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# MAKING GEMS AND JEWELLERY CLUSTERS EXPORTABLE

Occasional Paper No.: 233

**Export-Import Bank of India**

**Occasional Paper No. 233**

# Making Gems and Jewellery Clusters Exportable

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## Message From Ms. Harsha Bangari
## Managing Director, Exim Bank

Gems and jewellery sector is a traditional and dynamic sector, with significant contribution to the Indian economy. The sector contributes nearly ₹ 2.6 lakh crore to the country's manufacturing output and generates skilled and semi-skilled employment for over 50 lakh individuals. The sector is also a key contributor to India's exports, ranking 9$^{th}$ in terms of contribution to total merchandise exports, and representing nearly 7% of merchandise exports during 2024-25.

Looking ahead, the sector holds immense potential, with export volumes expected to reach US$ 75 billion by 2030, thus supporting India's aspirations of achieving US$ 2 trillion in total exports by the same year. Export growth is expected to be driven by both traditional segments as well as sunrise sectors, such as lab grown diamonds. In the Union Budget 2023, Hon'ble Finance Minister, Smt. Nirmala Sitharaman, underscored the potential of lab-grown diamonds as a technology and innovation driven emerging segment with strong employment potential, and announced target measures for the sector. Subsequently, the Union Budgets for 2024 and 2025 further strengthened the sector by extending support to traditional segments such as diamonds and jewellery manufacturing. Collectively, these measures have created an enabling policy environment for the sustained growth of the gems and jewellery sector.

Apart from the conducive policy environment, the sector's growth trajectory would be underpinned by its vibrant clusters. Clusters have historically served as engines of growth, innovation, and competitiveness for the sector. These clusters, spread across all parts of the countries, function as integrated ecosystems that bring together manufacturers, artisans, traders, and service providers. They play a pivotal role in sustaining traditional craftsmanship while also enabling modernisation and global integration. By fostering economies of scale, enhancing specialisation, and facilitating knowledge transfer, clusters ensure that the sector remains competitive in an increasingly globalized market. Moreover, clusters have been instrumental in preserving India's artisanal heritage, nurturing skills that are passed down generations, and positioning Indian gems and jewellery as a symbol of excellence worldwide.

Recognising the importance of these clusters for the industry, Export-Import Bank of India (Exim Bank) and the Gems and Jewellery Export Promotion Council (GJEPC) have undertaken this comprehensive study focused on strengthening the export competitiveness at the cluster level. This first-of-its-kind study provides an in-depth analysis of various clusters, identifying key challenges, strengths, and growth opportunities. It evaluates the clusters on critical dimensions such as infrastructure, policy support, technology adoption, and skill development, among other factors.

I am confident that this publication will serve as a valuable reference for policymakers, industry stakeholders, and academic institutions.

## Foreword by Shri Kirit Bhansali, Chairman, GJEPC

India's Gems and Jewellery sector is a cornerstone of the national economy, providing livelihood to more than 50 lakh skilled and semi-skilled persons. With India ranking among the top global manufacturers and exporters of gems and jewellery, the sector's future growth will increasingly depend on the competitiveness of its regional clusters.

Clusters have always been the backbone of India's gems and jewellery ecosystem. From diamond processing hubs to coloured gemstone centres, from handcrafted gold jewellery towns to modern SEZ-based manufacturing zones, these clusters embody India's diverse strengths—skilled artisanship, entrepreneurial dynamism, and deep-rooted traditions.

It is in this context that the study on "Making Gems and Jewellery Clusters Exportable" has been undertaken jointly by the Gems and Jewellery Export Promotion Council (GJEPC) and the Export-Import Bank of India (EXIM Bank). This report provides a comprehensive, evidence-based assessment of key gems and jewellery clusters across the country, examining their export preparedness, strengths, gaps, and growth opportunities.

I am confident that this report will serve as a valuable reference for policymakers, financial institutions, state governments, industry stakeholders, and exporters. The insights and recommendations presented herein can play a crucial role in shaping targeted policy reforms, directing infrastructure investments, strengthening skilling initiatives, and facilitating easier access to finance—thereby enabling clusters to move up the value chain and integrate more deeply with global markets.

On behalf of the Gems and Jewellery Export Promotion Council, I place on record my sincere appreciation to EXIM Bank of India for their analytical rigour, sectoral understanding, and close collaboration in bringing this important study to fruition. I also thank GJEPC COA Committee members, Sectoral associations, and other stakeholders who shared their insights and experiences during the course of this exercise.

As India works towards achieving its long-term export and manufacturing ambitions, strengthening cluster-level ecosystems will be central to building a resilient, competitive, and future-ready gems and jewellery sector.

Yours Sincerely

K. A. Bhansali

**Mr. Kirit Bhansali, Chairman**
**GJEPC**

## Preface by Shri Sabyasachi Ray, ED, GJEPC

The Gems and Jewellery sector remains one of India's most significant export-oriented industries, supported by a wide network of regional clusters that reflect the sector's diversity, skill intensity, and value-chain depth. As global competition intensifies and market access increasingly depends on compliance, technology, and scale, there is a pressing need to adopt a cluster-centric and evidence-based approach to export development.

In this context, the Gems and Jewellery Export Promotion Council (GJEPC), in collaboration with the Export-Import Bank of India (EXIM Bank), undertook this study to assess the export preparedness of key gems and jewellery clusters across the country. The report is the outcome of sustained joint efforts involving field visits, primary stakeholder consultations, and detailed secondary research. Inputs from exporters, artisans, industry associations, and other sector institutions were systematically analysed to ensure that the findings reflect ground-level realities across multiple segments of the gems and jewellery value chain, including diamonds, gold jewellery, coloured gemstones, and emerging segments such as lab-grown diamonds.

I would like to express my sincere appreciation to Ms. Harsha Bangari. Managing Director, EXIM Bank and research team Mrs. Jahanwi Singh, Assistant General Manager, Mrs. Neha Raman, Manager under guidance and support of Mrs. Rupa Dutta, former Economic Advisor in the Ministry of Commerce & Industry (MoCI) for their analytical depth and close collaboration throughout the study. I also acknowledge the contributions of GJEPC's HO Research team, regional offices, industry members, and cluster-level stakeholders, whose insights were critical in shaping the assessment and recommendations.

It is hoped that this study will serve as a practical reference for policymakers, state governments, financial institutions, and industry stakeholders, and support the design of targeted interventions aimed at strengthening India's gems and jewellery clusters as globally competitive and future-ready export engines.

Yours Sincerely,

**Mr.Sabyasachi Ray, Executive Director**

**GJEPC**

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## OVERVIEW

The gems and jewellery (G&J) industry has traditionally been important for the Indian economy. With a total output of ₹2.56 lakh crores, the industry had a share of nearly 2.2% in India's overall manufacturing output during 2022-23. India is also among the major players in the international trade of gems and jewellery. In 2024, India was the 8$^{th}$ largest exporter and 6$^{th}$ largest importer of gems and jewellery globally. India is a net importer of G&J products, with imports valued at US$ 89.0 billion and exports reaching US$ 30.0 billion in 2024-25.

Diamonds, and articles of jewellery and parts are the top exported product categories in the sector, jointly representing over 86% of India’s G&J exports in 2024-25. Meanwhile, India primarily imports raw materials such as unwrought or semi-manufactured precious metals, and unworked precious and semi-precious stones. The USA is India’s topmost export destination, representing over one-third of India’s G&J exports in 2024-25, followed by the UAE (share of 25.9%), and Hong Kong (15.2%), among others. Meanwhile, there is a significant concentration in terms of import sources as well, with more than half of imports in 2024-25 originating from three countries viz. the UAE, Switzerland and Hong Kong.

The Study attempts to identify India’s top competitors across different G&J segments in its key export destinations. Analysis in the Study indicates that, in the cut and polished diamonds segment, India faces competition from countries like Israel, Belgium, the UAE, Hong Kong, the USA, and South Africa. Meanwhile, in the worked lab-grown diamonds segment, India’s major competitors in key export markets include Hong Kong, Belgium, the USA, and

China. In the segment of precious metal jewellery (excluding silver), India's major competitors are Turkey, Italy, France, Switzerland, the UAE, and Hong Kong. In other segments like silver and imitation jewellery, China, Italy, and Thailand are notable competitors. Further, in the worked precious and semi-precious stones segment, India's major competitors in key export markets include Thailand, Sri Lanka, Switzerland, France, and Mozambique.

The Study also analyses the state-level exports of G&J products from India. Analysis in the study indicates that the top 10 exporting states accounted for over 96.5% of total G&J exports from India during 2024-25. Maharashtra is the topmost exporting state, comprising nearly 45.7% of G&J exports from India during 2024-25, followed by Gujarat (27.7%), Rajasthan (7.0%), West Bengal (6.0%), and Tamil Nadu (6.0%), among others.

## METHODOLOGY FOR CLUSTER-LEVEL ANALYSIS

The Study undertakes a benchmarking of the gems and jewellery clusters to identify the top performing clusters and assesses the strengths, challenges and opportunities in these clusters. To identify the target clusters, the top 50 exporting districts based on export value were considered. Thereafter, based on GJEPC's assessment of growth potential and strategic importance of products, a total of 30 districts specialising in Sunrise and Star products were shortlisted. Among these, the districts with focus on manufacturing were prioritised for analysis. This analysis based on secondary data was then supplemented with feedback on the potential of these clusters from GJEPC, to arrive at a list of 17 G&J district-level clusters for detailed analysis in this Study.

Subsequently, for assessing the export preparedness across the identified clusters, an index has been developed based on nine essential pillars viz. policy environment, infrastructure, marketing and branding, fiscal incentives, institutional support, technology gap, skill gap, access to raw material, and access to finance. For each of these pillars, relevant sub-pillars were identified, and the benchmarking of districts was undertaken, based on a mix of primary and secondary research.

## CLUSTER-WISE ANALYSIS OF STRENGTHS, GAPS AND OPPORTUNITIES

The Study classifies the identified clusters across three broad value chain segments viz. upstream, midstream, and downstream, based on their primary value chain specialisation. The Study notes that Mumbai cluster specialises across all value chain segments, indicative of its strong and diversified production ecosystem. Meanwhile, cluster like Surat and Jaipur, engage in the upstream activities of processing rough diamonds and gemstones as well as in downstream activities like manufacture of studded jewellery. Besides these, clusters like Amritsar, Bengaluru, Chennai, Delhi NCR, Howrah, Hyderabad also specialise in downstream activities. On the other hand, clusters such as Agra, Ahmedabad, Bengaluru, Chennai, Coimbatore, Kolkata, Kolhapur, Rajkot, and Thrissur specialise in midstream activities viz. manufacturing of plain jewellery from precious metals.

The Study also undertakes a comprehensive evaluation of the strengths, opportunities, and gaps in the 17 clusters. The Study notes that several clusters demonstrate strengths in the areas of institutional support, fiscal incentives, technology adoption, and access to raw materials. For instance, institutional support is a key strength across 9 out of the 17 identified clusters including Mumbai, Mumbai Suburban, Surat, Jaipur, Delhi NCR, Ahmedabad, Rajkot, Howrah and Coimbatore. Additionally, several of the identified clusters benefit from fiscal incentives, including Mumbai, Mumbai Suburban, Kolhapur, Jaipur, Surat, Ahmedabad and Rajkot. Besides these, access to raw materials is another common strength across some of the clusters like Bengaluru, Delhi NCR, Howrah, Kolkata, Mumbai Suburban, Kolhapur, Mumbai, Surat, and Thrissur. While there continues to be a significant reliance on handmade craftsmanship in the jewellery industry, several of the clusters have adopted semi-advanced technology, with varying degrees of mechanisation across various production processes. This includes clusters like Surat, Mumbai Suburban, Delhi NCR, Coimbatore, Howrah, Hyderabad, Jaipur, and Rajkot.

Likewise, several clusters also face similar challenges. For instance, access to finance is a common challenge for 10 out of the 17 identified clusters viz. Agra, Ahmedabad, Amritsar, Coimbatore, Howrah, Jaipur, Kolhapur, Kolkata, Rajkot,

and Thrissur. Additionally, 9 out of 17 clusters also faced issues related to shortage of skilled labour. This includes clusters like Ahmedabad, Rajkot, Jaipur, Delhi NCR, Coimbatore, Howrah, Chennai, Bengaluru and Thrissur. Another common challenge across several clusters is that of marketing and branding. As per the Study, clusters such as Agra, Amritsar, Delhi NCR, Coimbatore, Howrah, Kolhapur, Rajkot, Surat and Thrissur face gaps in marketing and branding. Besides these, clusters like Agra, Ahmedabad, Amritsar, Bengaluru, Chennai, Coimbatore, Delhi NCR, Hyderabad, Jaipur, Rajkot, Surat and Thrissur also face gaps in enabling policies.

In terms of opportunities, the Study notes that 9 out of 17 clusters have the potential to benefit from identification of G&J products for Geographical Indications (GI) tagging. These include clusters like Ahmedabad, Rajkot, Hyderabad, Coimbatore, Chennai, Bengaluru, Amritsar, Kolhapur, and Agra. Several clusters such as Mumbai, Mumbai Suburban, Rajkot, Coimbatore and Bengaluru also stand to benefit from opportunities arising from upcoming jewellery parks. There are also opportunities for leveraging international tourist footfall in clusters such as Mumbai, Jaipur, Delhi NCR, Amritsar and Agra by promoting sales to foreign tourists and recognising such sales as exports. Additionally, there is scope and demand for developing recognised skill training centres in clusters like Hyderabad, Thrissur, Howrah, and Amritsar.

## BENCHMARKING OF CLUSTERS

The benchmarking exercise in this Study offers a practical template for identifying gaps, adopting relevant best practices, and strengthening cluster-level capabilities. Among the G&J clusters identified for analysis in this study, Mumbai Suburban has emerged as the leading cluster, while Mumbai, Surat, Jaipur, and Kolkata rank as front runners. Nine clusters—including Ahmedabad, Bengaluru, Delhi NCR, Chennai, Coimbatore, Howrah, Hyderabad, Kolhapur, and Rajkot—have been identified as performers with strong potential for scaling up and diversification. Meanwhile, Agra, Amritsar, and Thrissur are classified as aspirant clusters that require focused interventions across multiple pillars. A snapshot of the pillar-wise and overall ranking of the clusters is at Table 1, and detailed analysis is given in the Study.

**Table 1: Pillar-wise Scores of Identified Clusters**

| District | Enabling Policies | Infrastructure | Marketing and Branding | Fiscal Incentives | Institutional Support | Technological Gaps | Skill Gaps | Access to Raw Materials | Access to Finance | Total Score |
|---|---|---|---|---|---|---|---|---|---|---|
| Agra | 20 | 30 | 29 | 70 | 50 | 40 | 35 | 20 | 18 | 32 |
| Ahmedabad | 40 | 38 | 42 | 100 | 100 | 50 | 25 | 35 | 21 | 46 |
| Amritsar | 20 | 30 | 23 | 70 | 55 | 50 | 40 | 43 | 25 | 36 |
| Bengaluru | 20 | 40 | 50 | 70 | 60 | 50 | 35 | 75 | 52 | 45 |
| Delhi NCR | 15 | 47 | 38 | 0 | 100 | 70 | 65 | 80 | 49 | 44 |
| Chennai | 20 | 38 | 40 | 70 | 60 | 50 | 32 | 25 | 90 | 42 |
| Coimbatore | 20 | 52 | 27 | 70 | 100 | 60 | 17 | 50 | 30 | 42 |
| Howrah | 60 | 59 | 34 | 0 | 100 | 70 | 30 | 100 | 12 | 50 |
| Hyderabad | 50 | 35 | 40 | 50 | 50 | 60 | 50 | 50 | 51 | 47 |
| Jaipur | 50 | 65 | 55 | 100 | 100 | 70 | 55 | 25 | 24 | 59 |
| Kolhapur | 80 | 25 | 38 | 100 | 65 | 20 | 38 | 68 | 11 | 50 |
| Kolkata | 60 | 59 | 44 | 50 | 70 | 40 | 45 | 95 | 33 | 55 |
| Mumbai | 80 | 65 | 50 | 100 | 100 | 50 | 50 | 60 | 55 | 67 |
| Mumbai Suburban | 80 | 85 | 54 | 100 | 100 | 70 | 80 | 100 | 42 | 79 |
| Rajkot | 40 | 52 | 39 | 100 | 100 | 60 | 20 | 35 | 26 | 49 |
| Surat | 40 | 70 | 34 | 100 | 100 | 80 | 90 | 65 | 43 | 65 |
| Thrissur | 25 | 40 | 24 | 70 | 50 | 20 | 15 | 68 | 35 | 36 |

## STRATEGIES FOR ENHANCING EXPORTS FROM CLUSTERS

The Study analyses some of the opportunities and challenges for exporters across the identified clusters and recommends actionable strategies built upon the essential pillars of targeting focus products and markets, bolstering policy support, infrastructure leverage and strengthening, addressing customs related bottlenecks, capacity building, strengthening marketing and branding by promoting GI products, leveraging e-commerce, bridging technology and skill gaps, easing access to raw material and enhancing access to finance. Focussing on these areas would be crucial for attaining the Government of India's target of US$ 75 billion worth of exports from the sector by 2030.

### Targeting Focus Products

Presently, over 50% of India's gems and jewellery exports are concentrated in a single product viz. cut and polished diamonds, highlighting significant product concentration. In this regard, the Study attempts to identify prospective high value-added products for exports from different G&J clusters.

#### *Diamond Studded Jewellery*

Surat is a diamond hub, specialising in the upstream segment of processing and exporting diamonds, including cut and polished natural diamonds, worked lab grown diamonds, and non-industrial diamonds, which together constituted nearly 86.9% of the G&J exports from Surat during 2024-25. As noted during the field visits, players in the Surat cluster have already started moving up the value chain, into the downstream segment of premium jewellery designing and manufacturing. However, given the growing global demand, there is potential for further expanding capabilities in this segment to enhance exports of higher value-added diamond-studded jewellery.

As per Grand View Research, the global diamond jewellery market is projected to record a CAGR of 5.3% during 2025-2030. While the USA, China, the UK are expected to be the largest markets for diamond jewellery by 2030, markets like Canada, Australia, South Korea, Japan and Germany are also expected to witness steady growth in demand for diamond jewellery. These markets could be tapped by exporters of diamond studded jewellery in Surat.

### *Low Carat and Light-weight Jewellery*

Several clusters analysed in this Study specialise in traditional jewellery, involving intricate designs and rich craftmanship. However, globally, the demand for such jewellery has dampened due to the rising prices of precious metals over the recent years, thereby impacting affordability. In fact, the global average annual gold spot prices have surged rapidly, registering an AAGR of 11.6% during 2019 to 2024. Alongside, the global average price of silver (London price), have also increased, recording an AAGR of 11.2% during the same period. Additionally, there is also a notable shift in consumer preferences, particularly among millennials and Gen Z, towards lightweight jewellery. As per recent estimates, the daily-wear jewellery category, including low carat viz. 14 and 18 carat jewellery is expected to record a CAGR in the range of 15% to 17% during 2025 to 2028[1]. Therefore, G&J players in clusters such as Mumbai, Mumbai Suburban, Ahmedabad, Rajkot, Kolkata, Howrah, Thrissur, Chennai, Amritsar, Kolhapur, Bengaluru and Agra, that are currently focussing on traditional, heavy jewellery, could target this emerging segment for tapping the growing demand for lightweight jewellery and enhancing export revenues.

### *Luxury Smart Jewellery*

Another emerging segment for diversification is the luxury smart jewellery, which refers to electronics-enabled jewellery accessories such as rings, lockets, and bracelets that blend functionality with aesthetics. According to Grand View Research, the global luxury smart jewellery market is projected to record a robust CAGR of 18.9% to reach US$ 430 million by 2030. The demand in this segment is driven by the evolving tastes and preferences of consumers, who are increasingly integrating fitness, safety, and technology into their lifestyles. Several global electronics manufacturers like Samsung, Honor, as also Indian companies like boAt have already entered this segment.

Given India's global position as a leading player in both precious jewellery and consumer electronics segments, this convergence presents a timely and

[1] GJEPC (2025), Sparkling Projections: Diamonds and Luxury Lead the Way in Jewellery's Bright Future

significant opportunity for Indian players. To that end, jewellery manufacturers across clusters such as Mumbai Suburban, Delhi NCR, Chennai, Hyderabad, and Bengaluru, could tap into this segment, given their strong manufacturing base in both electronics and gems and jewellery sectors.

### *Imitation Jewellery*

Imitation jewellery is another emerging segment that could be tapped by Indian players. Globally, imitation jewellery exports stood at US$ 10.3 billion in 2024. However, India had a meagre share of 1.4% in global imitation jewellery exports[2], which is substantially low when compared to India's position and share in global gems and jewellery exports at 3.1% in 2024. While Indian players already have a well-established manufacturing base in this segment across clusters such as Mumbai Suburban, Rajkot and Howrah, their exports are currently low, and the production is largely catering to the large domestic demand. Given the substantial global demand, players in the segment have significant scope for expanding their exports. Markets such as the USA, France, Germany, the UK, Japan and Italy are among the top importers of imitation jewellery globally, which may be targeted by players in the segment.

### *Synthetic Gemstones and Astrology-inspired Jewellery*

Synthetic gemstones are gaining traction due to their affordability, consistency in quality and sustainability. As per data from ITC Trademap, global exports of synthetic gemstones stood at nearly US$ 716.1 million in 2024. However, India represented only 2.9% of the global synthetic gemstone exports. India was once a prominent player in the production of synthetic stones. However, Indian players have lost their market competitiveness to their Chinese counterparts on account of better technology adoption by China. Given the large global demand for synthetic stones and the strong gemstone processing base in clusters such as Jaipur and Hyderabad, players could consider focussing on building capacities in this segment. Additionally, these clusters could also focus on tapping the growing demand in astrology-inspired jewellery.

[2] ITC Trademap

### *Cultured Pearls*

There is substantial scope for expanding the exports of cultured pearls from India. As per data from ITC Trademap, global imports of cultured pearls (both worked and unworked), stood at US$ 1.2 billion during 2024, recording a CAGR of 7.5% during 2019 to 2024. India is a net importer of cultured pearls (both worked and unworked), with meagre exports of US$ 3.3 million and a trade deficit of nearly US$ 21.5 million in the segment in 2024. It is noteworthy that, despite substantial potential, the commercial production of freshwater pearls in India is still at a nascent stage.

The ICAR-Central Institute of Freshwater Aquaculture (ICAR-CIFA), Bhubaneswar has developed the technology of growing pearls in fresh water. However, the adoption of this technology has been limited. More players need to engage in this high demand segment of cultured pearls. The Government of India (GOI) has already taken several initiatives to promote natural pearl farming. Players in the sector could leverage these initiatives for reducing import dependence as also tapping the growing global demand in this segment.

## Market Diversification

As per data from ITC Export Potential Map, India has an unrealised export potential of over US$ 38.0 billion in the G&J sector. The Study indicates the presence of significant untapped export potential across key markets, despite India's established competitiveness in G&J sector. Major markets with large untapped potential in the cut and polished diamonds segment, include the USA, Hong Kong, the UAE, Israel, Belgium, Switzerland, the UK, France and Italy. Moreover, in this segment, there are several emerging markets with large untapped export potential, including Vietnam, Singapore, Thailand, Botswana, Russia and Sri Lanka. Therefore, players in the Surat cluster could consider targeting these markets.

Similarly, in the precious metal jewellery (excluding silver) segment, while many traditional markets have large untapped potential, several emerging markets such as Singapore, Qatar, Bangladesh, Malaysia, South Korea, Australia also have substantial untapped potential for India.

Likewise, in the sunrise segment of imitation jewellery, exporters from clusters of Mumbai Suburban, Howrah, and Rajkot could scale up exports, targeting developed markets like the USA, Singapore, and EU economies as well as developing markets like China, Bangladesh, and Thailand, among others.

## Bolstering Policy Support for the G&J Sector

### *State-level Policy Support*

The Study highlights that the focus of state governments on gems and jewellery is uneven across the country. Analysis of the state-level industrial and export policies indicates that only a handful of states have identified gems and jewellery as a thrust sector in their industrial policies. These include Maharashtra, Gujarat, West Bengal, Telangana and Rajasthan. Moreover, Maharashtra is the only state that has a separate sector-specific policy for gems and jewellery, in addition to its industrial policy. Other states such as Uttar Pradesh, Tamil Nadu, Delhi, Punjab, Kerala and Karnataka have not identified gems and jewellery as a thrust sector, despite being among the top 10 production hubs for G&J in India.

