Industry Report
On
Indian Gems and Jewellery

04th January, 2025

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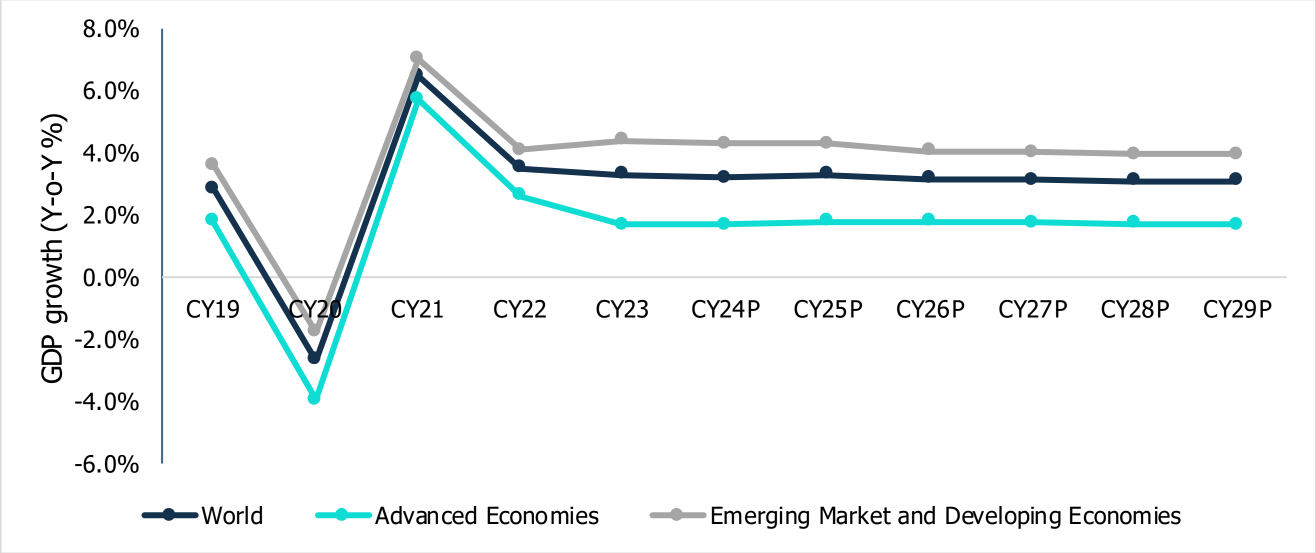
1 Economic Outlook

1.1 Global Economy

Global growth, which stood at 3.3% in CY23, is anticipated to fall to 3.2% in CY24 and then bounce back again to 3.3% in CY25. The CY24 forecast has remained same compared to the April 2024 World Economic Outlook (WEO) Update, and increased by 0.1 percentage point compared to the January 2024 WEO. Despite this, the expansion remains historically low, attributed to factors including sustained high borrowing costs, inflation woes, reduced fiscal support, lingering effects of Russia's Ukraine invasion, Iran–Israel War, sluggish productivity growth, and heightened geo-economic fragmentation.

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



Notes: P-Projection; Source: IMF – World Economic Outlook, July 2024

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 %) Real GDP (Y-o-Y change in %)									
	CY20	CY21	CY22	CY23	CY24P	CY25P	CY26P	CY27P	CY28P	CY29P
India	-5.8	9.7	7.0	8.2	7.0	6.5	6.5	6.5	6.5	6.5
China	2.2	8.5	3.0	5.2	5.0	4.5	3.8	3.6	3.4	3.3
Indonesia	-2.1	3.7	5.3	5.0	5.0	5.1	5.1	5.1	5.1	5.1
Saudi Arabia	-3.6	5.1	7.5	-0.8	1.7	4.7	4.0	3.5	3.0	3.5
Brazil	-3.3	4.8	3.0	2.9	2.1	2.4	2.1	2.0	2.0	2.0
Euro Area	-6.1	5.9	3.4	0.5	0.9	1.5	1.4	1.3	1.3	1.2
United States	-2.2	5.8	1.9	2.5	2.6	1.9	2.0	2.1	2.1	2.1

P- Projections; Source: IMF- World Economic Outlook Database (July 2024)

Advanced Economies Group

Advanced economies are expected to experience a gradual increase in growth, remaining same at 1.7% in CY23 and CY24 and increasing to 1.8% in CY25. The projection for CY24 and CY25 remains unchanged compared to the April 2024 WEO Update.

The **United States** is expected to see growth rise to 2.6% in CY24, followed by a slight slowdown to 1.9% in CY25. This deceleration is attributed to gradual fiscal tightening and labor market softening, which dampen aggregate demand. The CY24 projection has been revised downward by 0.1 percentage points since the April CY24 WEO Update. This revision primarily reflects carryover effects from stronger-than-expected growth in the fourth quarter of CY23, with some of this momentum expected to continue into CY24.

The **Euro Area's** growth is anticipated to rebound from its sluggish rate of 0.5% in CY23, mainly influenced by significant exposure to the conflict in Ukraine. Projections indicate an increase to 0.9% in CY24 and further to 1.5% in CY25. This recovery is driven by stronger household consumption, as the impact of elevated energy prices diminishes and declining inflation bolsters real income growth. Additionally, strong momentum in services, higher than expected net exports, and higher investments have further driven this growth. But, countries like Germany are expected to have a sluggish recovery on account of weak manufacturing growth.

Emerging Market and Developing Economies Group

Emerging market and developing economies are forecasted to maintain stable growth at 4.3% in both CY24 and CY25. This forecast has been revised upwards by 0.1 percentage point as compared to the April 2024 WEO update on account of stronger activity in Asia, particularly China and India. Growth prospects in economies across the Middle East and Central Asia continue to be weighed down by oil production and regional conflicts. Growth forecast of sub-Saharan Africa has also been revised downward on account of weak economic activity. Low-income developing countries are anticipated to experience a gradual growth uptick, starting at 3.9% in CY23 and climbing to 4.4% in CY24 and 5.3% in CY25, as certain constraints on near-term growth begin to ease.

The economic forecast for emerging and developing Asia reveals a modest deceleration in growth, with projections indicating a decline from 5.7% in CY23 to 5.4% in CY24 and 5.1% in CY25. **China's** trajectory reflects a slowdown, transitioning from 5.2% in CY23 to 5.0% in CY24 and 4.5% in CY25 due to fading post-pandemic stimuli and ongoing property sector challenges. In contrast, **India's** growth remains robust, with anticipated rates of 7.0% in CY24 and 6.5% in CY25, bolstered by resilient domestic demand and a burgeoning working-age populace.

The **Indonesian** economy is expected to register growth of 5.0% in CY24 and 5.1% in CY25 with a strong domestic demand, a healthy export performance, policy measures, and normalization in commodity prices. **Saudi Arabia's** growth slowed at -0.8% in CY23 attributed to lower oil production. CY24 is predicted to see a revamp in the growth rates to 1.7% on account of Vision 2030 reforms that helped advance the country's economic diversification agenda, including through reduced reliance on oil. The forecast for CY24 has been revised downward as compared to the April 2024 WEO update on account of extension of oil production cuts. Going forward, GDP is expected to grow at 4.7% and 4.0% in CY25 and CY26, respectively. On the other hand, **Brazil's** growth is projected to ease to 2.1% in CY24, driven by fiscal consolidation, the lingering impact of tight monetary policies, and reduced contributions from the agricultural sector. There has been a downward revision in forecast for CY24 compared to April 2024 WEO update on account of the near-term impact of flooding. Going forward, GDP is expected to grow at 2.4% in CY25 on account of reconstruction following the floods and supportive structural factors.

Despite the turmoil in the last 2-3 years, India bears good tidings to become a USD 5 trillion economy by CY27. According to the IMF dataset on Gross Domestic Product (GDP) at current prices, the nominal GDP has been at USD 3.6 trillion for CY23 and is projected to reach USD 5.3 trillion by CY27 and USD 6.4 trillion by CY29. India's expected GDP growth rate for coming years is almost double compared to the world economy.

Besides, India stands out as the fastest-growing economy among the major economies. The country is expected to grow at more than 6.5% in the period of CY24-CY29, 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 ~7.6% share in the global economy, with China [~18.7%] on the top followed by the United States [~15.6%]. Purchasing Power Parity is an economic performance indicator denoting the relative price of an average basket of goods and services that a household needs for livelihood in each country.

Despite Covid-19's impact, high inflationary environment, and interest rates globally, and the geopolitical tensions in Europe, India has been a major contributor to world economic growth. India is increasingly becoming an open economy as well through growing foreign trade. Despite the global inflation and uncertainties, Indian economy continues to show resilience. This resilience is mainly supported by stable financial sector backed by well-capitalized banks and export of services in trade balance. With this, the growth of Indian economy is expected to fare better than other economies majorly on account of strong investment activity bolstered by the government's capex push and buoyant private consumption, particularly among higher income earners.

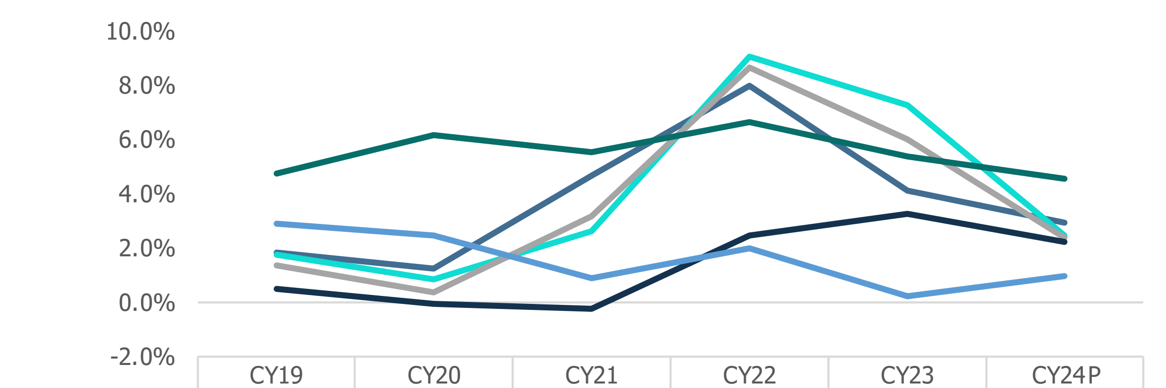
1.2 Trend in Global Inflation rate

Since 2022, inflation has been falling for all major global economies following a surge in inflation during 2021-22 due to the twin supply shocks of COVID and Russian invasion of Ukraine. This surge was preceded by a long period of low inflation for US, UK and the Eurozone countries like Germany. While inflation accounted due to the large fiscal stimulus provided in these countries was foreseen, the Russia-Ukraine war added an additional shock and led to this surge specially in Germany with high energy and gas bills being the major contributors of inflation. Even Japan which has had disinflation for many years, also saw an uptick in inflation post 2022 after which the Bank of Japan finally raised rates after years of ultra-loose monetary policy. Seeing these price shocks as transitory, Central Banks around the world reacted a little late to inflation but have been on a tightening cycle since 2022. Inflation, while falling, is yet to reach to pre-pandemic levels for these countries.

For China, this trend has been contradictory with its inflation remaining lower than many of its peers during 2020-2023, with a little rise in 2022, raising concerns of deflation. Unlike other major global economies, consumer spending did not rise much when lockdown restrictions were lifted. Weak domestic demand along with weak trade data, and challenges in housing market have been the major reasons for this trend. Youth unemployment along with increasing debt burden of the country are two major problems the country is facing whilst fighting deflation. While there has been recovery in manufacturing activity, increasing inflation numbers in 2024, it still is not expected to reach pre-pandemic level anytime soon.

India's response to the COVID-19 pandemic, through fiscal stimulus, had only a short-lived effect on inflation, which remained persistently high compared to other economies. Over the past few years, the Indian economy has faced a series of shocks, including the pandemic, supply-chain disruptions, and geopolitical tensions, which have kept inflation elevated. The Reserve Bank of India struggled to keep inflation within its target range, missing its mandate during several quarters. Despite these difficulties, India has managed to reduce both headline and core inflation through strategic administrative and monetary measures. By tightening monetary policy and increasing interest rates, the RBI has successfully curbed core inflation, bringing it down significantly by mid-2024.

Chart 2: Inflation across key economies



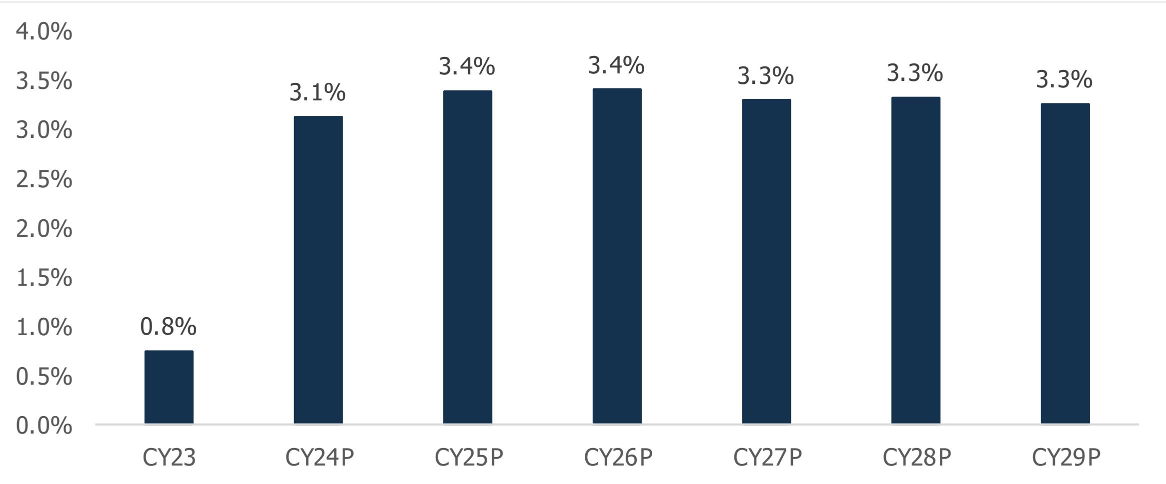
	CY19	CY20	CY21	CY22	CY23	CY24P
US	1.8%	1.2%	4.7%	8.0%	4.1%	2.9%
UK	1.8%	0.9%	2.6%	9.1%	7.3%	2.5%
Germany	1.4%	0.4%	3.2%	8.7%	6.0%	2.4%
Japan	0.5%	0.0%	-0.2%	2.5%	3.3%	2.2%
China	2.9%	2.5%	0.9%	2.0%	0.2%	1.0%
India	4.8%	6.2%	5.5%	6.7%	5.4%	4.6%

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

1.3 Trend in Global Trade

In CY23, the trade volume growth rate was relatively low 0.8%, 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 3.4% in CY25P, before stabilizing at around 3.3% for the subsequent years CY26P to CY29P. 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 3: Global Trend in Trade Volume of Goods and Services



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

1.4 Indian Economic Outlook

Resilience to External Shocks remains Critical for Near-Term Outlook

India's real GDP grew by 7.0% in FY23 and stood at ~Rs. 161 trillion, as per the First Revised Estimate, despite the pandemic in previous years and geopolitical Russia-Ukraine spillovers. In Q1FY24, the economic growth accelerated to 8.2%. The manufacturing sector maintained an encouraging pace of growth, given the favorable demand conditions and lower input prices. The growth was supplemented by a supportive base alongside robust services and construction activities. This momentum remained in the range in the Q2FY24 with GDP growth at 8.1%, mainly supported by acceleration in investments. However, private consumption growth was muted due to weak rural demand and some moderation in urban demand amid elevated inflationary pressures in Q2FY24. The GDP growth number improved for Q3FY24 at 8.6%.

India's GDP at constant prices surged to Rs. 47.24 trillion in Q4FY24 from Rs. 43.84 trillion in Q4FY23, marking a 7.8% growth rate. This upswing was fueled by robust performances in construction, mining & quarrying, utility services, and manufacturing sectors and investment drove the GDP growth, while both private and government consumption remained subdued.

Real GDP in the year FY24 is estimated to grow at 8.2% at Rs. 173.82 trillion as per provisional estimate of the Ministry of Statistics and Programme Implementation. It is expected that domestic demand, especially investment, to be the main driver of growth in India, amid sustained levels of business and consumer confidence.

In Q1FY25, real GDP grew by 6.7% y-o-y, hitting a 15-month low, as compared to 8.2% y-o-y in the previous quarter. Private consumption, a key driver of the GDP, showed resilience increasing by 7.45% while government spending contracted by 0.24%. This growth was largely driven by elections and extreme summer conditions, which impacted economic activities across several sectors.

GDP Growth Outlook

- Driven by fixed investment and improving global environment, domestic economic activity continues to expand. The provisional estimates (PE) placed real GDP growth at 8.2% for FY24.

- Industrial activity led by manufacturing continues its momentum on the back of strengthening domestic demand. Moreover, the services sector-maintained buoyancy as could be observed by growth in high frequency indicators such as E-way bills, GST revenues, toll collections, aggregate, and a healthy growth in domestic air cargo and port cargo. The purchasing managers' index for both manufacturing and services continues to exhibit a sustained and healthy expansion.

- Domestic economic activity remains strong. On the supply side, with advancing monsoon, kharif sowing has picked up, improving agricultural production prospects. Additionally, growth in GVA for major non-agricultural sectors like manufacturing, construction, and utilities has stayed above 5% for Q1FY25, indicating expansion in the mentioned sectors. On the demand side, household consumption is bolstered by a recovery in rural demand and consistent discretionary spending in urban areas. Fixed investment activity is robust, supported by the government's ongoing focus on capital expenditure, healthy balance sheets of banks and corporates, and other policy measures. Private corporate investment is picking up, driven by an increase in bank credit. Merchandise exports grew in June, albeit at a slower rate, while the growth in non-oil-non-gold imports accelerated, indicating resilience of domestic demand. Services exports saw double-digit growth in May 2024 before slowing down in June 2024.

- Improved agricultural activity would improve rural consumption, while urban consumption would be supported by buoyancy in services activity. Additionally, improvement in global trade prospects are expected to support external demand.

Persistent geopolitical tensions and volatility in international financial markets and geo-economic fragmentation do pose risk to this outlook. Based on these considerations, the RBI, in its August 2024 monetary policy, has projected real GDP growth at 7.2% y-o-y for FY25.

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

FY25P (complete year)	Q2FY25P	Q3FY25P	Q4FY25P	Q1FY26P
7.2%	7.2%	7.3%	7.2%	7.2%

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

1.5 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.

In FY23, Goa was the highest performing state with per capita SDP (at constant prices) of Rs. 2,95,114 growing y-o-y by 0.19%. This growth can be attributed introduction of tourism policy in the state, setting up of institutions for higher education, and resumption in mining activities. Other states which comprise the top 10 best performing states on per capita SDP include Delhi, Gujarat, Karnataka, and Tamil Nadu growing y-o-y by 6.11%, 6.71%, 7.43%, and 7.99%, respectively. Tamil Nadu at the 10th position is followed closely by Maharashtra which has a per capita SDP of Rs. 1,53,664. All these states have a per capita SDP above national average of Rs. 1,31,252.

As of FY23, major states having a per capita SDP below national average include Andhra Pradesh, Rajasthan, Madhya Pradesh, and Uttar Pradesh growing y-o-y by 4.05%, 6.83%, 5.34%, and 8.22%, respectively. Bihar is the poorest performing state with a per capita SDP of Rs. 29,909. It has consistently been the performing the poorest since FY18 growing only at a CAGR of 2.3% from FY18 to FY23.

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

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

Source: MOSPI

1.6 Consumer Price Index

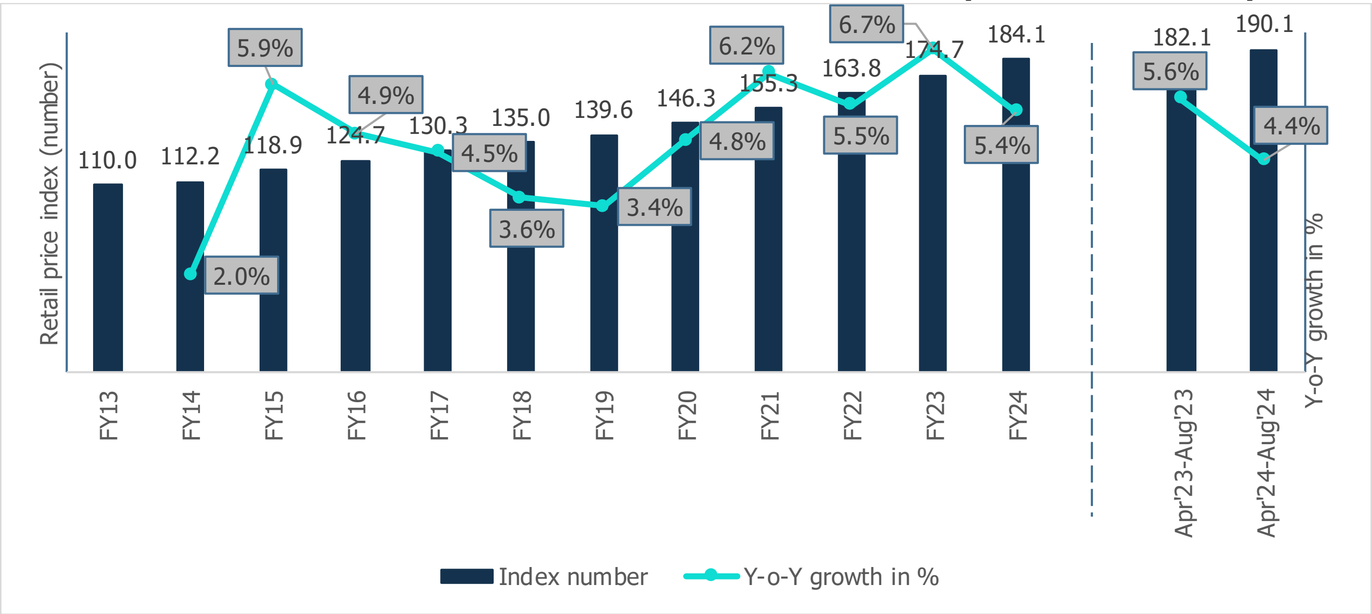
India's consumer price index (CPI), which tracks retail price inflation, stood at an average of 5.5% in FY22 which was within RBI's targeted tolerance band of 6%. However, consumer inflation started to upswing from October 2021 onwards and reached a tolerance level of 6% in January 2022. Following this, CPI reached 6.9% in March 2022.

CPI remained elevated at an average of 6.7% in FY23, above the RBI's tolerance level. However, there was some respite toward the end of the fiscal wherein the retail inflation stood at 5.7% in March 2023, tracing back to the RBI's tolerance band. Apart from a favorable base effect, the relief in retail inflation came from a moderation in food inflation.

In FY24, the CPI moderated for two consecutive months to 4.7% in April 2023 and 4.3% in May 2023. This trend snapped in June 2023 with CPI rising to 4.9%. In July 2023, the CPI had reached its highest point at 7.4%, this was largely due to increase in food prices. The notable surge in vegetable prices and in other food categories such as cereals, pulses, spices, and milk have driven this increase. In August 2023, the food inflation witnessed some moderation owing to government's active intervention. This was further moderated for second consecutive month in September 2023 to 5%, led by a sharp correction in vegetables prices and lower LPG prices. Helped by deflation in the fuel and light category, the retail inflation in October 2023 softened at 4.9%. This trend reversed in November 2023 due to spike in certain vegetable prices as well as sticky inflation in non-perishable food items such as cereals, pulses and spices and the CPI rose to 5.6%. In the month of December 2023, elevated food prices and an unfavourable base drove headline inflation to a four-month peak of 5.7%. However in the month of January and February, food prices softened and the inflation was reported at 5.1% for both the months. March witnessed furthur softning of prices registering 4.9% growth. For FY24 inflation moderated to 5.4% which are within the boundaries set of 2% to 6% by the RBI.

High inflation in specific food items poses inflation risk, even though an improvement in south-west monsoon and progress in sowing are improving the food inflation outlook. This makes it crucial to monitor monsoon distribution. Additionally, global food prices also show some softening in July, post increases in March 2024. While government initiatives are expected to mitigate upward price pressure, external risks from geopolitical tensions may affect supply chains and commodity prices. The numbers for April 2024-August 2024 show a decline in inflation growth y-o-y to 4.4% as compared to inflation growth y-o-y of 5.6% in April 2023-July 2023 period. For August 2024, CPI inflation stood at 3.7% which has been the second lowest retail inflation in the last 5 years. There was a decline in inflation observed among the subgroups spices, meat and fish, and pulses and products. Additionally, food inflation was also at the second lowest in this month since June 2023.

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 monetory policy. At the bi-monthly meeting held in August 2024, RBI projected inflation at 4.5% for FY25 with inflation during Q2FY25 at 4.4%, Q3FY25 at 4.7%, Q4FY25 at 4.3%, and Q1FY26 at 4.4%.

Considering the current inflation situation, RBI has kept the repo rate unchanged at 6.5% again in the August 2024 meeting of the Monetary Policy Committee.

Further, the central bank continued to remain focused on the withdrawal of its accommodative stance. While headline inflation has started easing due to softening in core component and economic activity has been resilient supported by domestic and investment demand, volatility in food prices due to adverse weather conditions pose a risk to the path of disinflation. Given the uncertainities in food prices that might derail the path to bring down inflation, the Central Bank has decided to be vigilant and maintain an active disinflationary stance to ensure complete transmission of past rate cuts and anchoring of inflation expectations until a better alignment of the headline CPI inflation with the target is achieved, while supporting growth.

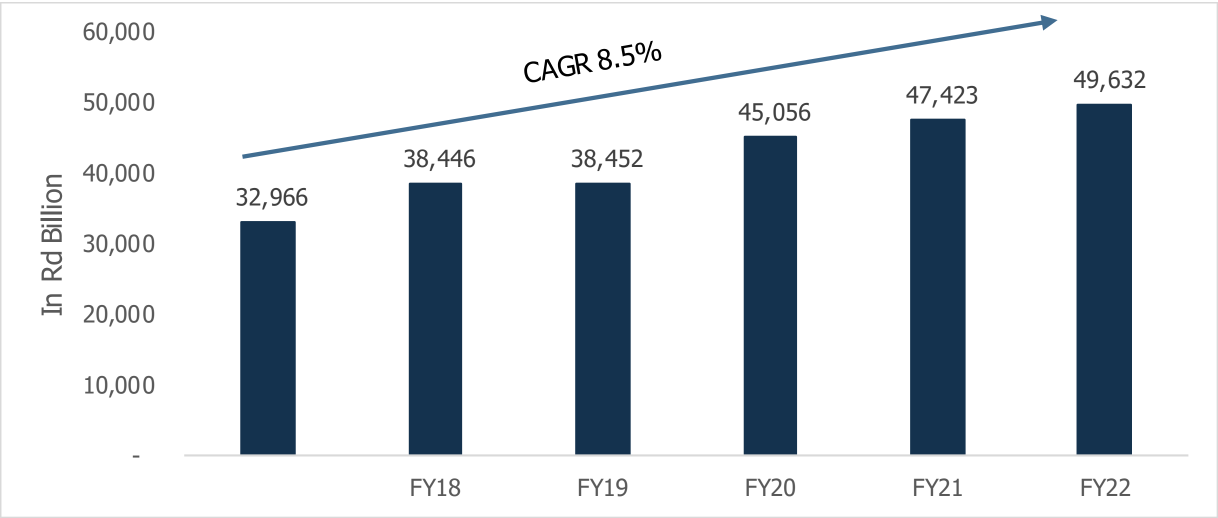
1.7 Trend in Household Savings

Household savings in India (includes gross financial savings plus saving in the form of physical assets, gold and silver ornaments adjusted for liabilities) have grown steadily since FY18 at a CAGR of 8.5%, except for a marginal decline in FY20 due to the pandemic. For FY23, the household savings stands at Rs. 49,632.14 billion growing y-o-y at 4.7%. The major contributors to this positive growth are savings in the form of physical assets (like real estate, etc.) and savings in form of gold and silver ornaments, both growing y-o-y by 17.4% and 39% respectively. As of FY23, savings in physical assets and savings in form of gold & silver ornaments stood at Rs. 34,834 billion and Rs. 634 billion respectively, both reaching highest level since last 6 years. These numbers hint at a shift in people’s preferences from monetary to physical assets as value appreciation in monetary assets is slow in high inflation environment as compared to physical assets.

Savings in physical assets has been fueled by heavy borrowing specially in housing, auto and personal loan segments. The financial liabilities of households reached a six-year high at Rs. 15,571 billion registering a y-o-y growth of 73.2%. Moreover, increase in house buying post pandemic, improvement in bank balance sheets along with ease in credit availability due to entry of new players like NBFCs and Fintechs and technology advancement further pushed this growth in credit.

Additionally, in gross financial savings, a shift from traditional saving avenues to mutual funds and insurance funds could also be observed. In FY23, savings in mutual funds has grown y-o-y at 11.5% while savings in life insurance funds grew by 13.6% y-o-y. Further, shift in investment avenues can be observed, with increased participation in equity and other capital market instruments since they give higher returns than bank deposits.

Chart 5: Household Savings (at Current Prices)



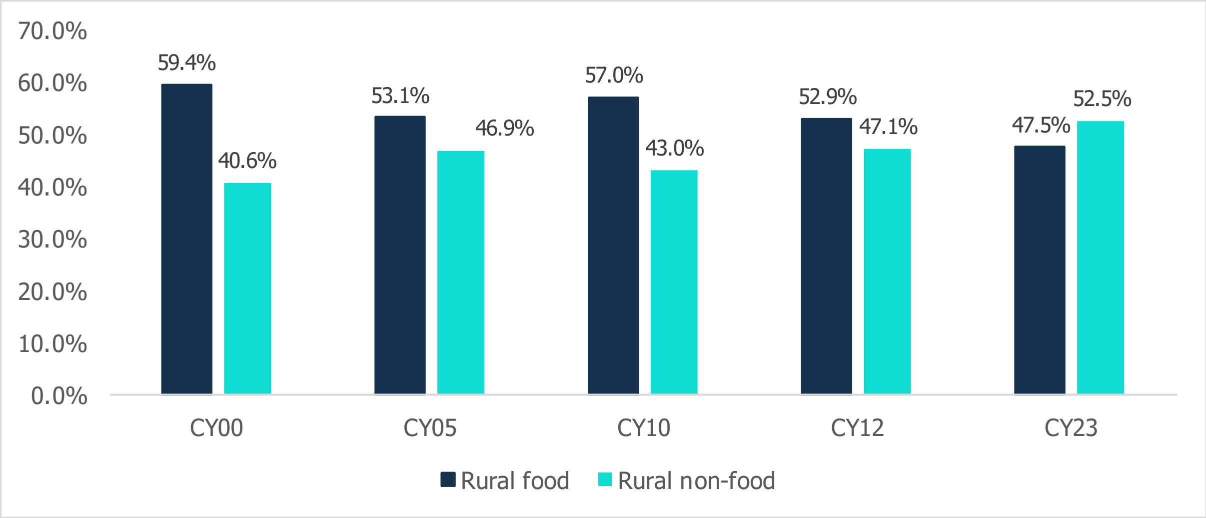
Source: MOSPI

1.8 Rural and Urban Consumption

The rural food consumption has decreased from 59.4% in CY00 to 47.5% in CY23. Urban food consumption also shows a similar trend from 48.1% in CY00 falling to 38.7% in CY23.

