery businesses must train staff to recognize red flags, ensure transaction transparency, and follow KYC and AML procedure.

6 Key Demand Drivers and Opportunities for Jewellery in India

Weddings and Festivals Drive Domestic Demand:

Seasonality in jewellery buying is a key factor that influences demand heterogeneity in India. Weddings, festivals, and harvests in rural regions are the main drivers of the category, and the seasonal nature of each of these drivers assures that demand for jewellery is tied to the different months and seasons.

Chart 44: Seasonality in Jewellery Buying



Source: CareEdge Research based on Industry sources.

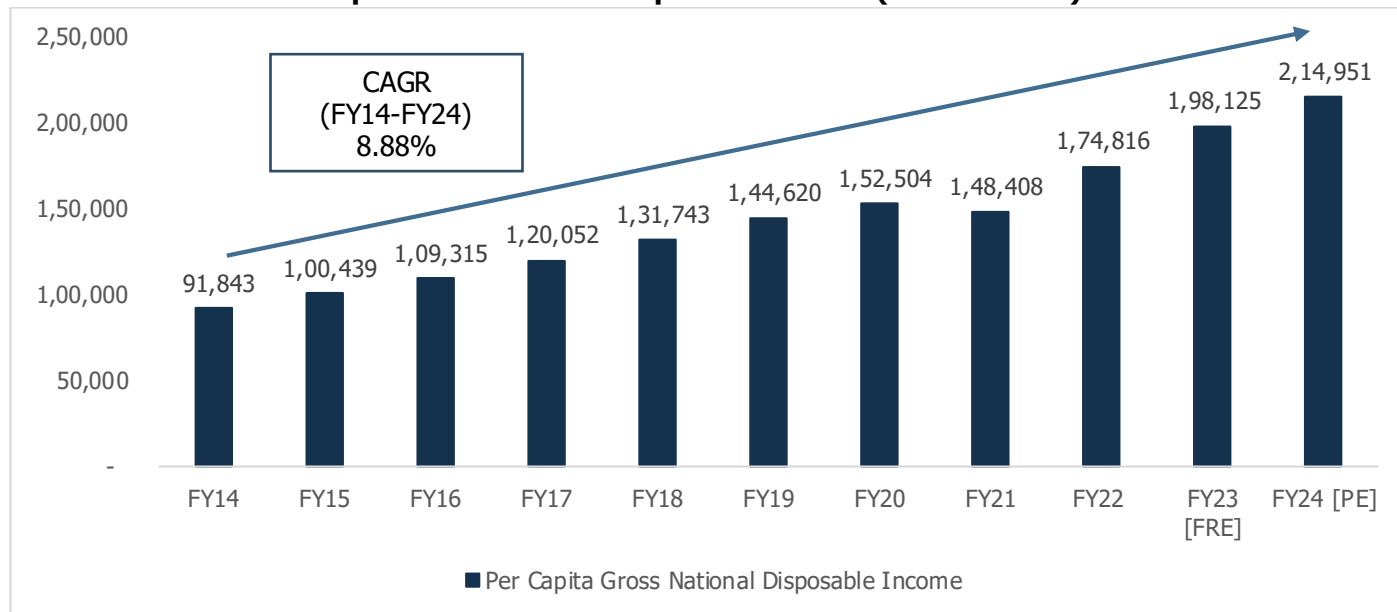
Demand for jewellery rises in the months of the wedding season such as May-June, September-December, and January. During the months of November and December, rural households invest their crop money in gold jewellery. Moreover, gold demand in Tier II and Tier III towns is influenced by agricultural output and monsoon. During auspicious religious events like Diwali/Dhanteras in October and November, and Akshaya Tritiya in April and May, demand for gold and silver jewellery increases.

Increase in Per Capita Disposable Income:

Gross National Disposable Income (GNDI) is a measure of the income available to the nation for final consumption and gross savings. Between the period FY14 to FY24, per capita GNDI at current prices registered a CAGR of 8.88%. More disposable income drives more consumption, thereby driving economic growth.

Rising income is the most powerful long-term driver of Indian gold demand because the economy is complimented by a high demographic dividend. The middle-income group in India has the highest level of gold consumption. The wealthy consume the most per capita, but the middle class consumes the most total volume.