For greater formalisation of the industry and enhancing the export capacities in the clusters, it would be crucial for these states to include gems and jewellery as a thrust sector and extend fiscal incentives for the sector. State governments could extend incentives such as capital investment subsidies, interest subsidy on term loans, SGST reimbursement, stamp duty exemption, employment incentives and streamlined clearances, among others. Such incentives are being provided by the Governments of Maharashtra and Gujarat.

States such as Kerala, Telangana, Tamil Nadu, Karnataka, Uttar Pradesh and Punjab have an export policy in place, but these policies do not have a focus on gems and jewellery sector. Developing dedicated support mechanisms for G&J in the export policy could help unlock the export potential of the clusters in these states. Furthermore, expanding the coverage under the Districts as Export Hubs (DEH) initiative to include gems and jewellery products in key

exporting clusters such as Surat, Mumbai Suburban, Kolkata, Ahmedabad, Delhi and Coimbatore could enhance the policy focus on the sector.

During the field visits, it was noted that clusters such as Amritsar, Jaipur, Coimbatore, and Chennai face several operational challenges that hinder their efficiency and competitiveness. These include unreliable electricity and water supply, high power tariffs, seasonal power shortages, excessive rental costs, and limited access to affordable water, among other constraints. To address these barriers, respective state governments could also consider targeted policy interventions and infrastructure support. States like Maharashtra and Gujarat have implemented various subsidy schemes and infrastructure incentives tailored to industrial clusters. Replicating such models in other states could significantly ease operational constraints and enhance the productivity and export-readiness of G&J clusters.

### *Design-led Incentives to Move up the G&J Value Chain*

The Study notes that gems and jewellery industry in India needs to focus on higher value-added segments, focussing on premium designs and high-quality jewellery. However, as noted during the field visit, while India has manufacturing capacity across the entire G&J value chain, India lags in terms of design innovation, particularly among MSMEs. The Study underscores the need for an industry-wide shift in focus towards creating unique, design-driven products that cater to specific global demands, in addition to the traditional jewellery designs, so as to allow India to expand its global footprint in the G&J value chain. This shift would, however, entail substantial investment in building design capabilities as well as expertise in advanced metallurgy, to meet global quality standards.

It is noteworthy that currently, there are no centrally sponsored schemes for incentivising investments in the gems and jewellery industry. In other labour-intensive and export-oriented industries such as textiles, leather and footwear, toys etc., production-linked incentive (PLI) schemes are available for segments with higher value-addition[3]. In line with the GOI's increasing

[3] PLI have been proposed for leather and footwear, and toys sectors, but not yet approved.

focus towards 'Design in India', a Design-led Incentive Scheme could be introduced for the gems and jewellery sector. This scheme could include support like reimbursement of capital expenditure for setting up of state-of-the-art design infrastructure for jewellery products, and reimbursement of expenses incurred on training of designers, among others.

## Infrastructure Leverage and Strengthening

Infrastructure is another important pillar for the growth of G&J clusters. The Study suggests strategies for bridging the infrastructural gaps and supporting the modernisation of the industry, to improve operational efficiency and enhance the sector's export competitiveness.

### *Hub and Spoke Model for Better Utilisation of Existing CFCs*

Common Facilities Centres (CFCs) are vital for enhancing the productivity and competitiveness of MSMEs by providing shared access to advanced infrastructure, machinery, and services that individual units often cannot afford. The Study notes that, though there are CFCs in Rajkot, Coimbatore, and Kolkata, these face operational challenges, which has led to limited utilisation of these CFCs. Accordingly, the Study highlights the need for CFC facilities to stay aligned with the evolving technological needs, and to ensure comprehensive maintenance contract while purchasing the machineries. The Study notes that there is demand among artisans in the Kolkata cluster for advanced machineries and services, which the existing CFC does not currently offer.

To enhance the service offerings of existing CFC and improve the footfall, the Study suggests a hub-and-spoke model, whereby the Mega CFC in SEEPZ could act as a hub and the other CFCs across the country could act as spokes. Spokes could send consignments to the Mega CFC through a trusted third-party logistics provider for further processing, based on the artisans' needs, while ensuring the safety of the articles. Similarly, existing CFCs themselves could function as regional hubs, with local centres acting as spokes to route articles to the hubs for specialised processing and services. This model could

help generate revenue flows for CFCs and also promote the utilisation of services offered at the Mega CFC by smaller players in other clusters.

### *Developing New CFCs with Private Sector Participation*

There is also a need to build CFCs in other clusters where demand for shared infrastructure and technical services remains unmet. Based on discussion during the field visits, clusters such as Howrah, Kolhapur, Agra, Thrissur, Jaipur, Delhi and Bengaluru have demand for such facilities. However, to accelerate the development of CFCs and ensure proper utilisation of the facilities, greater private sector participation would be essential. Private players can play a transformative role by leveraging support under the Micro and Small Enterprises – Cluster Development Programme of the Government of India, which provides financial assistance for setting up CFCs, which several CFCs in clusters like Coimbatore and Chennai have already successfully utilised. Expanding this model to other emerging clusters can significantly improve competitiveness.

### *Strengthening SEZs for Enhancing Exports*

The Study notes that clusters such as Surat, Mumbai Suburban, Kolkata, Chennai, Delhi NCR, Cochin and Jaipur have operational Special Economic Zones (SEZs). Among these, the SEZs in Surat, Mumbai Suburban, Delhi NCR, and Jaipur serve as exemplary models for export-oriented growth. However, there is need for targeted interventions to enhance exports from SEZs in Cochin and Chennai, which remain significantly underutilised by players in the industry due to various factors including operational challenges. To fully leverage these SEZs for export growth, there is need for coordinated effort involving modernisation, process simplification, capacity-building, and stronger private sector engagement.

Additionally, establishing new SEZs in other clusters could also be considered to further strengthen the sector's export competitiveness. Clusters such as Ahmedabad, Hyderabad and Rajkot could be targeted for developing new SEZs. Further, given the high demand for SEZs in clusters like Surat and Jaipur, where the existing SEZs are operating at full capacity, developing new SEZs or expanding existing SEZs could also be considered for scaling up of exports.

### *Strengthening Testing Infrastructure*

Reputed testing labs that certify diamonds and gemstones are critical for building trust, transparency, and credibility in the gems and jewellery sector. While the GJEPC has two IIGJ centres in Jaipur and Delhi, the same are not adequate to cater to the testing and certification demand. Besides GJEPC's labs, several testing labs by reputed institutions are present across different G&J clusters in the country. However, the Study notes that, such institutions are not adequate in clusters such as Amritsar, Rajkot, Howrah, Bengaluru, Kolhapur and Agra. As a result, players in these cluster have to depend on private labs, which may not have proper equipment, trained personnel and transparent processes. In the absence of testing facilities, players across these clusters face quality related issues, which affects their market access. For instance, in the Howrah cluster, currently there are no facilities to test the nickel content in rhodium-plated jewellery, and potassium cyanide content in plain gold jewellery. As a result, exporters have faced difficulties in complying with non-tariff barriers in international markets, leading to product returns. Likewise, players in the Kolhapur cluster face issues in product quality due to the impurities in silver used to manufacture anklets. Addressing these quality issues would be crucial for enhancing the market reach of these products. To that end, there is need for expanding the network of reputed labs in these clusters.

Moreover, the National Accreditation Board for Testing and Calibration Laboratories (NABL) does not have any guidelines for gems and jewellery testing labs. Thus, there is also need for bringing in minimum compliance standards for laboratories to comply with and demonstrate their competency to carry out testing and certification processes.

### *Enhancing Flight Connectivity from Select Clusters*

Flight connectivity is vital for gems and jewellery clusters, as it enables swift and secure movement of high-value goods to international markets. Findings from the cluster visit suggests that clusters such as Agra, Amritsar, Coimbatore, Jaipur, Kolhapur, Surat, Rajkot, and Thrissur face significant logistical challenges due to limited international flight connectivity. This leads

to longer shipment durations, reliance on other intermediary transit hubs, and higher logistics costs. Strengthening direct international air connectivity from under-served clusters would be crucial to reduce transit time, lower logistics costs, and streamline export operations.

### *Expanding Jewellery Parks Network*

Jewellery parks provide integrated infrastructure, specialised facilities, and a supportive ecosystem that drive production, innovation, and global competitiveness. Clusters such as Jaipur, Amritsar, Chennai, Coimbatore, Kolhapur and Thrissur that have a significant concentration of household-based manufacturing units in areas with inadequate logistical access and limited scope for scalability, could particularly benefit from establishment of jewellery parks. In this regard, successful models like Gujarat Hira Bourse in Surat and Ankurhati Jewellery Park in Howrah serve as learning templates for other clusters to replicate. Similarly, clusters such as Bengaluru, Rajkot, Coimbatore, Mumbai, and Mumbai Suburban are set to benefit from the development of upcoming jewellery parks. Expanding jewellery park network in key hubs will help enhance efficiency and innovation, thereby strengthening export competitiveness of the clusters.

## Addressing Customs Related Bottlenecks

The Study notes that there are several customs related bottlenecks that are affecting the sector. For instance, in Jaipur, two out of the three customs custodians lack airside access, leading to reliance on road transport, which results in delays and increased security risks. Meanwhile, players in Ahmedabad and Rajkot export studded jewellery through different locations due to a lack of appraisal facilities in these clusters. In Ahmedabad, there is also a need for additional human resources at the customs to improve turnaround time and facilitate smoother export operations. In Amritsar, the newly inaugurated Amritsar Customs Terminal currently lacks appointed appraisers, which restricts exports from the cluster and limits the terminal's effective utilisation. Further, exporters from the Coimbatore cluster rely on Chennai and Bengaluru airports for exporting due to the absence of risk-based sampling at the Coimbatore airport. Similarly, in Howrah, the lack

of a customs facility compels exporters to depend on the ports in Kolkata. Setting up a customs facility within the Ankurhati Jewellery Park could help create an end-to-end export ecosystem within the park, thereby streamlining processes and reducing reliance on external ports. These customs related bottlenecks often lead to delays in shipment and increase logistics cost for exporters, hampering their competitiveness. The GOI could therefore consider addressing these cluster-specific challenges for easing exports from these clusters.

## Strengthening Marketing and Branding

### *Identifying Cluster-specific GI Tagging*

GI status can function as product differentiators and serve as important tools for marketing. The Study notes that, among the identified clusters, only three clusters have applied for GI tags, of which, only one has been accorded viz. the Hupari Silver Payal from Kolhapur. Meanwhile, a GI tag for Kolkatti Jewellery from Kolkata is currently at the examination stage, and Kundan Meenakari from Jaipur is in the pre-examination stage for GI recognition. The process of GI recognition for these products could be expedited.

Additionally, to reap the benefits of the GI Status, it is important for the GI brand to be recognised as a reliable and preferred brand in the market, with distinguishable positioning. As per discussion with stakeholders in Kolhapur, artisans involved in the manufacturing of Hupari Silver Payal have not been able to fully benefit from the GI tag, owing to lack of effective marketing. To effectively leverage the GI status, there is need to develop and market a logo and GI brand name. Besides, a mechanism needs to be devised for ensuring that all products marketed under the GI brand adhere to minimum specific standards. To ensure the quality and uniqueness of the products, a GI certification body could be set up by the GJEPC, that will provide certificate of authenticity to these high-potential export items. A repository of information about the artisans involved in production and exports of the GI products could also be maintained by the certifying body. It is also suggested that a

dedicated fund be set aside as a brand equity fund with an aim to build globally competitive GI brands for products that obtain GI tags.

Initiatives are also needed for identifying more products which can be accorded GI status in the sector. Based on the discussion of the study team during the cluster visit, 10 potential products have been identified for obtaining GI in this sector. These include Pichayi Jadao from Ahmedabad, Rabari jewellery from Rajkot, Light-weight gold Jimmiki from Coimbatore, Amritsari Jadau jewellery from Amritsar, Bandhel jewellery and silver anklets from Agra, Kempu Pachalu from Hyderabad, Pinji setting diamond studded jewellery from Bengaluru, Kolhapuri Saaj from Kolhapur and Chettinad-style close setting diamond jewellery from Chennai.

### *Promoting e-Commerce Exports*

e-Commerce offers a powerful avenue for Indian gems and jewellery exporters to scale up their global presence, particularly in the untapped international markets. The GOI has already amended courier regulations to allow exporters to dispatch jewellery consignments via express courier services. This significantly enhances the speed and efficiency of low-volume, high-value e-commerce shipments. A similar regulatory framework is now being extended to SEZs, ensuring that SEZ-based units can also participate effectively in e-commerce exports. Complementing these efforts, the government is also actively working to establish e-commerce export hubs (ECEHs) across the country. Strategically setting up ECEHs near major gems and jewellery clusters could further strengthen the e-commerce export infrastructure and significantly boost the sector's global competitiveness. There is also a need to address the issues related to return of e-commerce products, as it is a key factor for success of e-commerce exports. To that end, customs department could consider allowing and easing reimport of returned e-commerce jewellery parcels through courier and post.

### *Recognising Gems and Jewellery Sales to Foreign Tourists as Exports*

There is significant potential for tourism-generated sales in clusters such as Amritsar and Agra, which register significant foreign tourist footfall. In this

context, the GOI could consider introducing a formal mechanism to recognise purchases made by foreign tourists as exports equivalent. Drawing on the India Tourism Statistics 2023, the key tourist hubs in India including Agra, Amritsar, Delhi NCR, Jaipur, and Mumbai, could be prioritised for the pilot phase for such a framework. This approach could help expand the export base of the G&J sector, enhance the forex inflows, and incentivise tourism-linked sales in the sector.

### *Bridging Awareness Gap*

A critical challenge across the gems and jewellery sector is the lack of awareness, especially among MSMEs. This awareness gap has been noted across various aspects, including government incentives, available technologies, financing options, export policies, and compliance processes. Bridging the information gap would be key to ensure inclusive growth of the sector.

A focused outreach strategy is needed encompassing measures such as awareness drives, digital platforms, and local support centres. Central and State Governments, along with bodies like GJEPC, could consider conducting frequent workshops, financial literacy camps, and awareness sessions about schemes for G&J exporters. Additionally, setting up Export Facilitation Cells in key identified clusters could help guide the MSMEs and first-time exporters about export-related policies and procedures.

### *Expanding Exhibitions to Boost Cluster Participation*

Large-scale exhibitions such as the India International Jewellery Show (IIJS) Premier, held in Mumbai and Mumbai Suburban, and IIJS Tritiya, held in Bengaluru, serve as prominent B2B trade shows for the gems and jewellery industry. Additionally, clusters like Jaipur, Surat, and Delhi NCR also host major exhibitions, further contributing to the marketing efforts of local players. However, such large-scale exhibitions are not hosted across many other clusters, limiting their marketing and outreach opportunities.

The Study notes that, clusters such as Hyderabad, Ahmedabad, Chennai, Rajkot, and Kolkata demonstrated significant participation, primarily from

large, established players. However, many smaller enterprises from these clusters are unable to fully benefit from the visibility and networking opportunities provided by these platforms. To enhance visibility and market access for a broader set of players, especially MSMEs, hosting smaller regional versions of IIJS could be considered in the clusters that have significant demand, including Hyderabad, Ahmedabad, Chennai, Rajkot, Kolkata, Howrah and Amritsar. This would help in enabling broader access to marketing opportunities for players across these clusters.

## Bridging Technological Gaps

### *Introducing Technology Upgradation Fund Scheme for G&J Industry*

The Study notes that while the large players have high level of technology integration, technology adoption among majority of the MSME players across the clusters remain limited to the lower end of the gems and jewellery value chain, such as chain-making, wire-making, pellet making, wax-moulding and casting. It would be important to improve the technology integration, particularly for MSMEs across the gems and jewellery value chain in order to boost their productivity, lower costs, and enhance quality, thereby strengthening their global competitiveness.

To that end, the Government of India could consider introducing a Technology Upgradation Fund Scheme (TUFS), similar to the one for the textile sector. The TUFS scheme is a credit-linked capital investment subsidy designed to encourage investments across the textile value chain, which has particularly benefitted MSMEs. A similar capital investment subsidy scheme for incentivising technology upgradation in the G&J sector would be beneficial for enhancing productivity, quality and exports, and would be particularly useful for MSMEs with limited financial resources. An essential first step towards this would be technology benchmarking, to ascertain which technologies would qualify as advanced or subpar. This benchmarking would help identify the technologies that could be subsidised under the proposed technology upgradation scheme. A taskforce needs to be set up for the benchmarking of technology levels for each segment of the gems and jewellery sector. Only machinery with technology levels higher than

benchmarked level of technology should be considered for funding under the technology upgradation scheme.

### *Fostering Industry-Academia Collaboration for Bridging Technology Gaps*

India's gems and jewellery sector, despite its global prominence, continues to face significant technological gaps across multiple segments, from coloured gemstones to precious metals. In coloured stones, for instance, the lack of advanced heat treatment technologies, inefficient waste management practices, and reliance on imported synthetic stones have been noted to limit both quality and competitiveness. Similarly, in the precious metals segment, outdated metallurgy techniques are noted to result in quality issues. To bridge the technology gap, a comprehensive industry–academia collaboration would be essential. Industrial partnerships with premier institutions such as IITs, CSIR laboratories, and technical universities can be promoted to drive targeted R&D in advanced metallurgy, gemstone treatment, and material recovery. Similar collaborations with international design schools could also be encouraged to strengthen design capabilities within the industry. This could enable manufacturers, particularly in clusters such as Surat, Mumbai, and Jaipur, to access specialised training in global design trends and techniques.

Establishing dedicated research and innovation hubs, preferably co-located with CFCs, can support experimentation, prototyping, and skill development, while also offering shared access to high-end machinery. In addition, supporting small-scale units in transitioning to machine-based processes and precision manufacturing is critical to reducing material loss, particularly in gold processing, where inefficiencies disproportionately affect job workers. Upskilling the workforce through structured training programmes and deploying modern equipment with the support of academia could help enhance both productivity and product quality.

## Addressing Skill Gaps

The Study notes that players across several clusters face issues stemming from shortage of skilled labour due to lack of willingness of next generation to

enter the industry and disruptions in traditional migration patterns. To address this, a targeted campaign promoting jewellery making as a rewarding career, with strong growth potential and job security, can be explored. This campaign could focus on extending industry-specific training with skills certification, and placement opportunities post completion of these training programmes, to help attract young talent and build a sustainable workforce. There is also a need for widely popularising the government-recognised skill certification and diploma programmes for better uptake by the younger generation. Private players could also be encouraged to bring out apprenticeship programme for young talent. Such programmes are in place in clusters like Jaipur, where local players collectively sponsor training of artisans in areas like stone cutting and polishing, which are highly in demand in the cluster. Alongside, it is also important to develop recognised skill training centres in clusters where there is currently a gap. This includes clusters such as Kolkata, Agra, Amritsar, Kolhapur, Rajkot, Howrah and Thrissur. Particularly in the Howrah cluster, the need for a skill training centre in the Ankurhati Jewellery Park was underscored.

In addition to this, a dedicated digital platform, similar to the e-Shram portal, could be developed to allow artisans to register and display their skill levels based on certifications. The platform could help create a verified pool of skilled workers for the industry and connect them with private players through a skill-based matchmaking feature. It would also enable employers to offer skill-based remuneration and improve visibility and access to opportunities for small artisans.

## Easing Access to Raw Materials

### *Designating Banks for Raw Material Supply*

Challenges in availing export gold (duty-free gold) in quantities smaller than 1 kg from nationalised banks is a common issue faced by MSMEs across the clusters under consideration. As a result, many players frequently resort to buying duty paid gold from the bullion market. Although there is a provision for claiming duty drawbacks on such purchases, the drawback rate is often less than the duty paid on gold purchased from bullion, hampering the

viability of commercial transaction while increasing compliance burden. For making export gold available in smaller denominations below 1 kg, specific banks in each cluster could be assigned as designated supplier of smaller denominations of gold. This would ensure consistent, streamlined access to raw materials, lower procurement costs and simplify sourcing processes for exporters, thereby enhancing overall efficiency.

### *Facilitating MSME Access to Gold through IIBX Membership*

The India International Bullion Exchange (IIBX) is India's first exchange, offering a diverse portfolio of products and technology services at significantly more competitive rates than other bullion markets. To further enhance gold accessibility for MSMEs, the IIBX membership requirement needs reconsideration. Although the threshold has been reduced from ₹25 crores to ₹5 crores, this level remains prohibitive for many MSMEs, limiting their participation. A more inclusive approach could be tiered membership system, where smaller players can join with lower investment requirements. This would allow MSMEs to take part in the exchange at a level they can afford and gradually increase their participation as they grow. In addition, simplified compliance procedures could also help more MSMEs to access gold through IIBX. Efforts are also needed to enable better access to other materials such as silver for smaller players. As per the discussions, silver jewellery manufacturers in clusters like Agra are unable to source silver at international prices, resulting in elevated input costs and affecting price competitiveness. To that end, reducing the threshold for IIBX membership for MSMEs as well as simplified compliances could also help improve access to silver for smaller players.

### *Supporting Raw Material Access for Coloured Gemstone Segment*

A significant challenge in the coloured gemstone segment is availability of raw materials. The raw materials in this segment are largely imported, especially from countries like Myanmar, Sri Lanka, Colombia and several African countries. Unlike diamonds, where a significant portion of mining is undertaken by large miners, the coloured gemstone mining is dominated by small-scale and artisanal miners. Jaipur and Bangkok have emerged as twin

cities for processing of coloured gemstone, with both cities having reliance on imports. However, Thailand's enabling policies and lower procedural hurdles have enabled easy procurement of rough gemstones from artisanal miners from countries in Africa. This has helped position Thailand as a key sourcing destination for gemstones. India could also enhance Jaipur's competitiveness in the coloured gemstone segment by easing customs clearances and procedures and facilitating movement of raw materials from artisanal miners.

Another issue in the segment emerges from export restrictions on certain gemstones by countries like Tanzania, Sri Lanka, and Colombia. To address this challenge, India could improve access to these restricted gemstones by including these aspects in the ongoing Free Trade Agreement negotiations. This would help ensure a steady and reliable supply of raw materials for Indian exporters.

## Enhancing Access to Finance

Access to formal finance for India's gems and jewellery sector has become challenging since early 2018, after the substantial NPAs and losses incurred by banks on account of lending to the sector. This triggered a sharp tightening of lending norms, with banks adopting a cautious approach to lending to the sector, including stipulation of higher collateral, extensive documentation, and conducting more rigorous due diligence before extending credit.

The Study attempts to analyse the trends in credit flows to the G&J industry, especially in light of the defaults during 2017-18, and the subsequent cautious approach by lenders. The Study finds that, had the growth in bank credit to the sector remained similar to the level of growth in the post-2018 period, the total outstanding bank credit to the gems and jewellery sector would have reached approximately ₹2.12 lakh crore by the end of March 2025. In comparison, the actual outstanding credit as on March 31, 2025, stood at ₹70.9 thousand crore. The difference of ₹1.41 lakh crore reflects the divergence from historical trends. The divergence from historical trends is nearly ₹59.4 thousand crore in case of export credit. This mismatch is indicative of constrained working capital availability, as noted during the

field visits to the clusters as well. The Study also analyses the average credit penetration and the average credit size at the cluster level. Analysis in the Study notes that in 13 out of the 17 clusters, credit penetration has been low, indicating constrained access to credit across majority of the clusters.

### *Strengthening CGTMSE*

Lack of collateral is one of the most pressing challenges for MSMEs across the country, as also for MSME players in the G&J sector. During discussions, it was noted that the utilisation of CGTMSE by MSMEs in the sector is substantially low, owing to lack of awareness about the scheme. Thus, there is need for targeted awareness programmes about the financing and risk mitigation mechanisms for MSMEs.