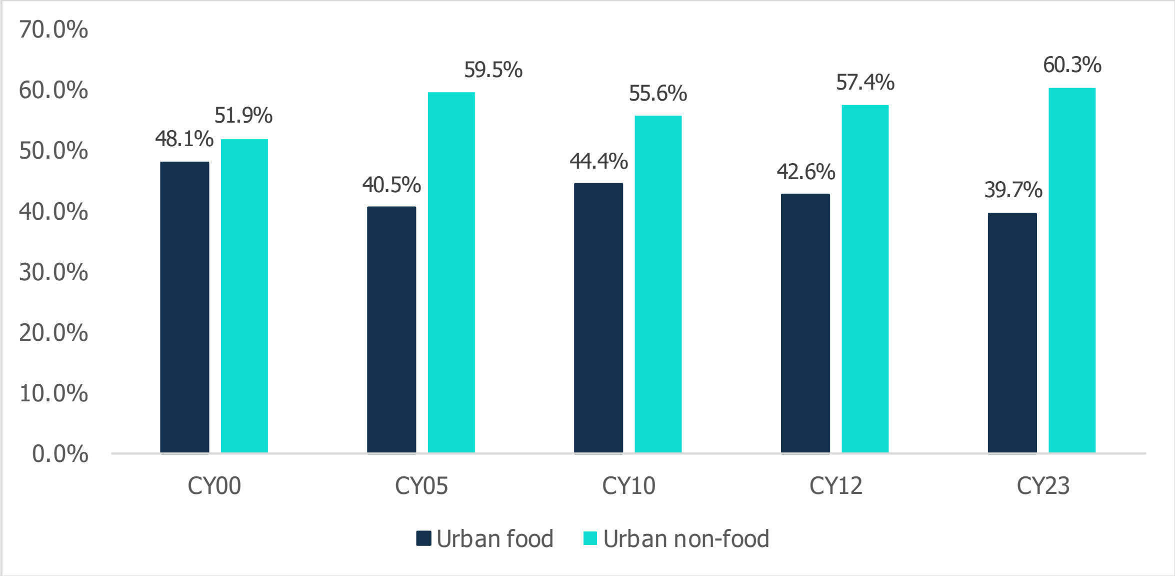
From CY00 to CY23, India has seen a clear shift in consumption patterns, with food expenditure decreasing and non-food expenditure increasing. This shift highlights a transition from a primarily agrarian economy to a more diversified rural economy where spending on non-food goods and services (education, healthcare, housing, transportation, etc.) is becoming increasingly important. As urban-rural incomes rise, rural households can spend more on lifestyle, education, and health, signifying greater economic development and evolving consumption habits.

Chart 6: Trend in rural consumption composition (in %)



Source: MOSPI

Chart 7: Trend in Urban Consumption



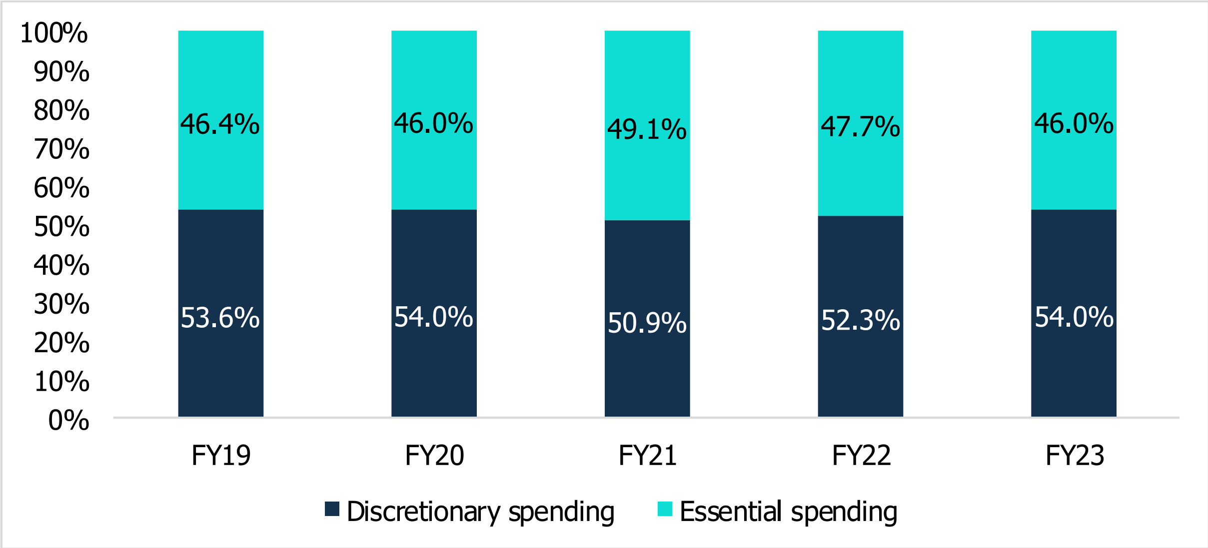
Source: MOSPI

1.9 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 8: Shifting Patterns in Household Consumption Expenditure



Source: MOSPI

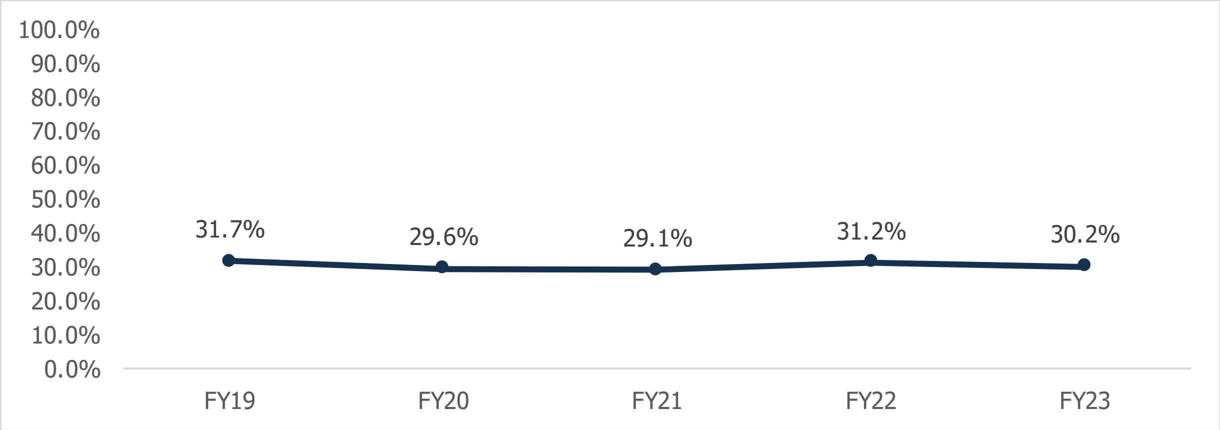
Note: Essential Spending includes Food and non-alcoholic beverages, Clothing and footwear, Housing, water, electricity, gas, and other fuels
Discretionary Spending includes Alcoholic beverages, tobacco and narcotics, Clothing and footwear, Furnishing, household equipment and routine household maintenance, Health, Transport, Communication, Recreation and culture, Education, Restaurants and hotels, and Miscellaneous goods and services

1.10 Trend in Gross Savings (as % of GDP)

Gross Savings as a percentage of GDP has seen 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 the pandemic, increasing again to 31.2% in FY22 before declining to 30.2% in FY23.

As of FY23, Savings were Rs. 81,500 billion indicating a y-o-y growth of 10.7% while GDP was at Rs. 2,69,497 billion showing a growth of 14.2%.

Chart 9: Gross Savings (as % of GDP) (at current prices)



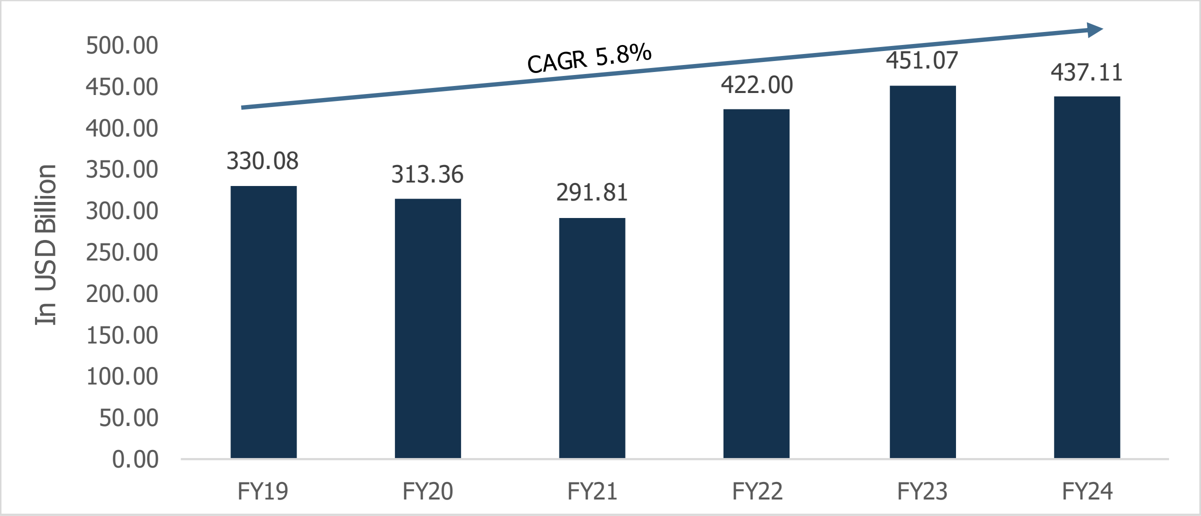
Source: MOSPI

1.11 Trend in India's Merchandise Exports

India's merchandise exports have been growing at a CAGR of 5.8% for the last six years. After a decline in merchandise exports in FY20 and FY21 due to the pandemic, merchandise exports picked up again in FY22 reaching USD 422 billion indicating a y-o-y growth of 44.6%. This surge can be attributed to pent-up demand from the major waves of the COVID-19 pandemic and the expansionary monetary policies implemented by developed nations in response to the pandemic's effects. This merchandise export growth was primarily fueled by increased demand for products such as petroleum, cotton yarn, textiles, chemicals, and engineering goods. In FY23, exports grew only by 6.9% y-o-y reaching USD 451.07 billion.

In FY24, the merchandise exports fell to USD 437.11 billion registering a decline of 3.1% y-o-y. This can be attributed to various global events such as the Houthi attacks on ships in the Red Sea causing increased freight costs and disrupted supply chains, consistently high crude oil prices due to the ongoing Russia-Ukraine conflict, and US-China trade tensions resulting in more costly value chains. The primary contributors to merchandise export growth in 2023-24 were electronic goods, pharmaceuticals, engineering goods, iron ore, cotton yarn, fabrics, and made-ups, as well as handloom products, and ceramic and glassware items.

Chart 10: India's Merchandise Exports



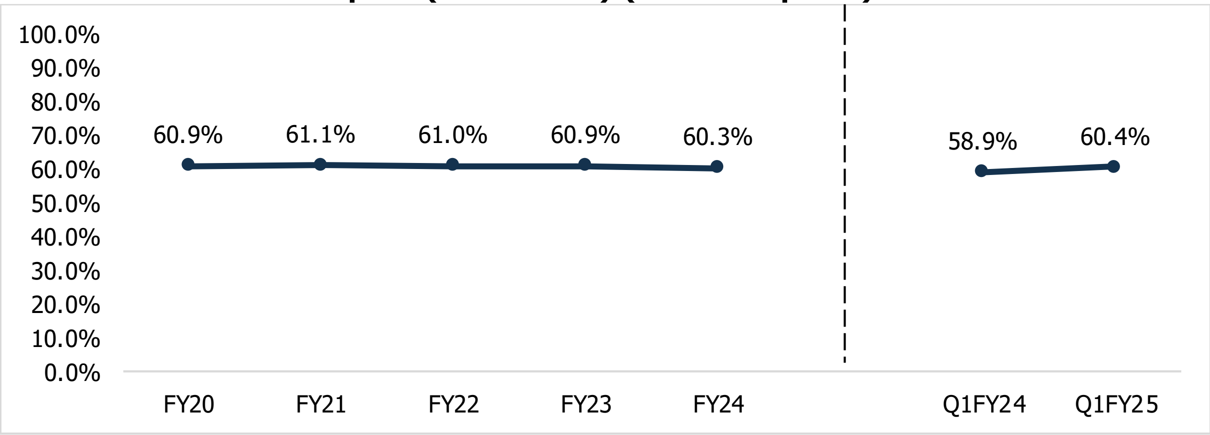
Source: MOSPI

1.12 Trend in Private Consumption

Private Final Consumption Expenditure (PFCE) is the largest component in the Gross Domestic Product of the country. It has held a share of above 60% for the past five years. Within the last five years, it reached the highest share of 61.1% in FY21, post which it has been progressively declining albeit marginally.

This trend is attributed to a combination of factors impacting consumer spending. The pandemic, high global and domestic inflation, and tighter financial conditions have constrained private consumption. Poor agricultural output has particularly hurt rural demand, while the shift in household budgets towards higher health expenditures, at the expense of education, has further strained consumer finances. Increased health spending has added financial burdens, limiting spending on other essential items like food, clothing, and housing, which has been evident in the decreasing PFCE growth in these categories. Additionally, weak urban demand, driven by ongoing employment challenges, has exacerbated the situation. Although the anticipated revival of monsoon conditions may boost rural demand in the current fiscal year, the overall decline in PFCE highlights persistent issues in both rural and urban consumption patterns. As of FY24, the share of PFCE in GDP stands at 60.3%. In Q1FY25, PFCE improved y-o-y by 12.4%, reaching a share of 60.4% as compared to 58.9% in Q1FY24.

Chart 11: Private Consumption (as % of GDP) (at current prices)



Source: MOSPI

1.13 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, signalling 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, favourable 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.

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.

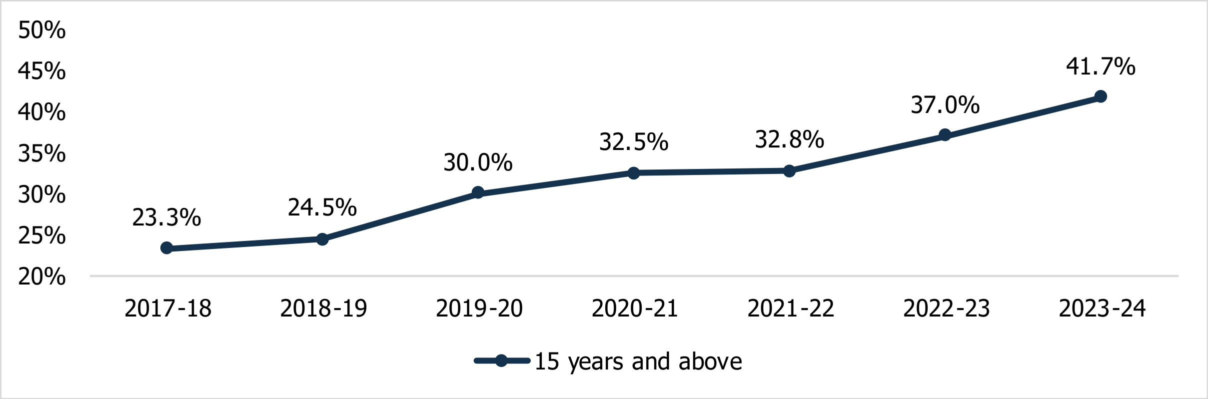
Despite higher absolute incomes among the wealthy, the sheer size of India's middle class indicates it will become a major force in the economy, creating one of the world's largest markets. This burgeoning middle class, with its growing discretionary spending power, is poised to drive investment, generate 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.

1.14 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 own-farm 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 12: Women's Labor Force participation rates



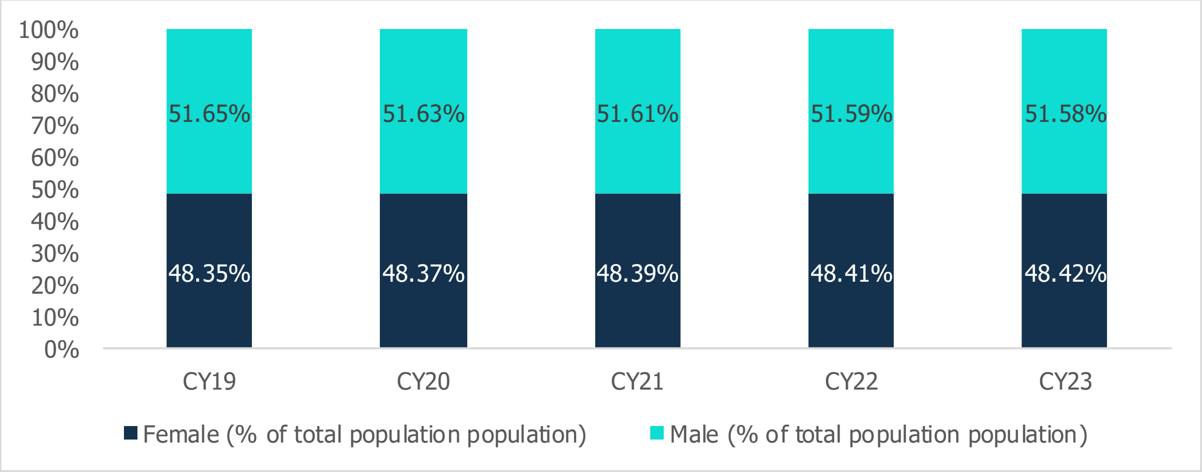
Note: 2023-24 refers to the period July 2023-June 2024 and likewise for previous years; LFPR is for the usual status
Source: PLFS

1.15 Trends in Population Growth

Gender wise

From the period CY19 to CY23, the female population as a percentage of the total population has risen marginally from 48.35% in CY19 to 48.42% in CY23, while the male population share has declined slightly from 51.65% in CY19 to 51.58% in CY23.

Chart 13: Gender-wise breakup of the population

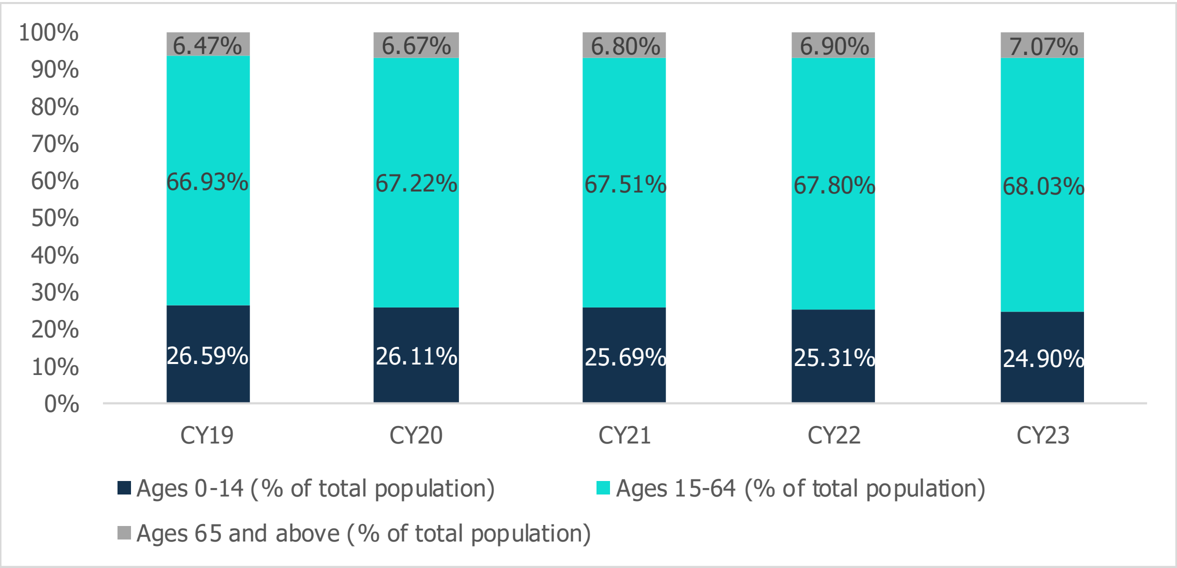


Source: World Bank Database

Age Wise

Population constituting 15-64 aged people constitute the majority share of the total population increasing from 66.39% in CY19 to 68.03% in CY23, reflecting the burgeoning youth populace in the country. The share of people aged 65 and above has only marginally increased from 6.47% in CY19 to 7.07% in CY23 while the share of people less than 14 years of age has declined from 26.59% in CY19 to 24.9% in CY23, reflecting a decline fertility rate in the country.

Chart 14: Age-wise Breakup of the Population

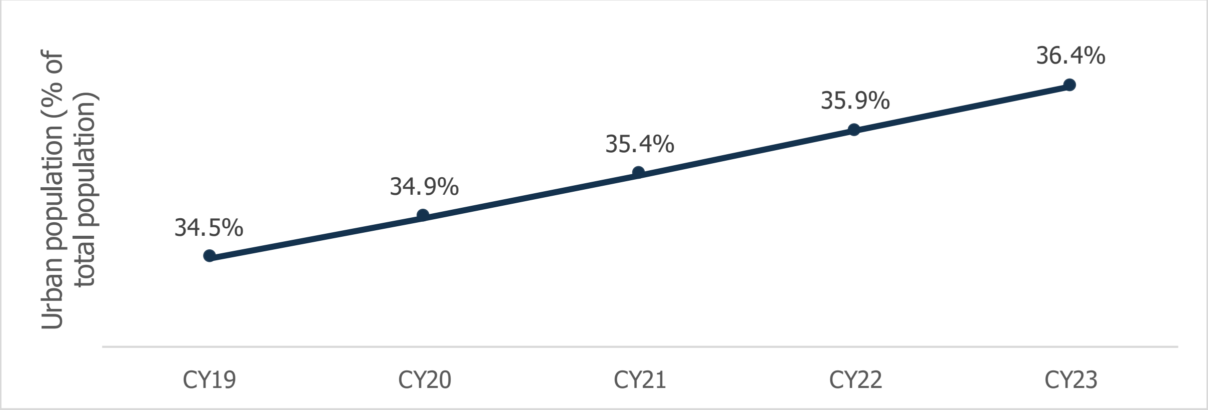


Source: World Bank Database

Urbanization

The urban population is significantly growing in India. The urban population in India is estimated to have increased from 476.8 million (34.5% of total population) in CY19 to 519.5 million (36.4% of total population) in the year CY23. People living in Tier-2 and Tier-3 cities have greater purchasing power.

Chart 15: Urbanization Trend in India

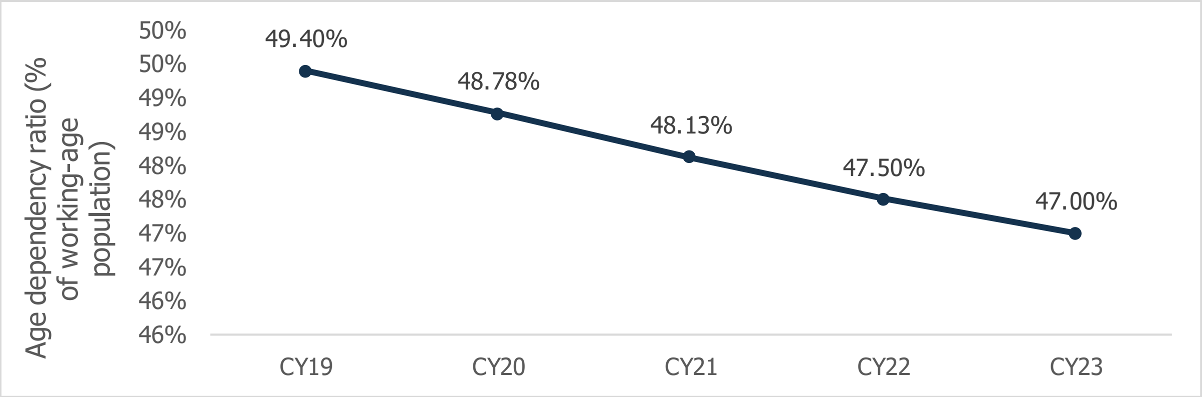


Source: World Bank Database

Dependency Ratio

Age Dependency Ratio is the ratio of dependents to the working age population, i.e., 15 to 64 years, wherein dependents are 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 the working-age population generating income, which is a good sign for the economy.

Chart 16: Dependency Ratio trend in India



Source: World Bank Database

1.16 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:

Table 4: Investments by Corporates

Event	Month	State	Value (in Rs. Million)	Purpose/Project/Announcement
Vibrant Gujarat Global Summit	January 2024	Gujarat	NA	Lakshmi Mittal, Chairman of ArcelorMittal, announced the completion of the first phase of the Hazira Expansion Project by 2026.
Vibrant Gujarat Global Summit	January 2024	Gujarat	NA	Toshihiro Suzuki, President of Suzuki Motor Corporation, highlighted plans to launch the first electric vehicle produced in India while expanding production capacity and reducing greenhouse emissions through sustainable practices.
Vibrant Gujarat Global Summit	January 2024	Gujarat	NA	Mukesh Ambani of Reliance Group announced a 5000-acre Dhirubhai Energy Giga Complex in Jamnagar, to be commissioned by the second half of 2024.
Regional Industry Conclave	July 2024	Jabalpur	15,300	Madhya Pradesh's regional industry conclave attracted significant interest, leading to the virtual inauguration of 67 industrial units, projected to create 4,342 jobs.
Chief Minister MK Stalin's visit to the USA	August-September 2024	Tamil Nadu	76,180	The 14-day overseas trip resulted in 19 Memoranda of Understanding involving eight companies from San Francisco and 11 from Chicago. These agreements are expected to create employment for 11,516 people across several cities in the state, including Madurai, Tiruchirappalli, and Chennai.

Source: Industry Sources

- **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.

1.17 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 INR 20000 billion, 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 (Focus on boosting economic growth and strengthening the economic structure), Infrastructure (Development of modern infrastructure to support economic activities and growth), Systems (Enhancing and streamlining systems for better efficiency and governance), Vibrant Demography (Leveraging the demographic dividend by improving employment opportunities and skills), and Demand (Stimulating consumer demand and fostering a robust market)
- Under the Abhiyan, 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: Simplification of tax laws to enhance compliance and ease of doing business.
  - Simple & Clear Laws: Streamlining legal processes to foster a conducive business environment.
  - Capable Human Resource: Investment in skill development and human resource capabilities.
  - Strong Financial System: Strengthening financial institutions and systems to support economic activities.

The Atmanirbhar Bharat Abhiyan reflects a vision for a more self-reliant and resilient India, focusing on enhancing domestic capabilities and reducing dependency on external factors.

- **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. 1,970 billion (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.

- **Make in India**

The Make in India initiative, launched in 2014, focuses on positioning India as a global manufacturing and entrepreneurial hub, transforming the business environment across various sectors. Its goal is to enhance the country's industrial capabilities and foster a culture of innovation and investment.

- It aims to reshape the relationship between the government and industry. Moving from a regulatory role to that of a facilitator, the government aims to partner with businesses to drive economic development. This shift is supported by recent policies like the Production Linked Incentive (PLI) scheme and Free Trade Agreements (FTAs), which address challenges such as high logistics costs and export competitiveness.
- The initiative has identified 25 key sectors for development, including manufacturing, infrastructure, and services. Foreign Direct Investment (FDI) has been significantly opened up in areas like Defence Production, Construction, and Railway infrastructure, reflecting a strategic effort to boost industrial growth and attract global investment.
- It focuses on enhancing the ease of doing business by streamlining regulations, reducing licensing requirements, and introducing digital platforms for faster approvals. Concurrently, significant investments are being made in modern infrastructure, including the creation of industrial corridors and smart cities with advanced technology and high-speed communication. Upgrades to existing infrastructure are also in progress to improve logistics and support innovation and industrial growth.

- **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.

1.18 Concluding Remarks

The major headwinds to global economic growth are escalating geopolitical tensions, volatile global commodity prices, high interest rates, inflation woes, volatility in international financial markets, climate change, rising public debt, and new technologies. Despite the global economic growth uncertainties, the Indian economy is relatively better placed in terms of GDP growth compared to other emerging economies. According to IMF's forecast, it is expected to be 7% in CY24 compared to the world GDP growth projection of 3.2%. The bright spots for the economy are continued healthy domestic demand, support from the government towards capital expenditure, moderating inflation, investments in technology and improving business confidence.

Likewise, several high-frequency growth indicators including the purchasing managers index, E-way bills, bank credit, toll collections and GST collections have shown improvement in FY24. Moreover, normalizing the employment situation after the opening up of the economy is expected to improve and provide support to consumption expenditure.