Chart 45: Trend of Per Capita Gross National Disposable Income (Current Price)



Note: FRE – First Revised Estimates, PE – Provisional Estimate.

Source: MOSPI

Although there is a growing propensity to consume gold as income rises, the proportion of gold in one's portfolio does not rise at the same rate. A fall in household savings rates, availability of different investment avenues, and agricultural earnings can be hurdles to Indian demand.

Exposure to Global Trends:

Global trends frequently blend various cultural elements and styles. Jewellery brands that integrate these diverse influences can attract a wider international audience, creating new demand and broadening their market reach. Social media and influencers are crucial in shaping and amplifying these global trends. Jewellery brands that utilize these platforms to highlight trend-focused collections can generate excitement, boost online engagement, and drive consumer interest. Additionally, global trends often feature technological innovations, such as smart jewellery and advanced production methods. By adopting these innovations, jewellers can offer state-of-the-art products that appeal to tech-savvy customers and increase demand.

Preference for Branded Jewellery:

In the competitive Indian market, branded jewellery has found a significant place. Since branded jewellery has become the new trend in the industry, it has created its place in the hearts of customers over the last few years. With attentive and helpful attendants and well-displayed merchandise, shopping for jewellery has transformed. In the new market, everyone is a prospective customer. The most significant aspect of branded jewellery, however, is the perception of its excellence because a brand is synonymous with quality.

Furthermore, customers are more knowledgeable. As a result, shopping has moved to a new level, not only in terms of perspective but also in terms of method. Besides, with the rise of supermarket culture, sales and marketing of gems and jewellery have changed significantly. Today's youth have more discretionary income and are ready to spend on their

preferred indulgences. Branded jewellery has a higher level of satisfaction among people than non-branded jewellery due to its prestige value, making branded jewellery more popular.

Easy availability of Gold Loan:

The emerging gold investment avenue in India at present is a monthly investment scheme run by organised jewellers. This works as a monthly gold-saving scheme where consumers deposit a specific amount of money with the jeweller for 11 months, with the jeweller then paying the consumer one-month equivalent of their deposit as interest. At the end of the year, the consumer chooses to buy gold jewellery or minted products with accumulated savings and interest. Some schemes provide the benefit of lower making charges also. One of the major benefits of this scheme is that the consumer gets to make the payment in instalments over time instead of lumpsum payment during the purchase. Gold also serves as a mortgage during the need of emergencies for the household and hence gold loans are quite popular in India. These are offered by NBFCs as well as other financial institutions. Majorly, the lower- and middle-income groups are the ones who opt for these loans.

A trusted source of gold and innovative designs:

Indian jewellery buyers are increasingly brand conscious, and their tastes are becoming more refined. With access to a broad array of international and national premium brands, they now expect greater transparency and high-quality standards from their jewellers. They want clarity on pricing, including the costs of materials like gold and silver, as well as production fees, and seek assurance about the quality of the final product, which is best managed by organized retailers. These established players maintain transparency by adhering to rigorous quality standards and providing clear pricing. The rise in demand for affordable jewellery has led to innovative designs and the use of unconventional materials such as plated metals, stainless steel, and cubic zirconia. These alternatives allow for the creation of stylish pieces that mimic the appearance of precious metals and gems at a lower cost. The ability to swiftly adapt to changing fashion trends and introduce new collections has enabled both established and online retailers to effectively meet customer demands.

7 Threats and Challenges for the Gems and Jewellery Industry

• Shortage of Skilled Labour:

The jewellery sector is confronted with a major problem of expanding operations because of a lack of skilled labour. To widen the talent pool, the sector must complement its generation of craftsmen and artisans with new professionals who undergo formal education. The widespread dependence on on-the-job training prolongs the learning duration and causes gaps in the supply and standardisation of skilled workers, especially in the fragmented industry. This is compounded by infrastructural inadequacies, restricted demand for institution-trained staff in fragmented markets, and the reduced attractiveness of the industry to young people.

• Short-Lived Fashion and Design Preferences:

Exporters do not have enough design development centres or the resources to constantly innovate contemporary designs to keep up with the changing trends among international purchasers. With high prices of diamonds, gold, and silver, global marketing requires perpetual updating of design. Jewellery can be produced as per market needs by the manufacturers; however, changing customer tastes tend to lead to the fall in demand for specific designs, resulting in inventory and loss.