### *Promoting Alternative Financing Mechanisms*

Alternative financing mechanisms can also benefit gems and jewellery players by providing easier access to working capital. One such alternative financing solution that may be encouraged is export factoring. Factoring is a valuable tool for exporters as it provides a combination of three essential services to exporters: receivables financing, coverage of the risk of non-payment, and management of accounts receivable. Exim Bank has established its subsidiary, Exim Finserve, in GIFT City to bridge financing gaps for exporters through trade finance products, with a focus on factoring. As noted during the discussion with stakeholders, several G&J players are supplying to large overseas buyers and may be eligible for export factoring support. However, awareness about alternative financing solutions like factoring among these players is low.

Supply chain finance (SCF), is another alternative financing mechanism, which may be promoted. Supply chain finance is built on inter-firm open account trading and allow suppliers to raise money based on the creditworthiness of the business at the top of the supply chain while a third party bridges the gap for early payment. Yet, currently, there is low adoption of SCF in the country. To that end, partnerships among banks and Fintechs can help drive SCF in industries such as gems and jewellery, by bolstering the financial infrastructure, technological capability, resources, and awareness.

## CONCLUSION

India has the potential to achieve US$ 75 billion in exports of gems and jewellery by 2030. For achieving this potential, the Study highlight the need to diversify the exports basket and tap newer export markets. Further, the benchmarking exercise in this Study offers a practical template for identifying gaps, adopting relevant best practices, and strengthening cluster-level capabilities. By leveraging the insights from the benchmarking and tailoring strategies to the specific strengths and challenges of each cluster, export competitiveness of the clusters can be improved.

# 1. Overview of the Gems and Jewellery Industry

## INTRODUCTION

The gems and jewellery industry has traditionally been important for the Indian economy. With a total output of ₹ 256.5 thousand crores, the industry had a share of nearly 2.2% in the overall manufacturing output during 2022-23[4]. The gems and jewellery sector also contributes significantly to exports from India. It ranks as the 9th largest sector[5] in terms of contribution to total merchandise exports, with a share of 6.8% in India's merchandise exports during 2024-25. Furthermore, the industry serves as a vital source of employment, providing skilled and semi-skilled work opportunities for over 50 lakh individuals.

Beyond its economic significance, the sector has deep cultural roots in India. For millennia, the sector has been intricately intertwined with the nation's heritage, with exquisite craftsmanship and several diverse design traditions that are unique to different regions of the country. In the recent years, the industry has been embracing innovation as well, as evinced by its growing focus on segments like lab-grown diamonds. The Government of India, through its various initiatives such as the revamped gold monetisation scheme, Safe Harbour Rules on sale of rough diamonds, Diamond Imprest Authorization Scheme and negotiations of favourable Free Trade Agreements, is further streamlining business processes and boosting exports from the sector.

[4] Annual Survey of Industries 2022-23, MOSPI

[5] Source: Ministry of Commerce & Industry; Principal Commodity-wise classification of exports has been considered

Gems and jewellery sector is characterised by higher output multiplier when compared to other labour-intensive sector such as textile and leather. As per estimates by the NCAER[6], the output multiplier of the gems and jewellery sector stood at 4.0, substantially higher than that of leather and textiles industries, which stood at 2.2 and 2.5, respectively. This indicates stronger backward linkages of the G&J sector vis-à-vis other labour-intensive sectors in the economy.

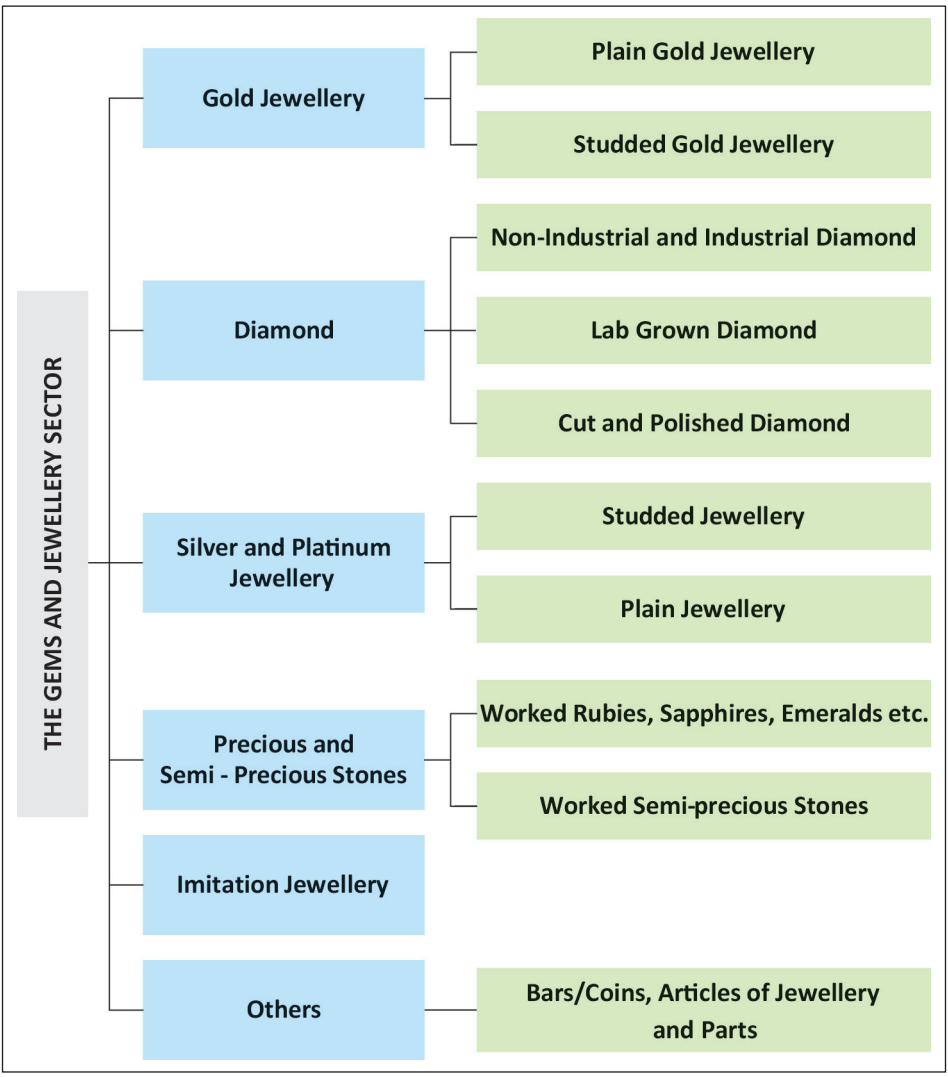
With its rich heritage, skilled workforce, and commitment to innovation, India's gems and jewellery industry is poised for continued growth and global influence. However, the industry faces challenges such as price fluctuations in precious metals, raw material issues, financial constraints, transportation hurdles, limited research and development facilities, and low availability of skilled labour, among other issues. Addressing these constraints and sustaining the industry's global competitiveness will be crucial for India's continued success in the gems and jewellery sector.

## KEY SEGMENTS OF THE GEMS AND JEWELLERY INDUSTRY IN INDIA

The gems and jewellery sector in India encompasses a wide range of products, including diamonds, gold jewellery, and various gemstones. For the purpose of this Study, the key broad segments considered include gold jewellery, diamond, silver and platinum jewellery, imitation jewellery, precious and semi-precious stones such as worked rubies, sapphires, emeralds etc., and worked semi-precious stones, among others. Gold, platinum and silver jewellery are prominent segments, which can be further categorised into plain and studded jewellery. Meanwhile, diamond segment comprises sub-segments such as non-industrial diamonds, industrial diamonds, lab-grown diamonds and cut & polished diamonds.

[6] NCAER (2020), "Cluster Mapping of the Gems & Jewellery Sector in India"

**Exhibit 1: Key Segments of the Gems and Jewellery Industry in India**




*Source: Compiled by Exim bank based on secondary sources*

## PRODUCTION AND CONSUMPTION SCENARIO

On a global level, as per latest available data from UNIDO, India was the second largest manufacturer of gems and jewellery products (including imitation jewellery), accounting for a share of nearly 18.2% in global manufacturing output of gems and jewellery in 2021.

As noted earlier, India's total manufacturing output of jewellery was valued at ₹ 256.5 thousand crores. At the state level, Gujarat is the largest manufacturing state for gems and jewellery in India, accounting for a share of nearly 34.8% in India's total manufacturing of gems and jewellery during 2022-23. Within Gujarat, there are several gems and jewellery manufacturing hubs, such as Surat, Ahmedabad, and Rajkot. Besides Gujarat, states such as Maharashtra, Tamil Nadu, Haryana, Telangana, Karnataka, Rajasthan, and West Bengal also feature among the top manufacturing states for gems and jewellery in India. Several of these states have carved their niche in some unique categories of gems and jewellery. For instance, Jaipur, Rajasthan has positioned itself as a gem-cutting hub and is renowned for its emeralds. Meanwhile, Odisha's Kalahandi District mines yield rubies[7], while sapphires are found embedded in the mountains of Jammu & Kashmir's Paddar Valley[8]. In contrast, Southern States such as Kerala, Tamil Nadu, Karnataka and Telangana specialise in plain and studded gold jewellery, while Kolkata's heritage shines in its handcrafted gold jewellery.

**Table 2: State-wise Manufacture of Gems and Jewellery in India**

| States | Total Gems & Jewellery Output (in ₹ crore) | Share in India's Output of Gems & Jewellery |
|---|---|---|
| Gujarat | 89,151.6 | 34.8% |
| Maharashtra | 63,441.2 | 24.7% |
| Tamil Nadu | 60,341.6 | 23.5% |
| Haryana | 8,625.7 | 3.4% |
| Telangana | 8,455.4 | 3.3% |
| Karnataka | 7,656.5 | 3.0% |
| Rajasthan | 6,220.7 | 2.4% |
| West Bengal | 5,258.4 | 2.0% |
| Uttarakhand | 3,080.9 | 1.2% |
| Uttar Pradesh | 1,855.7 | 0.7% |
| Kerala | 950.3 | 0.4% |

[7] Geology and Mineral Resources of Orissa

[8] GIA, and Geology and Mining Department, UT of Jammu and Kashmir

| States | Total Gems & Jewellery Output (in ₹ crore) | Share in India's Output of Gems & Jewellery |
|---|---|---|
| Madhya Pradesh | 763.7 | 0.3% |
| Andhra Pradesh | 222.9 | 0.1% |
| Manipur | 92.1 | 0.0% |
| Delhi | 85.0 | 0.0% |
| Jammu & Kashmir | 55.9 | 0.0% |
| Puducherry | 10.7 | 0.0% |
| Others | 272.1 | 0.1% |
| **All India** | **2,56,540.3** | **100.0%** |

*Source: Annual Survey of Industries 2022-23, MOSPI*

In terms of consumption of jewellery, it is noteworthy that India was the largest consumer of gold jewellery in the world, accounting for a share of 30% in global gold jewellery demand in 2024. It is noteworthy that in 2023, India was the second largest consumer of gold jewellery, with a share of 27.3% in world gold jewellery demand. However, in 2024, while the global gold jewellery demand fell by an estimated (-) 11.1%, the demand in India remained relatively resilient, recording a much lower y-o-y decline of (-) 2.2%.

**Table 3: Demand of Gold Jewellery in India, China and the World**

| | 2023 (in Tonnes) | Share in World Demand in 2023 | 2024 (in Tonnes) | Share in World Demand in 2024 | Y-o-Y Growth (%) |
|---|---|---|---|---|---|
| World | 2,110.6 | 100.0% | 1,877.1 | 100.0% | -11.1% |
| India | 575.8 | 27.3% | 563.4 | 30.0% | -2.2% |
| China | 630.2 | 29.9% | 479.3 | 25.5% | -23.9% |

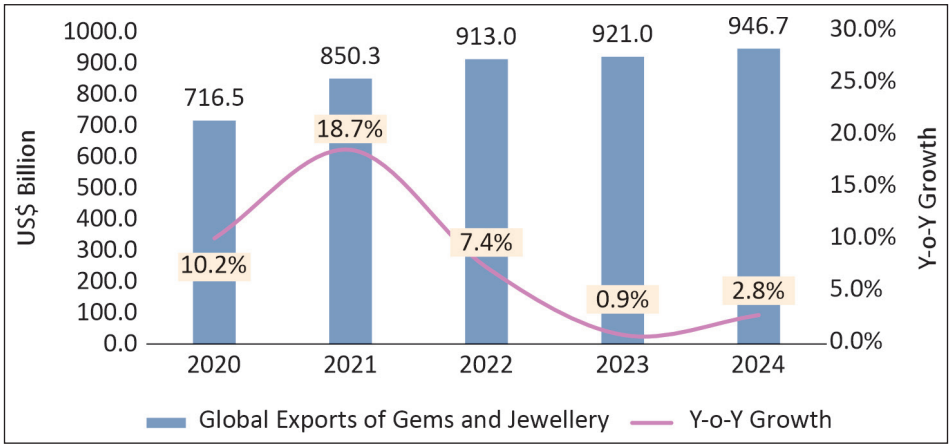
*Source: World Gold Council, Exim Bank Research*

## TRADE SCENARIO

The global gems and jewellery exports stood at US$ 946.7 billion, contributing to 4.0% of the total world merchandise exports in 2024. During 2020 to 2024, global exports of gems and jewellery recorded a CAGR of 7.2%. However, over the recent years, growth in global exports of gems and jewellery has

been weakening steadily, on account of the sensitivity to global economic conditions, consumer demand, and market dynamics. Factors such as high inflation and regional conflicts significantly impacted the industry, causing disruptions in supply chains and changing consumer purchasing behaviours. These factors have started to ease in 2025, leading to a double digit y-o-y growth of 33.3% in global export of gems and jewellery during Q1 2025, as compared to the corresponding period of the previous year[9].

**Exhibit 2: Trends in Global Exports of Gems and Jewellery**



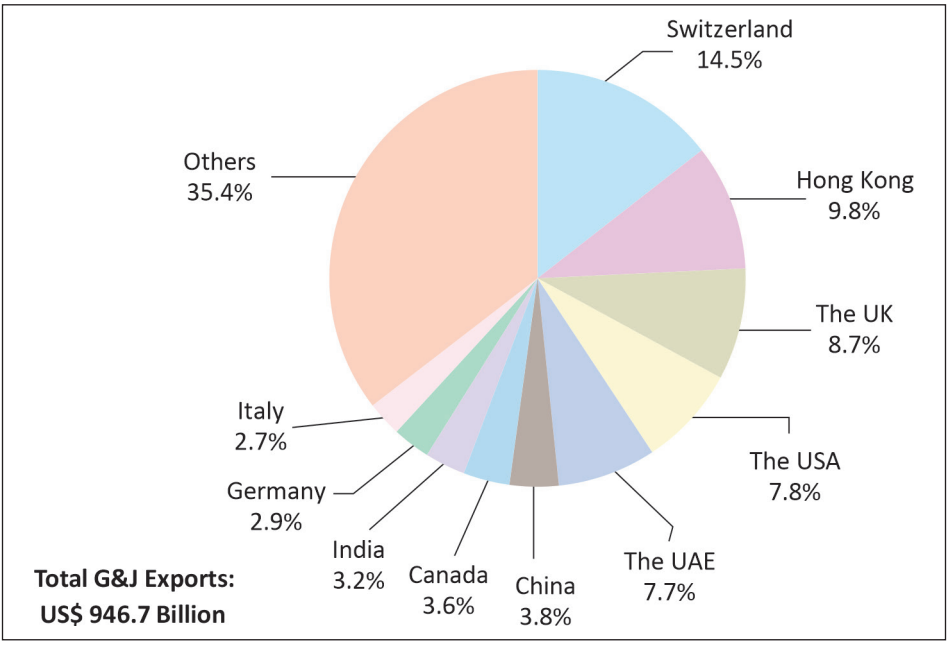

*Source: ITC Trademap, Exim Bank Research*

Switzerland is the top exporter of gems and jewellery globally, with a share of 14.5% in global gems and jewellery exports in 2024, followed by Hong Kong (share of 9.8%), the UK (8.7%), the USA (7.8%) and the UAE (7.7%).

Switzerland is also the topmost importer of gems and jewellery, with a share of 13.1% in global gems and jewellery imports in 2024, followed by China (share of 12.6%), Hong Kong (11.7%), the UK (9.8%), the USA (9.5%), and India (8.8%), among others.

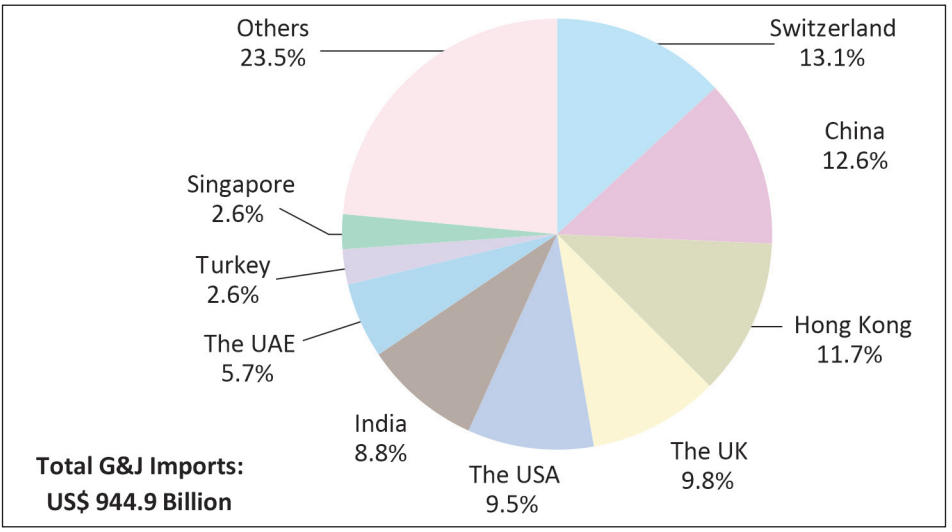
[9] As per quarterly data from ITC Trademap

**Exhibit 3: Top Exporter Countries of Gems and Jewellery Products (2024)**




*Source: ITC Trademap, Exim Bank Research*

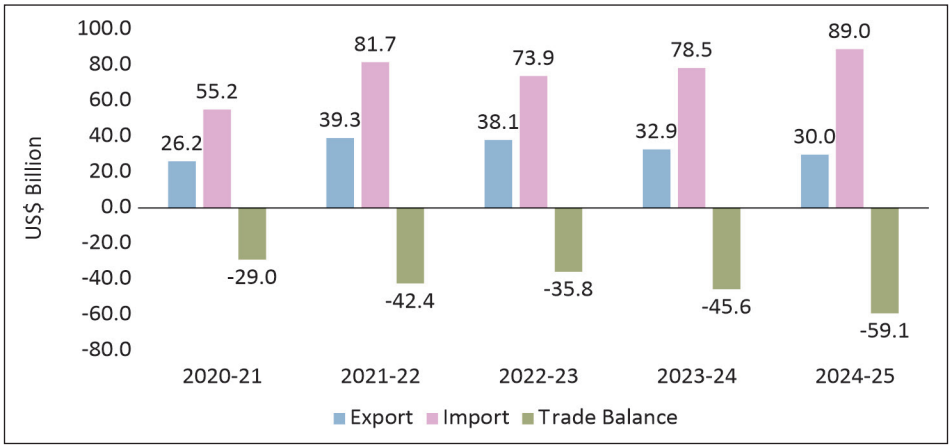
**Exhibit 4: Top Importer Countries of Gems and Jewellery Products (2024)**




*Source: ITC Trademap, Exim Bank Research*

India was the 8th largest exporter and 6th largest importer of gems and jewellery globally in 2024. Being the world's largest consumer of jewellery, India is a net importer of gems and jewellery. As per data from the DGCI&S, India's exports of gems and jewellery stood at US$ 30.0 billion in 2024-25, recording a CAGR of 3.4% during 2020-21 to 2024-25. Meanwhile, imports stood much higher at US$ 89.0 billion in 2024-25, recording a double-digit CAGR of 12.7% during 2020-21 to 2024-25. As a result, India's trade deficit in the sector has widened to (-) US$ 59.1 billion in 2024-25, recording a double-digit CAGR of 19.4% during 2020-21 to 2024-25.

**Exhibit 5: India's Trade in Gems and Jewellery**




*Source: DGCI&S, Exim Bank Research*

An analysis of India's trade composition in this sector reveals that the country primarily imports raw materials such as unwrought or semi-manufactured gold, silver, platinum, unworked diamonds, and unworked precious and semi-precious stones. These inputs undergo domestic value addition before being consumed domestically and/or exported as finished products, including jewellery, cut and polished diamonds, and worked gemstones, etc.

Diamonds are the topmost exported product from India, accounting for 45.9% of India's total exports of gems and jewellery during 2024-25, followed by articles of jewellery and parts (share of 41.9%), synthetic or reconstructed

precious/semi-precious stones (4.5%), unwrought or semi-manufactured gold (3.1%), and unwrought or semi-manufactured silver (1.6%), among others.

**Table 4: Top Exported Gems and Jewellery Product Categories from India (2024-25)**

| Product Category | Share in India's Exports of Gems and Jewellery |
|---|---|
| Diamonds, whether or not worked | 45.9% |
| Articles of jewellery and parts | 41.9% |
| Synthetic/Reconstructed Precious or Semi-precious Stones | 4.5% |
| Gold, unwrought or in semi-manufactured form | 3.1% |
| Silver, unwrought or in semi-manufactured form | 1.6% |
| Precious stone (excl. diamond) or Semi-precious Stones | 1.5% |
| Imitation Jewellery | 0.5% |
| Waste and scraps of precious metal | 0.4% |
| Platinum, unwrought or in semi-manufactured/powder form | 0.3% |
| Articles of Natural/Cultured Pearls | 0.1% |
| Others | 0.2% |

*Source: DGCI&S, Exim Bank Research*

On the import side, unwrought or semi-manufactured gold was the largest imported product by India, accounting for a share of 65.2% in India's gems and jewellery imports in 2024-25, owing to the limited presence of domestic gold reserves, and growing consumption demand. Besides this, diamonds (whether or not worked), were the second most imported product in the sector, accounting for 18.2% share in India's total imports of gems and jewellery in 2024-25. Most of these rough diamond imports are processed in Surat and Mumbai, which then get exported to markets such as the USA, the UAE, and Hong Kong. Other top imported products include platinum unwrought or semi-manufactured/powder form (6.1%), silver unwrought or semi-manufactured form (5.4%), articles of jewellery and parts (2.9%), synthetic/reconstructed precious or semi-precious stones (1.1%), and precious or semi-precious stones (0.8%), among others (Table 5).

**Table 5: Top Imported Gems and Jewellery Product Categories for India (2024-25)**

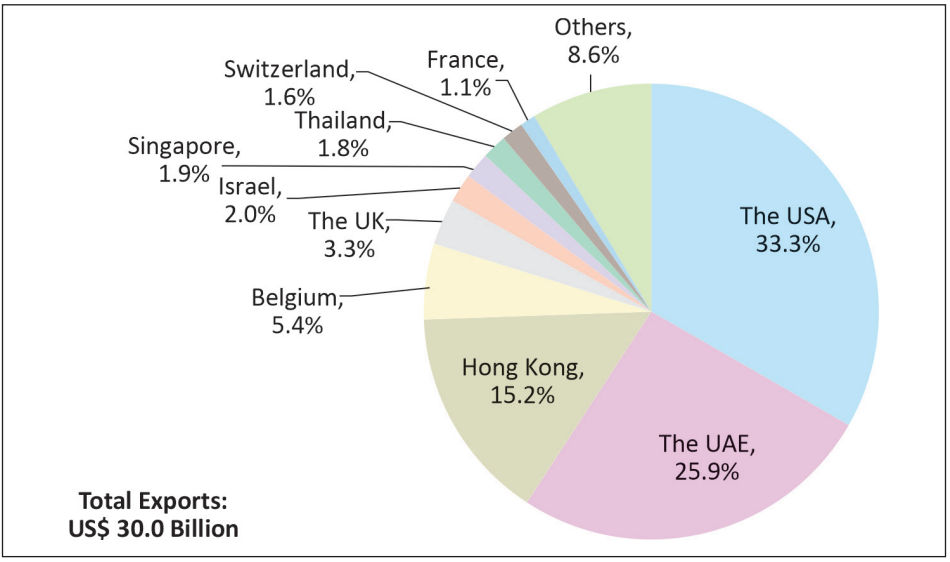
| Product Categories | Share in India's Imports of Gems and Jewellery |
|---|---|
| Gold, unwrought or in semi-manufactured form | 65.2% |
| Diamonds, whether or not worked | 18.2% |
| Platinum, unwrought or in semi-manufactured/ powder forms | 6.1% |
| Silver, unwrought or in semi-manufactured form | 5.4% |
| Articles of jewellery and parts | 2.9% |
| Synthetic/Reconstructed Precious or Semi-precious Stones | 1.1% |
| Precious Stone (excl. diamond) or Semi-precious stones | 0.8% |
| Other Articles of Precious Metals | 0.1% |
| Waste and Scrap of precious Metals | 0.1% |
| Imitation Jewellery | 0.0% |
| Others | 0.1% |

*Source: DGCI&S, Exim Bank Research*

In terms of direction of trade, it is noteworthy that there is significant concentration in India's exports of gems and jewellery, with the top 3 export destinations holding nearly three-fourth share in India's exports from the sector. The USA is the topmost export destination for India's exports of gems and jewellery, with a share of 33.3% in India's total gems and jewellery exports in 2024-25, followed by the UAE (share of 25.9%), Hong Kong (15.2%), Belgium (5.4%) and the UK (3.3%), among others (Exhibit 6).