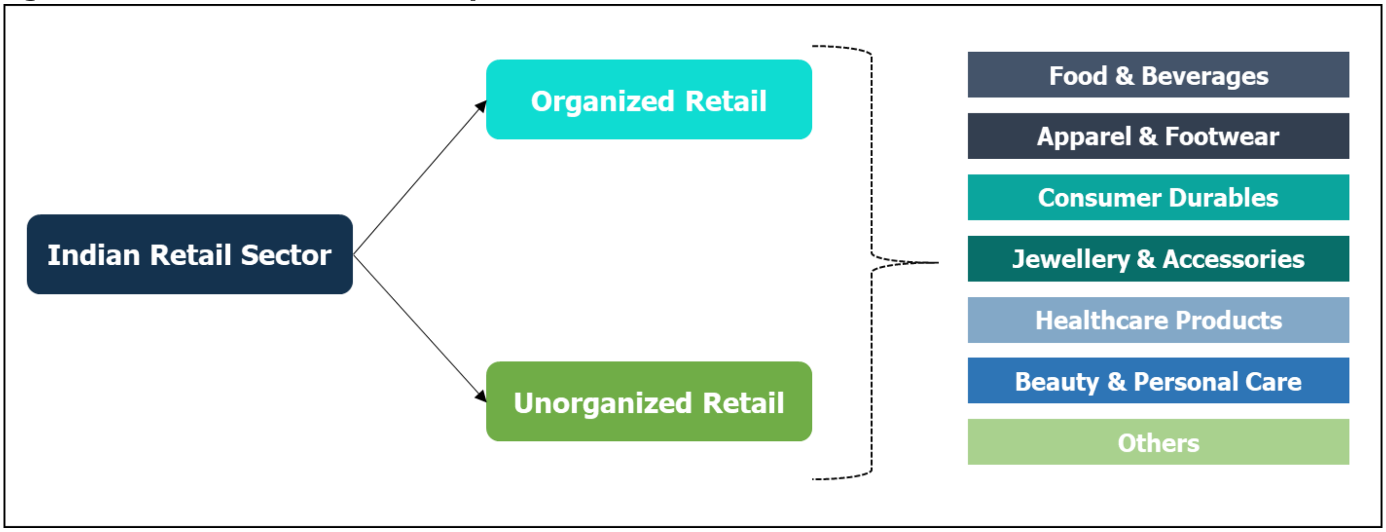
At the same time, public investment is expected to exhibit healthy growth as the government has allocated a strong capital expenditure of about Rs. 11,110 billion for FY25. The private sector's intent to invest is also showing improvement as per the data announced on new project investments and resilience shown by the import of capital goods. Additionally, improvement in rural demand owing to healthy sowing, improving reservoir levels, and progress in the south-west monsoon along with the government's thrust on capex and other policy support will aid the investment cycle in gaining further traction.

2 Indian Retail Consumer Basket

2.1 Overview

The Indian retail sector is one of the fastest-growing sectors. It has the largest consumer base, and as a result, the industry's market size has been increasing significantly. Further, robust demand, increasing investments, innovations, and government initiatives fuelled India's retail growth. As digitization widens the market, better access channels, faster customer acquisition leading to cash conversion, and rapid shifts in both demand & supply factors will accelerate the momentum of retail expansion in India.

Figure 1: Indian Retail Sector Composition



Source: CareEdge Research

The Indian retail industry consists of organized and unorganized segments. Currently, the unorganized sector dominates the retail industry and organized retail sector penetration in India is much lower compared to the developed countries. This also implies that the organized retail segment has huge growth potential. The continued expansion of the organized retail segment may aid the growth of the overall retail sector.

The outbreak of COVID-19 led to an acceleration in online sales of consumer products due to consumer behaviour changes. Consumers avoided physical store visits due to fears of virus contraction. Industry participants consequently witnessed a transition from traditional to digital and are now moving towards an omni-channel mode of commerce. In some ways, the pandemic has aided in the transformation of retail into a more digitally enabled environment.

2.2 Indian Retail Market

In the 1990s, metro cities saw the growth of pure-play modern retail, which was once controlled by traditional retail. Consumer preferences began to move from need-based to premium purchasing, and the first hints of modernization in operations (backend) and formalization of the value chain emerged.

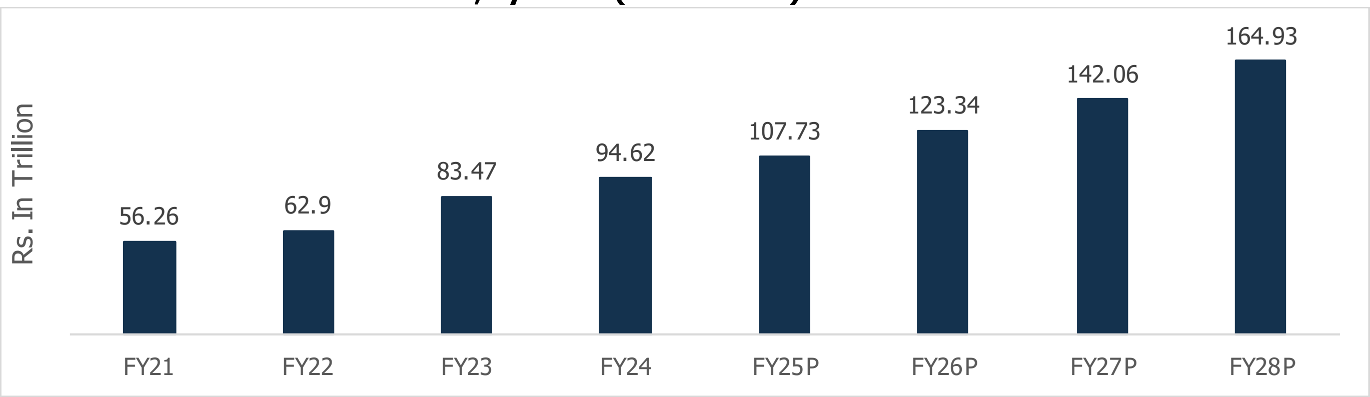
Furthermore, the introduction of hypermarkets, super-marts, large format stores and exclusive jewellery outlets in tier 1 cities further drove the evolution of retail. Consumers' primary concern shifted from quality shopping experiences to convenience. The jewellery sector adapted by providing in-store experiences with personalized services and loyalty programs. Meanwhile, technology began to play a crucial role in operations, as retailers launched websites to offer product details and allowed consumers to browse collections online before visiting stores.

Online retail grew rapidly as retailers realized they needed to adopt digital technology to stay relevant to the increasing number of online shoppers. Online retail in gold and jewellery also expanded rapidly, as consumers became more inclined toward digital shopping. Personalized recommendations and virtual try-on tools became vital for retailers to cater to the discerning jewellery customer.

Modern retail is still in its early stages of growth in emerging markets. Micro-retailers, kiosks, hawkers, open market vendors, wholesalers, and distributors make up traditional retail. Traditional retail is based on interpersonal relationships between customers and merchants. It is dominated by an unorganized segment of the retail channels.

While modern retail in gold and jewellery continues to grow, the unorganized sector—comprising micro-jewelers, local goldsmiths, and market vendors—still holds a substantial share. This traditional segment thrives on long-standing relationships between customers and merchants. However, modern retail players, such as national jewellery chains and high-end stores, provide a more structured shopping experience. Inventory management, logistics, and merchandising in modern jewellery outlets are organized and data-driven, which distinguishes them from the unorganized sector.

Chart 17: Indian Retail Market Size, by Value (FY21-FY28P)



Source: IBEF, CareEdge Research

In FY23, the Indian retail market reached Rs. 83.47 trillion, showing a strong recovery from the previous years, driven by improved consumer demand and a resurgence in offline retail channels. By FY24, the market has reached Rs. 94.62 trillion, with steady growth expected to continue. The outlook remains optimistic, with the sector anticipated to reach Rs. 164.93 trillion by FY28. This expansion is largely fuelled by rising disposable incomes, increased penetration of organized retail, and growing e-commerce adoption. The retail sector is poised to play a crucial role in India's economic growth, with significant employment generation. By CY2030, it is expected to create 25 million new jobs, underscoring its importance in the country's socio-economic landscape.

Furthermore, the sector is likely to continue to grow leading to an increase in footfalls, which will support the sales growth going forward. The revenue has reached pre-COVID levels mainly driven by the strong show in lifestyle brands, new category launches, and store additions amongst various players. Furthermore, the demand is expected to increase due to consumer preference for non-discretionary spending.

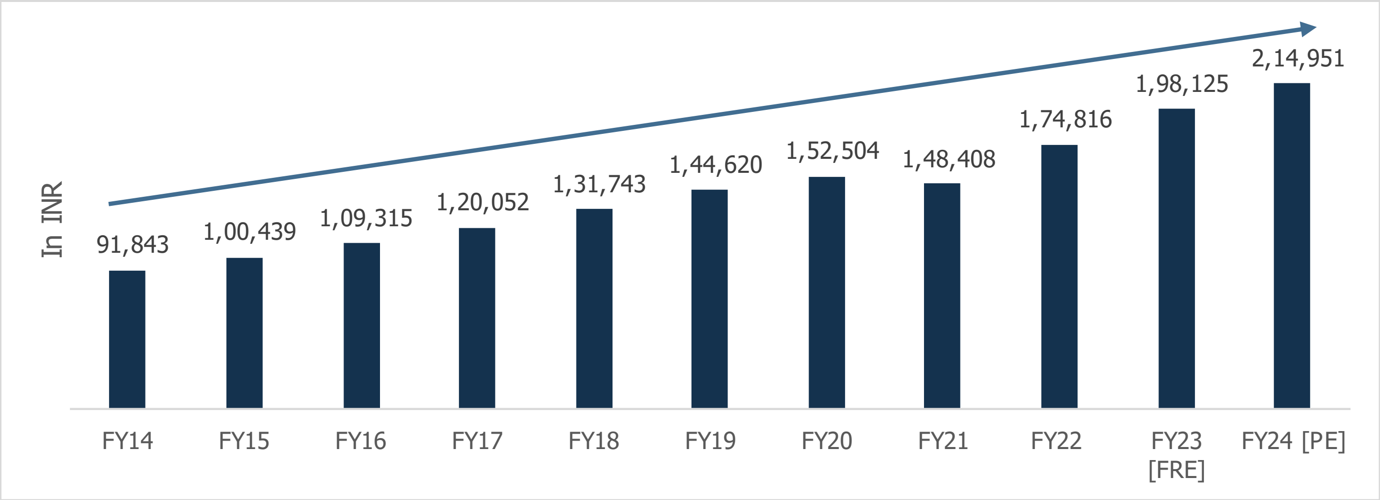
For the coming years, the market size is estimated to grow to nearly Rs. 107 trillion by FY25 and around Rs. 164 trillion in FY28 on account of changing lifestyle and demand-supply drivers like increasing purchasing power, innovative financing through easy credit, growing entry of foreign retailers, and continuous government support through FDI policies and PLI schemes.

2.3 Demand Drivers for the Indian Retail Market

- **Increasing Purchasing Power**

The rising disposable income, which has grown at a CAGR of 8.88% between the period FY14 to FY24, is expected to lead to increased demand for residential real estate in India as more and more people are able to afford real estate purchases. This will lead to more consumption of steel in the country and help the steel manufacturers to produce more steel, thus improving the demand in the steel industry.

Chart 18: Net Disposable Income for Past



Source: CMIE, CareEdge Research

- **Innovative Financing Modes**

To keep up with the changing market dynamics, innovative financing modes have been introduced to meet the financial needs of retailers, such as Merchant Cash Advances (MCA). It is a type of financing that allows retailers to receive cash advances based on their future credit and debit card sales. Whereas invoice financing is a type of financing where retailers can get upfront cash by selling their unpaid invoices to a financial institution. The collective efforts of financial institutions and banks with retailers are enabling retailers to fund their inventory and grow their businesses.

- **Continuous Government Support**

The government has implemented several policies and initiatives to create a favourable business environment for retailers and promote the growth of the sector. Some of the ways in which the Indian government is supporting the retail market are given below:

1) FDI policy:

The government has liberalized the **FDI policy** in the retail sector to attract foreign investment. In 2012, the government allowed 100% FDI in single-brand retail and 51% FDI in multi-brand retail. The government has also allowed FDI in e-commerce companies, which has helped the growth of online retail in the country.

2) GST Implementation:

The implementation of the Goods and Services Tax (GST) has simplified the tax structure. It has helped streamline the supply chain and reduce the compliance costs for retailers.

3) Pradhan Mantri Mudra Yojana (PMMY):

The PMMY scheme was launched in 2015 to provide collateral-free loans to small businesses, including retailers, to help them expand their business operations. Approx. 370 million people have benefitted in the last 9 years.

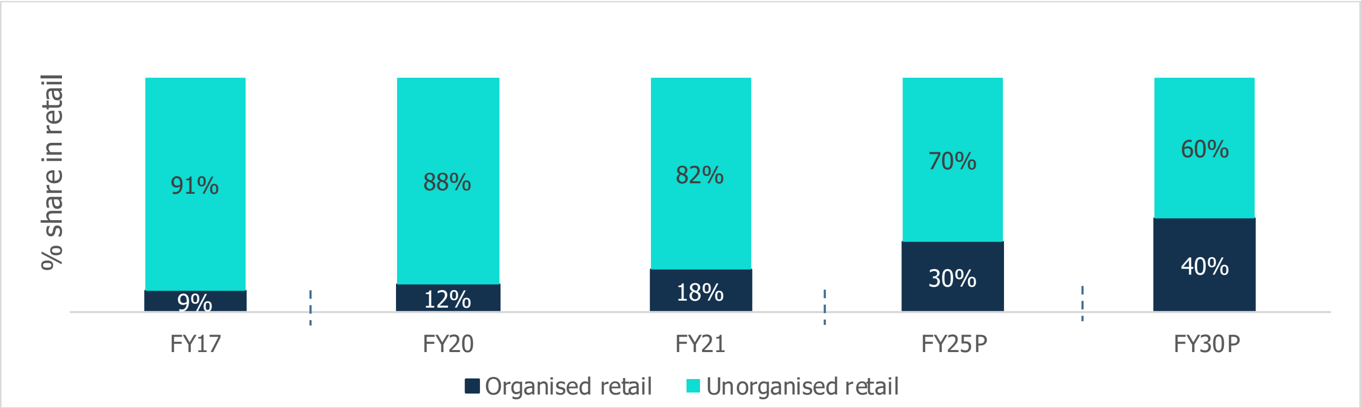
4) National Retail Policy:

In 2013, the government introduced the National Retail Policy to create a conducive environment for the growth of the country's retail sector. The policy is focused on promoting small retailers, improving supply chain infrastructure, and encouraging e-commerce. Other initiatives include infrastructure development, skill development, start-up initiatives, etc.

2.4 Overview of the Organized Indian Retail Market

The retail sector in India is largely unorganized. However, the share of organized retail is witnessing continuous growth with about 18% contribution to the total retail market in FY21, a sizeable increase from 9% in FY17. The market size for organized retail reached Rs. 8.5–10.5 trillion in FY21.

Chart 19: Share of Organised Retail



Source: Industry Sources, CareEdge Research

The expansion of the organized retail market in India is mostly attributed to the implementation of GST and shifting customer behaviour. Increased affluence, changing lifestyles, and favourable demographic patterns have all contributed to the shift in consumer behaviour. Consumers now prefer to shop at a location where they can enjoy food, entertainment, and shopping—all in one spot. This has supported the growth in the Indian organized retail market.

Owing to the pent-up demand, restriction-free movement, and the festive season, revenue for FY22 witnessed a significant increase surpassing the pre-pandemic level.

2.5 Trends in the Retail Industry by Segment

FMCG- This segment includes groceries, staples, health & hygiene products, and food & grocery segments, which fall under the essential category as compared to other segments in the retail industry. India's consumer food business has benefited from the country's increased urbanization, increasing number of working women, improving standards of living, rising number of supermarkets & shopping malls, and growing market of online food delivery. Due to inflationary pressures during the period, sales growth in the FMCG segment has been higher than non-FMCG/discretionary segment. Going forward, an improvement in volumes is expected with stability in raw material prices and less reliance on pricing in the near-to-medium term. Hence, the margin is also expected to witness improvement.

Apparel- The apparel segment, covering fashion and lifestyle products, is one of the largest categories within the retail industry. It includes clothing, footwear, and accessories across various styles and brands, catering to a wide range of consumer preferences. This segment has witnessed significant shifts in consumer behavior, particularly due to the pandemic, which spurred the adoption of online shopping and omnichannel retailing. Retailers responded by adding more stores, revamping e-commerce platforms, and integrating physical and digital channels to offer an enhanced shopping experience. Going forward, demand is expected to grow, driven by the increasing focus on affordable luxury, athleisure, and sustainability in fashion.

Consumer Durables: The consumer durables category encompasses a broad range of household appliances and electronics, including refrigerators, washing machines, televisions, and air conditioners. This sector has shown resilience, with steady demand for both essential and seasonal products, such as air coolers and air conditioners, during summer. Government initiatives like the Production Linked Incentive (PLI) scheme and reductions in import duties on components are boosting local manufacturing. While challenges like inflation and foreign exchange fluctuations persist, the sector is optimistic, supported by a push for premiumization and improved sales channels, including e-commerce.

Consumer Food

The consumer food segment includes packaged foods, beverages, snacks, ready-to-eat meals, and staples. It caters to changing urban lifestyles, with growing demand for convenience foods and healthier alternatives. Post-pandemic, there has been a noticeable shift toward online grocery shopping and direct-to-consumer (D2C) models, making these key growth drivers for the future. Inflationary pressures affected pricing in FY24, but with the stabilization of raw material costs, the industry is expected to see improved margins and volume growth. The focus on healthier, organic, and natural products is also reshaping consumer preferences in this space.

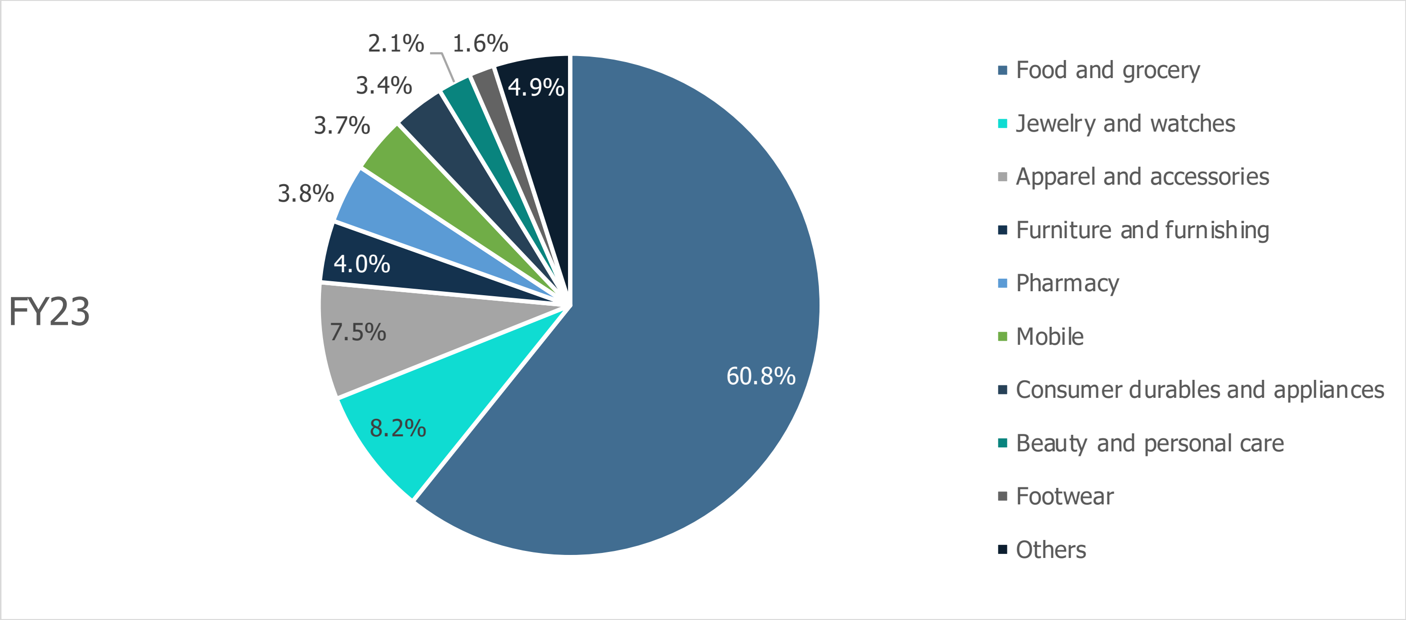
Household & Personal Care Products

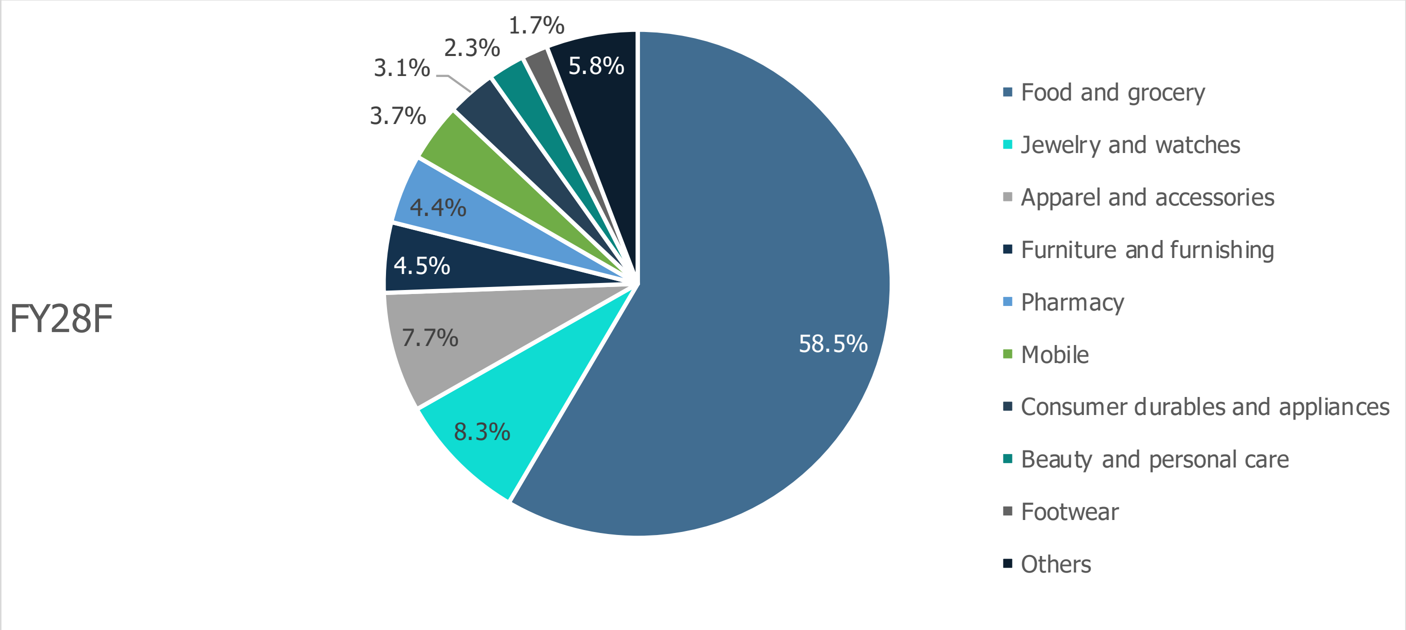
The household and personal care category covers a wide range of products, from cleaning supplies and toiletries to cosmetics and personal hygiene items. The pandemic brought a surge in demand for hygiene and sanitation products, and that trend continues. This segment has also seen increasing consumer interest in premium and eco-friendly alternatives, with a growing market for natural and organic products. While inflationary pricing supported revenue growth in FY24, the emphasis is now on margin expansion through better raw material cost management and a focus on premium product lines.

Jewellery & Accessories

The jewellery and accessories segment include precious metals, stones, fashion jewellery, watches, and other personal accessories. Traditionally dominated by unorganized players, this sector is undergoing formalization with the rise of branded and hallmark-certified products. Festivals and weddings continue to drive significant demand, and there is a strong consumer preference for high-value, premium items. The industry is also leveraging digitalization, with e-commerce platforms playing an increasingly important role in reaching younger, more tech-savvy customers. Growth is expected to be fuelled by expanding organized retail, government regulations promoting quality assurance, and the integration of omnichannel retailing.

Chart 20: Retail Industry in India – Segmentation





Source: Netscribes (July 2024), Retail Industry in India 2024, from EMIS Professional Database, CareEdge Research

3 Global Gems and Jewellery Industry

3.1 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 just weddings and unique events. People are increasingly wearing 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 capitalizing 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.

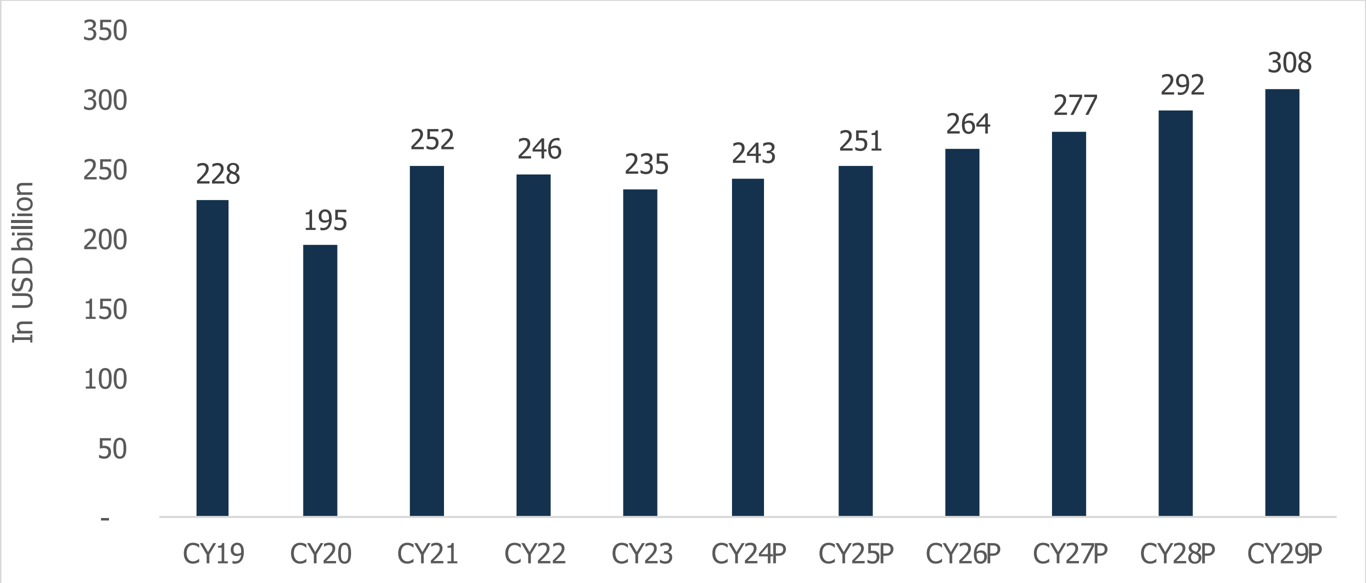
The global appetite for jewellery is anticipated to grow as more individuals seek luxury items. Jewellery offers various benefits, including enhancing certain body features, reflecting fashion trends and styles, and improving one's appearance or that of others. Its appeal as a status symbol among higher-income 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 CY19 to CY23, the global jewellery market rebounded, achieving a Compound Annual Growth Rate **(CAGR)** of ~9%. The global jewellery market size was valued between USD 235 and USD 245 billion in CY23 and is projected to reach USD 247– USD 257 billion by 2028, exhibiting a CAGR of 5%.

Annually, around 3,600 tons of gold is mined globally, around 1200 tons of gold is recycled, and around 4,400 tons of gold is consumed for various purposes like, jewellery fabrication, technology, investments, etc. Around 52% 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 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.

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

Chart 21: Global Gems and Jewellery Market Size (CY19-CY29P)



Source: IMARC Group, CareEdge Research

In CY23, the global gems and jewellery industry was valued at around USD 235 billion and there was a stagnant CAGR of 1% during CY19–CY23. 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 ongoing 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, fueled 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.

4 Indian Gems and Jewellery Industry

4.1 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 holds a prominent position globally, being the largest diamond-cutting and polishing hub, producing over 90% of the world's polished diamonds.

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

Organized players are gaining traction as the industry undergoes formalization. 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 Monetization Scheme, and easing gold import restrictions, are bolstering the formal sector.

In 2024, seven major trade fairs were organized 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 fueled by rising disposable incomes, urbanization, 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.

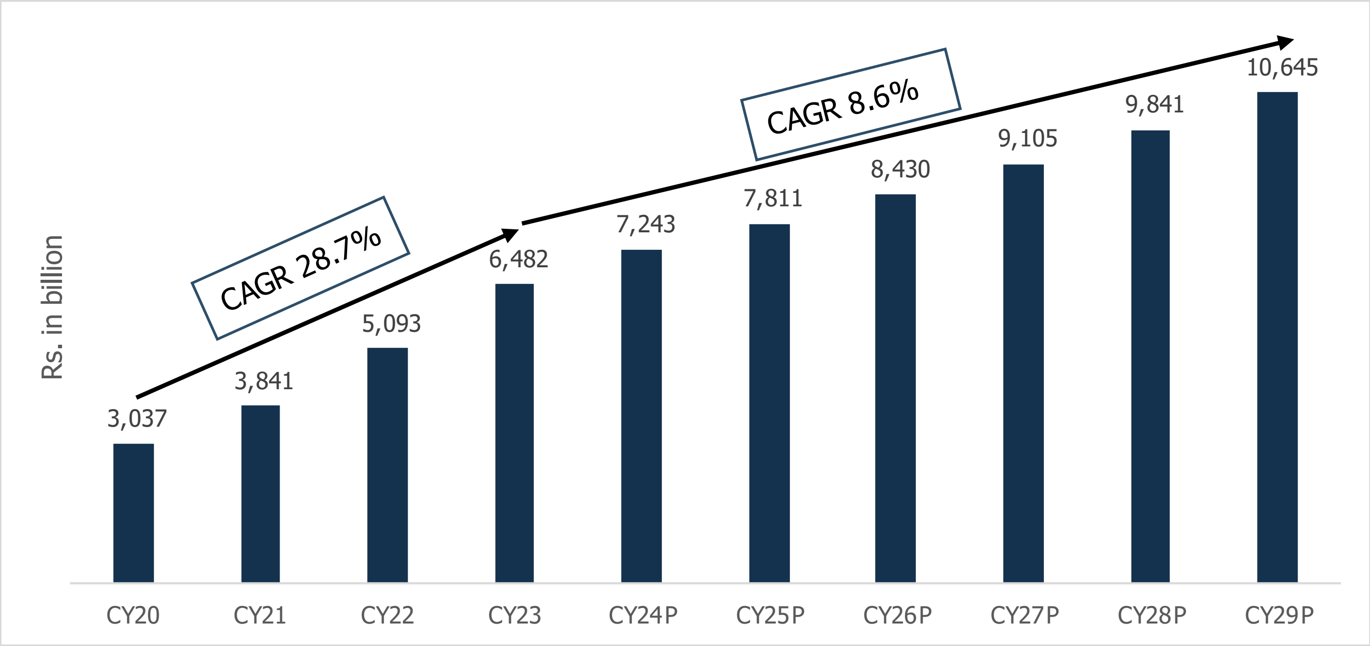
In conclusion, the Indian gems and jewellery industry continues to thrive, blending traditional strengths with evolving consumer preferences and gradual modernization. Its ability to adapt to changes while leveraging its heritage ensures its sustained growth and competitiveness on the global stage.