• Dependency on Imports for Raw Materials:

Availability of raw material is still crucial to the gems and jewellery sector. A significant percentage of India's raw material is imported because there is not much available in the country. India imports more than 90% of its gold needs from outside the country, importing gold mostly from Switzerland, the United Arab Emirates, South Africa, Peru, and Australia. Gold imports during FY24 stood at Rs. 3,773 billion, which was a 35% increase compared to the previous year. Raw pearls, precious and semi-precious stones are also imported from the UAE, Hong Kong, the United States of America, Belgium, and Russia. Rough diamonds account for 57% of total gems and jewellery imports and totalled Rs. 1180.42 billion in FY24, of which 124.617 million carats were imported mainly from the UAE.

• Impact of Global Slowdown

The United States, the UAE, Hong Kong, Belgium, and Israel are key export destinations for the Indian G&J industry. The United States accounted for about 30% of total exports of gems and jewellery in FY24. Persistent high inflation rates and a slowdown in these economies will hurt the gems and jewellery exports from India.

• Working Capital Strain Due to High Gold Prices

High and volatile gold prices significantly impact the working capital requirements of India's gems and jewellery industry. Jewellers, particularly smaller players, need to maintain large gold inventories to meet customer demand. As gold prices rise, the cost of these inventories increases substantially.

Recent trends, including the 9% cut in import duty in the Union Budget, resulted in a 6% month-on-month drop in local gold prices. However, local prices have gone up by 10% so far this year because of robust overseas demand, purchases by central banks, and political tensions.

These elevated prices put intense pressure on jewellers' working capital, as borrowing becomes more expensive, and liquidity is constrained. Small and medium-sized jewellers are particularly affected by high borrowing costs. Increased interest expenses add further financial strain, reducing operational flexibility and complicating cash flow management. The Reserve Bank of India's gradual approach to gold purchasing has sustained demand for the metal, intensifying these working capital pressures.

Although government policies aimed at boosting consumer demand, such as reducing import duties, have encouraged sales and may alleviate some working capital needs by lowering inventory costs, jewellers still face challenges due to the requirement to maintain high-value gold inventories. This situation ties up substantial capital and creates financial and operational risks for jewellers.

• Hedging Practices and Price Volatility

In an environment of fluctuating gold prices, effective hedging is crucial for jewellers to manage financial risks. Many jewellers utilize hedging strategies on platforms like the Multi Commodity Exchange (MCX) to protect themselves against price volatility. However, the unpredictability of price swings complicates the matching of hedging positions with actual market conditions. The year-to-date increase of 10% in domestic prices, compared to an 18% rise in global prices, highlights the challenges jewellers encounter in accurately predicting price trends.

Hedging requires jewellers to effectively forecast costs, but if market prices deviate from these forecasts, it can lead to mismatched hedging positions and potential financial losses. Smaller jewellers, in particular, face difficulties due to the cost and technical demands of advanced hedging strategies. Adjustments in the treatment of long-term capital gains for gold ETFs have attracted interest, as evidenced in July, providing jewellers with an alternative avenue for investment and hedging. However, while these ETFs offer benefits, they often require significant resources and expertise, which may not be accessible to all industry players.

With pro-gold policies in the Union Budget, jewellers anticipate a rise in domestic demand that could increase gold consumption by up to 50 tonnes in the second half of 2024. This expected growth may lead to further volatility, making effective hedging even more important. Despite government measures and available hedging platforms, many jewellers remain exposed to the risks of price fluctuations, emphasizing the need for improved risk management practices and potentially greater access to financial tools designed specifically for the jewellery sector. In a volatile gold price environment, sound hedging strategies are critical to reducing financial risks. Jewellers tend to hedge against price volatility using platforms such as the Multi Commodity Exchange (MCX). The unpredictable nature of price movements makes it difficult to align hedging positions with market trends. Domestic gold prices in FY24 increased by 10%, whereas global prices rose by 18%, reflecting the difficulty in predicting market behaviour accurately.