A comparative analysis of India vis-à-vis its top competitors is undertaken, to understand their relative market presence in key G&J segments, across India's top export destinations. Analysis of India's market share vis-à-vis its competitors in its top 5 export destinations across India's top 10 exported G&J products (at HS-6 digit level) indicates that India is the leading supplier in the top 3 segments viz. cut and polished natural diamonds, worked lab-grown diamonds, and articles of jewellery of precious metals other than silver. These three segments jointly accounted for 87.5% share in India's total G&J exports during 2024.

**Exhibit 6: Top Exporting Destinations for India's Gems and Jewellery Sector (2024-25)**




*Source: DGCI&S, Exim Bank Research*

Among these segments, India holds more than two-thirds of the market share in exports of worked lab grown diamonds and more than one-fourth of the market share in export of cut and polished natural diamonds, across majority of its key export destinations. Hong Kong, Belgium, the USA and China are among key competitors for India in its exports of worked lab grown diamonds. Meanwhile, some of the major competitors for India in the cut and polished natural diamonds segment include Israel, Belgium, the UAE, Hong Kong, the USA and South Africa, among others.

India is also the topmost supplier of articles of jewellery of precious metals other than silver in 3 out of its top 5 export destinations for the product. Some of the major competitors for India in this segment include Turkey, Italy, France, Switzerland, the UAE and Hong Kong, among others.

It is noteworthy that in some of the other segments, such as silver jewellery, worked rubies, sapphires, emeralds, worked semi-precious stones and imitation jewellery (excl. jewellery, of base metal) and unworked non-industrial diamonds, India's share in its top export destinations remains

relatively low. China, Italy and Thailand are the key competitors for India in segments such as silver jewellery and imitation jewellery. Meanwhile, in the worked precious and semi-precious stones segments, India faces competition from countries like Thailand, Sri Lanka, Switzerland, France, and Mozambique, among others.

**Table 6: Export Destinations for Top 10 G&J Exports from India vis-à-vis India's Top Competitors in the Export Destinations of the Products (2024)**

| HS Code | Product Description | Export Destinations for India | Share of Export Destinations in India's Export of the Product | Market Share of the Top Import Sources for India's Top Export Destinations for the Product |
|---|---|---|---|---|
| 710239 | Cut and Polished Natural Diamonds | The USA | 35.6% | **India (45.7%)**, Israel (26.2%), Belgium (10.6%), South Africa (6.5%), Botswana (2.3%) |
| | | Hong Kong | 25.4% | **India (30.4%)**, the USA (18.8%), the UAE (12.0%), Belgium (7.2%), China (6.7%) |
| | | The UAE | 11.7% | **India (31.0%)**, Hong Kong (21.2%), the USA (16.0%), South Africa (11.5%), Belgium (7.7%) |
| | | Belgium | 10.6% | **India (58.2%)**, Israel (9.1%), South Africa (7.8%), the USA (4.0%), Botswana (3.8%) |
| | | Israel | 4.1% | **India (29.2%)**, Hong Kong (17.5%), the USA (14.9%), Belgium (13.3%), the UAE (7.7%) |

| HS Code | Product Description | Export Destinations for India | Share of Export Destinations in India's Export of the Product | Market Share of the Top Import Sources for India's Top Export Destinations for the Product |
|---|---|---|---|---|
| 711319 | Articles of jewellery of precious metals other than silver | The UAE | 45.5% | **India (31.5%),** Turkey (18.3%), Italy (8.0%), Switzerland (6.7%), Singapore (4.8%) |
| | | The USA | 28.3% | **India (24.6%),** France (14.5%), Italy (12.4%), Jordan (7.2%), Hong Kong (5.1%) |
| | | Hong Kong | 5.0% | China (40.7%), the USA (9.9%), Switzerland (9.0%), the UAE (5.6%), Taiwan (3.8%); **India (2.7% Rank- 11th)** |
| | | Singapore | 4.7% | France (20.4%), Malaysia (20.1%), **India (14.0%),** Hong Kong (7.6%), the UAE (7.0%) |
| | | The UK | 3.0% | **India (14.1%),** France (11.9%), the UAE (11.7%), Italy (10.0%), Switzerland (7.1%) |

| HS Code | Product Description | Export Destinations for India | Share of Export Destinations in India's Export of the Product | Market Share of the Top Import Sources for India's Top Export Destinations for the Product |
|---|---|---|---|---|
| 710491 | Worked lab grown diamonds | The USA | 54.1% | **India (92.4%),** Thailand (2.6%), Israel (1.5%), Belgium (1.0%), Hong Kong (0.9%) |
| | | Hong Kong | 17.1% | **India (68.5%),** the USA (12.7%), China (7.5%), the UAE (3.0%), Singapore (2.5%) |
| | | The UAE | 13.5% | **India (73.9%),** the USA (15.9%), China (4.8%), Hong Kong (3.2%), Belgium (1.4%) |
| | | Israel | 2.3% | **India (76.8%),** the USA (17.4%), Hong Kong (4.0%), the UAE (0.5%), Belgium (0.3%) |
| | | South Korea | 2.1% | **India (79.4%),** Hong Kong (10.4%), China (3.6%), the USA (3.1%), Ireland (1.6%) |

| HS Code | Product Description | Export Destinations for India | Share of Export Destinations in India's Export of the Product | Market Share of the Top Import Sources for India's Top Export Destinations for the Product |
|---|---|---|---|---|
| 711311 | Silver jewellery | Hong Kong | 51.9% | **India (66.2%),** China (15.9%), Italy (4.8%), Thailand (3.2%), South Africa (2.8%) |
| | | The USA | 27.9% | Thailand (35.6%), **India (21.2%),** Italy (14.2%), China (12.2%), Turkey (2.5%) |
| | | The UK | 5.5% | Thailand (41.5%), **India (17.4%),** China (13.1%), Italy (11.0%), the USA (7.9%) |
| | | Thailand | 2.6% | Hong Kong (26.6%), China (18.6%), Thailand (15.2%), **India (10.8%),** Armenia (9.7%) |
| | | Germany | 1.8% | Thailand (70.4%), China (11.1%), **India (4.6%),** Italy (4.1%), Hong Kong (2.4%) |

| HS Code | Product Description | Export Destinations for India | Share of Export Destinations in India's Export of the Product | Market Share of the Top Import Sources for India's Top Export Destinations for the Product |
|---|---|---|---|---|
| 710231 | Non-industrial diamonds (unworked/simply sawned/cleaved/ bruted) | The UAE | 50.7% | Belgium (27.7%), Hong Kong (22.0%), Botswana (19.8%), South Africa (9.2%), **India (7.8%)** |
| | | Belgium | 35.3% | Canada (23.7%), Botswana (18.9%), Angola (16.8%), Lesotho (8.6%), Democratic Republic of the Congo (8.5%); **India (1.5%, Rank- 10th)** |
| | | Hong Kong | 7.0% | Russia (62.3%), China (8.3%), the UAE (8.1%), Macao (4.8%), **India (3.8%)** |
| | | Singapore | 4.0% | **India (26.3%),** Botswana (20.1%), Belgium (17.8%), Canada (16.5%), Namibia (10.4%) |
| | | Sri Lanka | 1.3% | Canada (27.8%), South Africa (26.9%), Belgium (5.8%), the UAE (3.0%), Israel (1.6%); **India (0.6%, Rank - 6th)** |

| HS Code | Product Description | Export Destinations for India | Share of Export Destinations in India's Export of the Product | Market Share of the Top Import Sources for India's Top Export Destinations for the Product |
|---|---|---|---|---|
| 710692 | Semi-manufactured Silver | The UK | 77.8% | Germany (26.4%), Spain (21.3%), Sweden (20.1%), Poland (18.4%), the USA (5.0%); **India (0.4% Rank- 10th)** |
| | | The UAE | 17.2% | **India (63.3%),** Hong Kong (25.1%), Singapore (2.7%), Taiwan (1.5%), Switzerland (1.3%) |
| | | The USA | 3.1% | Mexico (29.8%), Canada (27.1%), South Korea (25.8%), Taiwan (6.7%), Poland (5.2%); **India (0.8%, Rank - 7th)** |
| | | Germany | 0.6% | The UK (38.2%), Italy (19.4%), Turkey (12.0%), Switzerland (7.0%), Bulgaria (6.0%); **India (2.0%, 8th)** |
| | | Russia | 0.2% | Armenia (95.7%), Italy (1.6%), Kazakhstan (1.2%), Turkey (0.9%), **India (0.6%)** |

| HS Code | Product Description | Export Destinations for India | Share of Export Destinations in India's Export of the Product | Market Share of the Top Import Sources for India's Top Export Destinations for the Product |
|---|---|---|---|---|
| 710812 | Unwrought Gold, for non-monetary purposes | Switzerland | 70.2% | The UAE (11.9%), the USA (11.3%), Canada (7.2%), Uzbekistan (5.9%), Germany (5.3%); **India (0.4%, Rank 38th)** |
| | | Thailand | 20.3% | Switzerland (35.5%), Hong Kong (34.7%), Singapore (6.6%), the UAE (5.5%), Australia (5.0%); **India (0.0003%, Rank- 33th)** |
| | | The UAE | 8.9% | Switzerland (27.2%), Armenia (19.2%), Egypt (9.9%), Peru (9.2%), Hong Kong (8.6%); **India (0.1%, Rank 20th)** |
| | | Hong Kong | 0.5% | Japan (24.7%), China (15.7%), Switzerland (15.2%), Australia (9.5%), Russia (8.6%); **India (0.1%, Rank 24th)** |
| | | Peru | 0.0% | The USA (99.7%), **India (0.2%),** Brazil (0.1%) |

| HS Code | Product Description | Export Destinations for India | Share of Export Destinations in India's Export of the Product | Market Share of the Top Import Sources for India's Top Export Destinations for the Product |
|---|---|---|---|---|
| 710391 | Worked rubies, sapphires, emeralds | Hong Kong | 38.0% | The USA (29.3%), Switzerland (18.6%), Thailand (15.7%), France (10.4%), the UAE (4.8%); **India (2.9%, Rank 8th)** |
| | | The USA | 20.0% | Colombia (17.0%), Thailand (15.8%), **India (13.0%),** Sri Lanka (11.8%), Switzerland (9.1%) |
| | | Thailand | 14.9% | Thailand (27.0%), Sri Lanka (10.7%), Zambia (10.2%), **India (8.9%),** Mozambique (8.7%) |
| | | The UAE | 6.1% | The USA (32.2%), Hong Kong (28.6%), Thailand (11.0%), **India (9.2%),** Mozambique (7.6%) |
| | | Italy | 4.2% | Thailand (19.6%), **India (18.9%),** Colombia (14.6%), Sri Lanka (12.5%), Switzerland (7.2%) |

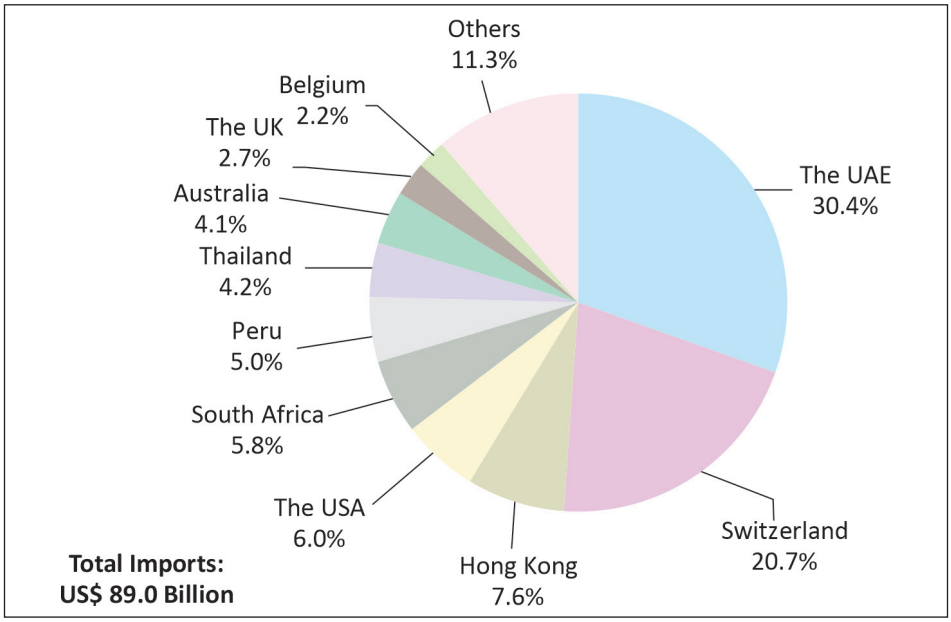
| HS Code | Product Description | Export Destinations for India | Share of Export Destinations in India's Export of the Product | Market Share of the Top Import Sources for India's Top Export Destinations for the Product |
|---|---|---|---|---|
| 710399 | Worked semi-precious stones | Hong Kong | 30.5% | The USA (25.0%), Thailand (14.0%), China (13.4%), France (10.3%), **India (9.6%)** |
| | | The USA | 27.5% | Brazil (16.3%), **India (15.0%),** Thailand (14.8%), Hong Kong (8.6%), Germany (8.1%) |
| | | Thailand | 19.6% | **India (18.6%),** Hong Kong (18.4%), Australia (11.3%), Thailand (8.6%), the USA (6.2%) |
| | | Italy | 4.8% | Thailand (35.7%), **India (23.7%),** Germany (8.9%), Mozambique (5.0%), France (4.1%) |
| | | Japan | 4.0% | Brazil (20.8%), China (19.5%), **India (18.4%),** Thailand (13.4%), Hong Kong (6.7%) |

| HS Code | Product Description | Export Destinations for India | Share of Export Destinations in India's Export of the Product | Market Share of the Top Import Sources for India's Top Export Destinations for the Product |
|---|---|---|---|---|
| 711790 | Imitation jewellery (excl. jewellery, of base metal) | The USA | 28.5% | China (74.2%), Italy (4.1%), Thailand (3.4%), **India (2.8%),** Vietnam (2.7%) |
| | | The UK | 11.4% | China (48.7%), Thailand (10.3%), Italy (8.6%), **India (6.7%),** the USA (6.4%) |
| | | France | 7.5% | China (23.8%), Italy (21.5%), Spain (15.0%), Germany (13.3%), **India (3.9%)** |
| | | Spain | 7.1% | China (47.4%), Thailand (10.2%), France (8.2%), Germany (8.1%), **India (6.8%)** |
| | | Italy | 5.8% | China (34.6%), France (25.4%), **India (6.1%),** the Netherlands (5.2%), Spain (4.3%) |

*Source: ITC Trademap, Exim Bank Research*

On the import front also, there is significant concentration, with more than half of imports by India originating from three countries viz. the UAE, Switzerland and Hong Kong. The UAE was the largest import source for India, accounting for 30.4% of India's gems and jewellery imports in 2024-25, followed by Switzerland (share of 20.7%), Hong Kong (7.6%), the USA (6.0%), South Africa (5.8%), and Peru (5.0%), among others (Exhibit 7).

**Exhibit 7: Top Gems & Jewellery Import Sources for India (2024-25)**

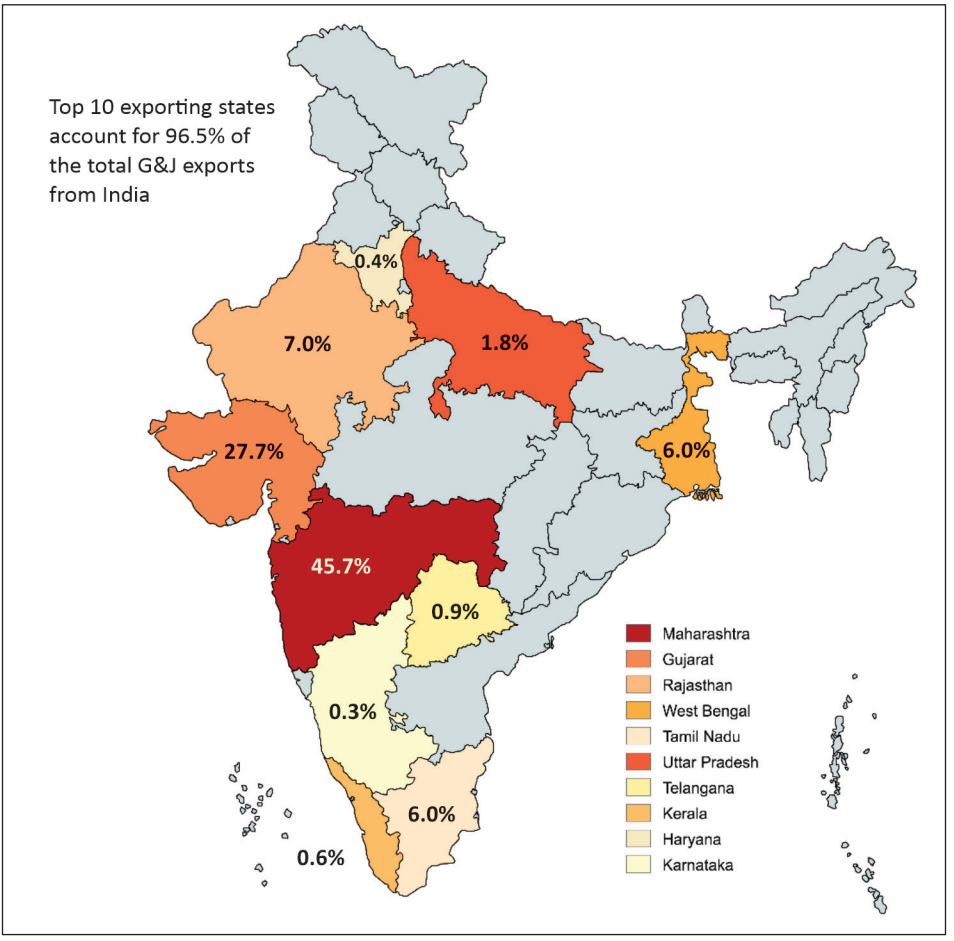



*Source: DGCI&S, Exim Bank Research*

State-level analysis indicates that Maharashtra is the largest exporting state for gems and jewellery exports from India in 2024-25, accounting for a share of 45.7% in the total gems and jewellery exports in 2024-25, followed by Gujarat (27.7%), Rajasthan (7.0%), West Bengal (6.0%), and Tamil Nadu (6.0%), among other states (Exhibit 8).

State-level analysis of the top gems and jewellery products exported by the top 5 exporting states indicates significant concentration and regional specialisations in exports of gems and jewellery. It is noteworthy that more than two-thirds of Gujarat's exports and more than half of Maharashtra's exports comprise diamonds, which get primarily exported to countries like the USA and Hong Kong. Rajasthan's exports majorly comprised articles of precious metal jewellery other than silver, followed by silver jewellery, worked rubies, sapphires, emeralds and worked semi-precious stones, among others. Meanwhile, majority of exports from West Bengal, and Tamil Nadu also comprised articles of precious metal jewellery.

**Exhibit 8: Top G&J Exporting States in India and their Share in G&J Exports (2024-25)**




*Source: DGCI&S, Exim Bank Research*

**Table 7: Top 5 Gems and Jewellery Exporting States in India (2024-25)**

| State | HS Code | Product Description | Share in Exports of Gems and Jewellery from the State |
|---|---|---|---|
| Maharashtra | 710239 | Cut and Polished Natural Diamonds | 56.9% |
| | 711319 | Articles of jewellery of precious metals other than silver | 36.6% |
| | 710491 | Worked lab grown diamonds | 3.0% |
| | 711311 | Silver Jewellery | 1.6% |
| | 710231 | Non-industrial diamonds | 1.5% |
| | 711790 | Imitation jewellery (excl. jewellery of base metal) | 0.1% |
| | 711719 | Imitation jewellery of base metal | 0.1% |
| | 710421 | Unworked lab grown diamonds | 0.0% |
| | 711299 | Waste and scrap of silver | 0.0% |
| | 711019 | Platinum jewellery | 0.0% |
| | | Others | 0.3% |
| Gujarat | 710239 | Cut and Polished Natural Diamonds | 65.2% |
| | 711319 | Articles of jewellery of precious metals other than silver | 10.8% |
| | 710491 | Worked lab grown diamonds | 10.2% |
| | 711311 | Silver Jewellery | 5.3% |
| | 710231 | Non-industrial diamonds | 2.8% |
| | 710812 | Gold, unwrought, for non-monetary purposes | 2.3% |
| | 710692 | Silver, semi-manufactured | 1.2% |
| | 710421 | Unworked lab grown diamonds | 0.8% |
| | 711031 | Rhodium, unwrought / in powder form | 0.5% |
| | 711299 | Waste and scrap of silver | 0.3% |
| | 711790 | Imitation jewellery (excl. jewellery of base metal) | 0.2% |
| | | Others | 0.6% |

| State | HS Code | Product Description | Share in Exports of Gems and Jewellery from the State |
|---|---|---|---|
| Rajasthan | 711319 | Articles of jewellery of precious metals other than silver | 60.5% |
| | 711311 | Silver Jewellery | 12.5% |
| | 710391 | Worked rubies, sapphires, emeralds | 12.4% |
| | 710399 | Worked semi-precious stones | 8.2% |
| | 711620 | Articles of precious or semi-precious stones, natural / synthetic / reconstructed, n.e.s. | 1.5% |
| | 710239 | Cut and Polished Natural Diamonds | 1.4% |
| | 711790 | Imitation jewellery (excl. jewellery of base metal) | 1.2% |
| | | Others | 2.3% |
| West Bengal | 711319 | Articles of jewellery of precious metals other than silver | 98.8% |
| | 710239 | Cut and Polished Natural Diamonds | 0.8% |
| | 711311 | Silver Jewellery | 0.2% |
| | 711719 | Imitation jewellery of base metal | 0.1% |
| | 711790 | Imitation jewellery (excl. jewellery of base metal) | 0.1% |
| | | Others | 0.02% |
| Tamil Nadu | 711319 | Articles of jewellery of precious metals other than silver | 49.9% |
| | 710812 | Gold, unwrought, for non-monetary purposes | 34.5% |
| | 710692 | Silver, semi-manufactured | 14.4% |
| | 711299 | Waste and scrap of silver | 0.3% |
| | 711411 | Articles of goldsmiths' / silversmiths' wares / parts thereof, of silver | 0.2% |
| | 711419 | Articles of goldsmiths' / silversmiths' wares / parts thereof, of precious metal other than silver | 0.2% |
| | 711311 | Silver Jewellery | 0.1% |
| | 711790 | Imitation jewellery (excl. jewellery of base metal) | 0.1% |
| | | Others | 0.3% |

*Source: DGCI&S, Exim Bank Research*

## SCOPE OF THE STUDY

Given the significant contribution of the gems and jewellery sector to India's economy and exports, achieving the ambitious export target set by the Government of India (GOI) for 2030 will require unlocking the full potential of this industry. In the recent years, the GOI has been increasingly focussing on a cluster-based approach for developing export hubs, through initiatives like Make in India, the Production Linked Incentive (PLI) Scheme, One District One Product (ODOP), and Districts as Export Hubs (DEH), indicating a shift in the GOI's approach towards more decentralised export growth at the cluster level.