4.2 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 22: Indian Gems & Jewellery Industry Market Size (CY20-CY29)



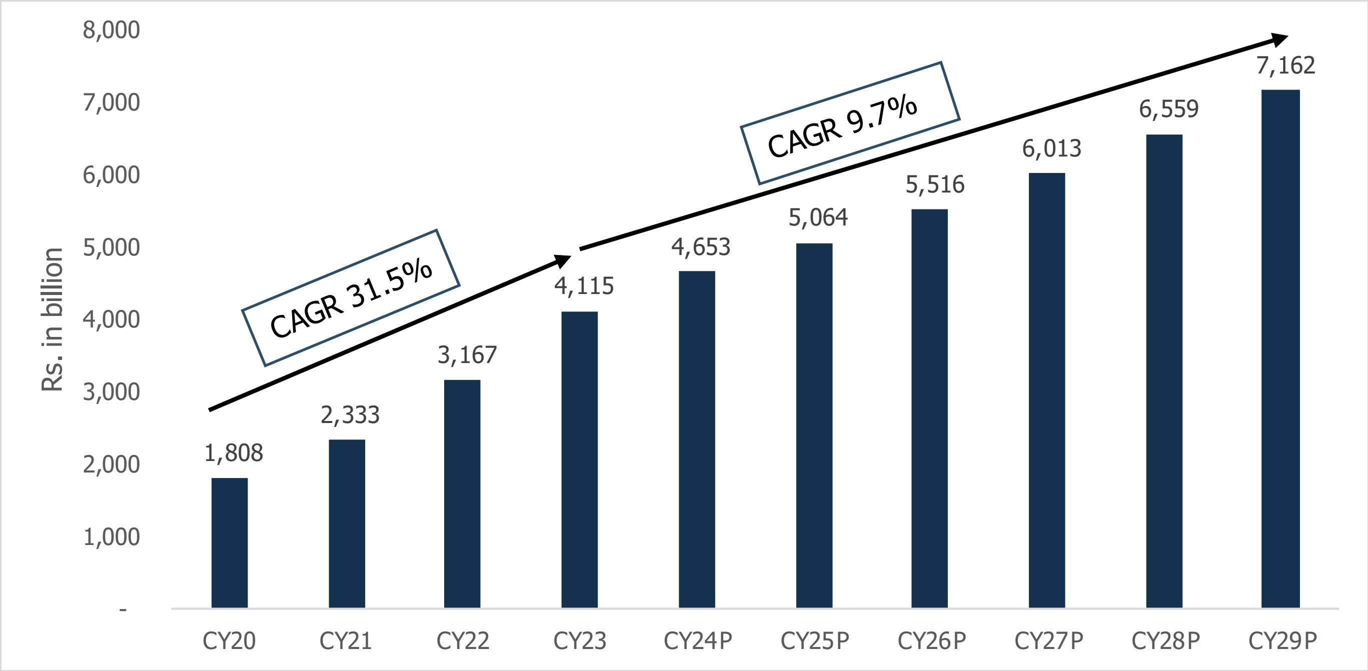
Source: IMARC Group, CareEdge Research

In CY23, the domestic gems and jewellery industry was valued at around Rs. 6,482 billion and there was a CAGR of 28.7% during CY20–CY23. Further, the gems and jewellery market are expected to grow at a CAGR of 8.6% between, CY23 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 organized jewellery segment.

4.3 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 saving asset class. Cultural differences, religious & trust concerns, and other elements that influence jewellery purchases have all contributed to gold jewellery 's significance.

Chart 23: Indian Gold Jewellery Industry Market Size (CY20-CY29)

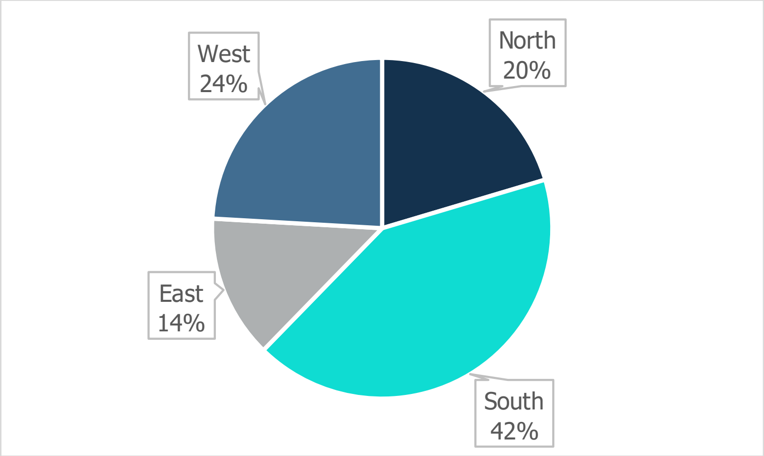


Source: IMARC Group, CareEdge Research

In CY23, the domestic gold jewellery industry was valued at around Rs. 4,115 billion and there was a CAGR of 31.5% during CY20 and CY23. 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 expected to grow by 13.1% y-o-y to Rs.4,653 billion. Furthermore, the market is expected to grow at a compounded annual growth rate (CAGR) of 9.7% between CY23 and CY29 to Rs 7,162 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 views 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 24: Indian Gold Jewellery Industry Breakup by Region (% Share) in CY23



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 Mangal sutras 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 prioritizing substantial, intricate designs that reflect both wealth and cultural heritage. The emphasis on gold as an investment also drives higher expenditure in this region.

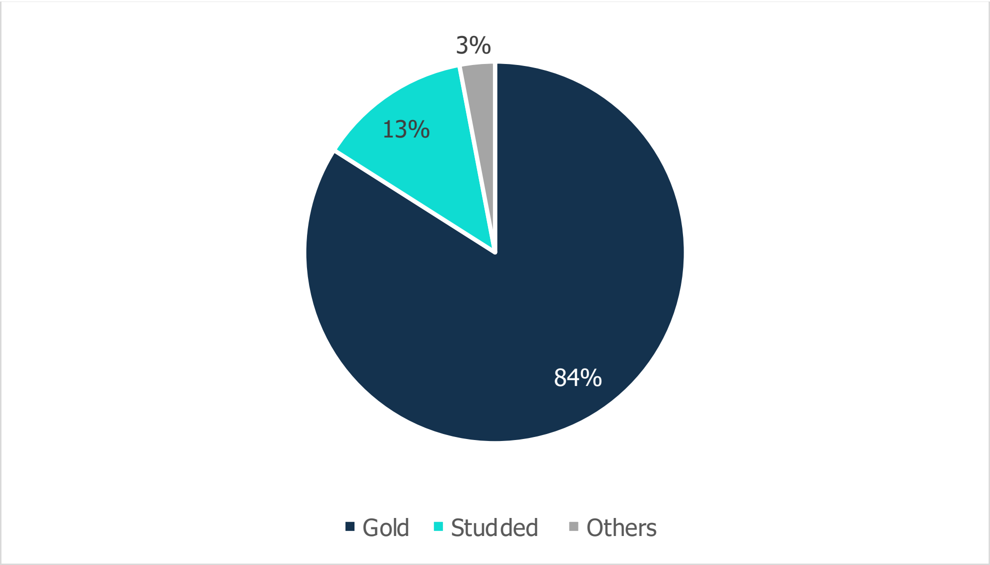
In contrast, Maharashtra sees continuous spending on jewellery, driven by strong replacement demand. Women in this region often buy new pieces or upgrade existing ones, reflecting both cultural practices and evolving fashion trends. The state's inclination towards nath (nose rings) and kamarband (waistbands)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

4.4 Share of Various Segments in the Indian Gems & Jewellery Industry

Key Segments of Indian Gems and Jewellery Industry:
The Indian G&J industry broadly consists of gold jewellery, studded jewellery and other jewellery types like platinum jewellery, fashion jewellery, and silver jewellery.

Chart 25: Indian Domestic Jewellery Market Share in CY23

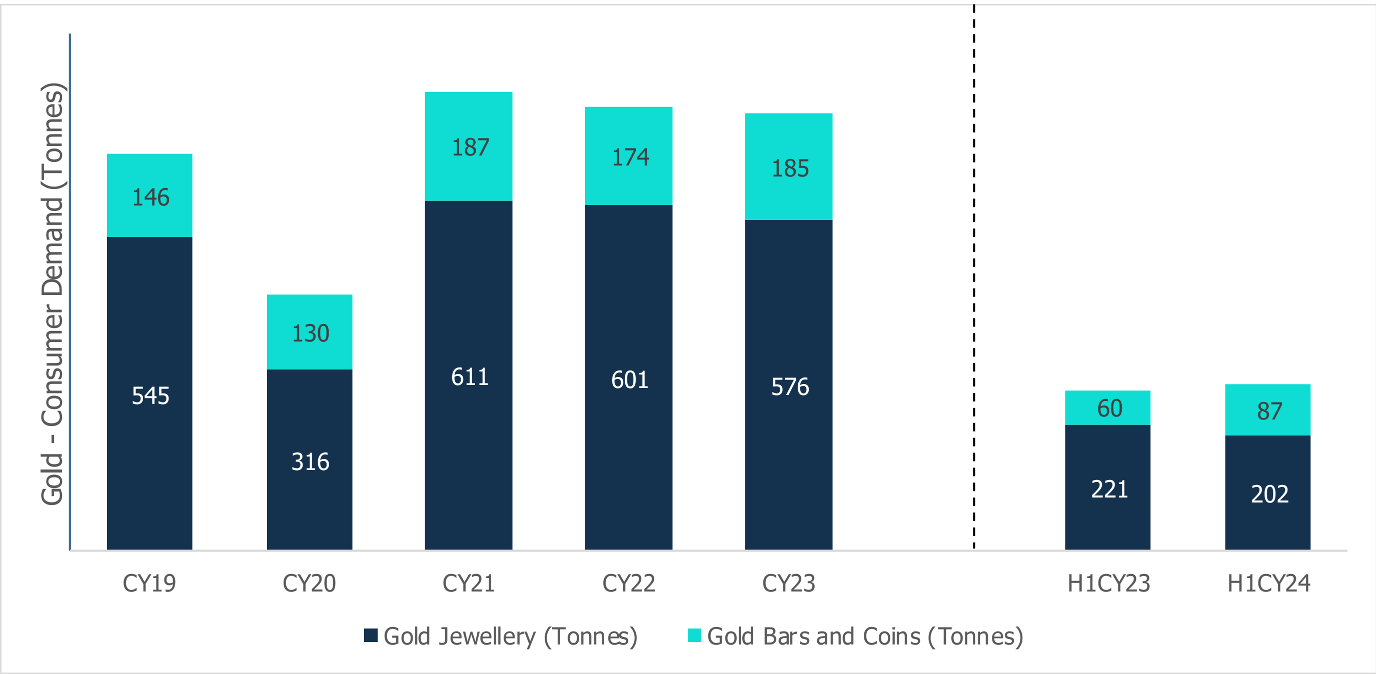


Source: Industry Sources, CareEdge Research. Note: Studded include: diamonds, coloured gems, gemstones, & others including platinum jewellery, fashion jewellery, silver jewellery, etc.

Gold Jewellery

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 saving asset class. Cultural differences, religious & trust concerns, and other elements that influence jewellery purchases have all contributed to gold jewellery 's significance.

Chart 26: Gold Demand Trend in India



Source: Industry Sources, CareEdge Research

In H1CY24, total domestic demand for gold (including jewellery, bars and coins) was estimated at 289 tonnes as compared to 281 tonnes in H1CY23. In CY23, the gold demand was 761 tonnes, a decline of 1.7% y-o-y over CY22, this was primarily due to a ~15% y-o-y increase in gold prices.

The jewellery segment continued to be the largest contributor and accounted for ~76% of the gold demand in India, while bars and coins accounted for the balance. The gold jewellery demand declined by 4.1% y-o-y in CY23. The demand was impacted due to increasing gold prices.

Studded Jewellery

Apart from gold jewellery, the other type of jewellery gaining traction is the studded ornaments segment. The key factor contributing to this segment's growth is the younger population's preference for diamond-studded gold jewellery, typically made of 14- or 18-carat gold rather than heavy 22-carat gold. There has also been a noticeable shift towards more informal and everyday use of diamond studded jewellery.

Furthermore, many urban millennials, unlike the previous generations, are drawn to studded jewellery. Also, most young population believe that heavy gold jewellery is for the elderly. Similarly, they regard that modern designs cannot be found in pure gold. Studded jewellery comes in a wide range of styles and prices. When paired with white gold, a studded diamond appears to be more expensive, thereby evoking the quality feel of platinum.

Although diamond studded jewellery may not have the same advantages as gold as a store of financial value, increasing price transparency and repurchase guarantees offered by most jewellers have helped persuade customers that their investment would not depreciate.

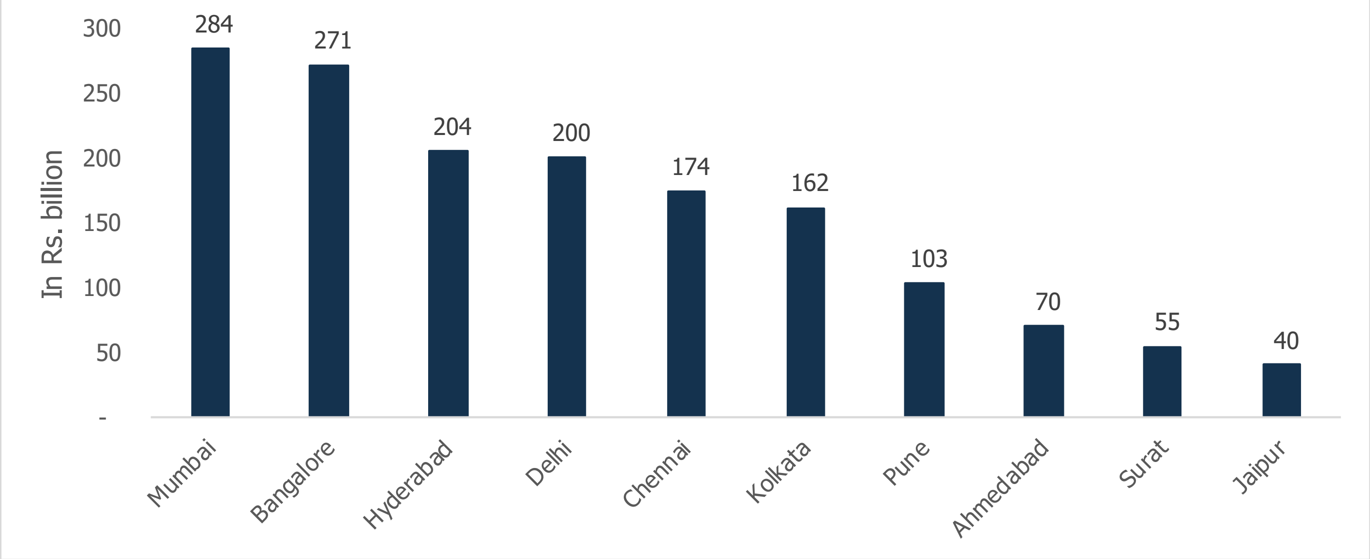
Cut and Polished Diamonds

India is one of the leading cutting and polishing centres for diamonds, supplemented by government policies. India is deemed a hub for this industry given the low cost and steady availability of highly skilled labor. Due to its potential for growth and value addition, the government considers this segment as a focus area for exports.

The industry has become highly sophisticated over the years with the use of advanced technologies in different processes, especially, in planning, inclusion plotting, and laser sawing. Grading of polished diamonds is an established practice – the 4Cs of cut, clarity, colour and carat are the standard measure for assigning grade

4.5 City-Wise Demand of the Indian Jewellery Market

Chart 27: City-Wise Demand of the Jewellery Market (Top 10) in CY23



Source: IMARC Group, CareEdge Research

Mumbai: As India's financial centre, Mumbai is home to a dynamic and diverse Jewellery market. The city is strongly associated with luxury, featuring a variety of upscale showrooms that showcase exclusive Jewellery. The market caters to a broad spectrum of tastes, offering everything from traditional handcrafted pieces to modern, custom-made designs. Gold Jewellery is culturally significant, with many jewellers in the city focusing on intricate bridal collections and heritage-inspired designs. Reflecting its cosmopolitan nature, Mumbai also boasts designer boutiques and renowned brands that regularly launch collections blending contemporary trends with classic styles, appealing to both younger and more traditional buyers.

Bangalore: Bangalore's Jewellery market represents a fusion of tradition and modernity, reflecting its status as a major IT and economic hub. It serves a varied clientele, from affluent IT professionals to long-established families with strong cultural roots. High-end diamond Jewellery and branded gold collections are particularly popular among the city’s elite, while traditional South Indian gold Jewellery, such as kasu malai and temple Jewellery, continues to be in high demand, especially during weddings and festivals. Both prominent retail chains and independent boutiques are well-established in Bangalore, often incorporating advanced technology to enhance the shopping experience.

Hyderabad: The Jewellery market in Hyderabad is deeply influenced by the city’s rich historical legacy, especially the grandeur of the Nizams. This has fostered a preference for traditional and intricate Jewellery, particularly heavy gold and Polki sets, which are known for their elegance and superior artisanry. Hyderabad's jewellers are especially renowned for their skill in creating elaborate bridal and ceremonial pieces that celebrate the city's centuries-old traditions. The market also offers a variety of antique Jewellery and heritage-inspired designs, attracting customers who value unique and culturally significant pieces. Hyderabad's artisans have earned a reputation for producing high-quality, handcrafted Jewellery that is both historically and culturally significant.

Delhi: Delhi is a key Jewellery hub in India, offering a wide range of styles, from heavy traditional designs to sleek, modern pieces. The city's wealthy population drives the high demand for luxury and designer Jewellery, with retailers offering a variety of collections that cater to both traditional and contemporary tastes. Delhi is known for its extensive selection and excellent artisanry, with many jewellers providing high-quality pieces that blend classic elegance with modern flair.

Chennai: Chennai's Jewellery market is distinguished by its deep affinity for gold, making it one of the largest consumers of gold Jewellery in India. The city has a strong demand for traditional South Indian Jewellery styles, such as temple Jewellery. Chennai also has a mix of large retail chains and small, family-owned businesses that specialize in intricate, detailed designs that showcase the region's rich cultural heritage.

Kolkata: Kolkata's Jewellery market is celebrated for its distinctive gold filigree work, including Dokra and Meenakari. The city's Jewellery offerings reflect a blend of cultural influences, with a strong emphasis on traditional and antique styles. Additionally, there is significant demand for lightweight, everyday Jewellery that combines fine artisanry with wearability.

Pune: Pune's Jewellery market strikes a balance between traditional and modern designs, appealing to a wide range of customers. The city's middle and upper-middle-class consumers have a particular preference for gold and diamond Jewellery. Many jewellers in Pune offer custom-made pieces and unique collections that reflect the city's fusion of cultural heritage and contemporary style. The market thrives on a commitment to quality artisanry, attracting buyers looking for exclusive Jewellery that suits various occasions and personal tastes.

Ahmedabad: Ahmedabad is known for its strong preference for traditional and ethnic Jewellery, reflecting the city's rich cultural heritage. The market features intricate gold Jewellery, Polki sets, and heritage-inspired designs. Ahmedabad also has a robust local Jewellery manufacturing industry that supports a wide range of bespoke and one-of-a-kind creations.

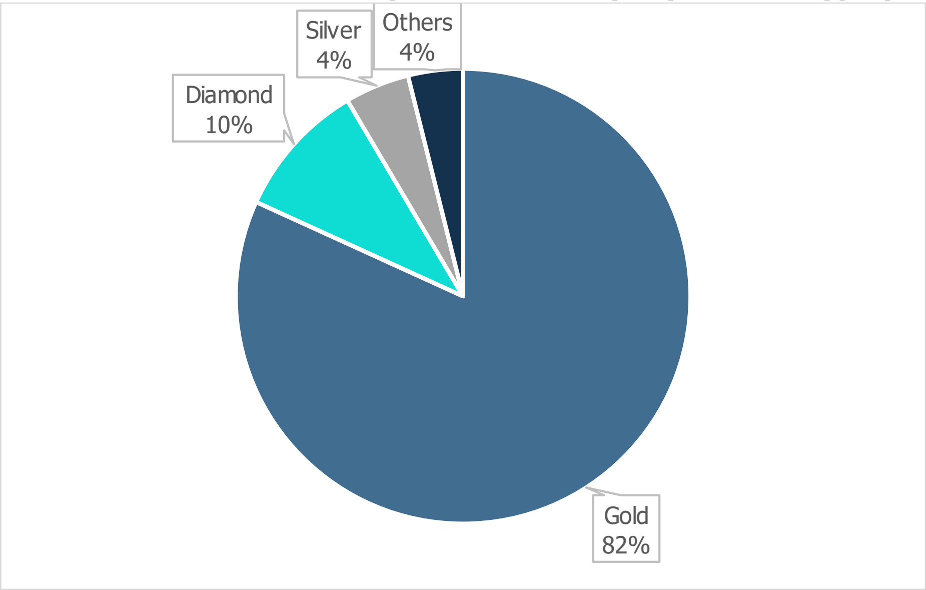
Surat: Surat, often called the diamond capital of the world, has a Jewellery market that revolves around diamond trading and manufacturing. The city is a leading hub for polished diamonds, supplying jewellers across India and globally. Surat's Jewellery retailers focus heavily on diamond-studded and minimalist designs, emphasizing the city's expertise in diamond artisanry.

Jaipur: Jaipur is renowned for its royal and heritage Jewellery, including Kundan, Meenakari, and Polki styles. The city's artisans are experts in traditional Jewellery-making techniques, creating elaborate pieces that retain a timeless appeal. Jaipur's markets attract buyers in search of authentic Rajasthani designs and exceptional artisanry.

4.6 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 28: Gems and Jewellery Market Breakup- By Material Type (CY23)



Source: IMARC Group, CareEdge Research

In 2023, gold was the dominant material in India's gems and jewellery market, making up 81.8% of the total market share. It was followed by diamonds (9.7%), silver (4.6%), and other materials (3.9%).

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.

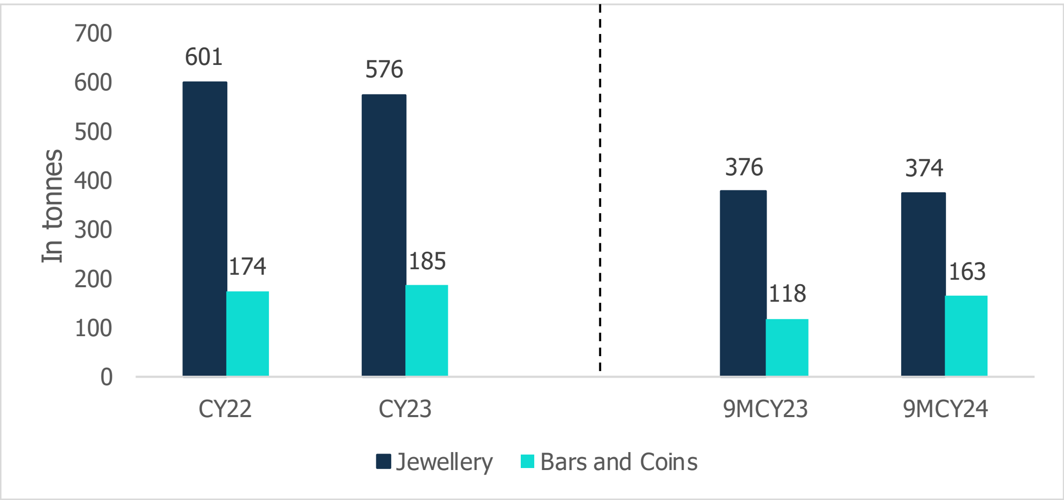
Diamond: The diamond jewellery sector in India has seen robust growth in recent years, particularly among consumers looking for luxury and exclusivity. Diamonds are a popular choice for special occasions, particularly weddings, and are often seen as a symbol of sophistication. This segment is supported 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.

4.7 Domestic Gold Demand from Various Segments

Chart 29: Trend in Domestic Gold Demand- in Volume Terms



Source: WGC, CareEdge Research

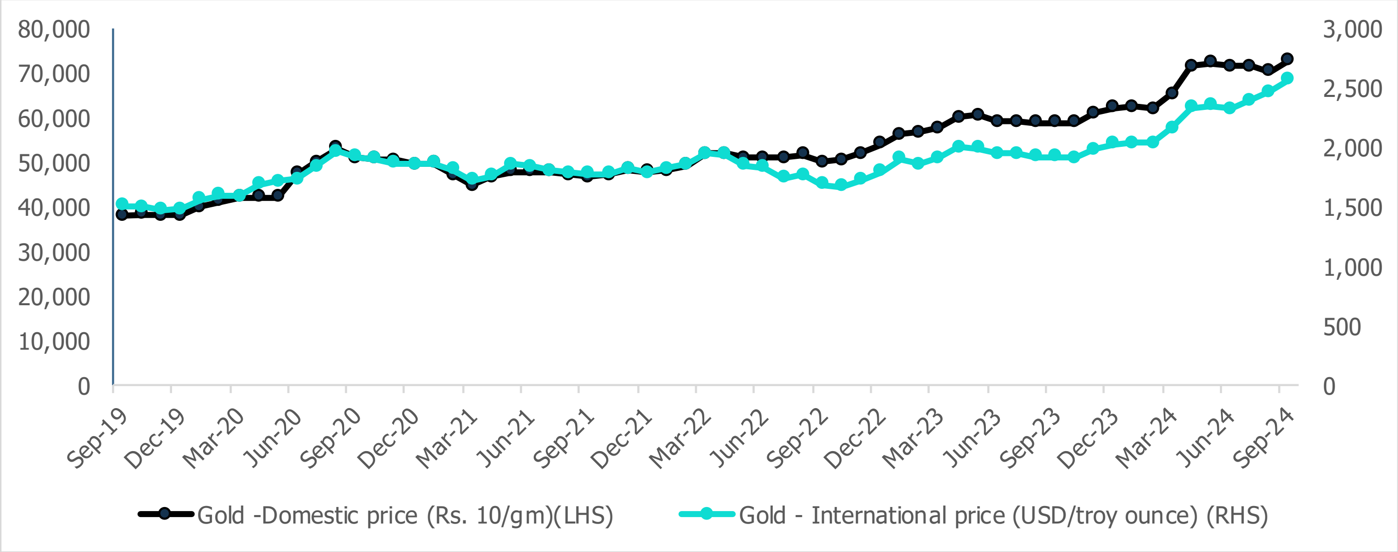
In 9MCY24, the total domestic demand for gold (including jewellery, bars, and coins) was estimated at 537 tonnes as compared to 494 tonnes in 9MCY23. In CY23, the gold demand was 761 tonnes, a decline of 1.7% y-o-y over CY22, this was primarily due to a ~15% y-o-y increase in gold prices.

The jewellery segment continued to be the largest contributor and accounted for ~76% of the gold demand in India, while bars and coins accounted for the balance. The gold jewellery demand declined by 4.1% y-o-y in CY23. The demand was impacted due to increasing gold prices.

4.8 Impact of Interest Rates, Geopolitical 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 30: Trend in International Gold Prices



Source: CMIE; CareEdge Research

In February 2023, the gold prices cooled off to USD 1,854 per troy ounce. The international gold prices increased to USD 1,954 per troy ounce in March 2023 and further to USD 2,019.4 USD per troy ounce in mid-April 2023 as the collapse of Silicon Valley Bank and the takeover of distressed Credit Suisse by UBS Group created uncertainty and drove investments in gold. The gold price rise was also on account of the expectation of the pause in rate hikes by the US Federal Bank.

Further, gold prices marginally corrected from May 2023 to September 2023 due to increasing interest rates globally. However, following the escalation of the conflict between Israel and Hamas in the first week of October 2023, gold prices were again on an upward trajectory. The domestic gold prices have increased at a CAGR of 14.32% between September 2018 to September 2023.

From October 2023 to September 2024, the prices fluctuated, spanning from USD 1913 per troy ounce to USD 2,567 per troy ounce. In September 2024, gold price reached an all-time high of USD 2,567 per troy ounce. This variation was driven by a weaker US dollar which in turn aided to an increase in demand for gold putting pressure on prices. Further, the Fed already made cuts in the rates by 50 basis points and there are further expectations of Fed interest rate cuts.

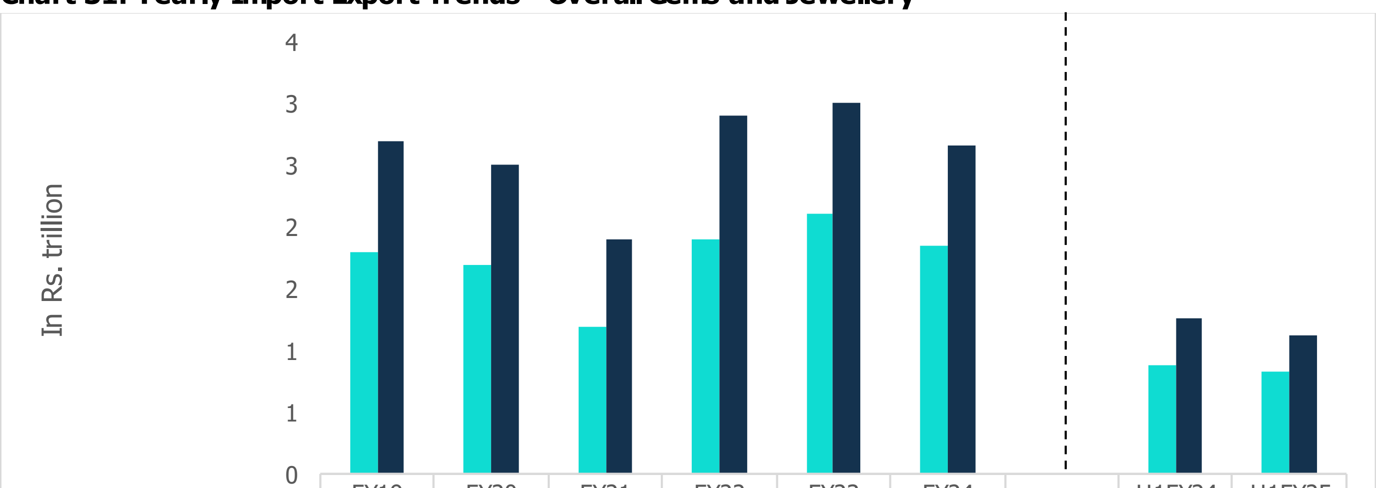
Additionally, factors such as geopolitical instability, political developments related to elections in different countries, and volatility in the equity markets have consistently maintained investors' interest in gold, preventing a significant decline in its value. Following a better-than-expected US jobs report and a halt to reported gold purchases by the the People's Bank of China (PBoC), the global price declined even more in the first half of June 2024.