Smaller jewellers also have an extra burden from the expense and technical sophistication of sophisticated hedging strategies. The recent change in long-term capital gains treatment of gold ETFs has generated renewed interest in the instruments. Nevertheless, ETFs are very resource- and knowledge-intensive, and this may not be available for smaller industry players. The pro-gold policies in the Union Budget have created expectations for a 50-tonne jump in domestic consumption of gold in the second half of 2024. Such growth expectations are likely to increase price volatility even more, stressing the need for strong hedging mechanisms.

• Key Hurdles in the Indian Gems and Jewellery Industry's Evolution

The Indian gems and jewellery industry face significant challenges in maintaining product relevance and competitiveness across various categories. Key restraints include the shift towards mass-produced, cost-effective alternatives that threaten traditional craftsmanship, seasonal fluctuations in demand, and changing consumer preferences for minimalistic or contemporary designs. Additionally, the industry struggles with a lack of innovation, competition from global brands, and a fragmented supply chain. Furthermore, the rising preference for customisable, lab-grown, or non-traditional pieces threatens more traditional jewellery types. These factors combined limit the industry's ability to sustain consistent demand and growth across various product lines.

8 Competitive Landscape

8.1 Overview

Company	Description
PNGS Reva Diamond Jewellery Ltd.	PNGS Reva Diamond Jewellery Limited is associated with the jewellery house P N Gadgil & Sons (PNGS), which has a legacy of more than 190 years in the gems and jewellery sector. The company is a retail-focused jewellery brand involved in the business of selling a wide range of jewellery made using diamonds and precious and semi-precious stones, which are studded into precious metals such as gold and platinum. The company also retails plain platinum jewellery in the form of rings, bracelets and chains. Furthermore, the company has SIS stores across 25 cities in Maharashtra, Gujarat and Karnataka.
Bluestone Jewellery and Lifestyle Pvt. Ltd.	Bluestone Jewellery and Lifestyle Limited is one of the prominent Indian jewellery retailer, incorporated in 2011, headquartered in Bangalore. The company's offerings include rings, earrings, pendants, watches, and other accessories, catering to a diverse customer base across India.
Caratlane Trading Pvt. Ltd.	Caratlane is a subsidiary of Tata, acquired by Tata completely in 2024. The jewellery retail company was incorporated in 2007, and is headquartered in Chennai, Tamil Nadu. Caratlane offers a wide range of jewellery products, including rings, earrings, necklaces, and bracelets, through both online and offline channels.
Orra Fine Jewellery Pvt. Ltd.	Orra Fine Jewellery Private Limited was incorporated in 1991 and is headquartered in Mumbai, Maharashtra. The company offers a premium range of diamond jewellery, including rings, earrings, necklaces, and bridal sets, along with 22K and 24K gold jewellery. The brand is also known for its exclusive Belgium-cut diamonds and customised bridal collections.
Senco Gold Ltd.	SGL was incorporated in August 1994 as a private limited company and later converted to a public limited company in 2007. It manufactures and retails a range of jewellery, including plain and studded gold pieces, as well as diamond, platinum, and silver jewellery. The company also exports to wholesalers in Singapore, Dubai, and Malaysia.
Thangamayil Jewellery Ltd.	TJL's business began as a proprietorship founded by Balusamy Chettiar in 1947 and was later reconstituted as a public limited company in 2007. The company is a retailer of gold, diamond, and silver jewellery, based in Madurai, Tamil Nadu.
Tribhovandas Bhimji Zaveri Ltd.	Tribhovandas Bhimji Zaveri Ltd. (TBZ) is a part of the TBZ-The Original parent brand, which started operations in 1864 and was converted from a private to a public limited company in December 2010.