Against this backdrop, it is imperative to identify the factors that shape the export performance of the sector at the cluster level, and devise measures to overcome the challenges faced by the clusters. As noted in the Chapter, the gems and jewellery sector in India is diverse with distinct specialisation, strengths, challenges and opportunities across various regions. In this context, the Study undertakes a thorough analysis at the cluster level, for examining the challenges, identifying areas of strength, assessing threats and outlining growth opportunities at the cluster level. A combination of primary survey-based research and secondary data analysis has been employed to understand and report the concerns of industry players across clusters. A cluster-level SWOT analysis has been undertaken to provide deeper insights into the strengths, gaps, and opportunities within each cluster, and identify areas for strategic interventions. The Study also benchmarks the performance of the clusters, to identify top-performing clusters and emerging aspirants. Additionally, it suggests targeted strategies to strengthen competitiveness and enhance exports from the clusters.

# 2. Methodology for Cluster-Level Analysis

Clusters often benefit from technological/ knowledge spillovers arising from geographical proximity, development of specialised skills and possibilities for flexible specialisation. Enterprises that participate in clusters, including SMEs, are also better positioned to join Global Value Chains through the external linkages developed by the cluster. Moreover, enterprises can also achieve higher level of competitiveness if they work in a cluster environment as this ensures complementarities, availability of common facilities, and collaboration through collective activities, including collective sourcing and marketing. Clusters can also engender adequate exportable surplus from entities which are otherwise unable to export on a standalone basis. Against this backdrop, the chapter undertakes a benchmarking of the gems and jewellery clusters to identify the top performing clusters and outlines the methodology undertaken for assessing the strengths and challenges in these clusters. A focused approach can then be adopted for scaling up these major clusters by identifying the areas for improvement.

## IDENTIFICATION OF CLUSTERS

An essential first step for cluster-level analysis is the identification of the target districts or clusters with the maximum potential for exports across various categories, from the numerous gems and jewellery districts spread across the country. To identify the target clusters, district-level G&J export data has been sourced from the DGCI&S, and the top 50 exporting districts based on export value have been shortlisted.

Moreover, the product specialisation of these districts has been mapped, based on the key exported products from the respective districts. These

products have been further categorised into star, sunrise, saturated, and other product segments, based on GJEPC's assessment of product growth potential and its strategic importance (Table 8). Star products are well-established, leading segments generating high revenue; sunrise products are emerging segments with high growth potential; and saturated products are segments where India has already established itself as a leader, with limited scope for further expanding market share. Thereafter, district with product specialisation in Sunrise and Star products have been filtered, leading to a shortlisting of 30 districts.

**Table 8: Classification of Products into Star, Sunrise, Saturated and Other Products**

| 6-digit HS Code | 6-digit HS description | 8-digit HS Code | 8-digit HS description |
|---|---|---|---|
| **Sunrise products** | | | |
| 710421 | Unworked lab grown diamonds | 71042110 | Industrial Unworked LGD |
| | | 71042120 | Non-industrial unworked LGD |
| 710491 | Worked lab grown diamonds | 71049110 | Industrial worked LGD |
| | | 71049120 | Non-industrial worked LGD |
| 711319 | Gold jewellery | 71131914 | Studded gold jewellery with LGD |
| 711311 | Silver jewellery | 71131144 | Studded silver jewellery with LGD |
| 711319 | Platinum Jewellery | 71131924 | Studded platinum jewellery with LGD |
| 711319 | Platinum Jewellery | 71131921 | Plain platinum jewellery |
| | | 71131922 | Platinum jewellery studded with pearls |
| | | 71131923 | Platinum jewellery studded with Diamonds of heading 7102 |
| | | 71131924 | Platinum jewellery studded with LGD of heading 7104 |
| | | 71131925 | Platinum jewellery Studded with other precious and semi-precious stones |
| | | 71131929 | Others Studded |

| 6-digit HS Code | 6-digit HS description | 8-digit HS Code | 8-digit HS description |
|---|---|---|---|
| **Star Products** | | | |
| 711311 | Silver jewellery | 71131141 | Plain silver jewellery |
| | | 71131142 | Studded with pearls |
| | | 71131143 | Studded with Diamonds of heading 7102 |
| | | 71131144 | Studded with lab grown diamonds of heading 7104 |
| | | 71131145 | Studded with other precious and semi-precious stones |
| | | 71131149 | Others Studded |
| 711319 | Gold jewellery | 71131912 | Studded with pearls |
| | | 71131913 | Studded with Diamonds of heading 7102 |
| | | 71131915 | Studded with other precious and semi-precious stones |
| | | 71131919 | Others Studded |
| | | 71131911 | Plain gold jewellery |
| 710391 | Precious and semi-precious stones | 710391 | Worked rubies, sapphires, emeralds |
| 710399 | | 710399 | Worked semi-precious stones |
| **Saturated Products** | | | |
| 710239 | Cut and Polished Diamonds | 71023910 | Worked Polished diamonds |
| **Other Products** | | | |
| 710110 | Worked pearls | 71011020 | Worked natural pearls |
| 710122 | | 71012200 | Worked cultures pearls |
| 710499 | Synthetic stones | 71049900 | Worked Synthetic stones |
| 710239 | Cut and Polished Diamonds | 71023910 | Worked Polished diamonds |
| 7117 | Imitation jewellery | All associated 8-digit HS codes | |

*Source: GJEPC, Exim Bank Research*

For the shortlisted districts, the NCAER study on "Cluster Mapping of the Gems & Jewellery Sector in India" has been referred to understand the cluster characteristics and key localities in these districts with significant concentration of G&J units. Districts with focus on manufacturing have been identified, while those engaged purely in trading activities have been excluded from further analysis. Moreover, districts with a minimum of 500 manufacturing units were shortlisted, so as to ensure that the identified districts have a certain minimum supply capability, which could be further scaled up for enhancing exports. To supplement the secondary analysis with on-ground assessment, feedback from key stakeholders at the GJEPC was also sought. Accordingly, a list of 17 districts have been identified for the analysis in this study (Table 9).

**Table 9: List of Identified Districts and the Major Clusters**

| State | District | Product Specialisation | Major Concentration |
|---|---|---|---|
| Maharashtra | Mumbai | Plain and Studded gold jewellery | Zaveri bazar |
| Maharashtra | Mumbai Suburban | Studded gold jewellery | SEEPZ, Goregaon, Andheri, Malad |
| Maharashtra | Kolhapur | Studded gold jewellery | Kolhapur City, Hupari, Ichalkaranji |
| Telangana | Hyderabad | Studded gold jewellery | Hyderabad Urban & Rural |
| Gujarat | Surat | Industrial diamonds and worked lab grown diamonds | Surat |
| Gujarat | Ahmedabad | Plain gold jewellery | Ahmedabad |
| Gujarat | Rajkot | Plain gold jewellery | Jasdan |
| Delhi | Central Delhi | Other studded gold jewellery | Krishna Nagar |
| West Bengal | Kolkata | Plain gold jewellery | BB Ganguly Street, Bowbazar, Bara Bazaar |
| West Bengal | Howrah | Plain gold jewellery | Ankurhati, Domjur |
| Rajasthan | Jaipur | Worked rubies, sapphires, emeralds | Sitapura Industrial Zone |
| Tamil Nadu | Chennai | Plain gold jewellery | Chennai |
| Tamil Nadu | Coimbatore | Plain gold jewellery | Raja Street, Coimbatore |
| Punjab | Amritsar | Studded gold jewellery | Guru Bazaar, Tahli Wala Chowk |

| State | District | Product Specialisation | Major Concentration |
|---|---|---|---|
| Karnataka | Bengaluru | Plain gold and Studded Jewellery | Bangalore North, South & East, Yelahanka, Anekal |
| Kerala | Thrissur | Plain gold jewellery | Thrissur |
| Uttar Pradesh | Agra | Silver Jewellery | Agra |

*Source: Cluster Mapping Study of the Gems & Jewellery Sector in India, 2020, NCAER; GJEPC; Exim Bank Research*

## ASSESSING EXPORT PREPAREDNESS OF IDENTIFIED CLUSTER

For assessing the export preparedness of the identified clusters, an index has been developed based on 9 essential pillars viz. policy environment, infrastructure, marketing and branding, fiscal incentives, institutional support, technology gap, skill gap, access to raw material, and access to finance. The benchmarking of the districts on these pillars is based on a mix of primary and secondary research. The detailed considerations under each of these pillars are given hereunder

1. **Policy Environment:** This pillar examines the current policy landscape for operation of units within the cluster. It evaluates both industrial and export policies, to identify any prioritisation or sector-specific incentives for the gems and jewellery sector. The objective is to determine clusters where government policies actively support and promote industrial growth in the gems and jewellery sector.

2. **Infrastructure:** This pillar assesses the adequacy of essential infrastructure within the clusters. It considers aspects such as:

    a. **Proximity to Ports:** Export logistics in the gems and jewellery sector depend on airport access. The scores under this sub-pillar have been assigned based on the distance between the cluster and the nearest airport.

    b. **Common Facilitation Centres (CFCs):** The presence and functionality of CFCs, which provide crucial services for exporters, serve as an indicator of export readiness.

c. **Jewellery Parks & Special Economic Zones (SEZs):** The availability of dedicated parks and SEZs with benefits to international trade has also been considered.

d. **Testing Labs:** Availability of testing facilities has also been evaluated, considering their role in ensuring product quality and meeting international standards.

3. **Marketing and Branding:** This pillar evaluates the efforts at district and cluster level to promote the marketing and branding of gems and jewellery sector in domestic and international markets. It considers:

   a. **Districts as Export Hubs (DEH) and One Station One Product (OSOP):** The DEH initiative has identified products in each district with strong export potential. Alongside, the One Station One Product has been introduced to showcase local specialities at railway stations. The presence of gems and jewellery products in the identified list of DEH and OSOP can be considered a positive reinforcement to the branding and marketing efforts in the sector.

   b. **Geographical Indications (GI) Tags:** GI tags, with their reference to geographical origin, along with the use of traditional practices and processing methods, can provide substantial marketing potential for exports of these products. The presence of a GI tag for gems and jewellery products in the districts can be considered an important tool for marketing.

   c. **Trade Fairs and Exhibitions:** This sub-pillar assesses the marketing efforts across clusters based on whether any major exhibitions are hosted in the clusters, as also the participation of players from different clusters in major domestic and international exhibitions.

   d. **e-Commerce Readiness:** This sub-pillar evaluates the extent to which businesses use digital platforms and e-commerce mode for exports, and the support infrastructure available for e-commerce in the district.

4. **Fiscal Incentives:** This pillar analyses the availability of financial incentives for the gems and jewellery sector at the state or district level. Clusters

with export-specific or gems and jewellery focused incentives are better positioned to strengthen their export competitiveness.

5. **Institutional Support:** This pillar assesses the presence of institutions supporting the gems and jewellery industry within the district. It evaluates the role of established gems and jewellery associations in offering sector-specific guidance, with a focus on their effectiveness in addressing industry challenges and driving collective growth.

6. **Technology Gaps:** This pillar examines the level of adoption of advanced technology and mechanisation of processes by gems and jewellery manufacturers in the cluster.

7. **Skill Gaps:** This pillar assesses workforce capabilities within the gems and jewellery sector, focusing on:

    a. **Technological Skill Level:** Alignment of skills of the workforce with prevailing industry standards.

    b. **Availability of Skilled Artisans:** Assessment of the inflow and retention of skilled workers, and identification of shortages.

    c. **Skill Training Centres:** Presence of training facilities to nurture new talent and ensure long-term industry growth.

8. **Access to Raw Material:** This pillar evaluates the availability and affordability of raw materials that are essential for the gems and jewellery industry. It considers:

    a. **Availability/Accessibility:** Ease of sourcing raw materials.

    b. **Cost:** The affordability of inputs, which affects price competitiveness of exports.

    c. **Operational Inputs:** The adequacy of infrastructure resources such as electricity, water, and land, which are critical for operational efficiency.

9. **Access to Finance:** This pillar analyses the availability of funded and non-funded facilities, identifying financial bottlenecks that hinder export growth in the sector. It examines:

a. **Collateral Requirements:** High collateral requirements by formal financial institutions often serve as a barrier for smaller players in accessing finance.

b. **Willingness to Avail Formal Finance:** The willingness of enterprises, particularly in the unorganised segment, to improve governance and seek formal finance.

c. **Awareness of Financial Products:** The extent to which businesses understand the available funding options.

d. **Banks' Risk Perception of the Sector:** This pillar evaluates the varying degree of risk perception among banks across various clusters, which influences the availability of credit for G&J players in the clusters.

e. **Formal Credit Penetration:** Assessment of the financial inclusion in the G&J sector, calculated based on the number of credit accounts as percentage of the total number of units.

f. **Average Credit Size Extended by Banks:** Average size of loan disbursed to the G&J units, indicating the scale of banking support.

## CONCLUSION

Evaluating the districts across the aforementioned pillars can provide a comparative assessment of export preparedness of the districts. The assessment would help understand the existing strengths and challenges in the districts and enable the design of targeted strategies to address gaps, strengthen clusters, and facilitate export growth.

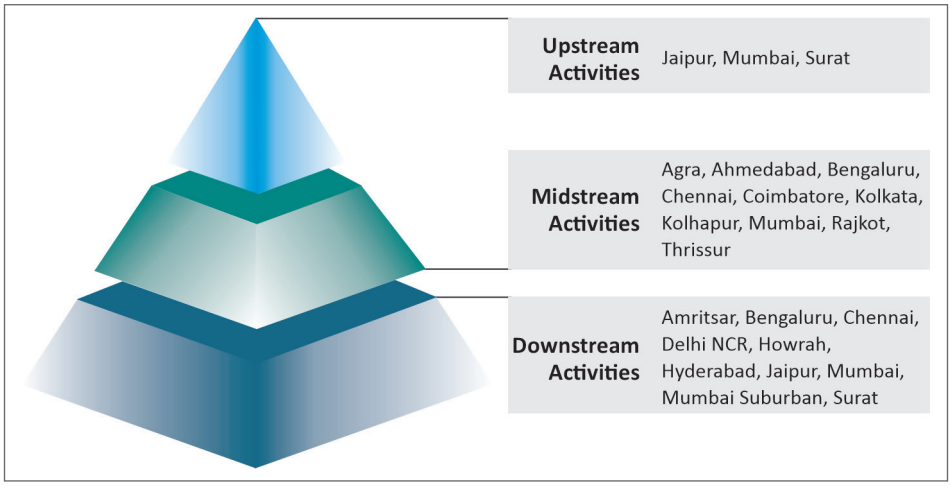
# 3. Cluster-wise Analysis of Strengths, Gaps and Opportunities

A comprehensive evaluation has been undertaken of the strengths, opportunities, and gaps in the seventeen clusters with the maximum potential for exports across various segments of the gems and jewellery sectors. The analysis aims to provide actionable insights that can inform policy decisions, enhance export competitiveness, and address critical gaps within the clusters, thereby promoting sustainable growth of the clusters.

The identified clusters can be classified across three broad value chain segments viz. upstream, midstream, and downstream. In the Indian context, where domestic mining is limited, these definitions have been modified to reflect the level of value addition in the clusters. The 'upstream activities' include processing and preparing rough gemstones and diamonds for further value addition. Production of lab-grown diamonds and synthetic gemstones would also be part of upstream activities. The 'midstream activities' cover manufacturing of plain jewellery from precious metals such as gold and silver. The 'downstream activities' include finished precious metal jewellery studded with precious stones like diamonds, rubies, emeralds, sapphires, pearls, and other natural/synthetic gems. Alongside, imitation jewellery can also be classified as downstream activities. The identified clusters specialise in one or more of these value chain segments. An attempt has been made to classify clusters based on their primary value chain specialisation (Exhibit 9). For instance, Kolkata specialises in plain gold jewellery, and is therefore categorised under midstream activities, while Howrah is categorised under downstream activities as it specialises in diamond studded gold jewellery. The Jaipur cluster specialises in both cutting and polishing of natural gemstones, and manufacturing of studded gold jewellery, and is therefore categorised

under both upstream and downstream activities. Similarly, Surat and Mumbai specialise across all value chain segments, indicative of their strong and diversified production ecosystem.

**Exhibit 9: Classification of Gems and Jewellery Clusters based on Primary Value Chain Specialisation**

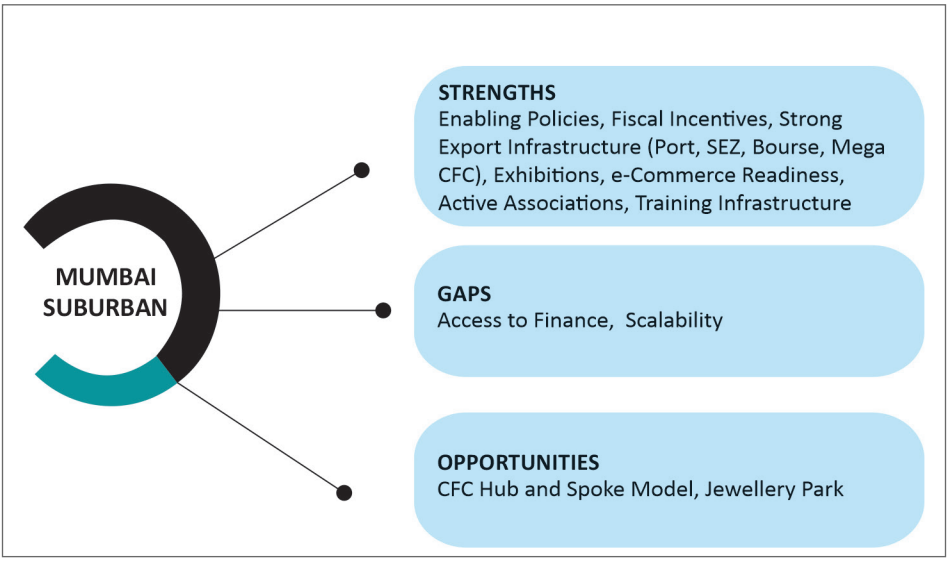



*Source: Exim Bank Research*

## MUMBAI SUBURBAN

According to the NCAER Cluster Mapping Study, the Mumbai Suburban cluster comprises 44,818 gems and jewellery units, with significant concentration in areas such as Andheri, Malad, Kandivali, and Borivali. The cluster employs approximately 196,281 artisans. The cluster specialises in diamonds, diamond studded jewellery as well as imitation jewellery. Geographically, Santacruz Electronics Export Processing Zone (SEEPZ), Andheri specialises in precious metal jewellery, while Malad-Kandavali-Borivali area is an imitation jewellery hub, with several household-based manufacturing units. This is one of the largest G&J exporting clusters in the country, with exports from the district amounting to US$ 9.7 billion in 2023-24, accounting for nearly 29.5% of India's G&J exports during the year. G&J exports from the district were valued at US$ 9.8 billion in 2024-25.

**Exhibit 10: Strengths, Gaps and Opportunities of Mumbai Suburban Cluster**




## Strengths

One of the key strengths of the cluster is the robust export infrastructure. The cluster's proximity to key export and operational hubs—including Precious Cargo Customs Clearance Centre (PCCCC)[10] in Bandra Kurla Complex area and the special economic zone at SEEPZ—facilitates efficient trade and reduces export processing times. Majority of trade occurs through PCCCC Mumbai and SEEPZ, with the Chhatrapati Shivaji Maharaj International Airport serving as the primary gateway port. Additionally, the Bharat Ratnam Mega CFC provides access to advanced machinery and centralised facilities. The cluster also has the Bharat Diamond Bourse (BDB) which houses nearly 4,000 units engaged in trading, manufacturing and marketing of rough and polished diamonds, providing economies of scale in operations. Additionally, the Special Notified Zone (SNZ), present at the BDB, ensures the regular availability of direct supply of rough diamonds further bolstering the cluster's capabilities.

The cluster also benefits from strong policy support from the State Government, with gems and jewellery being a focus sector in both industrial

[10] PCCCC previously was known as Diamond Plaza Clearance Centre (DPCC)

and export policies of the Government of Maharashtra. There also exists a sector-specific state-level policy for industrial parks, indicating the robust policy support. In addition to policy support, the cluster also benefits from strong fiscal incentives provided by the Government of Maharashtra, including support for branding, marketing, value addition, and participation in trade fairs etc. The Government of Maharashtra also extends incentives for first-time MSME exporters, such as assistance for international exhibitions, logistics subsidies, and support for selling products through e-commerce platforms, among others.

Furthermore, the cluster benefits from effective trade promotion and serves as a model for organising trade fairs, exhibitions, and Buyer-Seller Meets, including hosting the prestigious India International Jewellery Show (IIJS) exhibitions. These initiatives significantly enhance exporters' visibility and access to buyers. Besides, the cluster has a high e-commerce readiness, as noted by the robust network of logistic partners like Sequel Secure and Dak Ghar Niryat Kendra (DNK). The cluster also benefits from the presence of several reputed skill training centres.

## Gaps

Access to finance is an important gap for the cluster, with players facing issues such as low formal credit penetration and relatively moderate average credit size. Marketing was noted as an important concern for the small players in the cluster. As highlighted by stakeholders during the field visits, while larger players are relatively better positioned in terms of marketing, small players in the cluster find it difficult to effectively market their products in the international markets, particularly in the high-end premium jewellery segment. Another issue noted during the discussion is the limited scalability on account of challenges such as limited use of automation and high cost of adoption of advanced production techniques. Moreover, the prevalence of fragmented and unorganised manufacturing units in the cluster also limits scalability. This is particularly true for units primarily operating from residential areas. On the other hand, several players in the Andheri-SEEPZ area have relatively higher adoption of technology.

## Opportunities

The cluster has the Bharat Ratnam Mega CFC with cutting edge technology such as 3D metal printing, advanced CAD/CAM systems, and other sophisticated machinery. There exist opportunities for enhancing utilisation of Mega CFC through a hub and spoke model, for improving accessibility of these technologies for smaller players in the cluster. Opportunities exist for the manufacturers in the cluster to become more organised and benefit from common infrastructure, with the development of India Jewellery Park Mumbai (IJPM) in Mahape, Navi Mumbai. This would help providing access to necessary infrastructure and allied services for production and exports, at one place.

## SURAT

Surat cluster is a global leader in the cut and polish diamond segment, processing around 90% of the world's diamonds[11]. The cluster comprises more than 9,000 G&J units, and employs more than 134,500 skilled artisanal workers. Exports of gems and jewellery from Surat amounted to nearly US$ 8.8 billion, accounting for nearly 26.9% of India's total G&J exports during 2023-24. In 2024-25, gems and jewellery exports from Surat were estimated at US$ 7.1 billion.

Surat has several notable infrastructure, including the Surat Diamond Bourse (SDB), Gujarat Hira Bourse (GHB), and Surat Hira Bourse (SHB). The SDB, is the world's largest diamond trading hub, consolidating trading and customs clearance under a single roof, thereby enhancing operational efficiency. The GHB also offers integrated trading and manufacturing facilities. The SHB provides on-site customs, banking, and logistics services to 1,800 exporters. The Special Notified Zone in SDB leads to improved availability of rough diamonds from international suppliers like De Beers and Alrosa, further streamlining operations and reducing delays for players in the cluster.

[11] Government of Gujarat (2024), Development of Gems & Jewellery Vertical Park

**Exhibit 11: Strengths, Gaps and Opportunities of Surat Cluster**


## Strengths

Drawing on the SDB, SHB, and GHB's robust infrastructure, support ecosystem, and integration of cutting-edge technology, Surat has strengthened its position as a global diamond processing hub. The Surat cluster benefits from the SDB centre, situated at around 20 km from SHB, which reduces reliance on Mumbai's Bharat Diamond Bourse for sourcing raw material such as rough diamonds.

On the fiscal incentive front, the cluster benefits from several incentives at the state level under the AatmaNirbhar Gujarat Scheme 2022, which provides assistance for setting up mega, large and MSME units, across key sectors. G&J is one of the thrust sectors identified under the scheme, and benefits from a range of incentives including interest subsidy, employees' provident fund (EPF) reimbursement, net state goods and service tax (SGST) reimbursement, and exemption from electrical duty, among others.