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

4.9.1 Overview

The gems and jewellery sector is a key contributor to India's total exports. G&J accounted for about 7% (Rs. 2.65 trillion) of India's total exports in FY24. G&J imports accounted for a comparatively smaller share, about 3% (Rs. 1.84 trillion) of the country's total imports in the same fiscal year.

Chart 31: Yearly Import Export Trends - Overall Gems and Jewellery



	FY19	FY20	FY21	FY22	FY23	FY24		H1FY24	H1FY25
Imports (Rs. in trillion)	1.80	1.70	1.20	1.90	2.10	1.84		0.88	0.83
Exports (Rs. in trillion)	2.70	2.50	1.90	2.90	3.00	2.65		1.26	1.12

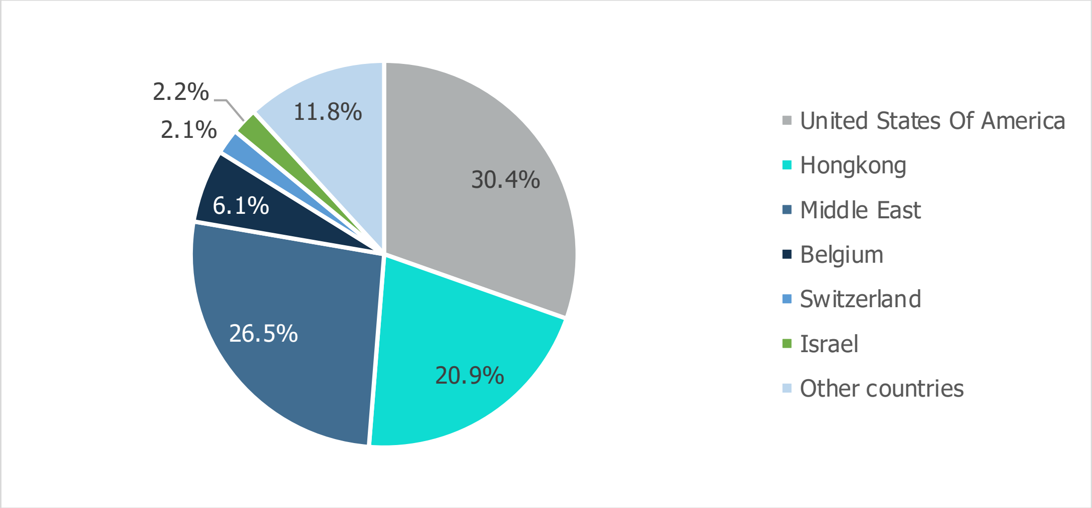
Source: Gems & Jewellery Export Promotion Council (GJEPC)

Growing Government Focus toward Export Promotion

The Government of India, along with all the stakeholders of the G&J sector, are 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.

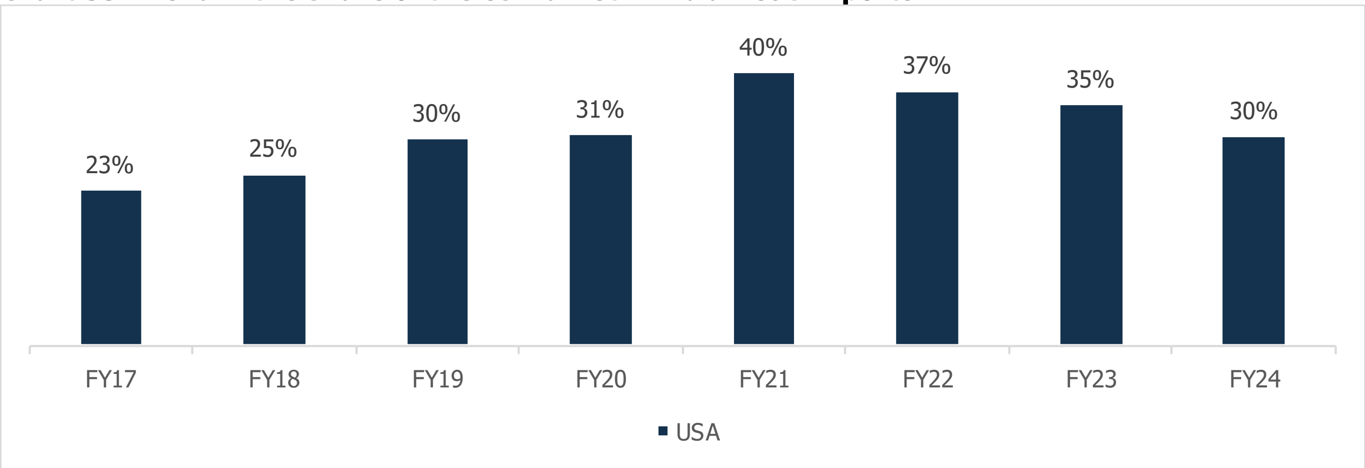
Chart 32: Country-wise Export Share in FY24 - Overall Indian Gems and Jewellery



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.

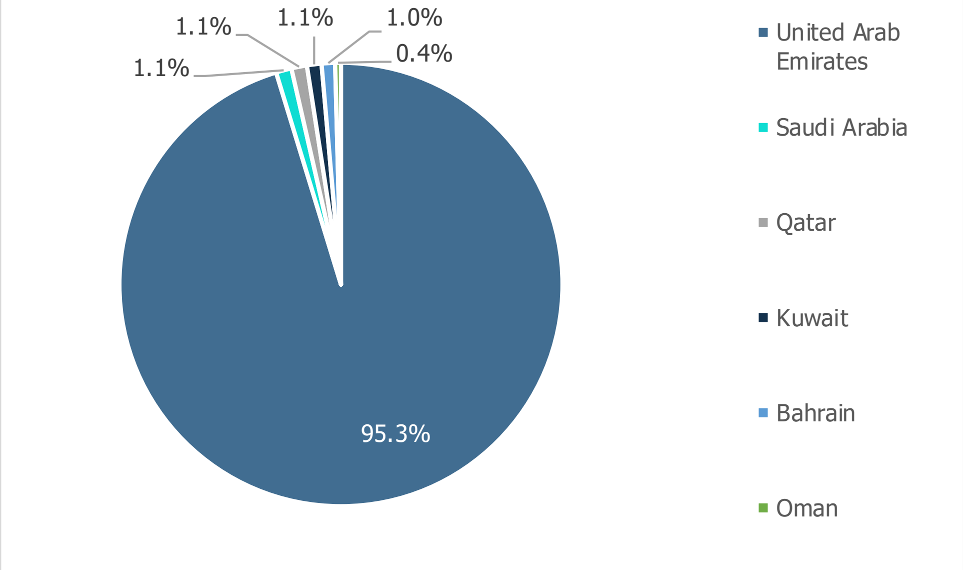
Chart 33: Trend in the Share of the US Market in Indian G&J Exports



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

Focus on Middle East Countries

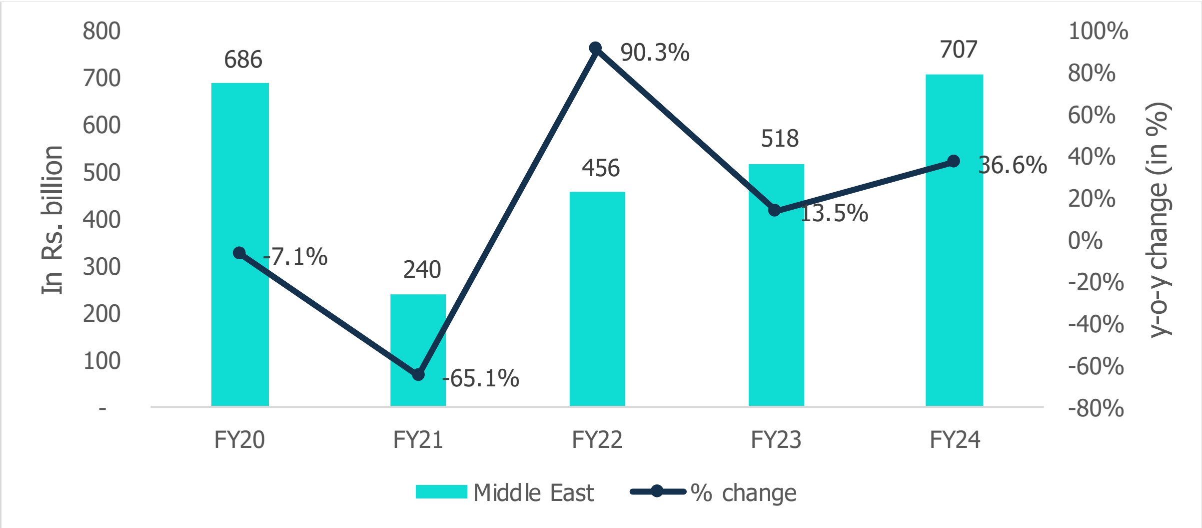
Chart 34: Share of Exports of Middle Eastern Countries-Overall Indian Gems and Jewellery in FY24



Source: Gems & Jewellery Export Promotion Council (GJEPC)

The Share of Middle Eastern countries is around 27% in the total export of the Indian gems and jewellery industry. It comes 2nd after the USA. Middle Eastern countries which India exports to consist of Unites Arab Emirates (UAE), Saudi Arabia, Qatar, Kuwait, Bahrain, and Oman. But the maximum share is of UAE with 95% share.

Chart 35: 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 Jordon

The compound annual Growth Rate (CAGR) for FY20-FY24 is 0.8% 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 UAE, especially in Dubai.

4.9.2 Product-Segment Wise Import and Export Trend

The international trade of G&J includes several product segments, such as cut and polished diamonds, gold jewellery and medallions, rough diamonds, gemstones, pearls, synthetic stones, and fashion jewellery. Of these, exports of cut and polished diamonds accounted for 50% of the total G&J exports, while gold jewellery (plain and studded) accounted for 35% in FY24. The rest 15% consists of coloured gemstones, gold medallions & coins. In H1FY25, the exports of cut and polished diamonds accounted for 52% while gold jewellery (plain and studded) accounted for 34% of the total G&J exports. Rough diamonds held much of the share of about 64% and 58% in G&J imports during FY24 and H1FY25, respectively, as it is a highly import-oriented segment.

Cut and Polished Diamonds:
India is the world's largest diamond-cutting and polishing centre. The country is regarded as the world jewellery market's hub due to its low costs and steady availability of high-skilled labour.

Table 5: Trend in Imports and Exports of Cut & Polished Diamonds

Cut & Polished Diamonds (Rs. in billion)	Imports	Y-o-Y growth	Exports	Y-o-Y growth
FY20	121.9	31.5%	1320.1	-20.7%
FY21	161.2	32.2%	1201.5	-9.0%
FY22	111.1	-8.9%*	1821.1	38.0%*
FY23	104.8	-5.6%	1767.2	-3.0%
FY24	158.4	51.1%	1321.3	-25.2%
H1FY24	64.3		717.4	
H1FY25	52.6	-18.2%	577.6	-19.5%

Source: Gems & Jewellery Export Promotion Council (GJEPC), CareEdge Research
Note -* compared with pre-pandemic year FY20.

The cut & polished diamond segment is an export-oriented segment in India. During FY24, the cut & polished segment contributed 50% of the overall exports in the gems & jewellery segment and the overall exports of cut & polished diamonds stood at Rs. 1,321.3 billion in FY24, showing a 25.2% decline as compared to Rs. 1,767.2 billion in FY23. Also, imports during FY24 witnessed an increase of 51.1% to Rs. 158.4 billion as compared to Rs. 104.8 billion in the previous year.

In terms of volume, the exports of cut & polished diamonds stood at 18.92 million carat in FY24 showing a 23% decline compared to FY23. In terms of volumes, the exports of cut and polished diamonds stood at 8.5 million carats in H1FY25, a 14% decline compared to H1FY24. The decline in exports was on account of rising inflation in global economies, cannibalization due to lab-grown diamonds and weak demand from China and Western countries. The imports too declined by 18.2% y-o-y to Rs. 52.6 billion in H1FY25.

The USA is a key market for India in cut and polished diamond exports, whereas Hong Kong is the second-largest export market followed by the UAE. The Indian gems and jewellery sector is exploring Cambodia, Vietnam, and the European Eastern Bloc – three untouched markets with great export potential. The major import destination for India was Hong Kong until FY22, but in FY23, the UAE surpassed Hong Kong.

To boost the confidence of the cut and polished diamonds segment, the government announced a reduction in import duty on cut & polished diamonds in the previous budget 2022–2023 to 5% from 7.5%, which is expected to further help in strengthening the sector and retain its leadership position. Furthermore, in the Budget 2024–25, the finance minister announced safe harbour rates for foreign mining companies selling raw diamonds in the country. A safe harbour rate will help promote the diamond industry. Safe harbour rates refer to predetermined and fixed tax rates that provide a level of certainty and stability to a business. Tax compliance will become simpler and more suitable for attractive investments. With this, the small producers will be able to access rough diamonds directly from miners in

India without having to travel abroad to participate in diamond auctions, this decision is likely to benefit the overall industry.

Rough Diamonds:
India is a large importer of rough diamonds due to a huge diamond processing industry. The rough diamonds, once processed into cut and polished diamonds, are either exported or consumed domestically in jewellery. In FY24, rough diamond imports stood at Rs. 1,180.4 billion and contributed with 64% share in total G&J imports. In H1FY25, the import of rough diamonds declined by 21.7% y-o-y to Rs 481.4 billion.

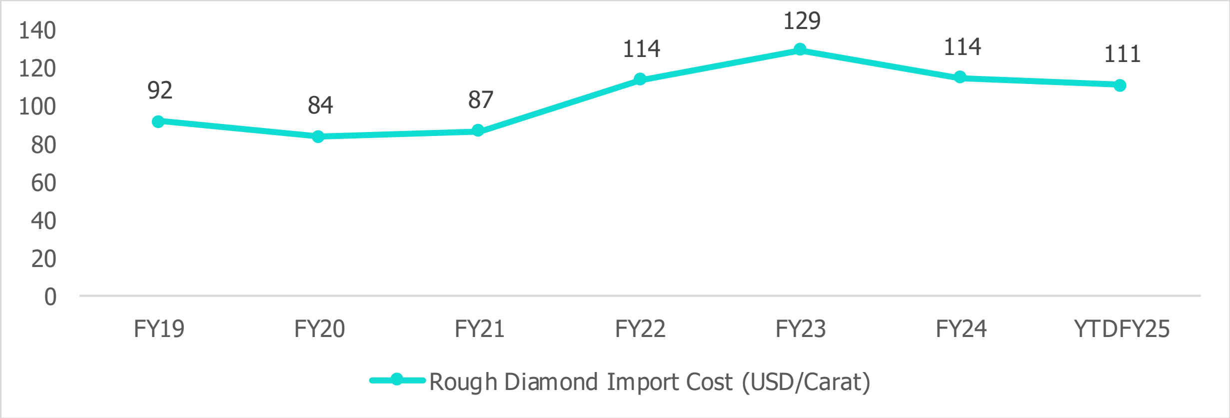
One of the reasons for the decline in the import of rough diamonds in FY24 was due to a two-month ban on imports from October 2023 to December 2023. The decision was announced by GJEPC, which acted as a representative of the Indian diamond industry. The reason for the ban was to establish a balance between demand and supply which was disturbed due to lower demand from the US and China. The prices of polished diamonds too had declined. However, the ban was lifted in December 2023 and prices have also stabilized. The prices of CPD were correcting faster as compared to the prices of rough diamonds which mostly remained stable. This resulted in lower demand for rough diamonds and, consequently, a decline in imports.

Table 6: Import Trend of Rough Diamonds

Rough Diamonds	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%
H1FY24	614.9		70%
H1FY25	481.4	-21.7%	58%

-* compared with pre-pandemic year FY20
Source: Gems & Jewellery Export Promotion Council (GJEPC), CareEdge Research

Chart 36: Trend in Rough Diamond Import Prices

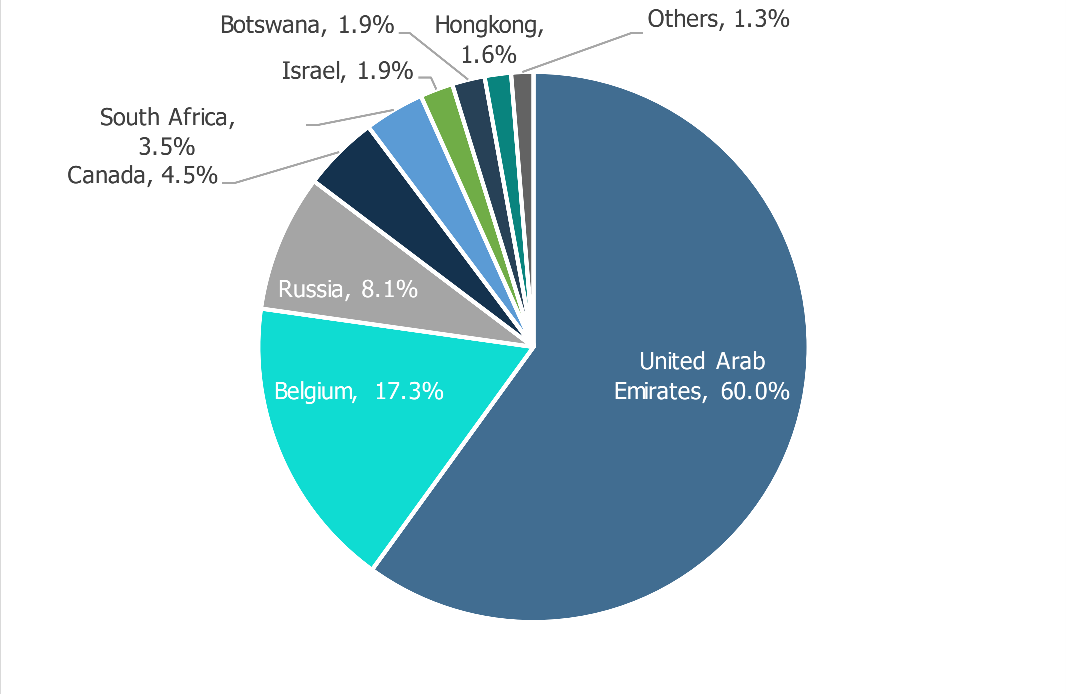


Source: Gems & Jewellery Export Promotion Council (GJEPC), CareEdge Research
Note: YTD denotes the period from April 2024 to September 2024

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

The United Arab Emirates (60%) had the highest share in rough diamond imports to India in FY24, followed by Belgium (17.3%), Russia (8.1%), Canada (4.5%), South Africa (3.5%), Israel (1.9%), Botswana (1.9%) and Hong Kong (1.6%).

Chart 37: Country-Wise Share in Imports of Rough Diamond in FY24



Source: Gems & Jewellery Export Promotion Council (GJEPC)

Gold Jewellery:
The gold jewellery market holds the second-largest share in G&J exports after the cut and polished diamonds segment. Gold jewellery accounted for 35% and 32% of total exports of G&J in FY24 and Q1FY25, respectively.

Table 7: Exports of Gold Jewellery

Gold Jewellery (Rs. in billion)	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%
H1FY24	359.2	
H1FY25	382.8	6.5%

Note: *compared with pre-pandemic year FY20
Source: Gems & Jewellery Export Promotion Council (GJEPC), CareEdge Research

In FY24 gold jewellery exports increased by 20.6% 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. The gold jewellery exports grew by 6.5% y-o-y in H1FY25 as compared to H1FY24.

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 Imports (In Kgs)	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%

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%.

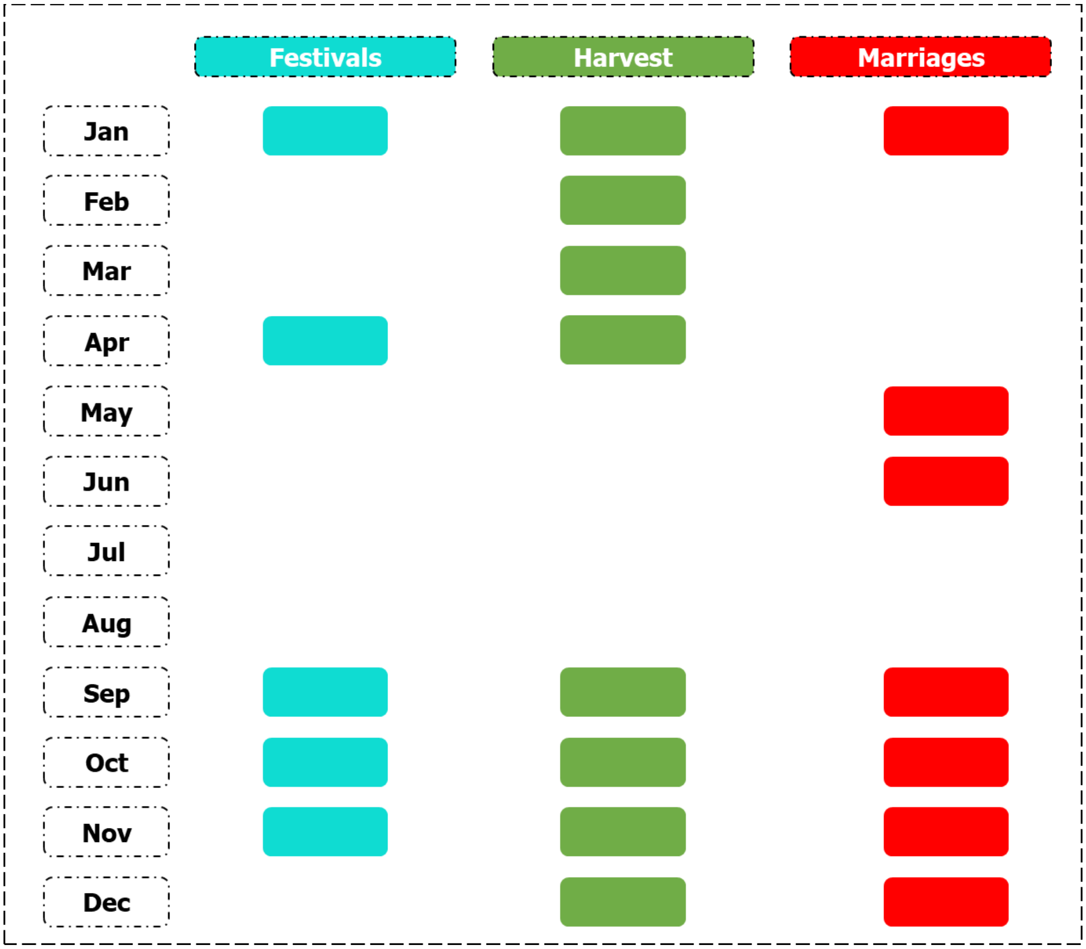
Domestic gold imports reached Rs. 3,772.5 billion in FY24 as compared to Rs. 2,804.8 billion in FY23. During FY24 the imports of gold imports in India saw a rise of 34.5% y-o-y in value terms, whereas a rise of 17.2% y-o-y was seen in volume terms.

4.10 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 38: Seasonality in Jewellery Buying



Source: CareEdge Research based on Industry sources.

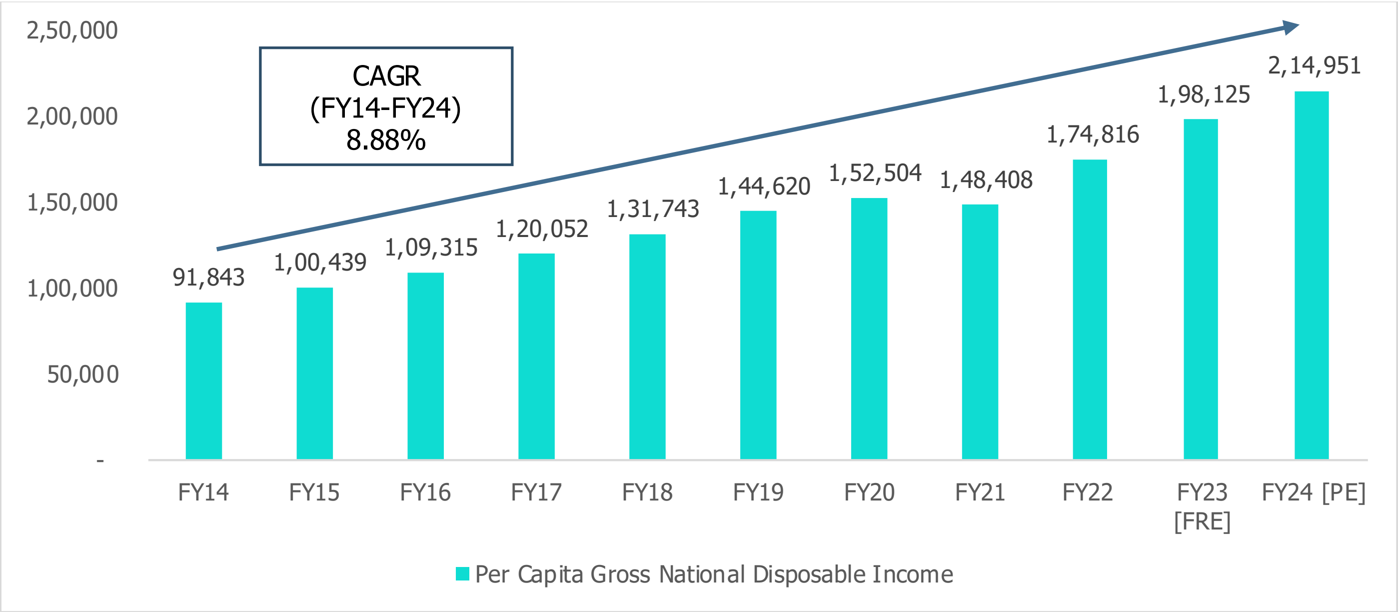
Demand for jewellery rises in the months of the wedding season such as May-June, September-December, and January. During the months of November and December, rural households invest their crop money in gold jewellery. Moreover, gold demand in Tier II and Tier III towns is influenced by agricultural output 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 39: 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.

4.11 Outlook for the Gems & Jewellery Industry in India

The gems & jewellery industry's performance has been weak in the first half of CY24. However, the demand is expected to improve in the second half, 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 organized 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 two 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 58% 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 but in FY24 the prices have declined as compared to FY23 and remained stable in H1FY25. On the other hand, in value terms, the exports of CPD also declined by 27.6% y-o-y in FY24. The exports declined due to weak demand from countries like China and the US. Further, there are also challenges faced by the Indian CPD players due to G7 sanctions on Russian-origin diamonds.

However, in markets such as the US, lab-grown diamonds (LGD) 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 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 among depleting natural diamond reserves. Further, in the Budget 2024–25, the finance minister announced safe harbour rates for foreign mining companies, selling raw diamonds in the country. A safe harbour rate will help promote the diamond industry. Safe harbour rates refer to predetermined and fixed tax rates that provide a level of certainty and stability to a business. Tax compliance will become simpler and more suitable for attractive investments. With this, the small producers will be able to access rough diamonds directly from miners in India without having to travel abroad to participate in diamond auctions, this decision is likely to benefit the overall industry.

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 categorized as a separate, more affordable commodity and their demand is expected to grow due to increased supply and technological advancement.

Even though the prospects for LGD look good going ahead, its overall share in the whole diamond industry is exceptionally low. As for CPD, the short-term concerns about the Russian sanctions, rising inflation & the consequent tightening of monetary policies by countries, and moderating global demand due to concerns of economic slowdown would continue to impact Indian exports. Hence, the overall declining demand and price corrections are major reasons why, in the near term, the outlook for the diamond industry appears to be negative.

Gold Jewellery Segment:

Most of the demand for gold jewellery comes from the domestic market. The demand for gold jewellery in India is still primarily driven by weddings and festivals, with bridal jewellery alone accounting for at least half of the market. Long-term trends in economic growth, wage growth, wealth division, and urbanization rate will all influence the demand for gold jewellery in India.

Gold demand in rural communities usually picks up after the harvest season. Harvesting of Kharif crops runs from September until November and about 70% of Indian agricultural production takes place during the Kharif season. During the festivals of Diwali and Akshaya Tritiya, it is considered extremely auspicious to buy gold. Dhanteras (the first day of Diwali) usually falls during October or November, and Akshaya Tritiya between late April and early May. On average around 40-60 tonnes of gold in sold in India during these two auspicious festivals alone. The continued momentum in demand for gold jewellery, coupled with an increased footprint of organized jewellery retailers, is expected to result in healthy growth of the industry in the medium term.

Moreover, India remains one of the leading exporters of gold jewellery. In May 2022, it was announced that 90% of Indian products will be eligible for duty-free entry into the UAE under the Comprehensive Economic Partnership Agreement (CEPA). As products sold there are shipped to other nations, this will have a significant impact on international trade in the medium term. The impact can already be seen in the import-export of gold jewellery.

However, higher food and fuel inflation, rising gold prices are likely to have an impact on discretionary spending by consumers. Recently gold prices reached an all-time high of around USD 2,352 troy per ounce. Further, with the weakening of the rupee, gold would become costlier in India affecting the demand. The rural demand may also be impacted in case the rainfall impacts crop sowing during the season.

5 Gems and Jewellery Retailing Market in India

5.1 Overview

India's retail gems and jewellery market is experiencing significant growth, driven by changing consumer behaviours that combine traditional preferences with modern trends. This market holds deep cultural and economic importance, particularly as gold jewellery is viewed both as an investment and a symbol of status. While local, unorganized jewellers still dominate much of the industry, there is a strong trend towards organized and branded retailers. Consumers are increasingly prioritizing trust, authenticity, and certified products.