8.2 Financial Parameters

Table 9: Financial Parameters, FY23

Parameters	PNGS Reva Diamond Jewellery Ltd.	Bluestone Jewellery and Lifestyle Pvt. Ltd.	Caratlane Trading Pvt. Ltd.	Orra Fine Jewellery Pvt. Ltd.	Senco Gold Ltd	Thangamayil Jewellery Ltd	TBZ
Net Sales (Rs. Millions)	1988.5	7,707.3	21,550.9	9,320.4	40,774.0	31,525.5	23,936.3
Operating Profit (EBITDA) (Rs. Millions)	687.3	-560.3	2,091.7	1,019.6	3,166.2	1,529.0	1,163.1
Operating Margin	34.6%	-7.3%	9.7%	10.9%	7.8%	4.9%	4.9%
Net Profit (Rs. Millions)	517.5	-1,672.4	1,024.0	194.7	1,584.8	797.4	401.9

Parameters	PNGS Reva Diamond Jewellery Ltd.	Bluestone Jewellery and Lifestyle Pvt. Ltd.	Caratlane Trading Pvt. Ltd.	Orra Fine Jewellery Pvt. Ltd.	Senco Gold Ltd	Thangamayil Jewellery Ltd	TBZ
Net Profit Margin	26.0%	-21.7%	4.8%	2.1%	3.9%	2.5%	1.7%
Total Debt (Rs. Millions)	0.0	3,693.4	5,671.1	2,631.9	11,792.7	5,482.5	4,866.5
Debt -to- Equity	0.0	-5.1	3.7	1.8	1.2	1.4	0.9
Current Ratio	13.7	0.9	0.0	1.2	1.4	1.6	1.6
Return on Capital Employed (ROCE)	60.0%	-21.4%	-0.2%	17.4%	26.0%	26.4%	15.2%
Return on Equity (ROE)	-99.5%	232.8%	67.5%	13.5%	16.8%	20.5%	7.2%
Return on Assets (ROA)	41.8%	-13.3%	6.6%	2.4%	5.5%	6.4%	2.7%

Source: Company Annual Reports, CareEdge Research

Table 10: Financial Parameters, FY24

Parameters	PNGS Reva Diamond Jewellery Ltd.	Bluestone Jewellery and Lifestyle Pvt. Ltd.	Caratlane Trading Pvt. Ltd.	Orra Fine Jewellery Pvt. Ltd.	Senco Gold Ltd	Thangamayil Jewellery Ltd	TBZ
Net Sales (Rs. Millions)	1956.3	12,658.4	30,581.5	11,509.1	52,414.4	38,267.8	22,989.4
Operating Profit (EBITDA) (Rs. Millions)	561.4	530.5	2,678.1	492.9	3,755.1	2,123.6	1,393.4
Operating Margin	28.7%	4.2%	8.8%	4.3%	7.2%	5.5%	6.1%
Net Profit (Rs. Millions)	424.2	-1,422.4	1,007.7	-112.6	1,810.0	1,232.4	544.3
Net Profit Margin	21.7%	-11.2%	3.3%	-1.0%	3.5%	3.2%	2.4%
Total Debt (Rs. Millions)	0.0	2,985.1	4,619.0	3,182.8	14,983.4	5,005.0	5,330.3
Debt -to- Equity	0.0	0.8	2.1	2.0	1.1	1.0	0.9
Current Ratio	0.8	0.9	0.0	1.2	1.6	1.5	1.7
Return on Capital Employed (ROCE)	-201.9%	-18.0%	-0.2%	17.4%	22.2%	31.9%	17.8%
Return on Equity (ROE)	-148.8%	-38.0%	45.7%	-7.2%	13.3%	25.0%	9.0%
Return on Assets (ROA)	26.8%	-9.8%	5.3%	-1.4%	4.9%	8.3%	3.7%

Source: Company Annual Reports, CareEdge Research

Table 11: Financial Parameters, FY25

Parameters	PNGS Reva Diamond Jewellery Ltd.	Bluestone Jewellery and Lifestyle Pvt. Ltd.	Caratlane Trading Pvt. Ltd.	Orra Fine Jewellery Pvt. Ltd.	Senco Gold Ltd	Thangamayil Jewellery Ltd	TBZ
Net Sales (Rs. Millions)	2581.8	NA	NA	NA	NA	49,105.8	NA
Operating Profit (EBITDA) (Rs. Millions)	796.1	NA	NA	NA	NA	2,189.6	NA
Operating Margin	30.8%	NA	NA	NA	NA	4.5%	NA
Net Profit (Rs. Millions)	594.7	NA	NA	NA	NA	1,187.1	NA
Net Profit Margin	23.0%	NA	NA	NA	NA	2.4%	NA
Total Debt (Rs. Millions)	906.5	NA	NA	NA	NA	7,505.8	NA
Debt-to-Equity	0.9	NA	NA	NA	NA	0.7	NA
Current Ratio	1.8	NA	NA	NA	NA	1.7	NA
Return on Capital Employed (ROCE)	80.5%	NA	NA	NA	NA	16.6%	NA
Return on Equity (ROE)	59.4%	NA	NA	NA	NA	10.8%	NA
Return on Assets (ROA)	26.3%	NA	NA	NA	NA	4.6%	NA