The cluster exhibits relatively higher adoption of technology, with several firms employing CAD-CAM software, laser cutting, and fusion techniques for rough diamond processing. This is supplemented with traditional polishing

by skilled artisans to ensure superior quality control. The availability of affordable, skilled labour is also a key strength for the cluster. Besides, the cluster has a conducive environment for skill development, with the presence of recognised training centers like the Indian Diamond Institute (IDI) and private institutions such as the International Gemological Institute (IGI). Further, the cluster also benefits from large scale private-led initiatives for workforce skill development.

## Gaps

On the marketing and branding front, there are currently no G&J products identified as part of DEH and OSOP initiatives in Surat. Further, there are no GI tagged G&J products in Surat as well.

Another challenge faced by the Surat cluster is the constrained availability of raw materials due to supply chain disruption on account of the Russia-Ukraine conflict. As per discussion with stakeholders during the field visit, the sanctions on Russian diamonds have significantly affected the supply chain of local diamond processing units.

## Opportunities

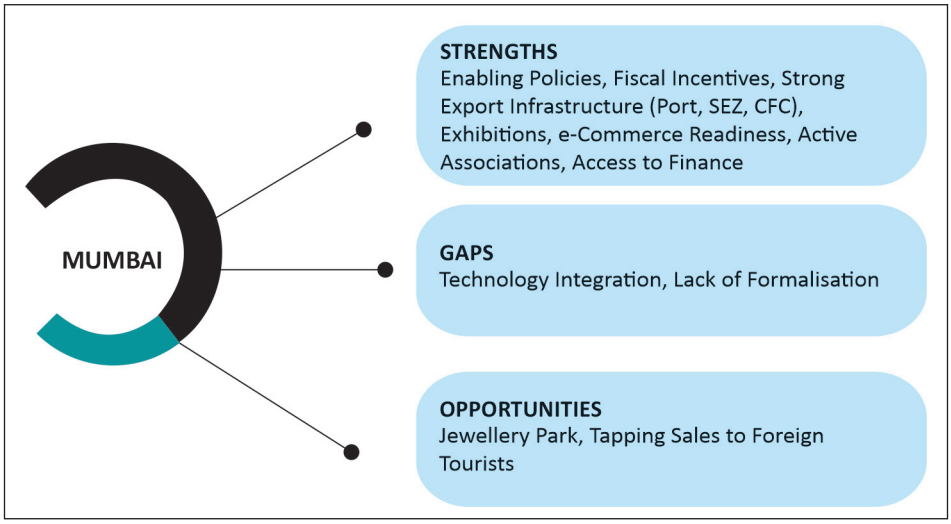
There are substantial opportunities for design-led jewellery manufacturing in Surat. To that end, collaborations with international design schools for design training could enable manufacturers in Surat to develop unique designs, and pivot into the premium jewellery segment. Opportunities also exist for expanding the SEZs in the cluster, owing to high demand for such facilities and the full occupancy of the existing SEZ in the cluster. This could help enhance manufacturing efficiency, and augment exports from the cluster.

## MUMBAI

Mumbai is a key cluster in India's gems and jewellery sector, with Zaveri Bazaar being one of the oldest jewellery hubs in India. The cluster has 9,495 jewellery manufacturing units, employing approximately 65,347 artisans.

The cluster is characterised by a high density of small-scale units, skilled artisans, and several bullions dealers. Exports of gems and jewellery from Mumbai stood at US$ 4.8 billion in 2023-24, accounting for a share of 14.5% in India's G&J exports in 2023-24. As per latest available data, G&J exports from Mumbai were estimated at US$ 2.8 billion in 2024-25. The clusters' exports basket primarily comprises studded and non-studded gold and silver jewellery.

**Exhibit 12: Strengths, Gaps and Opportunities of Mumbai Cluster**




## Strengths

Mumbai cluster's strength lies in its blend of traditional craftsmanship and modern infrastructure. Strategically located near key export and operational hubs—including PCCCC Mumbai (17.8 km), and SEEPZ (31.9 km)— the cluster benefits from connectivity and logistical advantages. Additionally, the clusters' proximity to Bharat Ratnam Mega CFC, situated 28.7 km from Zaveri Bazaar, offers access to advanced machinery and centralised facilities. Moreover, the proximity to the SNZ present at the Bharat Diamond Bourse ensures steady availability of rough diamonds in the cluster.

On the policy front, like the cluster in Mumbai Suburban, the Mumbai cluster also benefits from state-level policy push such as provisions for development of export promotion parks with modern infra under the Export Oriented Industrial Development Programme, incentives for first-time MSME exporters, upcoming jewellery park etc. Moreover, like in Mumbai Suburban, Mumbai cluster also benefits from a high e-commerce readiness, with a strong network of logistic service providers and DNKs in the cluster. Players in the cluster also benefit from exhibitions like IIJS, which supports their marketing reach. The cluster also benefits from a proactive network of G&J associations that consolidates the sector's concerns and represents at the right platforms, thereby ensuring effective resolution.

Besides, the cluster is also relatively well positioned in terms of access to finance, as noted by a strong formal credit penetration and moderate average size of loans.

## Gaps

Notwithstanding the better credit penetration, as per discussion with stakeholders in the cluster, smaller players face issues due to collateral requirements and limited access to formal credit, leading to reliance on informal sources of finance.

Moreover, the limited space and informal working conditions in the cluster limits the scalability for smaller players. As per discussion with stakeholders during field visit, factors such as regulatory complexities, including GST compliance and extensive documentation requirements, increase operational costs and discourage formalisation of manufacturing units in the cluster.

The cluster also faces challenges in terms of technology adoption, especially in Zaveri Bazaar, where majority of the manufacturing processes are still manual. The limited use of advanced machinery, such as CAD software and laser cutting tools, hinders scalability and productivity. Despite being adept in the craft of handmade jewellery, the gap in technological integration reduces the cluster's ability to compete with more advanced production hubs.

Besides this, the cluster faces issues in availability of skilled manpower. As per discussion with stakeholders, the average monthly wage of artisans involved in job work in Mumbai is insufficient to meet the city's high cost of living, which has discouraged younger generation from entering the sector, posing a challenge to the cluster's long-term sustainability.

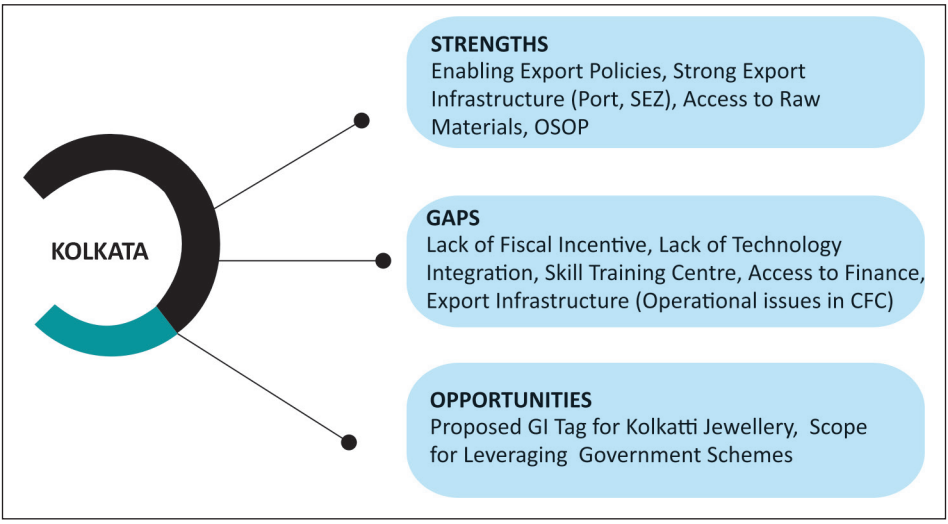
## Opportunities

Like the Mumbai Suburban cluster, players in the Mumbai cluster also stand to benefit from the upcoming IJPM in Navi Mumbai, which would help in formalising the industry as also provide the necessary infrastructure for enhancing production and exports. There also exist opportunities for effectively tapping into the large foreign tourist visits to Mumbai. According to the India Tourism Statistics 2023, Maharashtra ranked as the second-most-visited state by foreign tourists in 2022, attracting 1.51 million international visitors, with Mumbai being a key tourist attraction. Gems and Jewellery sales to foreign tourists could be recognised as a form of exports, which can create new economic opportunities for the cluster.

## KOLKATA

Kolkata is a major jewellery hub in West Bengal, specialising in plain gold jewellery, particularly in the handcrafted jewellery segment. Key manufacturing hubs in cluster include Bara Bazaar, Bow Bazaar, and BB Ganguly Street. As per the NCAER Cluster Study, Kolkata cluster has nearly 4,482 units engaged in G&J manufacturing, employing nearly 27,496 artisans. As per DGCI&S data, G&J exports from Kolkata cluster stood at nearly US$ 1.3 billion, accounting for a share of 4% in India's exports of G&J during 2023-24. As per latest available data, G&J exports from the district were estimated at US$ 1.5 billion in 2024-25.

**Exhibit 13: Strengths, Gaps and Opportunities of Kolkata Cluster**




## Strengths

The cluster benefits from strong policy support with gems and jewellery recognised as a priority sector under both industrial and export policy of the Government of West Bengal. The cluster's proximity to Kolkata Port, Netaji Subhash Chandra Bose International Airport (13.5 km from Bara Bazaar), and the Manikanchan SEZ (9.6 km from Bara Bazaar) offers strong infrastructure for exports. Moreover, based on the discussion with stakeholders during field visit, the cluster benefits from steady availability of raw materials. Besides, the cluster benefits from marketing and branding efforts such as identification of handmade jewellery as a focus product under the OSOP initiative.

## Gaps

Despite strong policy level commitments, it is noteworthy that fiscal incentives extended to the sector by the state government are limited. Moreover, the cluster has limited technology adoption, which has hampered scalability. While traditional handmade jewellery is the niche segment for the cluster, there is scope for greater technology adoption in processes like jewellery designing for improving scale and efficiency. There is also a lack of recognised

skill training centres in the cluster, which affects upskilling and reskilling of artisans.

The challenges pertaining to access to finance in the cluster can be partly attributed to lack of awareness about available financing products, as noted during the field visit. Accordingly, the formal credit penetration and average credit size in the cluster also remain moderate. While the cluster has common facility centre at Bow Bazaar, there are operational challenges due to obsolete machinery that are not in line with industry demand.

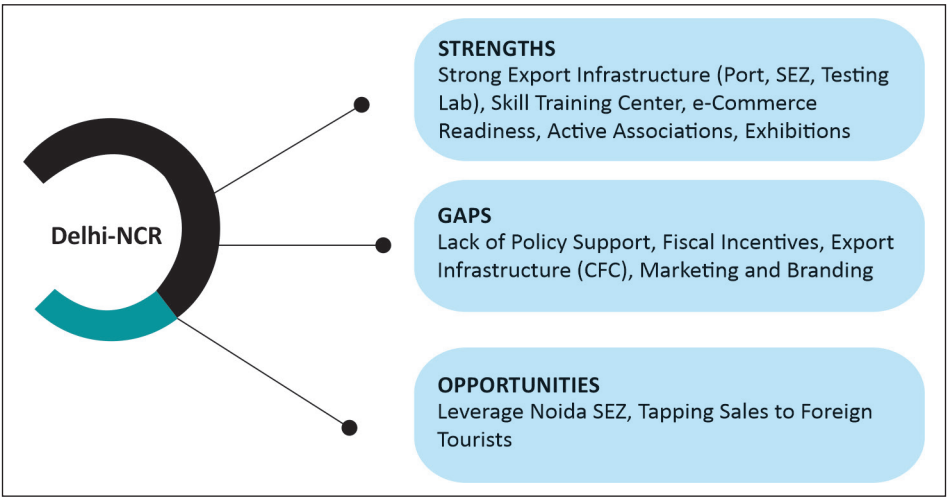
## Opportunities

A GI tag for "Kolkatti jewellery" is currently at the examination stage. This can strengthen brand building and market appeal of these jewellery in the overseas markets. Moreover, there is also scope for enhancing awareness of government schemes to enable players in the cluster to benefit from existing support available for the sector.

## DELHI NCR

The Delhi NCR cluster is a prominent trading hub and an expanding manufacturing base, comprising 1,139 manufacturing units and 13,488 trade units, employing over 70,516 artisans, according to the NCAER Study. In 2023–24, gems and jewellery exports from Delhi stood at US$ 1.3 billion, accounting for nearly 3.9% of India's G&J exports during 2023-24. In 2024–25, G&J exports from Delhi are estimated to have reached US$ 2.8 million. Delhi NCR specialises in plain gold and silver jewellery, with a growing emphasis on studded jewellery. Additionally, there is Noida Special Economic Zone (NSEZ), which acts a key hub for manufacturing and exports of Gems & Jewellery from Delhi NCR. The SEZ houses 37 manufacturing and trading units in the gems and jewellery sector. As per the data from NSEZ, in 2023-24, exports of gems and jewellery accounted for 68.7% of the total merchandise exports from NSEZ, amounting to ₹ 6771.8 crores (approx. US$ 817.9 million) in 2023-24.

**Exhibit 14: Strengths, Gaps and Opportunities of Delhi NCR Cluster**




## Strengths

Delhi's strategic location enhances its competitiveness, with its proximity to Delhi International Airport facilitating efficient logistics and trade connectivity. Noida SEZ also facilitates an integrated ecosystem for manufacturing and exports of gems and jewellery from the cluster. The cluster exhibits high e-commerce readiness, serving as a key terminal for courier operations and clearance, with several major logistics companies utilising Delhi as their hub. The cluster's strength is further bolstered by the Indian Institute of Gem and Jewellery (IIGJ) Research and Laboratory Centre (RLC), which provides high-quality gemstone and diamond testing services that are critical for exporters, jewellers, and customs officials. With advanced machinery and the upcoming International Organization for Standardization (ISO) 15025 accreditation, it is set to become the first ISO-certified gemstone testing lab in India. IIGJ Delhi also provides hands-on training in jewellery design, gemmology, and manufacturing. The cluster also benefits from a strong institutional support, through proactive industry associations in the sector.

Together, these attributes—a robust ecosystem, a strategic location, testing infrastructure and a strong emphasis on skill development—position Delhi NCR as a thriving hub for the gems and jewellery industry.

## Gaps

A major identified gap in Delhi is the lack of policy support as well as fiscal incentives. Although Delhi has a Draft Industrial & Economic Development Policy 2023–33, gems and jewellery is not a focus sector in the policy. Besides these, the cluster also lacks hard infrastructure such as CFC, limiting small artisans' access to advanced machinery. Artisans in the cluster also face challenges in effectively marketing their products due to the absence of structured support through initiatives such as DEH, OSOP, and identification of product for GI tagging. Besides, as noted during the discussion, players in the cluster also face high raw material cost.

Moreover, as per discussion with stakeholders, there is also a significant gap in awareness about export opportunities, especially among smaller players, which limits their ability to export.

## Opportunities

NSEZ presents significant opportunity for the gems and jewellery sector by providing an integrated ecosystem for manufacturing and exports, backed by robust policies, financial support, and modern infrastructure. These facilities are being effectively leveraged by exporters to scale up operations and tap into global markets. The NSEZ serves as a model template for leveraging SEZ ecosystem for bolstering G&J exports.

Additionally, Delhi's prominence as a major tourist destination offers an opportunity for tourism-driven sales. According to the India Tourism Statistics 2023, Delhi ranked as the fourth-largest state for foreign tourist visits in India, accounting for 9.5% of total visits. By recognising sale to foreign tourists as exports of gems and jewellery, the Delhi cluster can garner higher forex earnings.

## JAIPUR

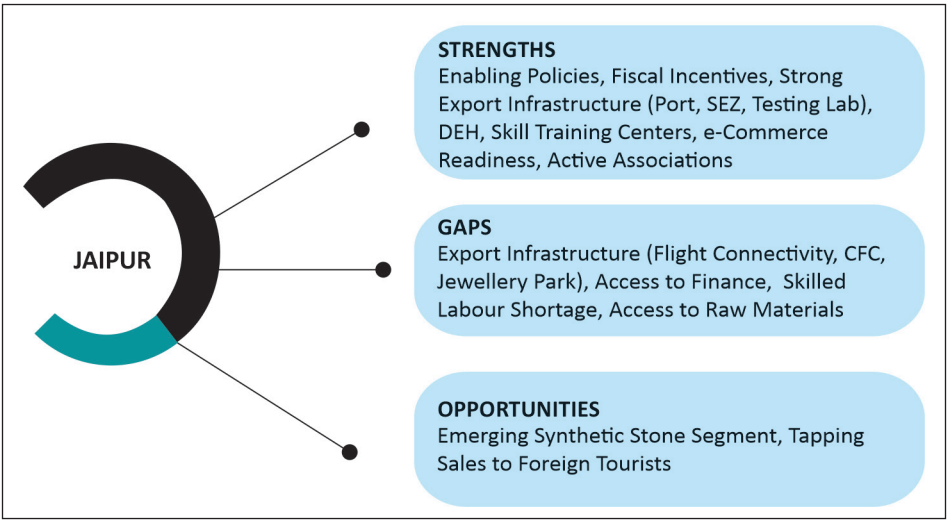
Rajasthan contributes approximately 90% of India's Meenakari jewellery exports and 60% of Kundan jewellery exports[12]. Jaipur is often referred

[12] Rising Rajasthan 2024, Government of Rajasthan

to as the 'Capital of Coloured Gemstones', and is globally recognised for its unmatched diversity and expertise in gemstone craftsmanship. Jaipur processes more than 300 different varieties of precious and semi-precious gemstones. According to the NCAER Study, the cluster comprises 33,651 manufacturing units, employing nearly 1,90,628 artisans. In 2023-24, Jaipur's gems and jewellery exports stood at US$ 831.2 million, accounting for about 2.5% of India's gems and jewellery exports. During 2024-25, G&J exports from Jaipur are estimated to have risen to US$ 1.6 billion.

The Sitapura SEZ in Jaipur with 154 operational units was initially a Gems & Jewellery SEZ, but was deemed a Multi-Product SEZ in 2019. Additionally, Jaipur also has Mahindra World City multi-product SEZ. According to DGCI&S, approximately 33.4% of Rajasthan's exports of gems and jewellery originates from these SEZs.

**Exhibit 15: Strengths, Gaps and Opportunities of Jaipur Cluster**




## Strengths

Gems and Jewellery has been recognised as a manufacturing thrust sector under the Investment Promotion Scheme 2024 of the state government and a focussed sector under the Rajasthan's Export Policy 2024. The targeted

support from both industrial and export policies has bolstered the sector's growth. The presence of the IIGJ provides an impetus to specialised training in design, CAD, gemmology, and manufacturing. Further, IIGJ's industrial training project for stone cutting and polishing, in collaboration with industry players, is creating a pool of skilled professionals for addressing the labour shortages in the cluster. The IIGJ RLC in the Jaipur cluster also provides advanced testing services, including micro-CT for pearl examination and gemstone origin identification, making it the only lab in India offering such high-precision analysis.

Jaipur cluster has strong e-commerce readiness, supported by leading logistics players like India Post, Dak Niryat, UPS, DHL, and FedEx. The cluster also benefits from strong export infrastructure including an international airport, and SEZs. Jaipur also benefits from identification of gems and jewellery as a focus product under the DEH initiative.

## Gaps

Infrastructure challenges hinder the export capacity of Jaipur's gems and jewellery cluster. The Jaipur Air Cargo Complex, faces accessibility constraints, as only one of its three custodians has airside access, while others depend on road transport to Delhi, increasing security risks and delays. Limited international flight connectivity further necessitates reliance on Delhi and Mumbai as gateway ports, escalating costs and transit times. There is also a perceived need for infrastructure such as CFC and jewellery park.

The cluster has low credit penetration, along with relatively low average credit size for players in the sector. The cluster also faces significant wastage in the production process. As per discussion with stakeholders, in coloured gemstone processing, nearly 80% of the material is being wasted, especially in case of materials such as topaz. The wastage, including slurry from natural stones, are often stored without further processing, and there is a lack of any standardised recycling process. Another gap in technology is in terms of heat treatment. Heat treatment is used in coloured gemstone to enhance the colour and clarity of stones such as sapphires, rubies, and topaz. This

process increases the gemstones' aesthetic appeal and, value. However, heat treatment technology is limited to a few players in Jaipur.

Beyond infrastructure, operational constraints, including raw material supply availability are also affecting the sector's scalability. The coloured gemstone industry relies heavily on imported raw materials, primarily from Africa, Thailand, Colombia and Brazil. Majority of the gemstone mining is carried out by artisanal miners. However, stricter import regulations in India make importing rough gemstones from artisanal miners significantly challenging. In competitor countries like Thailand, liberal trade rules have enabled imports from small artisanal miners easier, positioning these destinations as trading hubs. Additionally, several gemstone-producing countries like Tanzania, Sri Lanka, and Colombia are also imposing export restrictions on raw coloured stones to encourage domestic processing and job creation. This shift further limits Jaipur's access to rough gemstones, which is a critical input for the cluster.

The cluster also faces skilled labour shortage, stemming from declining migration of artisans from West Bengal, owing to lower remuneration. Besides, it was also noted during the field visit that Jaipur faces higher operational costs, for electricity and land, along with water scarcity, which adds to the operational burdens of the units in the cluster.

## Opportunities

The cluster could tap the opportunities in synthetic gemstone production. Once a notable player in this field, India has lost ground due to outdated techniques and limited technological advancements. By investing in advanced technology, R&D, and modern machinery, Jaipur can capitalise on this high-growth segment. The cluster's established ecosystem makes it well-suited to lead this transformation, reducing import dependency, creating new growth opportunities, and reinforcing its status as a global hub for both natural and synthetic gemstones.

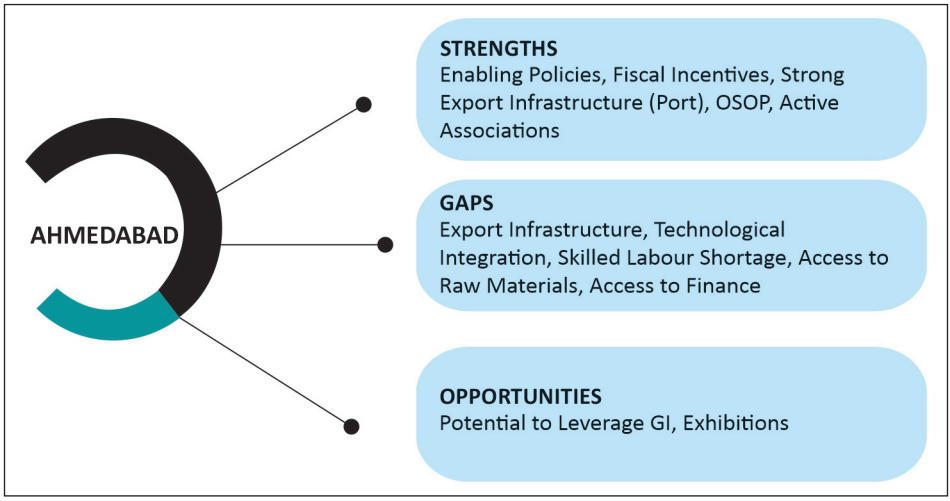
Jaipur's Kundan Meenakari is currently in the pre-examination stage of GI recognition. Once recognised, it presents a significant opportunity to

enhance the global recognition of the craft. Tourism also presents immense opportunities for growth. According to the India Tourism Statistics 2023, Rajasthan accounted for 6.3% of domestic tourist visits and 4.6% of foreign tourist visits in 2022. Tourists often present a direct market for local products. Recognising these sales as exports could further enhance the external orientation of the production in Jaipur cluster.

## AHMEDABAD

According to the NCAER Study, Ahmedabad has nearly 19,037 gems and jewellery units, employing nearly 2,59,971 workers. Ahmedabad comprises several manufacturers of plain gold jewellery. Besides, Ahmedabad serves as a major trading and retailing hub for gems and jewellery, particularly diamonds. It is noteworthy that jewellery manufacturers from nearby districts like Rajkot and Bhavnagar also undertake exports via Ahmedabad. In 2023-24, exports of gems and jewellery from Ahmedabad were US$ 559.2 million, accounting for nearly 1.7% of India's total gems and jewellery exports during the year. During 2024–25, exports from the district were estimated at US$ 122.5 million.