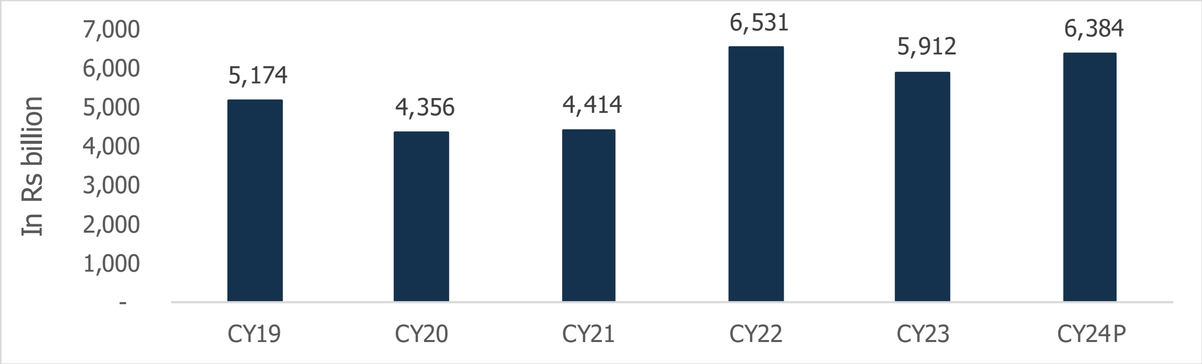
A major trend is a growing demand for branded and certified jewellery, particularly among younger buyers who value authenticity and reliability. As a result, organized players are expanding, especially in tier-II and tier-III cities, where rising disposable incomes and urbanization are enhancing consumer interest in luxury and semi-luxury items. Additionally, younger demographics are driving the demand for lightweight, daily-wear jewellery that is versatile enough for both casual and formal occasions, marking a shift away from the heavy, traditional pieces that used to dominate the market.

The jewellery retail market is undergoing significant digital transformation, with retailers increasingly adopting online platforms and digital payment options. E-commerce has expanded the reach of jewellery retail, providing a secure and convenient shopping experience to a broader audience across the country, including previously underserved regions. The rise of digital adoption enables virtual consultations, online personalization options, and improved customer service, which are becoming key differentiators in the market. Furthermore, customization and personalized designs are gaining popularity, allowing consumers to express their unique tastes through jewellery. This trend enhances the appeal of branded jewellery retailers that offer these services.

Looking ahead, the outlook for India's gems and jewellery retail market is promising, driven by strong economic growth, and increasing consumer spending. The market is expected to grow as higher disposable incomes and urbanization boost demand for jewellery in urban and semi-urban areas. Government initiatives, such as mandatory gold hallmarking, aim to enhance consumer confidence by ensuring product authenticity, which benefits organized retailers. Additionally, policies designed to strengthen the domestic gems and jewellery industry are likely to improve market transparency and further support the growth of established players.

The Indian retail jewellery market is poised for continued expansion, fueled by evolving consumer preferences, digital advancements, and supportive regulatory frameworks. This combination of traditional and modern trends is expected to create a dynamic and competitive landscape where organized, branded, and online jewellery retail channels can thrive.

Chart 40: Retail Gems and Jewellery Market Size in India (CY19-CY24P)



Source: IMARC Group, CareEdge Research

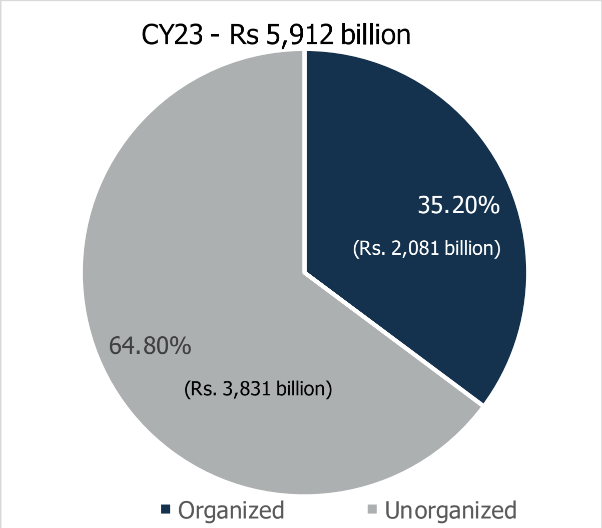
In CY23, the market value slightly contracted by 9% compared to CY22, due to a combination of global economic pressures, fluctuating gold prices, and a moderation in the post-pandemic boom. India's retail jewellery market is projected to reach Rs. 6,384 billion by CY24P, growing at a CAGR of approximately 4.3%. This steady growth is primarily driven by the increasing demand for branded and certified jewellery, as consumers place a higher value on authenticity and quality. Younger buyers are trending towards lightweight and versatile pieces suitable for daily wear, moving away from traditional designs. Additionally, the rise of digital platforms has broadened market access, providing convenience and personalization for shoppers. Government regulations on hallmarking are enhancing consumer trust in organized retailers. Furthermore, the increase in disposable incomes, especially in tier-II and tier-III cities, contributes positively to the market outlook.

5.2 Share of Organized Players in the Indian Gems and Jewellery Industry

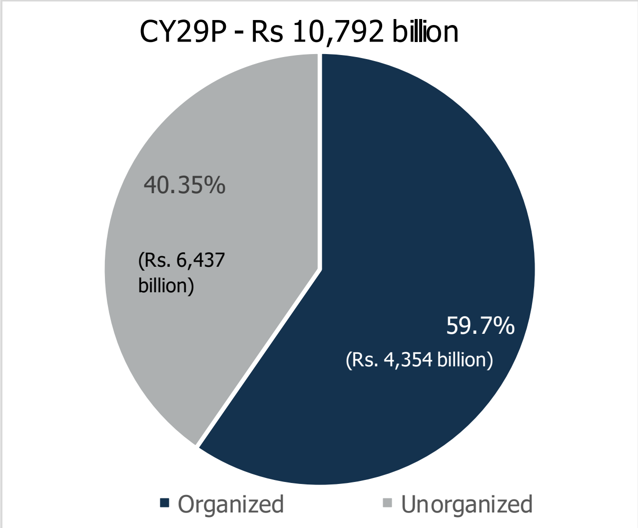
In contrast to other countries, India's jewellery sector has an unorganized artisan (karigar) driven, traditional skill-based (handcrafted) manufacturing value chain, employing lakhs of workers. The gems and jewellery industry accounts for around 6-7% of India's GDP. The interest in jewellery in India extends back 5,000 years. With over 90% of jewellers being family-owned firms, this industry is severely fragmented and unorganized.

While the unorganized segment continues to dominate the jewellery retail industry, with the advent of large retailing chains, the industry is gradually witnessing the transformation from being unorganized to an organized one.

Chart 41: Organized Retail Jewellery Market Landscape in India by Market Share (CY23 Vs CY29P)



Vs

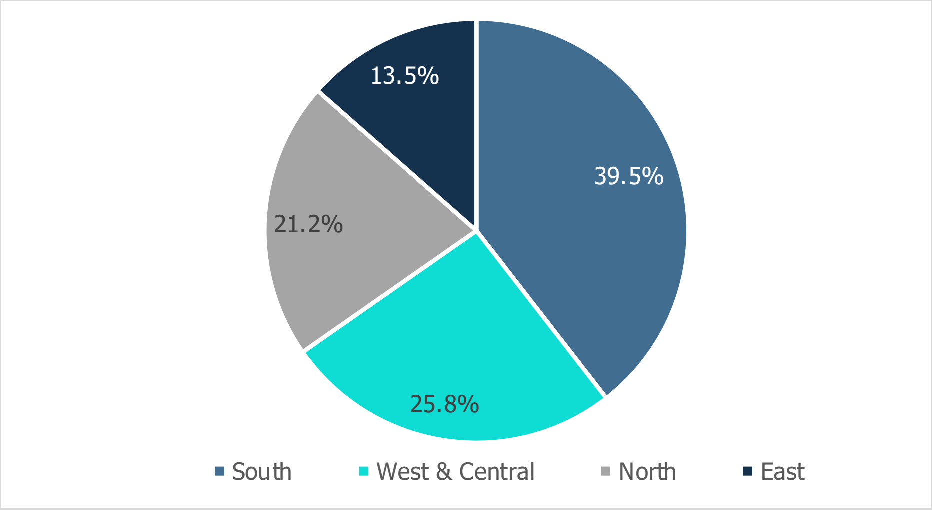


Source: IMARC Group, CareEdge Research

In CY23, the unorganized sector led India's retail jewellery market with a 64.8% share, reflecting traditional preferences. The organized sector held 35.2% in CY23 and is projected to hold a market share of 40.35% by CY29, driven by growing demand for branded, certified jewellery among younger consumers. With rising incomes and hallmarking regulations boosting trust, the organized segment is expected to gradually increase its market share. The organized jewellery retail market consists of players such as Kalyan Jewellers, Asian Star Company Ltd., Titan Ltd., Joyalukkas India Ltd., Senco Ltd., and others. However, the unorganized players still dominate the majority of the sector.

5.3 Retail Jewellery Market in India by Region, Type and Trends

Chart 42: Retail Jewellery Market Break-Up by Region (In %) (CY23)

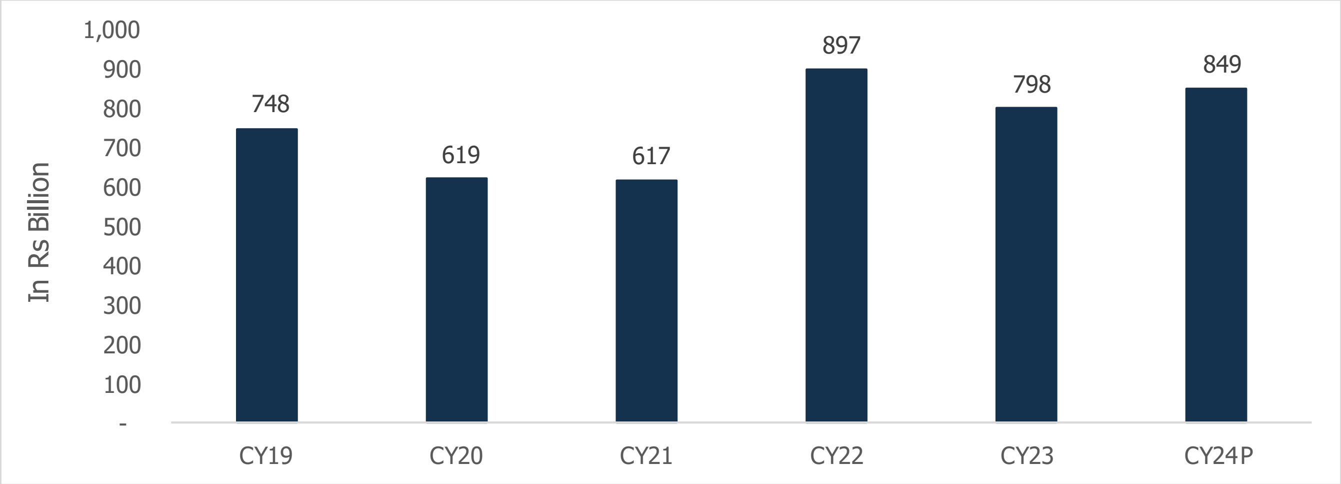


Source: IMARC Group, CareEdge Research

In CY23, South India was the largest region in India's retail jewellery market, holding a 39.5% share of the total market. Following South India were West and Central India with 25.8%, North India with 21.2%, and East India with 13.5%.

5.3.1 East India Retail Jewellery Market

Chart 43: East India Retail Jewellery Market (CY19-CY24P)



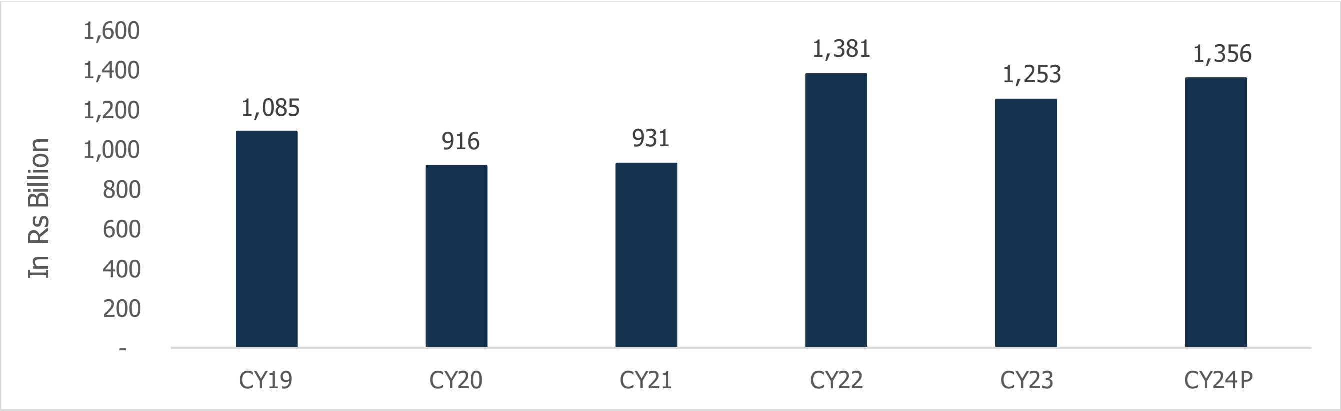
Source: IMARC Group, CareEdge Research

Note: The above data includes East India and North-East India

In CY24P, the East India market reached a value of Rs. 849 billion, growing at a CAGR of 2.6%% during CY19–CY24P. The retail jewellery market in East India is driven by its rich tradition of artisanry and cultural affinity for intricate designs. The region's distinctive styles, such as filigree work from Odisha and temple jewellery from West Bengal, continue to attract consumers who value heritage pieces. The trend of buying lightweight and artistic jewellery that showcases local artistry has gained momentum, especially among younger generations who wish to balance tradition with contemporary aesthetics. Additionally, the region is witnessing an increase in demand for jewellery that features a blend of gold and semi-precious stones, offering affordability without compromising elegance. The growth of digital marketing, influencer promotions, and the expansion of social commerce platforms are enhancing visibility and customer outreach, fueling the trend of purchasing jewellery online.

5.3.2 North India Retail Jewellery Market

Chart 44: North India Retail Jewellery Market (CY19-CY24P)

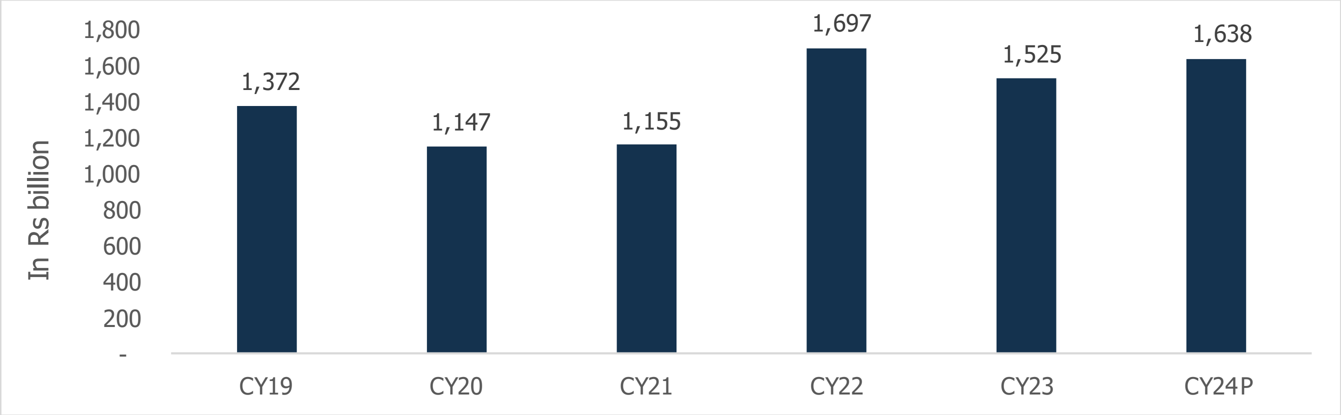


Source: IMARC Group, CareEdge Research

In CY24P, the North India market is projected to reach a value of Rs. 1,356 billion, growing at a CAGR of 4.6% during CY19–CY24P. The retail jewellery market in North India is shaped by a deep-rooted tradition of ornate and luxurious designs, often influenced by historical Mughal and Rajputana aesthetics. The demand for bridal jewellery remains particularly strong, driven by the region's elaborate wedding culture. Consumers are increasingly leaning towards bespoke and customized jewellery that reflects their tastes and complements modern bridal and festive wear. Additionally, the market is seeing a trend toward fusion jewellery that blends traditional motifs with contemporary styles, appealing to younger buyers.

5.3.3 West and Central India Retail Jewellery Market

Chart 45: West and Central India Retail Jewellery Market (CY19-CY24P)

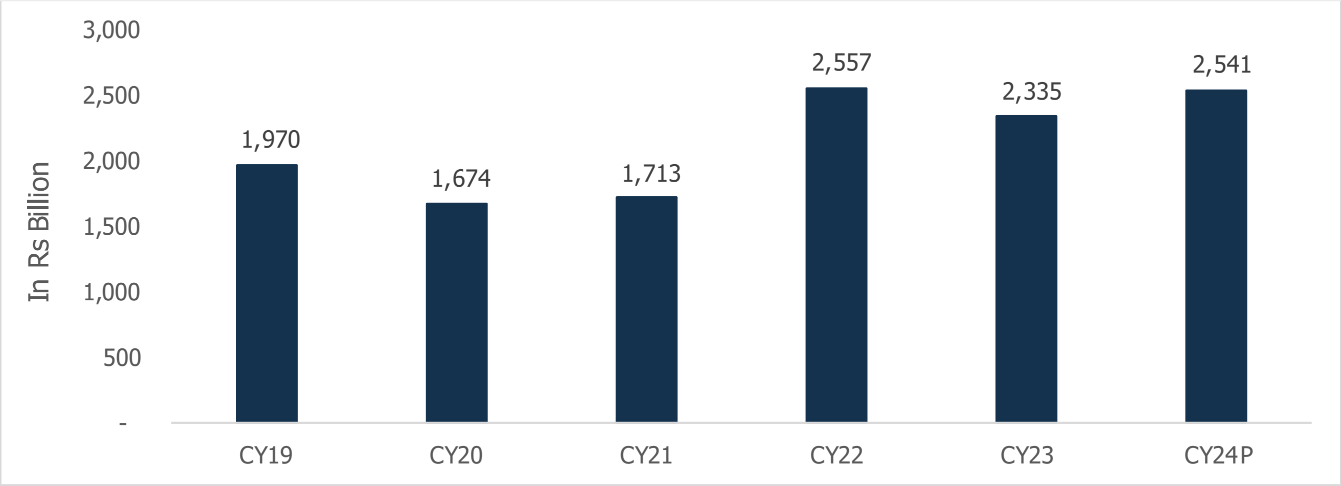


Source: IMARC Group, CareEdge Research

In CY24P, the West and Central India market is projected to reach a value of Rs. 1,638 billion, growing at a CAGR of 3.6% during CY19–CY24P. The retail jewellery market in West and Central India is witnessing notable trends driven by a blend of traditional and contemporary preferences. The region is known for its rich heritage in intricate jewellery designs, such as Kundan, Jadau, and Meenakari, which continue to attract consumers looking for unique artisanry. The market is also influenced by a surge in demand for statement pieces that are versatile for both modern and traditional attire. Increasing participation in social and cultural events has further boosted the demand for jewellery that showcases individual style and social status. Additionally, sustainable, and ethically sourced jewellery is gaining attention, as eco-conscious consumers seek brands that align with their values. The presence of large, organized retail chains offering certified products has added an extra layer of reliability and appeal to shoppers.

5.3.4 South India Retail Jewellery Market

Chart 46: South India Retail Jewellery Market (CY19-CY24P)



Source: IMARC Group, CareEdge Research

In CY24P, South India the market is projected to reach a value of Rs. 2,541 billion, growing at a CAGR of 5.2% during CY19–CY24P. The retail jewellery market in South India is driven by a deep-rooted cultural significance attached to gold and other precious jewellery. Festivals, weddings, and traditional ceremonies continue to fuel consistent demand, with consumers often viewing jewellery not just as an accessory but as an essential part of cultural heritage and a form of investment. The trend of lightweight, daily-wear jewellery is gaining momentum, especially among younger buyers who seek modern designs that are practical for everyday use. The emergence of branded retail chains and the shift towards certified jewellery are boosting consumer confidence and changing buying habits. Furthermore, digital marketing and e-commerce are playing significant roles, providing customers with greater convenience, and expanding access to a variety of jewellery options

5.4 Factors Adding Growth of the Organized Retail Jewellery Market

Strategic Presence and Consumer Reach: The organized retail jewellery market in India benefits from widespread demand across both urban and rural areas, where jewellery holds deep cultural and traditional significance. Urbanization and rising disposable incomes have fueled growth in Tier-II and Tier-III cities, presenting significant opportunities for market expansion. Moreover, the adoption of digital transformation strategies, including e-commerce platforms and omnichannel models, has enabled retailers to reach remote and underserved areas. This seamless connectivity and access to a broader consumer base have amplified the growth of organized players

Efficient Inventory Management: The use of advanced technologies such as RFID tagging and AI-powered tools has revolutionized inventory management in the organized jewellery sector. These systems optimize stock levels, minimize wastage, and enhance demand forecasting accuracy. Retailers also benefit from customizable inventory strategies that cater to regional preferences and seasonal fluctuations in demand. Furthermore, efficient inventory rotation not only ensures cost savings but also improves liquidity, providing a competitive edge to organized retailers.

Cost-Effective Raw Material Sourcing: India's position as a major consumer and importer of gold offers organized jewellers' access to competitive global supply chain networks. Additionally, domestic resources, including gold refineries and diamond processing hubs like Surat, ensure a steady supply of high-quality raw materials. The government's supportive policies, such as duty benefits for exports and other trade incentives, further reduce raw material costs for organized players, enhancing their profitability and market appeal.

Expansion of Branded Retail Chains and Showrooms: The organized market has grown rapidly with the expansion of branded jewellery chains like Tanishq, Kalyan Jewellers, Malabar Gold & Diamonds, and others. These brands have strategically opened showrooms in metropolitan as well as tier-II and tier-III cities, making high-quality, certified jewellery accessible to a larger segment of the population. The appeal of a consistent and sophisticated shopping experience, complete with customer service, loyalty programs, and flexible payment options, has driven more consumers to opt for organized retail stores over traditional, smaller jewellers.

Adoption of Technology and Online Sales Channels: The integration of technology has been a significant factor in propelling the organized jewellery market. Brands have embraced digital transformation, employing advanced tools such as augmented reality (AR) for virtual try-ons, AI for personalized shopping experiences, and secure e-commerce platforms that allow customers to browse and buy jewellery online. The convenience of online shopping, coupled with features like doorstep delivery and easy returns, has expanded the reach of organized jewellery retailers and attracted tech-savvy consumers.

Government Policies and Regulations: Supportive government policies, such as mandatory gold hallmarking and the implementation of the Goods and Services Tax (GST), have further strengthened the organized sector. These regulations have promoted transparency, uniformity in pricing, and quality assurance, encouraging consumers to shift from unorganized local shops to organized, certified jewellery retailers. This regulatory framework enhances consumer trust and contributes to the sustained growth of the market.

Impact of Migratory Population on Organized Jewellers- The rise in the migratory population is likely to benefit organized jewellers, as these consumers typically do not have strong relationships with local jewellers. They are likely to be more inclined towards organized stores that offer contemporary designs and a wider range of options, making them an attractive customer segment for established brands.

5.5 Dynamics of Large and Small Format Stores in the Gold Retail Market

The Indian gold jewellery market is largely fragmented and unorganized. However, unlike gold jewellery manufacturing, the retailing segment has been gradually shifting towards an organized sector, with large retail chains dominating jewellery retailing in urban areas. The size of the jewellery retail store is a function of the location and footfalls expected and varies across various regions.

The stores are generally larger in South India compared to other parts of the country due to a higher ticket size of purchases and the requirement of holding higher inventory given the preference for heavier gold jewellery. The stores in semi-urban areas, predominantly family-owned single stores, are smaller in size. The typical size of a jewellery retail store in the urban area varies between 3,000-5,000 sq. ft. Several organized jewellery retailers have also set up large-format retail stores having an area of more than 5,000 sq. ft. at locations where footfalls and average ticket size are considerably higher.

Table 9: Comparison of Key Parameters - Small Format Vs Large Format Stores in Urban Areas

Parameter	Small format	Large Format	
Store Size	3000-5000 sq. ft	5000-10000 sq. ft.	> 10000 sq. ft.
Footfalls	Location based		
Inventory Value	~Rs 300 to 400 million	Rs 500 to 700+ million	Rs. 750 to 1100 million
No of employees	40 employees	50-60 employees	60-70 employees
Investment	Rs 5,000-8,000 per sq. ft.		
Inventory Turnover	2-3 times		
Employee cost as a % of revenue	1.5%		
Promotion expenditure as a % of revenue	1-1.5%		
Break Even*	1-1.5 years		
Pay-back period*	2-3 years		
Stabilized ROCE	18-20%		

Source: Industry Sources, CareEdge Research

*Break Even and Pay-back period are similar for small and large format stores as the footfalls and ticket size of purchase are significantly higher for a large format store.

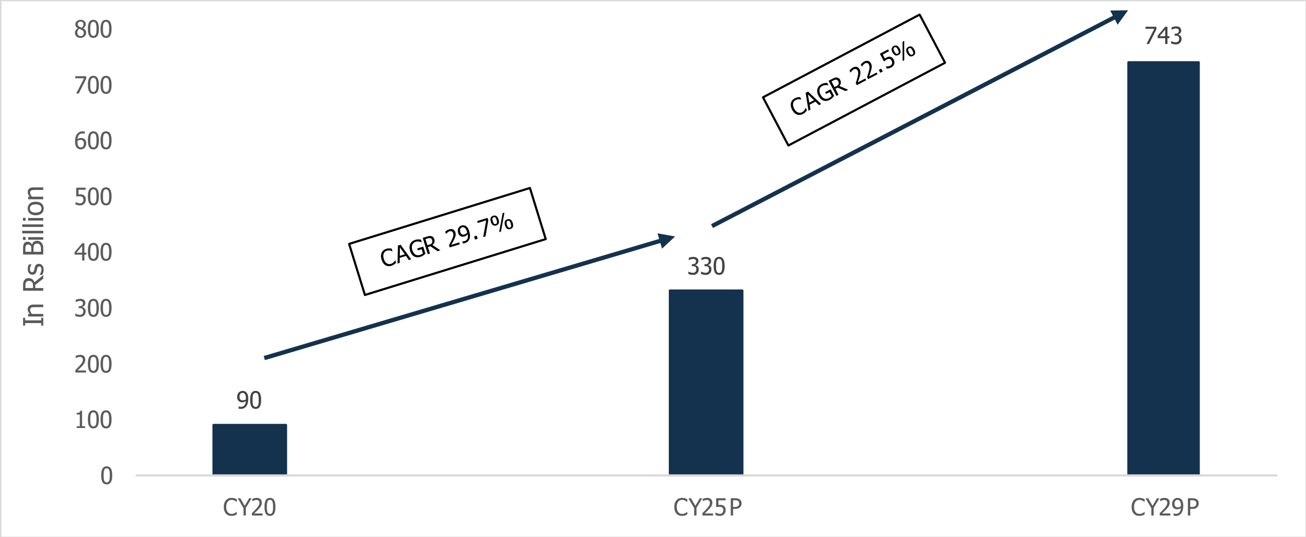
5.6 SWOT Analysis of Organized Jewellers in India

Strengths	Weaknesses
Rich heritage and cultural importance: Jewellery is deeply intertwined with Indian traditions, festivals, and weddings, driving consistent domestic demand. Skilled artisans and craftsmanship: India is renowned for its intricate jewellery designs and skilled artisans, providing a competitive edge in global markets. Major global exporter of polished diamonds: India contributes over 75% of the world's polished diamonds by volume, solidifying its role as a global leader. Diverse product range catering to all segments: Offers products from traditional gold ornaments to modern diamond and platinum jewellery, catering to diverse tastes	High dependency on imports for raw materials: India relies heavily on imported gold and rough diamonds, exposing the market to international price fluctuations. A fragmented market dominated by unorganized players: A significant portion of the market is unorganized, leading to challenges in quality control and scalability. Frequent price volatility of gold and diamonds: Fluctuations in global commodity prices directly affect the cost structure and consumer pricing. Limited innovation in designs and technology adoption: Slow adaptation to modern trends and digital tools affects the appeal to younger consumers.
Opportunities	**Threats**
Expansion in e-commerce platforms: Online sales channels are growing, providing consumers with greater convenience and access to a wide range of jewellery. Growing international demand for Indian jewellery: Unique designs and craftsmanship are attracting more global buyers, presenting export growth opportunities. Potential in eco-friendly and lab-grown jewellery: Increasing consumer preference for sustainable products offers new market opportunities. Untapped market in tier-2 and tier-3 cities: Rising aspirations and incomes in smaller cities create the potential for jewellery businesses to expand regionally	Economic slowdowns reducing consumer spending: Economic downturns can significantly impact discretionary spending, affecting jewellery sales. Increasing cost of raw materials: Price hikes in gold, diamonds, and other materials can shrink margins and impact affordability for consumers. Regulatory changes impacting market stability: Shifts in government policies, such as restrictions on gold imports, can disrupt market operations. Substitution by artificial or imitation jewellery: Growing affordability and availability of imitation jewellery may divert consumers from precious jewellery

5.7 Overview and Recent Trends of Online Retailing of Gems and Jewellery in India

The Indian culture places great significance on jewellery. Sustained higher demand has therefore resulted in an online presence for the gems & jewellery industry. The expansion of the online jewellery market has been significant during the past few years.

Chart 47: Online Jewellery Market Size in India (CY20 Vs CY25P Vs CY29P)



Source: Industry Resources, CareEdge Research

In CY20, the online jewellery market in India was valued at around Rs. 90 billion and is expected to reach Rs. 330 billion at a CAGR of 29.7%. Further, the market is going to reach Rs. 743 billion in CY29F registering a CAGR of 22.5% from CY25F-CY29F. The significant growth prospect has caused jewellery companies to move quickly to build an online presence, as well as several newcomers to enter the field. Overall, the gems & jewellery sector is dynamic with rapid developments. Additionally, several changes are in place both in terms of customer behaviour and the industry.

Choosing a digital platform has allowed jewellers to reach more individuals and build a network. When jewellers use digital channels, whether through an app or a website, they can generate more money while limiting fixed costs, thereby expanding their margins. It further allows customers to view the products.

To provide the optimum user experience, a few Indian startups and several large retail companies have embraced innovative technologies such as augmented reality and virtual reality. People across Indian cities can now shop for gold and diamond jewellery at the push of a button because of emerging online jewellery players. This ease of availability and delivery is backed up by a range of payment methods, including cash on deliveries, as well as additional benefits like easy monthly payments and discounts.