Source: Company Annual Reports, CareEdge Research

9 Abbreviations, KPI Definitions and Bibliography

Below is the list of abbreviations and their meanings used throughout the report for reference: -

Table 12: Abbreviations Table

Category	Abbreviation	Meaning
Government & Regulatory Bodies	BIS	Bureau of Indian Standards
	DGF	Directorate General of Foreign Trade
	RBI	Reserve Bank of India
	MOSPI	Ministry of Statistics and Programme Implementation
	MSDE	Ministry of Skill Development and Entrepreneurship
	GST	Goods and Services Tax
	PMLA	Prevention of Money Laundering Act
	KYC	Know Your Customer
	IBEF	India Brand Equity Foundation
Economic & Financial Terms	CAGR	Compound Annual Growth Rate
	FDI	Foreign Direct Investment
	GDP	Gross Domestic Product
	GDS	Gross Domestic Savings
	GNDI	Gross National Disposable Income
	INR	Indian Rupee
	USD	United States Dollar
	PPP	Purchasing Power Parity
	YTD	Year-to-Date
	PLI	Production Linked Incentive
Industry Specific Terms	CPD	Cut & Polished Diamonds
	CZ	Cubic Zirconia
	GIA	Gemological Institute of America
	GJEPC	Gem & Jewellery Export Promotion Council
	GMS	Gold Monetization Scheme
	IGJS	International Gem and Jewellery Show
	HUID	Hallmark Unique Identification
	RFID	Radio Frequency Identification
	Tier 1	Over 4 Million Population
	Tier 2	1 Million to 4 Million Population
	Tier 3	Less than 1 Million Population
	DPMS	Dealers in Precious Metals and Stones
Government Schemes & Programs	PMMY	Pradhan Mantri Mudra Yojana
International & Global Terms	UAE	United Arab Emirates
	UK	United Kingdom
	US	United States
	USA	United States of America
General Business & Economic Terms	NBFC	Non-Banking Financial Company
	FMCG	Fast-Moving Consumer Goods
	FY	Financial Year
	SWOT	Strengths, Weaknesses, Opportunities, and Threats
	SDP	State Domestic Product

Table 13: KPI Definitions

Financial Parameter	Formula
Revenue	Revenue from Operations
EBITDA	Sum of Depreciation, Finance Cost, and Profit (Loss) before exceptional item and tax excluding Other Income
EBITDA Margin	EBITDA divided by Revenue from operations
PAT	Profit for the period
PAT Margin	Profit after Tax divided by Revenue from operations
Debt	Sum of Long term Borrowings and Short term Borrowings
Debt to Equity	Debt divided by Total Equity
Net Debt to EBITDA	Net Debt divided by EBITDA
Return on Equity (ROE)	PAT divided by Total Equity
Return on Assets (ROA)	PAT divided by Total Assets
Return on Capital Employed (ROCE)	EBIT divided by Capital Employed (Total liabilities and equity excluding current liabilities)
Debtor Days	Debtors divided by Revenue from operations and then multiplied by 365
Creditor Days	Creditors divided by COGS and then multiplied by 365
Inventory Turnover Ratio (in days)	Inventory divided by COGS and then multiplied by 365
Working Cycle	Sum of Debtor days and Inventory Days minus Creditor Days
Net Working Capital Days	Working Capital divided by Revenue from operations and then multiplied by 365

Table 14: Bibliography

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Contact

Tanvi Shah	Director	tanvi.shah@careedge.in	022 6837 4400
Vikram Thirani	Director	vikram.thirani@careedge.in	022 6837 4434

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Office No. 602, 6th Floor, Rustomjee Aspiree, Off Eastern Express Highway, Sion East, Mumbai- 400022

Phone: +91-22-68374400

Connect :