**Exhibit 16: Strengths, Gaps and Opportunities of Ahmedabad Cluster**



## Strengths

Similar to Surat cluster, Ahmedabad cluster also benefits from targeted incentives under the Aatmanirbhar Gujarat Scheme 2022. The cluster also has a well-established and supportive industry association that facilitates capacity building and policy advocacy.

Marketing efforts in the cluster are benefitting from the inclusion of imitation jewellery under the OSOP scheme for the district, thereby enhancing visibility for the businesses. In terms of export infrastructure, the cluster benefits from an international airport that facilitates exports originating from Ahmedabad, as also from nearby areas such as Rajkot.

## Gaps

Ahmedabad's gems and jewellery sector faces multiple structural and operational challenges. The Air Cargo Complex (ACC) in Ahmedabad facilitates the export of plain gold jewellery, but exporters of diamond-studded jewellery rely on Mumbai due to lack of appraisal facilities for studded jewellery at the Ahmedabad airport. As a result, despite Ahmedabad having an ACC, most diamond-studded jewellery exports are routed through the PCCCC in Mumbai. This leads to higher logistics costs and inefficiencies. There is currently an overdependence on a single Clearing House Agent (CHA), which is constraining the cluster's ability to scale up exports. There is need for building further capacities to reduce this dependence. Moreover, access to raw material is also a challenge for small jewellery exporters in the cluster, who face difficulty in sourcing duty-free gold in smaller quantities. This is because some of the key suppliers like Diamond India Limited (DIL) and banks do not supply gold in denominations less than 1 kg to exporters, making it difficult for small-scale exporters to procure lesser quantities for meeting export orders. Additionally, procurement of gold through the India International Bullion Exchange also remains challenging for smaller players, owing to the high membership threshold. Although the asset threshold for membership has been reduced from ₹25 crores earlier to ₹5 crores currently, MSMEs still find the threshold prohibitive.

The cluster also faces constraints in terms of technology adoption and upgradation due to lack of access to finance. As per the discussions during field visit, many jewellery businesses find it difficult to secure loans for investments in advanced technology and specialised software for automation of jewellery business management. It is noteworthy that the cluster has low credit penetration as well as a low average credit size in the G&J sector. Furthermore, a shortage of skilled labour in handmade jewellery production also limits the cluster's capacity to meet market demand.

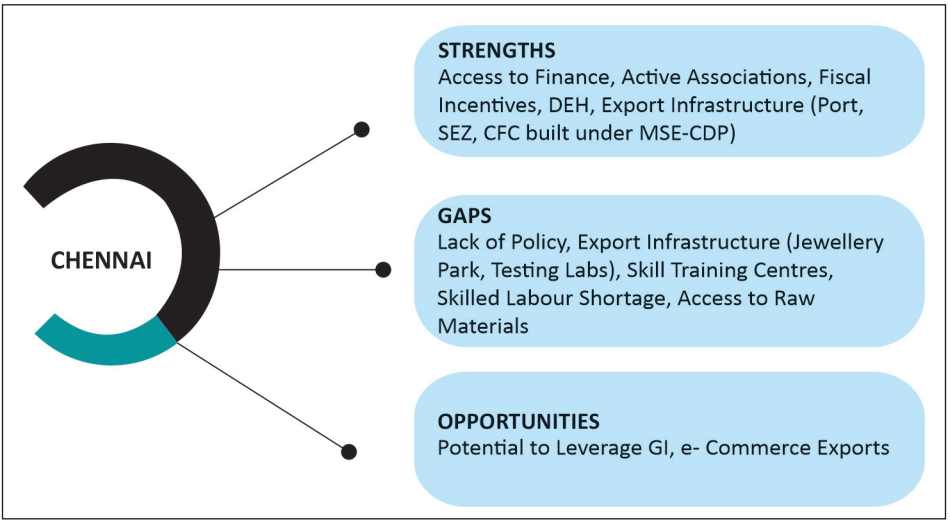
## Opportunities

A GI tag for Ahmedabad's traditional Pichayi Jadau jewellery can provide significant opportunities for branding and marketing. Additionally, hosting the prestigious IIJS exhibitions in the Ahmedabad cluster could unlock more export opportunities. The cluster has strong participation in exhibitions held at other locations, but does not have large scale exhibitions in the district.

## CHENNAI

Chennai cluster comprises over 1,400 manufacturing units, employing 8,302 skilled artisans, predominantly engaged in the manufacture of plain and studded gold jewellery. Among these, nearly 175 units are export oriented, as noted in the discussions during the field visit. Majority of the manufacturing units are situated in the Sowcarpet area, while retail units are predominantly situated in the T. Nagar area of Chennai. As per data from DGCI&S, exports of gems and jewellery from Chennai stood at nearly US$ 549.8 million in 2023-24, accounting for nearly 1.7% of India's G&J exports during the year. In 2024-25, exports of G&J from the district reached an estimated US$ 1.2 billion.

**Exhibit 17: Strengths, Gaps and Opportunities of Chennai Cluster**




## Strengths

Access to finance is an important strength for the cluster, with significantly high credit penetration in gems and jewellery sector, as well as large average loan size. As noted in the discussion held during the field visit, players in the cluster exhibit high willingness to avail formal credit and also have a fairly strong financial awareness to avail formal credit. Additionally, there is also a strong institutional support in the cluster, with proactive G&J associations. Moreover, there are several fiscal incentives from the Government of Tamil Nadu for industrial development in the state, which contribute to a supportive business environment for the players in the cluster. It is noteworthy that players in the cluster have jointly built a common facility centre in Sowcarpet with a range of machinery for jewellery making, by utilising support from the Central Government's Micro and Small Enterprises Cluster Development Programme. The cluster also has trade-enabling infrastructure such as Chennai International Airport (around 21.3 km away from Sowcarpet area) and the Madras Export Processing Zone (MEPZ) SEZ, which support exports from the cluster. Chennai also benefits from the identification of gems and jewellery as a focus product under the DEH initiative.

## Gaps

The major challenge of this cluster is lack of focussed policy support from the State Government. While the Government of Tamil Nadu has in place an industrial policy and an export policy, gems and jewellery is not a focus sector for the state in either of these policies. Beside policy, Chennai cluster also lacks hard infrastructure, such as jewellery parks, testing laboratories and recognised skill training centres. Chennai also faces a challenge in terms of finding new talent in the industry, owing to reluctance among the younger generations to engage in the industry, potentially leading to a shortage of skilled artisans, going forward. Moreover, Chennai also faces issues in access to raw material for exports owing to factors such as high bank premiums, lack of transparency in the premium levied by banks, and delays in export gold delivery. There are also issues related to operational inputs such as electricity and water.

## Opportunities

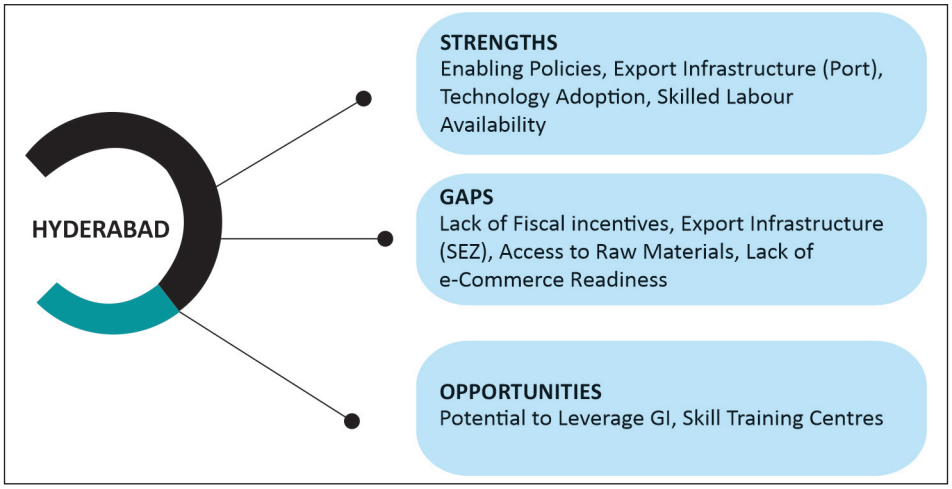
The cluster has considerable scope for enhancing marketing efforts through identification of target product for obtaining GI tag. Based on discussions with stakeholders in the cluster, Chettinad-style close-setting diamond studded gold jewellery is a key speciality of the players in the cluster, which is a traditional design in South India. This product could be targeted for obtaining a GI tag in Chennai. Additionally, there is also scope for raising awareness about e-commerce exports. As noted during the discussion, currently very few players in the clusters are utilising e-commerce mode for exports, with several players citing a lack of awareness about export procedures as a key barrier for exporting through e-commerce.

## HYDERABAD

Hyderabad cluster specialises in gold jewellery studded with natural coloured gemstones, such as rubies, emeralds, pearls, sapphires, etc. The cluster comprises nearly 11,373 manufacturing units, employing nearly 30,216 skilled artisanal workers. As per data from DGCI&S, gems and jewellery exports from Hyderabad stood at nearly US$ 205.5 million in 2023-24, accounting for

about 0.6% of India's gems and jewellery exports in 2023-24. In 2024-25, G&J exports from Hyderabad are estimated to have risen to US$ 234.4 million.

**Exhibit 18: Strengths, Gaps and Opportunities of Hyderabad Cluster**




## Strengths

Gems and Jewellery has been recognised as a thrust sector under the Telangana Industrial Policy Framework 2015, and as a core sector under the Export Strategy Framework of the State. Hyderabad cluster also draws its strength from its proximity to Hyderabad Airport, which is the key port for exports from the state, and is located about 36 km away from key urban hubs like Himayatnagar and Basheer Bagh, enabling significant logistical ease. Another key strength of the cluster is the technology adoption in jewellery manufacturing. The cluster has a steady flow of skilled workforce, primarily from West Bengal, which combined with a fair pay structure and decent working conditions contributes to strong retention. The cluster also benefits from identification of G&J as a focus product under DEH initiative.

## Gaps

While gems and jewellery has been recognised as a focus sector in the Industrial Policy and the Export Strategy of the Government of Telangana,

there are no fiscal incentives in place for this sector. Moreover, Hyderabad cluster also lacks enabling infrastructure in the sector, such as SEZs, which limits access to trade-enabling ecosystem.

Moreover, raw material availability is also a key challenge for the cluster, particularly for gold. As noted during the discussion with stakeholders, the supply of export gold from banks is not adequate to meet the demand of export gold in the cluster, leading to procurement of duty-paid gold from other sources instead. Besides this, the cluster also faces gaps in e-commerce readiness due to reluctance of players to explore e-commerce segment, owing to lack of clarity with regard to return policies.

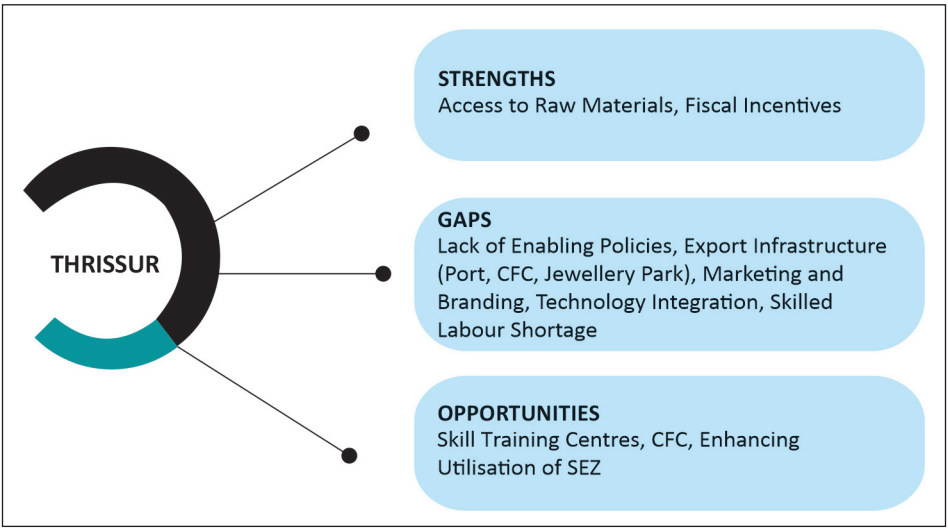
## Opportunities

Hyderabad also has a potential jewellery product for GI tag, namely "Kempu Pachalu" jewellery, which is a traditional ruby and emerald studded jewellery. Obtaining a GI for the product can enable better global recognition and brand differentiation. There is also scope for developing skill training centres in the cluster to ensure steady availability of technologically skilled artisans in the cluster.

## THRISSUR

Thrissur is one of the major hubs for manufacturing of plain gold jewellery in Kerala. As per the NCAER Study, the Thrissur cluster comprises around 11,044 manufacturing units employing nearly 54,394 artisans. During 2023-24, Thrissur's gems and jewellery exports was US$ 81.5 million, accounting for about 0.2% of India's gems and jewellery exports during the year. In 2024-25, G&J exports from Thrissur were estimated at US$ 115.8 million. Some of the key products manufactured in Thrissur include plain gold necklaces, chains, bangles, and rings, with the majority of manufacturing taking place in household units.

**Exhibit 19: Strengths, Gaps and Opportunities of Thrissur Cluster**




## Strengths

Thrissur benefits from ease of raw material procurement, ensuring consistent production without cost-related challenges. Thrissur also benefits from a wide range of fiscal incentives extended by the Government of Kerala, including a one-time infrastructure subsidy covering 25% of investment (up to ₹ 1 crore per entity) for setting up export-oriented facilities such as warehousing, logistics centers, and testing laboratories. Additionally, incentives such as reimbursement of logistics costs, expenses incurred for participation in trade fairs, funding support for market research, and export packaging assistance, are also extended by the Government of Kerala.

## Gaps

While Kerala has in place both an industrial policy and an export policy, gems and jewellery is not among the thrust sectors for the state. Besides, technology adoption and technological skills among artisans in the cluster remains low, with majority of the work done by hand. Lack of CFC and a dedicated jewellery park further restricts access to shared infrastructure and limits technology adoption. The cluster also does not have an airport in the

vicinity, with the nearest international airport being about 50 km away. As per discussion with stakeholders, it is noted that this airport is also not currently being utilised for gems and jewellery exports due to lack of appraisers and valuers of precious metal jewellery in the airport. Besides, the cluster also faces a shortage of skilled labour, as there is a reduction of migrant artisans from West Bengal in the region. Additionally, local talent is increasingly shifting to other remunerative industries and also migrating abroad for better opportunities.

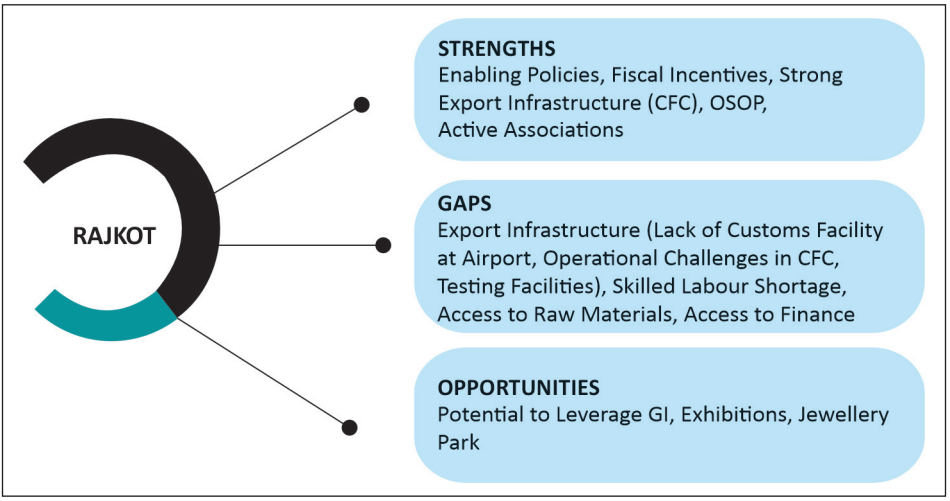
## Opportunities

Thrissur has an SEZ in Kakkanad near Cochin, located at a distance of about 30 km from Thrissur. However, the SEZ is currently underutilised by players from the cluster. As per data from GJEPC, gems and jewellery exports from this SEZ stood at a meagre US$ 19.8 million in 2022-23, accounting for only 0.3% of G&J exports from all SEZs during the year. There is substantial scope for enhancing the utlisation of the SEZ by encouraging players to set up units in the SEZ. There is also scope for developing recognised skill training centres in the cluster, to promote skill development and attract local talent in the industry.

## RAJKOT

Rajkot is one of India's key jewellery manufacturing hubs, known for its specialisation in plain gold and silver jewellery. As per the NCAER study, Rajkot has 20,576 units engaged in the industry, employing 1,36,252 artisans. This is higher than Surat, in terms of both number of units and employment in the industry. Nonetheless, the contribution of Rajkot to G&J exports stood significantly lower than Surat, at only US$ 57 million during 2023-24, accounting for only 0.2% of India's G&J exports. In 2024-25, G&J exports from Rajkot reached an estimated US$ 65.5 million.

**Exhibit 20: Strengths, Gaps and Opportunities of Rajkot Cluster**




## Strengths

Rajkot's gems and jewellery cluster has India's first Jewellery CFC, which provides advanced services such as Jewellery Design (CAD), CAM (RTP), Laser CNC, Gold Purity Analysis (XRF), Laser Soldering, Refining, and specialised machinery like the Fisser Machine. Like Surat and Ahmedabad, Rajkot also benefits from targeted incentives under the AatmaNirbhar Gujarat Scheme 2022, as mentioned earlier. Industry associations in the cluster play a key role in addressing challenges of the businesses and representing their interests to policymakers. The inclusion of imitation jewellery under the district's OSOP scheme has strengthened marketing efforts of the cluster. Rajkot's ability to meet international export standards allows it to cater to diverse markets, including developing countries like Bangladesh and Sri Lanka and high-quality conscious, developed countries in Europe.

## Gaps

Despite having an international airport, the lack of customs and appraisal facilities compels exports to be routed through Ahmedabad or Mumbai, increasing logistics costs and time. While the cluster has a CFC, facilities like refinery remain underutilised due to relatively higher costs. The absence

of metallurgy labs, research centers, and diamond testing facilities further creates dependence on other centres such as Mumbai and Surat. Limited storage and warehouse facilities in the cluster also delays procurement of gold and silver. During the field visit, it was observed that small exporters depend on e-commerce platforms to sell globally, but platform charges of 15–20% significantly affect profit margins, making e-commerce exports unattractive for such players. Besides, lack of skilled workers for operating advanced machinery in the cluster is also a key challenge for Rajkot. While ad-hoc training is currently provided on-the-job basis by individual companies, the same has been noted to be insufficient in meeting the cluster's overall demand. Access to finance is also a challenge in Rajkot, with a low credit penetration and low average credit size in the sector. A key issue noted during the field visit is the lack of awareness of financial products among players in the cluster. Addressing these constraints would be essential for enhancing Rajkot's competitiveness in the global jewellery trade.

## Opportunities

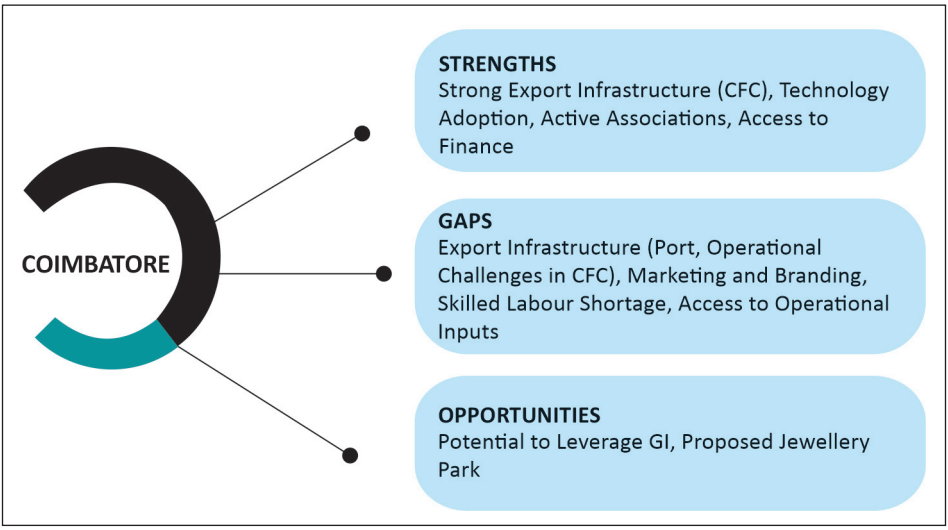
Rajkot has significant opportunities to further strengthen its position as a leading jewellery manufacturing hub. Securing a GI tag for Rajkot's traditional "Rabari" jewellery could enhance the cluster's global appeal.

The Gujarat Industrial Development Corporation has proposed to develop a Jewellery Park focused on imitation jewellery in Rajkot at a location closer to the airport. This could create a conducive ecosystem for production of fashion jewellery, with state-of-the-art infrastructure and shared facilities.

## COIMBATORE

Coimbatore is a key hub for plain gold jewellery manufacturing, and has the highest number of jewellery manufacturing units in Tamil Nadu. As per the NCAER Study, the cluster has nearly 12,789 units, employing nearly 41,721 artisans. However, gems and jewellery exports from Coimbatore remained substantially low, at nearly US$ 55 million in 2023-24, accounting for only about 0.2% of India's G&J exports.

**Exhibit 21: Strengths, Gaps and Opportunities of Coimbatore Cluster**




## Strengths

The cluster has a relatively high technology adoption, with mechanisation of several aspects of jewellery production, including widespread use of CAD/CAM technologies and machinery for jewellery cutting, polishing, and chain making, among others. This is further bolstered by CFC that provides access to shared machinery and facilities, and promotes operational efficiency. Coimbatore also benefits from strong institutional support from proactive associations. The cluster also has strong flow of formal credit as reflected by growing average size of bank credit availed by the players. As per RBI data, in 2023-24, the average credit size in gems and jewellery industry in Coimbatore grew by 42.3% y-o-y.

## Gaps

Similar to Chennai, Coimbatore also faces gaps in enabling policy support from the Government of Tamil Nadu for the gems and jewellery sector. Besides, Coimbatore also faces limitations due to a number of infrastructure challenges. While the cluster has a CFC, facilities like 3D CAM Printer is currently not operational and requires repair. However, due to the high cost

of repairing and lack of availability of technical experts locally, the repair is not being undertaken. The absence of dedicated customs facilities and lack of flight connectivity at Coimbatore Airport pushes exporters to depend on Chennai Airport, increasing costs and leading to delays. Additionally, there are also operational challenges, such as frequent electricity outages, occurring 1-2 times daily. The cluster also faces shortage of skilled labour due to lack of willingness of younger talent to enter the industry as also lack of recognised training centres for technological and design training. Moreover, there is a lack of recognised testing centres in the cluster, although there are several private testing and certification labs in the cluster. There is also no gems and jewellery product identified under the OSOP and DEH initiatives, limiting branding and targeted marketing.

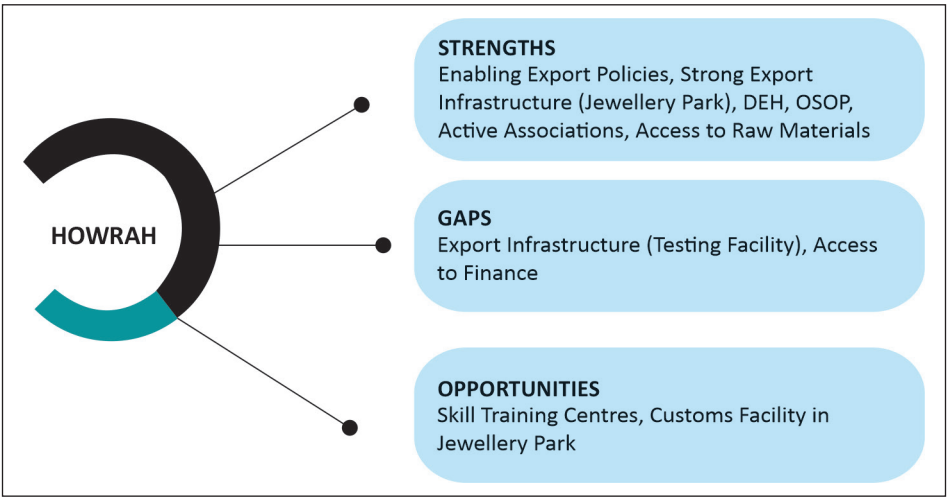
## Opportunities

Tamil Nadu has benefitted from the GI tagging of Temple Jewellery from Nagercoil, which has enhanced the recognition of the state's traditional craftsmanship. On similar lines, obtaining a GI tag for Coimbatore's lightweight 'jimikkis' (earrings) could strengthen their recognition and boost export opportunities. Coimbatore could also benefit from the establishment of the Jewellery Park, proposed by the State Government at CIDCO Kurichi Road near Pollachi. With cutting-edge facilities and shared infrastructure, this jewellery park could support greater formalisation of the industry by providing favourable environment for jewellery manufacturing.