Further, online merchants are providing a more comprehensive buying experience, intending to merge the in-store purchase experience into a digital platform with high-quality pictures, great navigation, and simple product configuration options. With more merchants moving to the digital world drawn by immense opportunities available on the online marketplace, the market is getting more competitive, necessitating the presence of prominent entrepreneurs capable of capitalizing on the available advantage and propelling the jewellery sector forward. Simultaneously, consumer expectations are growing, and they want more than just the finest selections with a pleasant shopping experience.

Moreover, gold jewellery is gaining a steady foothold in the online retail sector. Even though the gold jewellery category requires more consulting and higher average transactions, both existing and emerging companies are catching up with trustworthy and transparent services. This is attributed to online access to hallmarked jewellery in a wide range of styles transformed the business of jewellery shopping. E-catalogues, 360-degree product views, and virtual try-ons all had a major influence on the Indian online jewellery market.

Also, the companies offer trademarks and other certificates to confirm the purity of the product for customers. To ensure the authenticity of gold and diamond jewellery, online websites and e-commerce platforms have started selling certified and hallmarked pieces. Reputable laboratories such as the Gemological Institute of America (GIA), the Gemological Science International (GSI), Hoge Raad Voor Diamant (HRD), and the International Gemological Institute (IGI) certify the items.

The manufacture and distribution of gold jewellery is experiencing a full revolution because of modern technology and changing lifestyles. Millennial customers see jewellery as an essential aspect of their fashion and style.

6 Bridal Jewellery Segment

6.1 Overview

The bridal jewellery segment in India is a significant part of the overall jewellery market, showcasing the country's rich cultural heritage and the importance of weddings in Indian society. Weddings are major life events in India, with families typically allocating around 23-24% of their total wedding budget to jewellery purchases. Bridal Jewellery typically includes a variety of elegant pieces that enhance the bride's overall look, such as Necklaces & Chains, Earrings, Haram, Chokers, and Maangtikka. This jewellery is not only regarded as adornment but also serves as a form of financial security. In North India, brides tend to prefer heavy gold jewellery and kundan-polki sets, while those in South India favour traditional gold temple jewellery. These preferences reflect the varied cultural heritage of each region.

India's bridal jewellery market is primarily centred around gold, making it one of the largest consumers of gold jewellery in the world. In 2023, the country's demand for gold jewellery reached approximately 562 tonnes, with a substantial portion attributed to bridal collections. The market also includes a variety of traditional styles such as kundan, polki, jadau, and temple jewellery, reflecting the diverse regional traditions across different states. For instance, South Indian brides typically prefer temple jewellery, while North Indian brides often choose kundan and polki pieces. Additionally, diamond jewellery is gaining popularity among urban and affluent families, leading to increased demand for diamond-studded wedding pieces, especially in metropolitan areas.

Traditionally, the bridal jewellery segment has been dominated by gold. However, latest trends indicate a shift towards lightweight and minimalistic designs as modern brides seek versatility. In response to this change, manufacturers are adapting their designs to combine traditional aesthetics with contemporary and wearable styles, appealing to younger consumers who want a lasting investment in their bridal jewellery. Additionally, with rising gold prices, there has been an increased demand for gold-plated and alloy-based bridal pieces, which provide a similar appearance at a more affordable cost.

6.2 Evolution of the Wedding Industry and Market Trends

Weddings are among the largest industries in India. However, it is unorganized. It is estimated that about 10-13 million weddings of many sizes and scales, are held in India every year. Indian weddings are heavily influenced by traditions and culture.

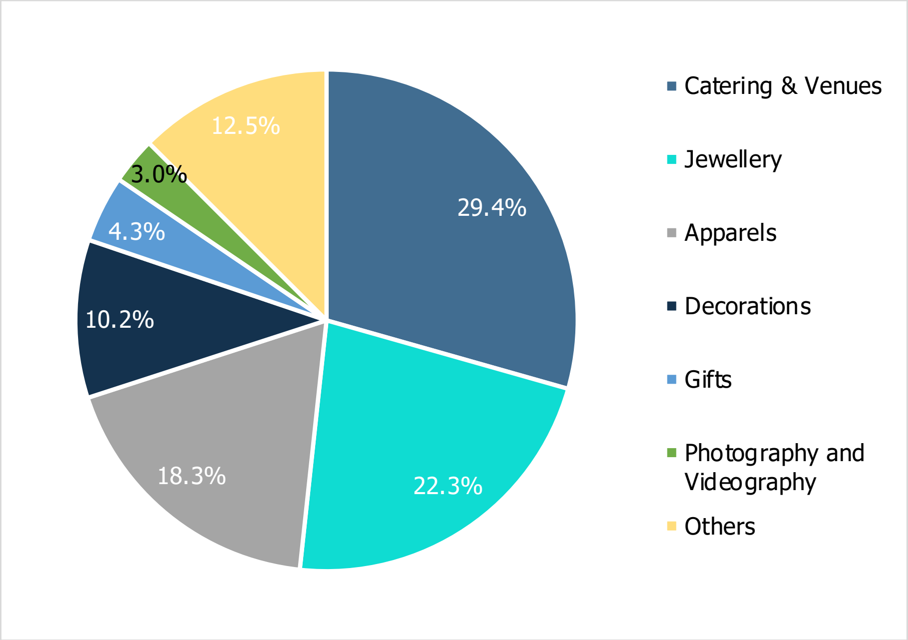
Weddings have evolved in recent years be it a celebrity wedding, mid-range, or low-range Indian wedding. Gold jewellery holds high significance in any type of wedding as a part of the traditions and religious beliefs attached to the wedding ceremony.

Cost per Wedding

Cost per wedding in India may differ based on numerous factors such as wedding budget, number of functions, traditional rituals, guest count, venue location, food expenses, and others. Indian weddings typically last three days and include a variety of rituals and festivities such as a ring ceremony, haldi, wedding ceremony, reception, and others.

In India, the average wedding cost ranges from 0.5 million to 50 million depending on the scale of the wedding. For instance, in a metro city, a 3-day wedding cost ranges between 2.5 million to 5 million. Whereas in tier-2 cities, the 3-day wedding cost ranges between 0.5 million to 1 million.

Chart 48: India Wedding Market: Breakup by Wedding Expenditure (in %), CY23



Source: IMARC Group, Industry Sources, CareEdge Estimates

In CY23, the distribution of wedding expenditures in India highlights the significant allocation of funds across various categories. Catering and venues dominate the market, accounting for 29.4% of total spending, reflecting the high priority placed on food and location for wedding celebrations.

Jewellery follows as the second-largest expenditure, comprising 22.3%, underscoring the importance of bridal adornments in Indian weddings. Jewellery holds a vital place in Indian weddings, with 22.3% of expenditures dedicated to it, reflecting its deep cultural and symbolic significance. The mangalsutra, a sacred necklace symbolizing marital bonds, is central in Hindu weddings, especially in South India, where elaborate designs featuring diamonds and intricate gold work are increasingly popular.

Besides the mangalsutra, essential pieces like bangles, necklaces, earrings, and rings are part of the bridal ensemble, varying by region. North Indian brides favour heavy gold jewellery, while South Indian brides often wear temple jewellery with uncut gemstones. In Western India, the nath (nose ring) and kamarband (waistband) are prominent, and Eastern Indian brides often choose gold pieces with nature-inspired motifs. This investment in jewellery, blending aesthetics with emotional and cultural value, underscores its importance as a symbol of tradition, wealth, and heritage across India.

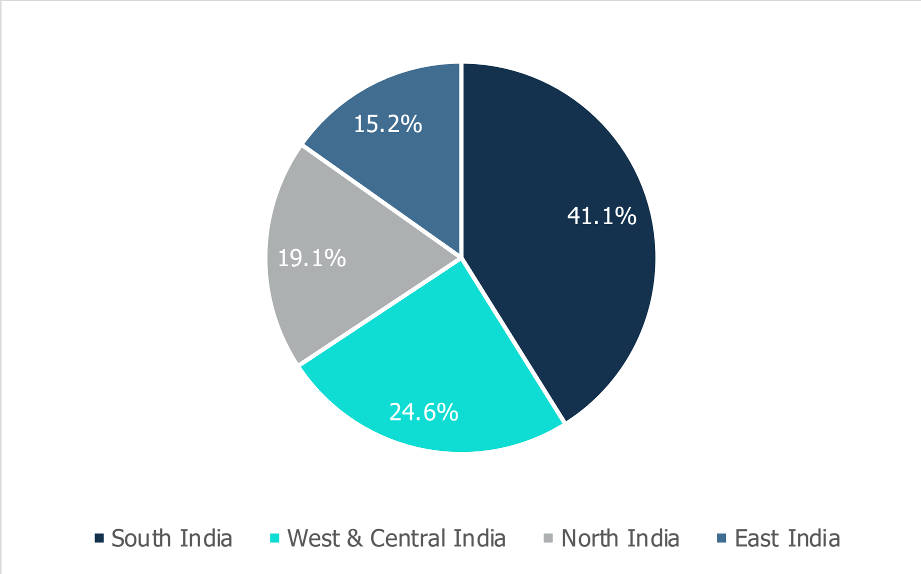
6.3 Segments of the Indian Jewellery Industry

Weddings and festivals are the two main occasions for buying jewellery in India. The Indian jewellery market can be segmented by region into North, South, East, and West. The South region leads the market, followed by the West.

Southern India is notable for its significant consumption of gold and diamond jewellery, whereas Western India is renowned for its export of cut and polished diamonds. The South's dominant position in the Indian Gems and Jewellery Market stems from its rich historical heritage, skilled artisanry, cultural importance, and vibrant jewellery industry. In contrast, Western India favours a mix of traditional and modern styles and has a strong market for high-end and designer pieces.

North India tends to prefer traditional designs, especially gold jewellery and heavy pieces for weddings and festivals. Meanwhile, East India is characterized by a preference for traditional and distinctive designs, focusing on both gold and silver jewellery. South India accounts for 41% of the total jewellery demand followed by West & Central India with 24.6%, North India with 19.1% and East India with 15.2%.

Chart 49: Indian Jewellery Market Break-up by Region (% Share) in CY23



Source: IMARC Group, Industry Sources, CareEdge Estimates

Rural and semi-urban regions contribute about 60% of the gold jewellery consumption while urban areas account for 40%. The share of rural and semi-urban regions is higher on account of the larger share of the population residing in these regions. Further, jewellery is a primary form of investment in these areas and is preferred over conventional investments through banks due to limited literacy and banking networks.

Based on the type, the gold jewellery industry can be segmented into:

- Bridal gold wear
- Daily & fashion gold wear

Table 10: Jewellery Demand Segmentation Based on Wearing Type

	Market share (%)	Weight Range	Purity
Bridal Wear	50%-60%	30-250 gm	18 & 22 carats
Daily & Fashion Wear	40%-50%	5-30 gm	14 & 18 carats

Source: Industry sources; CareEdge Research

5.2.1 Bridal Gold Wear

In Indian marriages, gold holds a lot of significance. Individuals of all ages wear exquisite gold jewellery on such occasions. The bride is the focal point of the wedding and is adorned with a significant amount of gold jewellery. Gold has a religious significance in India as many people believe that gold is an auspicious precious metal and provides wealth and success.

The significance of this style of jewellery in India originates mostly from the premise that gold given to a lady for her wedding is completely her property and thus an essential source of financial security. Jewellery gifts to the bride and groom's close relatives as well as jewellery purchases made by wedding guests for their use make up an additional, although much smaller, portion of the demand associated with weddings.

Given its significance in Indian weddings, bridal jewellery accounts for 50-60% of domestic jewellery consumption. Bridal jewellery is typically heavier in weight compared to daily or fashion wear ranging from 30-250 gms depending upon the type of jewellery. Further, they are available in 22-carat and 18-carat variants.

Bridal jewellery varies in weight and design across regions of the Indian subcontinent as different community brides wear distinctive designs for their weddings. The gross weight of gold jewellery worn by brides in southern states such as Kerala is significantly higher than the weight of gold jewellery worn by brides from northern and western states.

This typically stems from cultural preferences and functions as the per capita income of the state. South Indian bridal jewellery is dominated by plain gold jewellery while there is a higher preference for studded jewellery in northern states. On an overall basis, plain gold jewellery accounts for 85% of the total bridal jewellery.

Table 11: State-wise Bridal Jewellery Products

State	Large Sets	Small Necklaces	Chains	Bangles	Earrings	Others	Gross weight in gms
Punjab	Diamond Haar		Mangal Sutra	Kundan Kangan	Vala	Maang Teeka, Nathni, Bajo does Kado	190
Rajasthan/ Marwar	Rani Haar	Thewa		Bangdi, Kada, Rajputi Bandgi	Kundan Butti	Rakhdi, Hath Phool, Baju Band, Anguthi	190
Bengal	Sita Haar	Gola Chik		Plai Bala, Mugh Bala, chitra Bala	Jhumkaa	Kamar Chavi, Tikloy, Kamar Band	210
Gujarat		Chandan Haar	Mangal Sutra	Bangdi, Kundan Bangdi	Kundan Butti	Nath, Baju Band, Damani, Pocha	180
Maharashtra	Chapla Haar, Laxmi Haar	Tushi	Mangal Sutra	Tode, Patli	Jhumke	Aangathi, Haath Pan, Nath, Baju Band	250
Karnataka	Akki Sara, Malliga Sara		Mangal Sutra, Mohan Sara	Lakshmi Bale, Coorgi Bale, Kembina bale	Jhimki	Bandhi, Odiyanam, Kemp Ungila	280
Kerala	Kazuthulia, Kasu Mala, Lakshmi Mala, Mulla Motu	Kingini Mala, Manga Mala	Kurumul aka Mala, Patthak am	Kolkata Bangle, Machine Cut Bangle, Thoda Bangles	Jhimki	Toe Ring, Minnu	320
Tamil Nadu	Lakshmi Haram, Muthu Haram	Vella Kal Mookhuthi	Mangal Sutra	Muthu Valayal, Lakhsmi Valayal, Kemu Valayal	Kempu Kal Jhimkki	Ottiyanam, Nethichutty, Jadai Billai	300
Andhra Pradesh	Nakshi Haram	Kandabara nam	Sutaru Golusu	Kanjan, Gajalu	Buttalu	Aravanki, Nakshi Vaddanam, Jada	300

Source: CareEdge Research, Industry Sources

5.2.2 Daily and Fashion Wear

Daily and Fashion wear jewellery accounts for 40-50% of the domestic gold jewellery consumption. These are typically lighter jewellery ranging from 5-30 gms in weight. Daily and fashion wear jewellery has grown in popularity in recent years as customer preference for more affordable and useful options for their everyday jewellery needs has increased. To meet the demand from younger customers, especially those who desire to wear gold jewellery that suits their Western-style clothing, manufacturers are increasingly concentrating on manufacturing lightweight ornaments. This trend has resulted in the rise of minimalist designs, which have basic shapes and clean lines and are frequently made with less gold.

Millennial demand, rising internet usage, and increasing smartphone penetration have contributed to the recent rapid rise of the Indian online jewellery business focused primarily on daily and fashion wear jewellery. Consumers between the ages of 18 and 45 account for many sales. Despite an increase in online jewellery sales, the typical ticket weights are between 5 and 10 grams. Online buyers typically buy 18-carat gold jewellery that is lightweight and suitable for everyday wear.

Young shoppers are interested in contemporary styles that go well with Western attire. Also, big chain stores are focusing increasingly on daily wear and fast-moving jewellery (such as chains and rings). Manufacturers and designers are developing product lines expressly for this market as they become more aware of changing consumer preferences.

6.4 Trends in Bridal Jewellery

- India, the second-largest consumer of gold jewellery worldwide, has seen tremendous transformation in recent years due to changing consumer preferences. The demand for gold jewellery in India is still mostly driven by weddings and festivals, with bridal jewellery alone accounting for more than half of the industry.

- The gold market is changing, with varying styles and tastes due to economic development, globalization, and shifting customer preferences. For instance, the demand for lighter and studded gold bridal jewellery has increased in recent years due to the rise in gold prices.

- There are diverse regional preferences throughout the country in connection to bridal jewellery. While much of the demand is for plain gold jewellery, the market share for studded jewellery, i.e., jewellery studded with diamond and other precious and semi-precious stones (such as Polki, Kundan, or Jadau) is between 15% to 20%. Studded jewellery consumption is much higher in Northern India while, the consumption in South India continues to be plain gold jewellery.

6.5 Trends in Lightweight Jewellery

- In urban areas, particularly metro cities, minimalistic and lightweight jewellery designs have become synonymous with sophistication. Younger buyers, who favour multipurpose jewellery, are driving this trend, seeking pieces that serve both as bridal jewellery and as versatile accessories for other occasions.

- Lightweight jewellery is gaining popularity as it aligns with modern demands for comfort, versatility, and cost-effectiveness. Today's brides and consumers are drawn to pieces that combine traditional aesthetics with everyday wearability, enabling jewellers to cater to a market that values both cultural and functional aspects.

- Jewellers are employing techniques like hollow designs and gold-plating to create visually appealing pieces that mimic the look of heavier, more expensive jewellery. By combining gold with semi-precious stones and alloys, these designs offer affordable luxury, making them suitable for both casual and formal events, while also serving as a durable investment in style beyond special occasions.

6.6 Trends in Costume Jewellery

- Costume jewellery, also known as fashion jewellery, has seen a surge in popularity in India due to its affordability, versatility, and wide range of designs. This segment uses non-precious metals, alloys, and imitation stones to create pieces that resemble fine jewellery, allowing consumers, particularly younger and budget-conscious buyers, to stay trendy without the inflated cost. These pieces are perfect for seasonal, trend-focused wear, providing a fashionable and affordable alternative to fine jewellery.

- Bollywood-inspired and Western-style influences are shaping the costume jewellery market, featuring vibrant, statement designs like chokers, layered necklaces, and oversized earrings. With the rise of e-commerce, it has become easier for consumers to purchase costume jewellery online, offering options that complement assorted styles—from ethnic outfits to Western attire. This easy access has further popularized costume jewellery, especially among young buyers who enjoy experimenting with different looks.

- As awareness of sustainability grows, there is there is an increasing demand for eco-friendly costume jewellery made from recycled metals and ethically sourced stones. These options align with consumers' interest in sustainable fashion and resonate well with environmentally conscious buyers. Additionally, costume jewellery is widely chosen for specific events like pre-wedding functions, festivals, and social gatherings, where consumers seek stylish yet affordable accessories, making it a go-to choose for special occasions without the long-term commitment of fine jewellery.

6.7 Indian Weddings: From Simplicity to Luxury

The wedding industry in India has evolved significantly over the years, transforming from simple, tradition-based ceremonies to elaborate, multi-day celebrations. Initially, weddings were family-driven events with modest spending, but with economic liberalization in the 1990s, the market began to flourish. As disposable incomes increased and urbanization grew, weddings became more lavish, incorporating professional planners, luxury venues, and designer outfits. Today, weddings are grand affairs often involving exotic locations, customized themes, celebrity performances, and premium services.

The rise in wedding costs is driven by heightened expectations and a shift toward luxury. Couples seek personalized experiences, including destination weddings and high-end decorations. Bridal and groom outfits, now often designer labels with intricate detailing, add to the cost. Luxury venues, top-tier catering, professional photography, and technology integration like live streaming and drone photography further inflate expenses. On average, the cost of an Indian wedding can range from avg. Rs 1 million to Rs 10 million, with expectations only growing.

Jewellery, comprising 22.3% of the total wedding expenditure, underscores the importance of bridal adornments in Indian weddings. Traditionally, gold holds cultural importance, but diamonds and platinum have gained popularity. Brides often spend a substantial portion of their wedding budget on jewellery, with expenses ranging from avg. Rs. 0.5 million to Rs. 5 million or more. Jewellery symbolizes status and tradition, making it one of the most significant investments for families.

Overall, the Indian wedding industry remains one of the largest and most dynamic markets, with increasing investments in every aspect of the celebration, from attire to jewellery and venues.

7 Gold Jewellery Wholesale Market in India

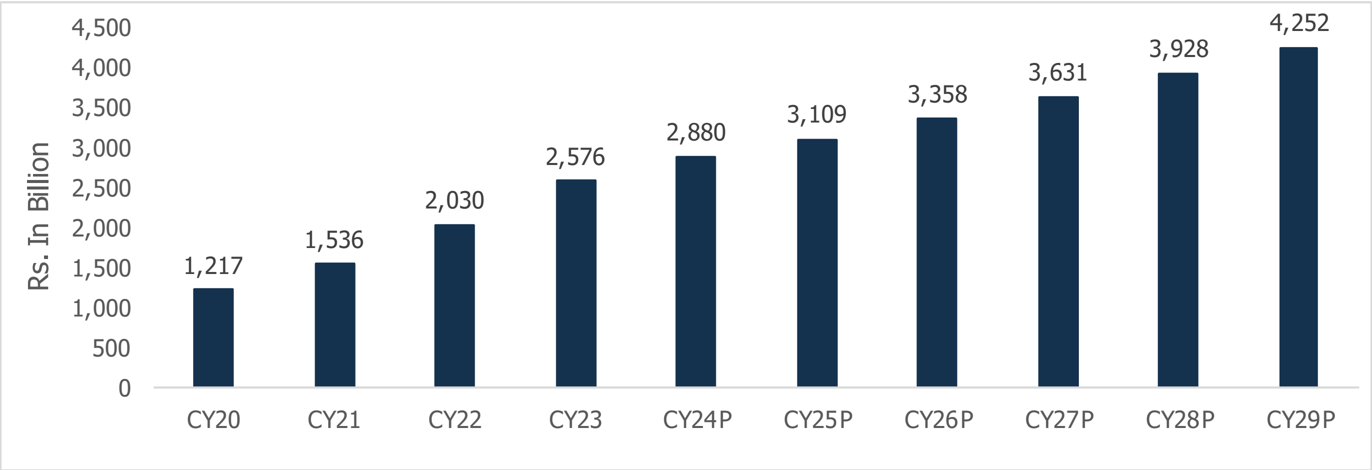
7.1 Indian Gold Jewellery Wholesale Market Size

India has one of the world's largest wholesale markets for gold jewellery. This market growth is driven by deep cultural significance and high consumer demand. It is made up of many small- and medium-sized enterprises (SMEs) as well as large players and key hubs include Mumbai, Surat, and Chennai. These hubs are where goldsmiths and wholesalers operate extensive networks of artisans and retailers.

The growth of the wholesale gold jewellery market is closely tied to the expansion of retail jewellers across India. As organized retail continues to spread into tier 2 and 3 cities, particularly with the rise of branded jewellery stores, there is a growing demand for wholesalers to supply these outlets. Rapid urbanization and increasing disposable incomes further contribute to the wholesale market's growth, as the demand for gold jewellery increases in both traditional and contemporary designs. Additionally, wholesalers benefit from supplying customized and bulk orders to retailers, leveraging economies of scale to offer competitive pricing. However, there are challenges, such as fluctuating gold prices, regulatory changes, and a shift in consumer preference towards lighter and more contemporary designs.

Digitalization and e-commerce are changing the wholesale market, making prices more transparent and increasing its reach. Moreover, demand for traditional, handcrafted gold jewellery increases during festivals and weddings, further driving the market.

Chart 50: Indian Gold Jewellery Wholesale Market Size, CY2020–29P



Source: IMARC Group, CareEdge Research Analysis

In CY23, the wholesale gold jewellery market reached a value of Rs. 2,576 billion in CY23, representing a CAGR of 28.4% from CY20 to CY23. The strong domestic demand is one of the main factors propelling the wholesale gold jewellery market's growth in India. Gold jewellery holds great cultural and traditional value in Indian society, which guarantees a consistent demand for it throughout the country. Wholesalers supply the large demand for gold jewellery during festivals, weddings, and other important occasions, which is met by retailers and local jewellers. The wholesale industry growth is driven by the constant need to restock inventory to meet consumer demand.

India is a prominent global exporter of gold jewellery. The wholesale sector is greatly boosted by the demand for Indian gold jewellery in foreign markets. The demand for both traditional and modern Indian gold jewellery is significant in nations like the United States, the United Arab Emirates, and the United Kingdom, where there is a sizable Indian diaspora. The strong export demand continues to provide growth opportunities for the wholesale sector, especially as Indian jewellery gains more prominence globally.

Looking forward, the market in this segment is expected to reach a value of Rs. 4,252 billion by CY29, exhibiting a CAGR of 8.1% from CY24 to CY29. Economies of scale help wholesale operations and are a major driving force in this market. Wholesalers can lower their overall cost per unit by negotiating better pricing with suppliers when they buy gold in bulk.

Wholesalers benefit from negotiating lower making charges when buying in bulk, allowing them to reduce the overall cost of production. This cost-efficiency enables wholesalers to offer competitive prices to retailers and jewellers, encouraging larger purchases. By providing affordable solutions through reduced making charges, wholesalers play a crucial role in sustaining the growth of the wholesale gold jewellery market, even in a price-sensitive environment.

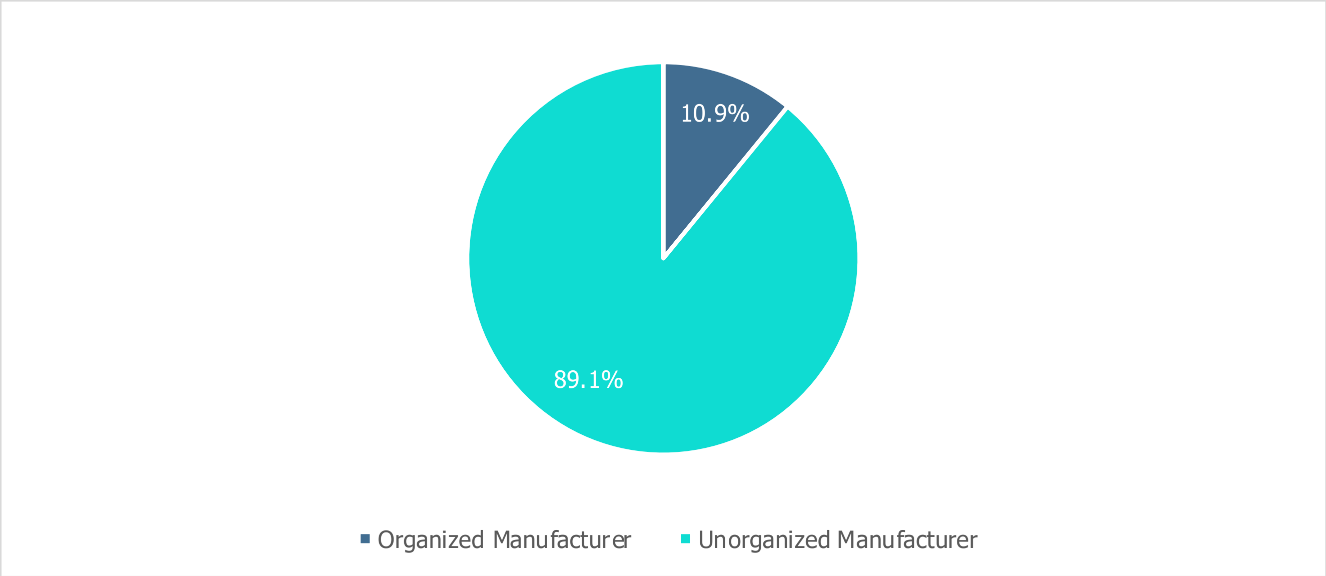
To satisfy the various tastes of retailers and final customers, wholesalers provide a wide variety of gold jewellery designs and styles. This wide assortment of products includes bridal, everyday wear, modern, and traditional jewellery. Retailers seeking to stock a variety of collections to satisfy their customers' likes and preferences are drawn to the possibility of offering a large selection of patterns in quantity. The diverse product range offered by wholesalers is a key driver of the market.

7.2 India Wholesale Gold Jewellery Market by Manufacturers

India's wholesale gold jewellery market is split between organized and unorganized sectors. The unorganized sector dominates, comprising numerous small manufacturers and artisans across regions like Mumbai, Jaipur, and Kolkata. These players often rely on traditional methods, producing intricate, handcrafted jewellery that caters to regional preferences. They have deep-rooted networks with local retailers, but face challenges such as limited access to capital and exposure to price volatility. In contrast, the organized sector, though smaller, is growing rapidly, led by established brands like Kalyan Jewellers, Malabar Gold & Diamonds and Joyalukkas, and Titan's Tanishq.

Market formalisation, driven by factors such as compulsory hallmarking, GST compliance, and consumer demand for transparency, has adversely impacted unorganized retailers, leading to market consolidation. Key players in the organized sector have seized this opportunity by expanding their retail footprints both domestically and internationally. For instance, from FY22 to FY24, Titan opened approximately 350 new retail stores, Senco Gold added 32 stores, and Kalyan Jewellers established 93 new outlets. As a result, the penetration of organized jewellery retailers has significantly improved between CY20 and CY23. Looking ahead, leading brands are poised to solidify their dominance further. They plan to add an estimated 400-440 new retail outlets across domestic and global markets in the near to mid-term. Initiatives like hallmarking, GST compliance, and traceability have adversely impacted unorganized retailers, driving market consolidation.

Chart 51: India: Wholesale Gold Jewellery Market: Breakup by Manufacturing Type (in %), CY23



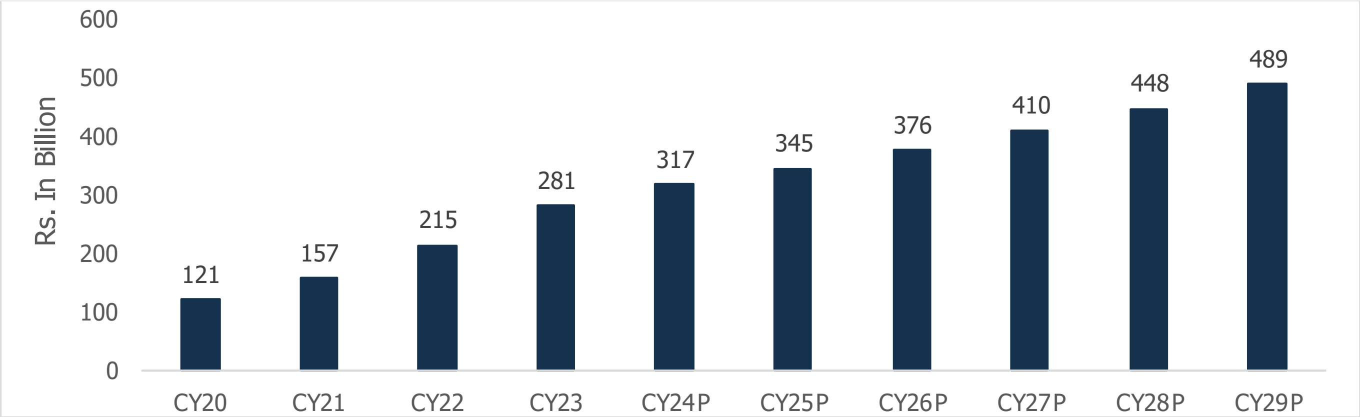
Source: IMARC Group, CareEdge Research

In CY23, Unorganized manufacturers represented the largest manufacturing type in India, accounting for a share of 89.1% of the total market. Unorganized manufacturers were followed by organized manufacturers (10.9%).

Organized Manufacturers

The organized wholesale gold jewellery market in India is dominated by large players, such as organized jewellery chains, branded jewellery manufacturers, and distributors. These entities often have multiple outlets across major cities and leverage economies of scale in procurement, manufacturing, and distribution.

Chart 52: India: Wholesale Gold Jewellery Market (Organized Manufacturers): Sales Value (in Rs. Billion), CY2020–29P



Source: IMARC Group, CareEdge Research Analysis

In CY23, organized manufacturers accounted for a share of 10.9% in the wholesale gold jewellery market, in India. The market reached a value of Rs. 281 billion in CY23, growing at a CAGR of 32.5% from CY20 to CY23. This is primarily driven by the shift from the unorganized to the organized sector. This shift can be attributed to several structural factors rather than just organic demand growth. One of the key reasons for this transformation is the implementation of the Goods and Services Tax (GST), which has brought greater transparency and accountability to the industry. Additionally, organized players benefit from economies of scale and better financial backing, allowing them to offer competitive pricing and a wider range of designs. There is a clear trend among Indian consumers toward favouring branded and certified jewellery. Organized wholesale markets are responding to this demand by providing a diverse array of branded products that prioritize quality, craftsmanship, and innovative design.

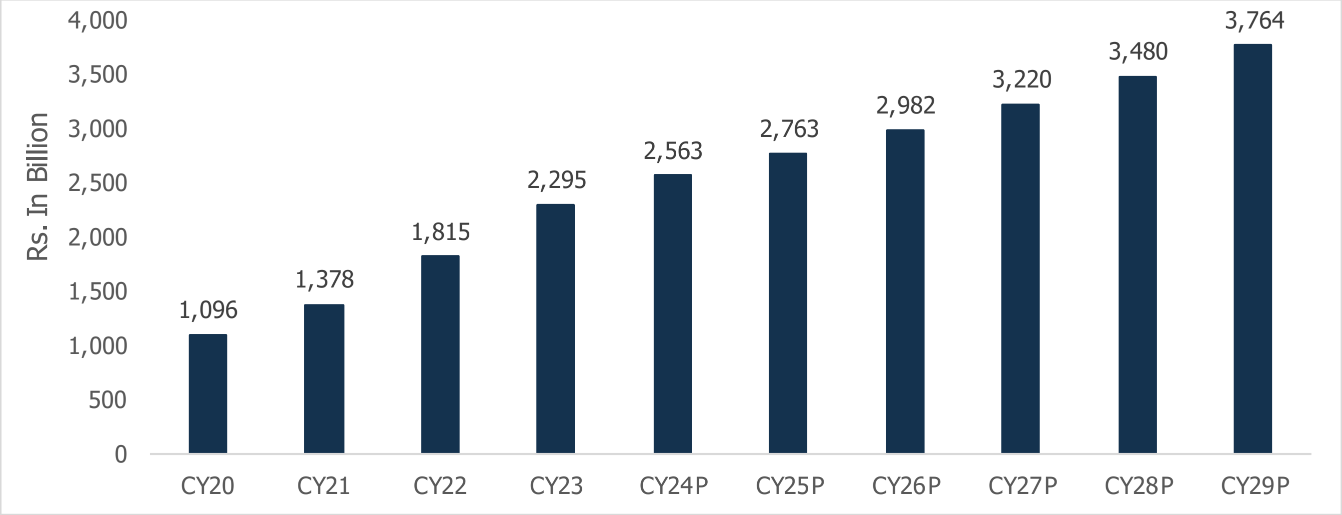
Looking forward, the market in this segment is expected to reach a value of Rs. 489 billion by CY29, representing a CAGR of 9.0% from CY24 to CY29. Global trends in jewellery fashion and design have a notable influence on the preferences of Indian consumers. Organized wholesale gold jewelers frequently integrate international styles and trends into their product offerings to attract fashion-conscious buyers. Traditional occasions, such as weddings and festivals, contribute significantly to the demand for jewellery in India. Organized wholesale gold jewellery markets capitalize on these peak seasons by providing enticing discounts, promotions, and specialized collections tailored to festive themes.

Organized wholesale gold jewelers are prioritizing innovation in design, marketing strategies, and customer experience to stand out in a competitive market. This involves collaborations with designers, the introduction of new collections, and digital marketing initiatives, all aimed at driving growth in the wholesale gold jewellery market during the forecast period.

Unorganized Manufacturers

The unorganized wholesale gold jewellery market in India plays a significant role, especially in rural areas and smaller towns. This market is characterized by local artisans, small-scale jewellers, and traditional business practices, often lacking formal documentation and standardization. It offers a wide variety of designs and customization at competitive prices, catering to diverse consumer preferences. However, challenges include inconsistent quality, lack of transparency, and limited access to modern technology. Despite government efforts to formalize the sector, the unorganized market remains a vital part of India's gold jewellery industry.

Chart 53: India: Wholesale Gold Jewellery Market (Unorganized Manufacturers): Sales Value (in Rs. Billion), CY2020–29P



Source: IMARC Group, CareEdge Research Analysis

In CY23, unorganized manufacturers accounted for a share of 89.1% of the Wholesale Gold Jewellery Market, in India. The market reached a value of Rs. 2,295.1 billion in CY23, growing at a CAGR of 27.9% during CY20–CY23.

A significant driver of this growth is consumer price sensitivity. The unorganized sector often offers jewellery at lower prices than organized retailers, which is partly due to their ability to sell without issuing tax bills. This pricing advantage broadens access, particularly in rural and semi-urban areas. Additionally, the unorganized sector excels in customization, providing flexibility in jewellery designs. Customers frequently seek personalized pieces tailored to their preferences, including design, metal choice, gemstones, and budget considerations.

Small-scale jewelers in the unorganized sector excel in catering to local market preferences and personalized customer needs, addressing niche demands often overlooked by larger retailers. Many consumers prefer these local jewelers for their trusted relationships and personalized service, which often surpass the advantages offered by larger, more impersonal stores.

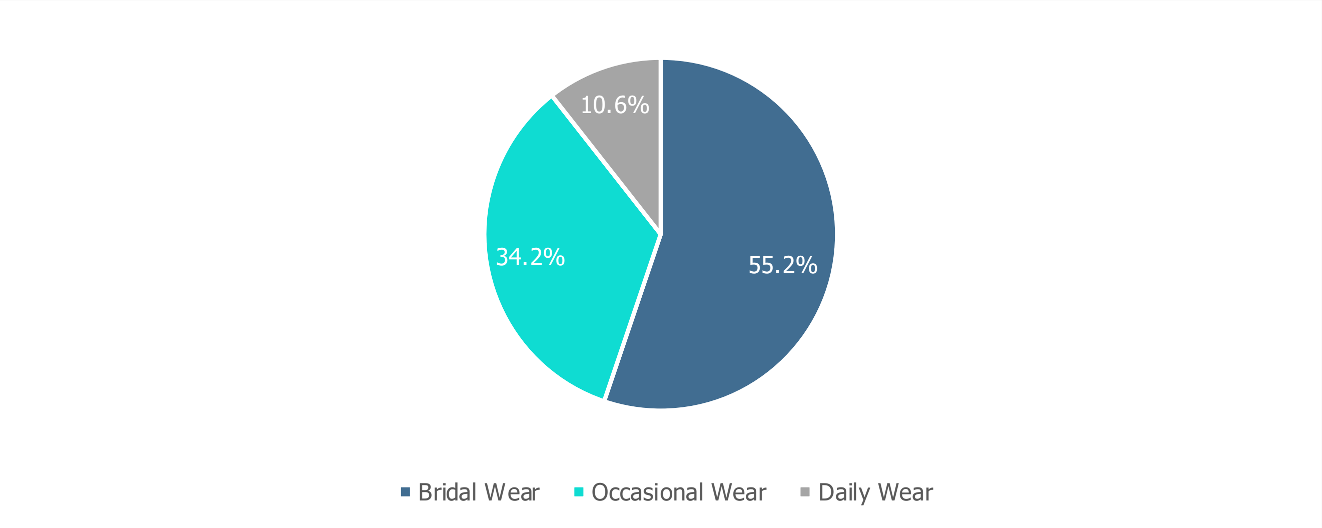
Looking forward, the market in this segment is expected to reach a value of Rs. 3,764 billion by CY29, representing a CAGR of 8.0% from CY24 to CY29. In the unorganized sector, jewelers often provide informal credit facilities and flexible payment options, which are attractive for substantial purchases like wedding jewellery. This sector's widespread physical presence, especially in smaller towns and rural areas where organized retail chains are less common, is expected to fuel market expansion.

Different regions in India have distinct jewellery preferences in styles, designs, and materials. The unorganized wholesale gold jewellery market specializes in offering customized products that cater to these regional preferences. The sector's adoption of technology, such as digital payment systems and online platforms, enhances accessibility and expands market reach beyond traditional retail channels, facilitating convenient transactions and increasing customer interaction.

7.3 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 54: Indian Wholesale Gold Jewellery Market Breakup by Wearing (in %), CY23



Source: IMARC Group, CareEdge Research Analysis

- **Bridal Wear**

The Indian bridal jewellery market is a dominant segment, driven by cultural traditions and the significance of weddings. Bridal jewellery typically features heavy, ornate designs using gold, diamonds, Kundan, and Polki. This segment sees the highest demand in regions like North and South India, particularly during the wedding season. In CY23, the distribution of wedding expenditures in India highlights the significant allocation of funds across various categories. Jewellery holds a vital place in Indian weddings, with 23–25% of expenditures dedicated to it, reflecting its deep cultural and symbolic significance. Key trends include an increase in destination weddings and a preference for heritage designs, which continues to make bridal jewellery a crucial part of the wholesale jewellery market in India.

- **Occasional Wear**

The occasional wear segment in the Indian jewellery market caters to festivals, family functions, and special events. This segment is characterized by demand for semi-precious stones, contemporary designs, and versatile pieces that balance tradition with modern aesthetics. Cities like Mumbai, Delhi, and Bangalore drive significant sales during festive seasons, particularly Diwali. The market is evolving with younger consumers preferring lightweight and affordable options, making occasional wear a growing area in the wholesale jewellery sector.

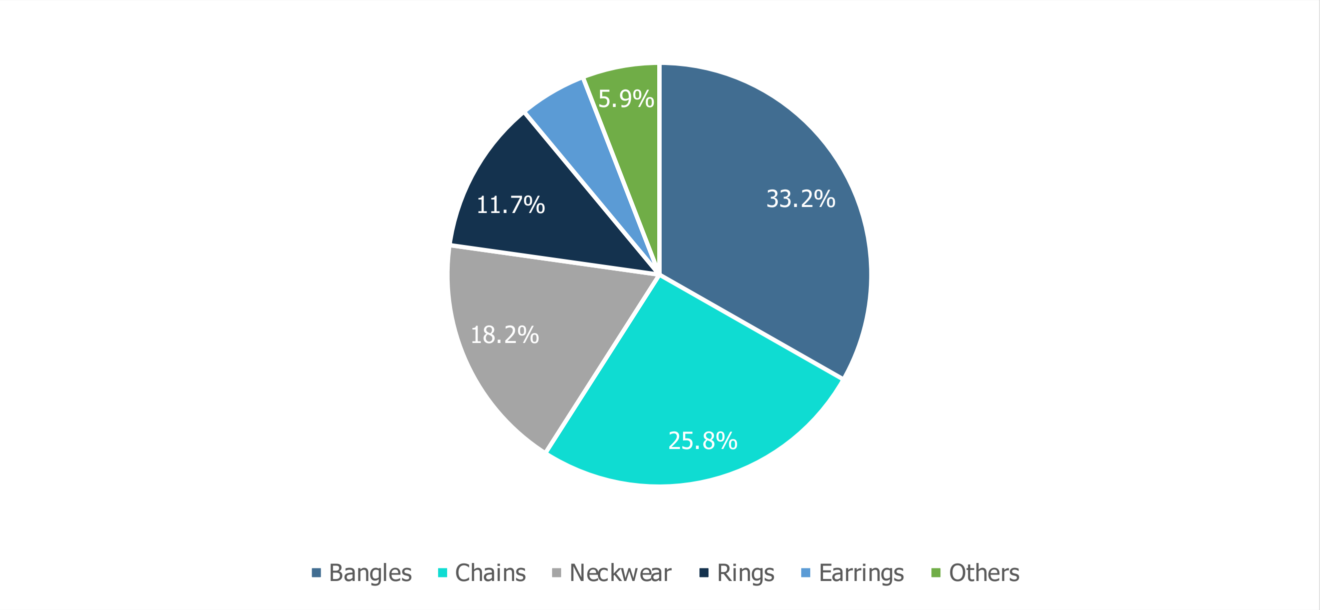
- **Daily Wear**

Daily wear jewellery in India is gaining traction, particularly in urban and semi-urban areas. This segment focuses on minimalistic, lightweight, and durable designs suitable for everyday use, such as simple gold chains, rings, and earrings. With the rise of working professionals, there is a steady demand for affordable yet stylish pieces. Regions like Maharashtra, Gujarat, and West Bengal show consistent demand due to their large urban populations and high concentration of working professionals. Maharashtra, particularly Mumbai, is a major economic hub with a diverse workforce. Gujarat, with its thriving business community and growing urbanization, has a significant market for daily wear jewellery. West Bengal, especially Kolkata, has a rich cultural heritage and a substantial population that contributes to the steady demand for daily wear pieces. Though smaller than bridal or occasional wear, the daily wear segment is a growing component of the wholesale jewellery market.

7.4 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 55: Indian Wholesale Gold Jewellery Market Breakup by Wearing (in %), CY23



Source: IMARC Group, CareEdge Research Analysis

- **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, favored 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 is the largest market segment. Bangles and bracelets hold a special place in Indian jewellery, symbolizing 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.

7.5 Outlook of the Gold Jewellery Wholesale Market in India

The Indian gold jewellery wholesale market is poised for steady growth, driven by robust demand across various segments. Bridal jewellery remains a significant contributor, bolstered by cultural traditions and the rising trend of lavish weddings. Additionally, increasing urbanization and rising disposable incomes are fueling demand for occasional and daily wear gold jewellery. The market is also witnessing a shift towards lightweight and contemporary designs, catering to younger consumers seeking both style and affordability.

However, challenges, such as fluctuating gold prices and stringent government regulations on gold imports, may impact market dynamics. Despite these challenges, the long-term outlook remains positive, with innovations in design and growing consumer preference for certified and branded gold jewellery expected to drive growth. The adoption of digital platforms for wholesale transactions is further enhancing market accessibility, positioning the Indian gold jewellery wholesale market for continued expansion.

Recent Trends in Jewellery market in India

- **Rise of Minimalistic Designs:** Minimalistic jewellery designs are gaining popularity, especially among younger consumers. These designs emphasize simplicity and elegance, often featuring lightweight gold and diamond pieces. The trend is driven by changing fashion preferences and the desire for jewellery that complements everyday wear.
- **Digital and Omni-channel Strategies:** The jewellery market is increasingly integrating digital strategies, with retailers adopting omni-channel approaches to enhance customer experience. Online platforms are not just for sales but also for virtual try-ons, consultations, and customizations. The adoption of AI and AR tools in the online space has further enhanced consumer engagement.
- **Expansion of the Wholesale Gold Jewellery Market:** The wholesale gold jewellery market is experiencing a shift towards organized trade. Wholesalers are adopting technology to streamline operations, improve inventory management, and enhance transparency. There is also a growing trend of direct sourcing from mines and refineries, reducing dependency on intermediaries.
- **Increased Demand for Pre-Owned and Vintage Jewellery:** Owned and vintage jewellery is becoming increasingly popular, driven by a growing interest in sustainable fashion and unique, heritage pieces. Retailers and wholesalers alike are tapping into this trend by offering refurbished and certified pre-owned jewellery, often at more affordable prices.
- **Influence of Global Design Trends:** Global design trends are influencing Indian jewellery preferences. There is a noticeable increase in demand for jewellery styles inspired by international fashion, such as Italian or Middle Eastern designs. This trend is particularly strong in metro cities, where consumers are more exposed to global fashion trends.
- **Focus on Customization in Wholesale Gold Jewellery:** In the wholesale gold jewellery market, there is a rising demand for customization. Wholesalers are increasingly offering bespoke designs to cater to the specific needs of retailers, who in turn provide personalized pieces to end consumers. This trend is helping wholesalers differentiate themselves in a competitive market.
- **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.

Outlook on the Organized and Unorganized Segments

- **Organized Segment**

The organized jewellery segment in India is on a strong growth trajectory. Driven by increased consumer awareness about quality and certification, this segment is rapidly gaining market share. The implementation of government regulations, such as mandatory hallmarking of gold jewellery and the Goods and Services Tax (GST), has provided an additional boost to organized players, who are better equipped to meet these requirements. Major brands like Tanishq, Kalyan Jewellers, and Malabar Gold & Diamonds are expanding aggressively, particularly in tier II and III cities, to tap into the growing demand for branded, certified jewellery.

Furthermore, the adoption of digital platforms, omni-channel retail strategies, and personalized customer experiences are enhancing the appeal of organized players.

- **Unorganized Segment**

The unorganized segment will continue to dominate the market due to deep-rooted cultural ties, strong customer relationships, and the trust placed in local jewellers. However, increasing competition from organized players, rising consumer preference for branded products, and government regulations aimed at formalizing the sector are driving gradual shifts. The implementation of hallmarking standards and GST has begun to erode the cost advantage traditionally enjoyed by unorganized jewellers. Yet, their flexibility in pricing, extensive product variety, and strong presence in rural areas will allow them to retain a significant share. Local jewellers often offer flexible payment options, such as allowing delivery first with payment in installments, which enhances their appeal.

The segment's future will hinge on its ability to adapt to evolving consumer expectations and regulatory changes while maintaining its traditional strengths.

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

8.1 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.

8.2 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.

8.3 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.

8.4 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.

Table 12: 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

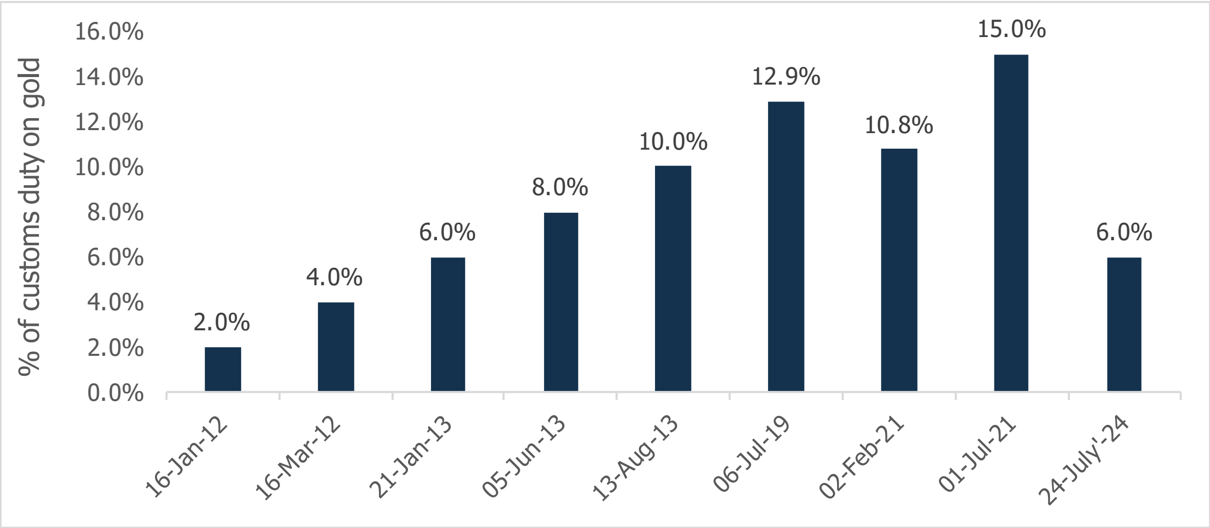
Latest Budget Provisions for the Gems and Jewellery Industry in India

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 56: 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:

- **Reduction in customs duty on seeds used to make lab-grown diamonds.**

The import duty on seeds used to make lab-grown diamonds was reduced from 5% to 0% to boost domestic manufacturing.

- **The conversion of physical gold into digital gold will not attract capital gains tax.**

Basic customs duty (BCD) on gold bars was reduced to 10% from 12.5% but the Agriculture Infrastructure Cess was increased to 5% from the 2.5%. Overall, there was no change in the tax implication on gold imports.

- **Increase in customs duty on Articles of Precious Metals, such as gold/silver/platinum**

The customs duty on the import of items made of rare metals like gold, silver, and platinum was increased from 20% to 25%.

- **Increasing Import Duty on Gold and Silver Findings**

The import duty on gold and silver findings and coins of precious metals has increased to 15% from 10%. 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. Further, the Finance Ministry has also increased the import duty on precious metals to 14.35%.

- **Facilitation of Jewellery Exports via E-Commerce**

India is the global leader in this industry and its exports were affected adversely due to COVID-19. The government had aided to promote the export sector by accelerating the exports through e-commerce and a simplified regulatory framework for the same was implemented by June 2022. As a result, it will increase the international customer database shortly which will boost the sales as the international customers will have easy access in terms of purchase.

- **Regulation of Online Market**

In continuous efforts to boost the industry, the government will also formulate a regulation of the gems and jewellery market in the online platform. This system will facilitate in monitoring of transactions and protection of data in today's digital world where there is a large space for fraudulent activities to take place. This will also help in rural economic development and will build the confidence of the customers while following fair and transparent trade practices.
The reforms initiated by the government will enhance the operations in the Indian market and provide a platform to compete against other jewellery dealers at the global level.

8.5 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.

8.6 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 IIJS, 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.

8.7 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.

8.8 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.

8.9 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:

- Jewelers 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.

9 Threats and Challenges for the Gems and Jewellery Industry

• **Shortage of Skilled Labour:**
One of the key challenges to scaling up operations in the jewellery industry is the scarcity of skilled labour. To have access to a large talent pool, the supply of craftsmen/artisans that come through generations must be supplemented by new talents who have been professionally taught. Moreover, the industry's on-the-job training strategy results in lengthier training times and gaps in the availability of skilled labour and standardization, particularly in the fragmented sector. This is compounded by infrastructural deficiencies, a lower need for institution-trained personnel in the fragmented sector, and the industry's limited appeal to the younger generation of workers.

• **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. In an era of high diamond, gold, and silver prices, global marketing necessitates changing fashion in the gems and jewellery segment. According to the market demand, manufacturers can produce specific types of gems and jewellery products. However, because of the changing trend, demand for certain types of products begins to decline and eventually ceases. The manufacturer's money is blocked in the older designs, and this results in an inventory pile-up.

• **Dependency on Imports for Raw Materials:**
The availability of raw materials is crucial to the gems and jewellery business. In India, a significant percentage of raw materials are imported, as the domestic supply is limited. The raw material is converted into finished goods that are sold in the domestic and international markets. India is a net importer of raw gold and meets over 90% of its gold requirement through imports. The total gold imported (in value terms) by India was Rs. 3,773 billion in FY24 showing and 35% increase y-o-y. Gold in India is majorly imported from Switzerland, the United Arab Emirates, South Africa, Peru, and Australia, among other countries. Raw pearls, precious and semi-precious stones, and other items are imported from UAE, Hong Kong, USA, Belgium, and Russia.

Rough diamonds account for more than half of all G&J imports (57%). The total rough diamond imports in FY24 stood at Rs 1180.42 billion in value terms and 124.617 million carats in volume terms. India imports rough diamonds primarily from the United Arab Emirates which accounts for 60% for FY24.

• **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.

Following the recent 9% reduction in import duty announced in the Union Budget, domestic gold prices experienced a 6% month-on-month decrease. However, year-to-date, domestic gold prices have still risen by 10% due to strong global gold prices, central bank buying, and various market factors, including inflation and geopolitical risks.

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.

- **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 customizable, lab-grown, or non-traditional pieces poses a threat to more traditional jewellery types. These factors combined limit the industry's ability to sustain consistent demand and growth across various product lines.

10 Peer Mapping

10.1 Shanti Gold International Limited

Founded as a partnership firm in 2003, Shanti Gold International Ltd. was established in 2003 by Mr Pankaj Kumar Jagawat and Mr Manoj Kumar Jain, started with a small factory in Mumbai, Maharashtra, initially focusing on dealing with wholesalers in Maharashtra before expanding its reach to retailers and focusing on the southern regions. The Company is one of the leading manufacturers of high-quality 22kt CZ casting gold jewellery, in terms of installed production capacity, specializing in the design and production of all types of gold jewellery. The company has an installed production capacity of 2700 kg p.a. They offer a wide range of high-quality, intricately designed pieces, including bangles, rings, necklaces, and complete jewellery sets across various price points ranging from jewellery for special occasions, such as weddings to festive and daily-wear jewellery. They are known for their craftsmanship, innovative designs, and robust manufacturing capabilities. The company operates out of a 13,449 sq. ft. facility in Mumbai, Maharashtra. It also has offices across Tamil Nadu, Andhra Pradesh, Karnataka, Telangana, Gujarat, and Madhya Pradesh. The Company is also planning a capacity expansion by setting up a new manufacturing facility in Jaipur, Rajasthan with a proposed installed production capacity of 1,200 kgs spread out on land measuring 50,000 sq. ft.

Information	Description
Year of Establishment	2003
Primary Business	Gold Jewellery
Geographical Presence	India

Product Portfolio
Handcrafted Necklaces
Chokers
Bangles
Bracelets
Pendants
Chand Balis
Jhumka
Rings

- **Key Financial Information (Standalone):**

Indicative Financials	Unit	FY22	FY23	FY24
Revenue	Rs. Million	4,283.41	6,794.04	7,114.33
Operating Profit Margin	%	4.41	6.28	7.01
Net Profit Margin	%	0.77	2.92	3.78
Return on Capital Employed (ROCE)	%	18.37	35.07	33.33
Debt to Equity	Times	1.43	1.25	2.05
Average inventory turnover	Times	5.04	7.96	5.53

Source: Company Annual Reports & CareEdge Research

10.2 Utssav CZ Gold Jewels Limited

Utssav CZ Gold Jewels Limited have been manufacturing CZ-studded gold jewellery since 2007, with a specialization in 18kt rose gold jewellery. Offering a wide range of jewellery varieties, the company has established a strong presence across India. Through enduring partnerships with reputable wholesalers and retailers, Utssav CZ Gold Jewels consistently receive orders. Engaged in the manufacturing and distribution of hallmarked 18 and 22-carat yellow and white gold CZ-studded jewellery such as rings, earrings, pendants, bracelets, and necklaces, the company's revenue predominantly originates from the domestic market, operating under a B2B model. Notably, it holds a significant market share in the northern region of India. Procurement of gold primarily occurs through bullion players.

Information	Description
Year of Establishment	2007
Primary Business	Gold Jewellery
Geographical Presence	India

Product Portfolio
Plain Gold Jewellery

- **Key Financial Information (Standalone):**

Indicative Financials	Unit	FY22	FY23	FY24
Revenue	Rs. Million	1,232.99	2,381.86	3402.00
Operating Profit Margin	%	5.07	5.18	6.25
Net Profit Margin	%	2.52	3.00	3.78
Return on Capital Employed (ROCE)	%	21.97	41.08	54.98
Debt to Equity	Times	2.54	2.22	2.07
Average inventory turnover	Times	4.99	10.56	13.82

Source: Company Annual Reports & CareEdge Research

10.3 RBZ Jewellers Ltd.

RBZ Jewellers Ltd. is a Gujarat-based Company and one of the leading organized manufacturers of gold jewels in India, specializing in antique bridal gold jewellery and distributor to reputable nationwide retailers and significant regional players in India. The Company has an extensive client base spread across 20 states and 72 cities within India.

The Company operates its retail showroom under the brand name "Harit Zaveri" and is an established player in Ahmedabad who offers a variety of gold and other jewellery items at different price ranges. The Company has its modern, well-equipped manufacturing plant and shop showroom located in Ahmedabad. All gold jewellery products in line are hallmarked by BIS and diamond jewellery is certified by various agencies including IGI and GIA.

Information	Description
Year of Establishment	2008
Primary Business	Gold Jewellery
Geographical Presence	India

Product Portfolio
Bridal Collection
Antique Gold Jewellery
Polki Jewellery
Kundan Jewellery

- **Key Financial Information (Standalone):**

Indicative Financials	Unit	FY22	FY23	FY24
Revenue	Rs. Million	2,521.10	2,879.30	3,274.30
Operating Profit Margin	%	10.62	13.12	11.76
Net Profit Margin	%	5.71	7.76	6.59
Return on Capital Employed (ROCE)	%	30.75	32.46	16.39
Debt to Equity	Times	0.85	1.04	0.33
Average inventory turnover	Times	1.98	1.68	0.44

Source: Company Annual Reports & CareEdge Research

10.4 Sky Gold Ltd.

The brand 'Sky Gold Ltd.' was established in 2008, focusing on the design, production, and promotion of gold jewellery. Operating under a business-to-business (B2B) model, Sky Gold Limited primarily sells its products to mid-range jewellers and boutique stores. These then distribute the products through various channels, including online platforms and retail outlets.

Information	Description
Year of Establishment	2008
Primary Business	Gold Jewellery
Geographical Presence	India

Product Portfolio
Rangi
Marisa
Saathiya
Sovana
Misha
Shaan
Tazim
Kenvar
Zenna
Kimora
Shai
Rose
Bridal

- **Key Financial Information (Standalone):**

Indicative Financials	Unit	FY22	FY23	FY24
Revenue	Rs. Million	7,857.02	11,538.00	17,454.84
Operating Profit Margin	%	2.58	3.15	4.43
Net Profit Margin	%	2.16	1.61	2.32
Return on Capital Employed (ROCE)	%	30.52	30.57	27.21
Debt to Equity	Times	1.19	1.49	1.22
Average inventory turnover	Times	10.61	13.84	9.34

Source: Company Annual Reports & CareEdge Research

Abbreviations and Terms

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

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

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