## HOWRAH

Howrah cluster in West Bengal is renowned for gold jewellery manufacturing, comprising around 20,280 units, and employing nearly 1,12,680 artisans, as per the NCAER Study. However, in terms of exports, the cluster accounted for 0.1% of India's total gems and jewellery exports in 2023-24, amounting to US$ 49.1 million. In 2024-25, G&J exports from Howrah increased to US$ 94.1 million.

**Exhibit 22: Strengths, Gaps and Opportunities of Howrah Cluster**




## Strengths

Like Kolkata, Howrah also benefits from strong policy support from the Government of West Bengal. Additionally, Howrah also has the Ankurhati Jewellery Park, which serves as a key production hub, creating an integrated manufacturing ecosystem. Howrah also benefits from marketing and branding efforts such as identification of gems and jewellery as target products under the DEH and OSOP initiatives. Moreover, the cluster also benefits from easy access to raw material. Further, gems and jewellery associations are also very proactive in the Howrah cluster, playing a key role in connecting artisans with market and export opportunities.

## Gaps

Similar to Kolkata, Howrah also faces gaps in terms of the limited fiscal incentives extended to the sector by the state government. Howrah cluster also faces significant infrastructure challenges such as poor connectivity to the nearest port, as the interior roads leading to the highways are narrow, and of poor quality which disrupts smooth transportation. The cluster also lacks facilities for testing quality of gold. For instance, there is lack of facility for testing the nickel content in rhodium-plated jewellery and potassium

cyanide content in plain gold jewellery. This leads to exporters facing non-tariff barriers in several markets, leading to product returns.

There is also significant skill gap in the cluster, with lack of skill training centres and reluctance among younger generation to enter the industry, leading to a threat of skilled labour shortage in the forthcoming years.

Access to formal finance is also limited in the cluster, with reluctance among small players to avail formal credit. As noted during the discussion with stakeholders, many artisans rely on personal funds or informal borrowing from larger jewellers due to the complex documentation and application processes of bank loans. As a result, the credit penetration and average credit size in the gems and jewellery industry is noted to be substantially low in Howrah.

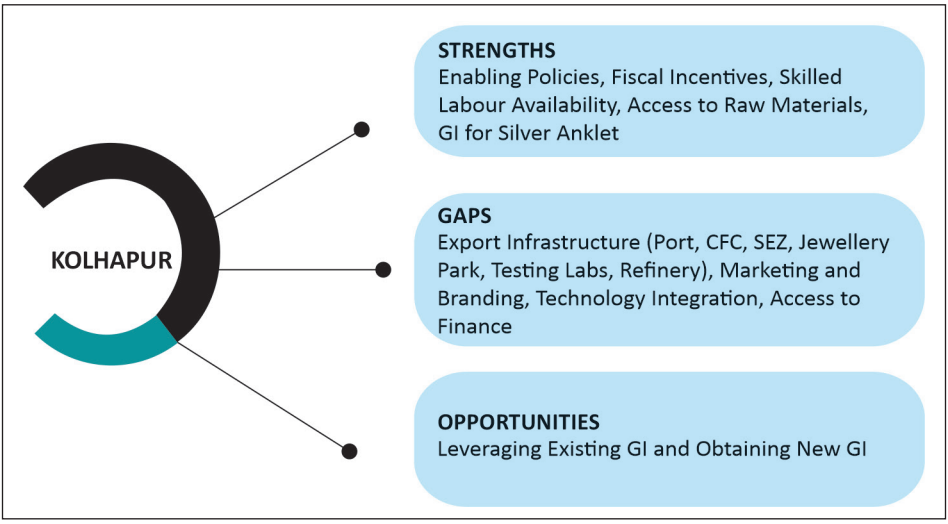
## Opportunities

Ankurhati Jewellery Park has a dedicated area known as export facilitation centre, which is currently being utilised for conducting capacity building and awareness programmes for enabling exports from the jewellery park. Going forward, there exists opportunities for setting up customs facility in the jewellery park, to develop an end-to-end ecosystem for exports within the jewellery park, thereby reducing reliance on the ports in Kolkata. There also exist opportunities for setting up recognised training centre within the jewellery park area, to encourage skill development and attract local talent into the industry.

## KOLHAPUR

Kolhapur cluster has the second highest number of manufacturing units in Maharashtra after Mumbai Suburban, at around 20,261 units, which employ around 63,093 artisans. Kolhapur city is known for its exquisite gold jewellery, and the nearby Hupari city is a hub for silver jewellery manufacturing. However, exports of gems and jewellery from the cluster is substantially low at around US$ 17.7 million in 2023-24, accounting for 0.1% of India's G&J exports. In 2024-25, exports from Kolhapur reached US$ 21.7 million.

**Exhibit 23: Strengths, Gaps and Opportunities of Kolhapur Cluster**




## Strengths

Similar to Mumbai and Mumbai Suburban, Kolhapur benefits from strong policy support and fiscal incentives from the Government of Maharashtra. Kolhapur has ample availability of skilled artisans locally and also has steady supply for raw materials, particularly for gold jewellery manufacturing. Kolhapur also benefits from an existing GI tag for Hupari Silver Payal.

## Gaps

Kolhapur lacks critical infrastructure like CFC, jewellery park, SEZs, and testing labs, which restricts access to shared resources and limits scalability. Testing facilities in Kolhapur are mainly private and unaccredited, making it difficult to meet international quality standards. Logistics inefficiencies further constrain the sector, as the nearest export port, PCCCC Mumbai, is located approximately 386.5 km from Kolhapur city and 402.3 km from Hupari, leading to increased delivery costs and delays. The cluster also has low adoption of technology, with artisans relying mainly on traditional techniques, further limiting scalability. Artisans also exhibit lack of awareness about export opportunities and financial products.

Besides, while raw material for gold jewellery is amply available, the availability of raw material for silver jewellery is a major challenge in Hupari, owing to issues such as impurities and adulteration of silver with other metals like copper, iron, cadmium, and brass, which reduces product quality. As per discussion with stakeholders, such impurities have affected the sound quality of ghungroos (bells) in the anklets, reducing their appeal. Additionally, no gems and jewellery products have been identified for Kolhapur under the OSOP or DEH initiatives, which restricts branding and focused marketing.

## Opportunities

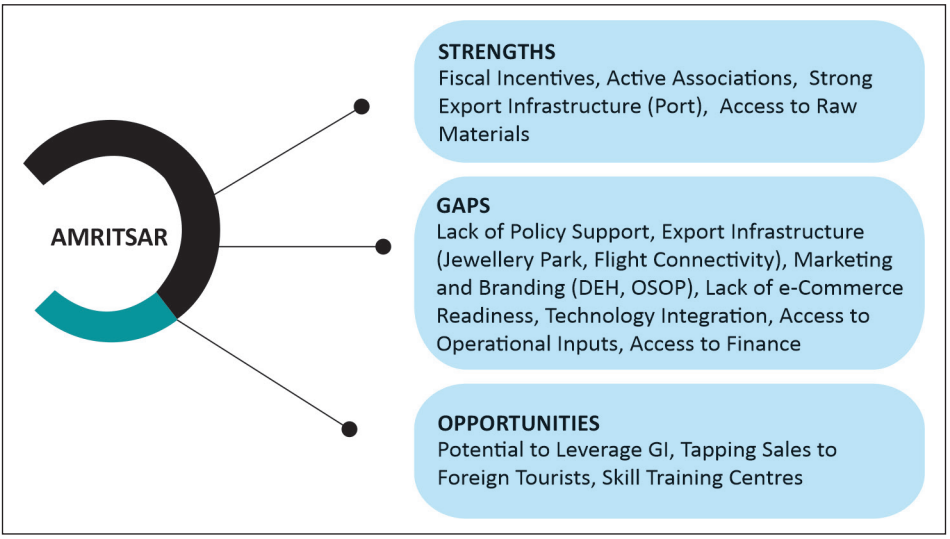
Opportunities exist for bolstering branding efforts of existing GI products like Hupari Silver Payal. The Hupari Silver Payals are manufactured in Kolhapur using traditional techniques and designs that are over a century old. Promoting the existing GI for Hupari Silver Payal by establishing a strong brand identity could help enhance global recognition and attract premium prices in international market. The cluster can also secure a GI tag for Kolhapuri Saaj. This is a unique craft of Kolhapur and is exported to countries like the USA and Australia[13]. Obtaining GI tag for this product could further enhance its brand value and recognition.

## AMRITSAR

Amritsar's gems and jewellery cluster has nearly 21,590 manufacturing units, and employs around 53,449 artisans. Majority of these manufacturing units are concentrated in Guru Bazaar and Tahli Wala Chowk areas. Despite having more manufacturing units than nearby cluster such as Delhi NCR, the total G&J exports from Amritsar stood at a meagre 0.03% of India's G&J exports during 2023-24, valued at US$ 9.5 million.

[13] https://kolhapur.gov.in/en/economy/

**Exhibit 24: Strengths, Gaps and Opportunities of Amritsar Cluster**




## Strengths

Amritsar benefits from a range of fiscal incentives extended by the Government of Punjab. These include 1% freight subsidy under the export policy, and net SGST Reimbursement, electricity duty exemption, property tax and stamp duty exemptions, capital and interest subsidies, e-commerce onboarding support etc. under the industrial policy of Punjab. Amritsar also benefits from its proximity to the Amritsar Air Cargo Complex, located just 12.7 km from the Guru Bazaar, along with the newly inaugurated customs terminal, for facilitating exports from the cluster. Amritsar also has benefits from institutional support through proactive industry associations. There is also easy access to precious raw materials, such as gold and silver, with ample refineries, bullions as well as institutions such as DIL for providing export gold.

## Gaps

While wide range of fiscal incentives are available to players, gems and jewellery is not a focus sector for Punjab in its industrial and export policy. Besides, there is also infrastructure limitations such as lack of jewellery park, direct international flight connectivity, and an absence of appraisers at the

newly inaugurated Amritsar Customs Terminal, which restricts exports from the cluster.

Moreover, as noted during the field visit, Amritsar cluster has limited technology adoption with a heavy reliance on manual labour, especially among smaller players. Presently, there is a gap in technical proficiency of artisans in the cluster, further exacerbated by the lack of sector-specific training institutes in Amritsar. Besides, inconsistent access to utilities such as electricity and water, combined with frequent power outages during summer, are also noted to be key challenges for production in the cluster.

There also exists gap in access to finance, mainly due to lack of awareness about financial products. Accordingly, as per RBI data, there is low formal credit penetration and a low average credit size in the gems and jewellery industry in Amritsar.

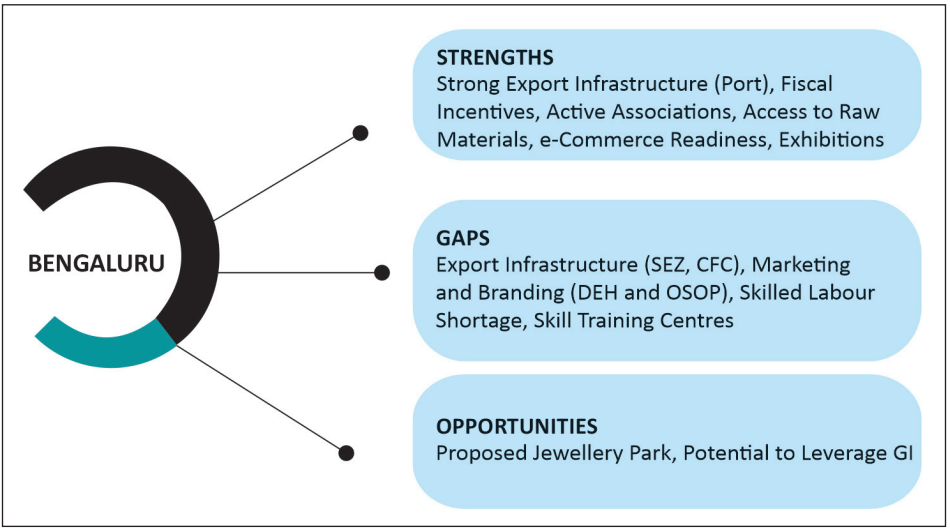
## Opportunities

Amritsari Jadau Jewellery is a potential GI product for the cluster that could enhance its recognition in foreign markets and garner premium prices. There also exists potential for the sector to benefit from increased sales to foreign tourists. As per the India Tourism Statistics 2023, Punjab accounted for 3.8% of the foreign tourist visits to India in 2022. There is scope for leveraging international tourists footfall in Amritsar by promoting sales to foreign tourists and recognising such sales as exports. As per discussions with stakeholder, there is scope and demand for developing recognised skill training centres in Amritsar, to improve technological proficiency among artisans and attract young talent into the industry.

## BENGALURU

Bengaluru cluster comprises nearly 11,810 manufacturing units, that employ over 40,582 artisans. The cluster specialises in plain and studded gold jewellery, as well as a range of pooja articles. However, the export orientation of these units remains meagre. As per data from DGCI&S, exports of gems and jewellery from Karnataka as a whole, stood at only 0.3% of India's exports of gems and jewellery during 2023-24.

**Exhibit 25: Strengths, Gaps and Opportunities of Bengaluru Cluster**




## Strengths

A notable strength of the cluster is its easy access to Kempegowda International Airport for exports. The cluster demonstrates high e-commerce readiness via partners like Sequel Secure, DNKs. Players in the cluster are also actively engaging in trade fairs, buyer-seller meets, as also exhibitions such as IIJS Tritiya. Additionally, the cluster also benefits from fiscal incentives available under Karnataka's Industrial Policy including capital expenditure subsidy, women workforce participation incentives, and stamp duty exemption, among others. Moreover, the cluster has strong institutional support through proactive network of gems and jewellery associations. The cluster also benefits from relatively easy access to raw material as well as steady supply of operational inputs.

## Gaps

Despite its strengths, the Bengaluru cluster's foremost challenge is a shortage of skilled artisans, due to a declining interest among younger generations. There is also a lack of dedicated skill training centres in the cluster, further hampering skill development and inflow of new talent in the industry. Furthermore, Karnataka's Industrial policy and export policy do not focus on

G&J as a thrust sector for the state. G&J products are also not identified as focus products under the DEH and OSOP initiatives. Bengaluru also lacks key infrastructures, such as CFCs and SEZs.

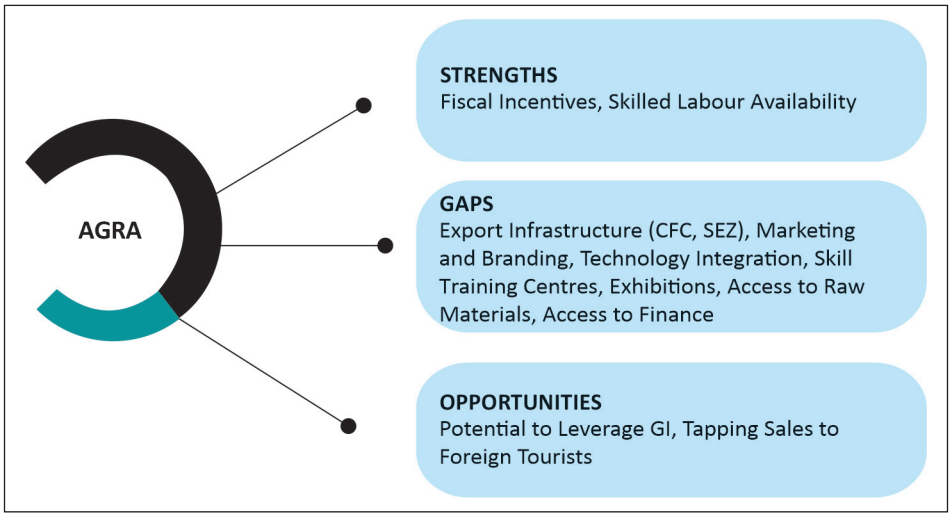
## Opportunities

The Government of Karnataka has proposed setting up of a jewellery park in Devanahalli, closer to Bengaluru Airport, along with allied infrastructure such as testing labs. This could provide the necessary infrastructure and ecosystem for greater formalisation of players in the cluster, thereby enabling scalability. Besides this, obtaining a GI tag for the traditional Pinji close setting studded Gold Jewellery from Bengaluru could also help positioning the product globally.

## AGRA

According to the NCAER Cluster Study, Agra has 9,842 jewellery manufacturing units, employing approximately 37,415 workers. Agra has a long-standing tradition in silver jewellery, known for its artistic excellence, dating back to the Mughal era. The cluster is renowned for its lightweight silver jewellery, including anklets, toe rings, and chains, crafted by highly skilled artisans. However, currently, the export orientation of this cluster is negligible.

**Exhibit 26: Strengths, Gaps and Opportunities of Agra Cluster**



## Strengths

Agra's key strength lies in its lightweight silver jewellery. Agra is also known for its unique Bandhel jewellery, which features intricate designs and affordability. Bandhel jewellery, often crafted with varying metal purities and gold-plated for added appeal, reflects the city's blend of traditional artistry and modern craftsmanship. Agra also benefits from a host of fiscal incentives extended by the Government of Uttar Pradesh under its industrial policy, including, net SGST reimbursement, stamp duty exemption, and investment promotion subsidy, among others. The steady availability of affordable, skilled labour further strengthens the cluster.

## Gaps

Exporters in the cluster face logistical hurdles due to the lack of customs clearance facilities in Agra airport, which raises transportation costs and causes delays. Agra's industrial development also faces significant challenges due to its location within the Taj Trapezium Zone, which enforces strict environmental regulations to protect the Taj Mahal. Recent Supreme Court rulings prohibit the expansion of existing industries and the establishment of new ones within a 15-kilometer radius of the monument. These restrictions have limited the scalability of the existing industry. Manufacturers in the cluster have low technology adoption, which further affects their competitiveness and ability to scale up. There is also lack of shared infrastructure such as CFC and SEZ in the cluster. Further, the absence of recognised skill training centres further restricts the cluster's growth. As per discussion with stakeholders, raw material availability for silver jewellery manufacturers is also a key challenge. Silver jewellery manufacturers are unable to source silver at international prices, which raises input costs. There is also a lack of focus on marketing and branding, as no products have been identified under OSOP and DEH initiatives and there are no major exhibitions in the district. Financing is also a challenge, with a substantially low credit penetration in the industry in Agra, as well as low average loan size.

## Opportunities

One of the key opportunities for Agra's gems and jewellery cluster lies in securing GI tag for Bandhel jewellery and silver anklets. GI tagging would help build a unique brand value for the product to garner global recognition. Besides, recognising tourism-driven sales as exports could also help the industry capitalise on the city's strong appeal for international visitors. Agra, with its iconic landmarks such as the Taj Mahal and Agra Fort, remains a popular destination for foreign tourists. Notably, the Taj Mahal was the most visited ticketed monument by foreign tourists in 2023, accounting for a remarkable 27.5% of all foreign visitor ticket sales in India. Agra Fort followed as the second most popular monument, with a share of 9.6% in total foreign visitor ticket sales in 2023[14]. Recognising sales to tourists as a form of export could help enhance the external orientation of the gems and jewellery cluster.

## CONCLUSION

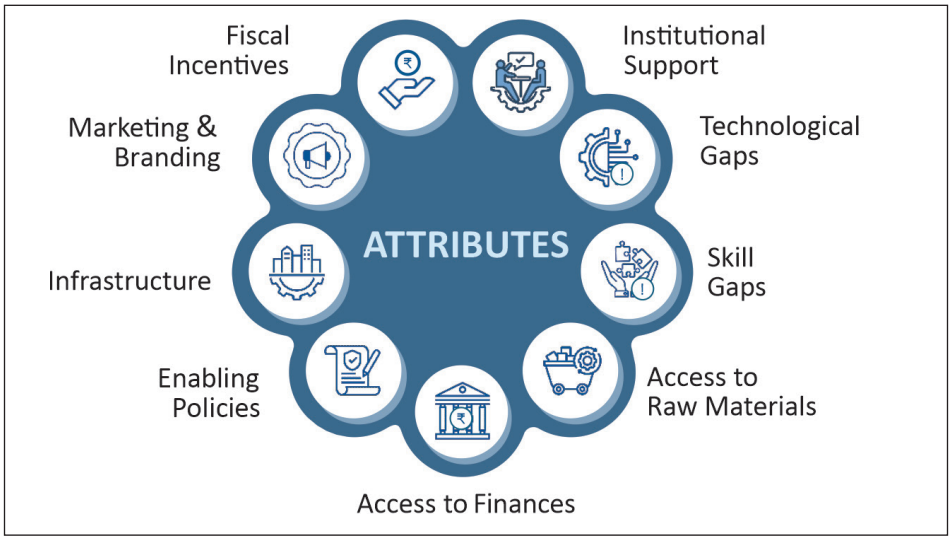
Analysis in the chapter highlights the unique strengths, opportunities, and gaps across the cluster in the gems and jewellery industry. Despite the difference in specialisations across the clusters, there are select commonalities across several of the clusters. Several of the clusters have historical roots and benefit from strong attributes like skilled craftsmanship, strategic locations, and established market access. While larger players are integrating technology in their operations, smaller players often lack the resources to integrate technology and require support through common infrastructure facilities. Skilled labour is also emerging as a challenge in several clusters especially on account of disruptions in traditional migration flows and alternative career opportunities. Many clusters also face a lack of recognition under key export promotion schemes, such as OSOP and DEH, which limits access to government support and branding opportunities. Despite these weaknesses, there are significant opportunities across several clusters, such as securing GI tags, leveraging the synergy between tourism and exports, and hosting important industry exhibitions locally. There are also best practices in some clusters that can be replicated by other clusters to bolster their exports.

[14] India Tourism Statistics 2023, Ministry of Tourism, Government of India

# 4. Benchmarking of Clusters

An attempt has been made to map the performance of the clusters, both on an overall basis, as also across the various pillars, thereby highlighting the clusters' relative positioning within the sector, and offering insights into their strengths and areas for improvement. The benchmarking has been undertaken on a set of key pillars identified in Chapter 2, including policies, infrastructure, marketing and branding efforts, fiscal incentives, institutional support, technology adoption and gaps, skilled labour availability and gaps, access to raw materials, and access to finance. For each of these pillars, relevant sub-pillars have also been identified.

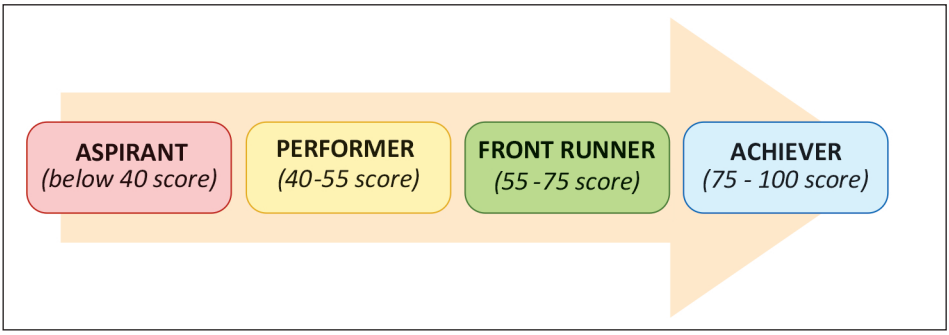
**Exhibit 27: Key Pillars for Benchmarking of Clusters**




*Source: Exim Bank Research*

The scoring across the pillars and sub-pillars is based on data and information collected from primary and secondary research. Based on the overall scores, the identified clusters have been classified into four categories viz, achievers, front runners, performers and aspirants, as highlighted in Exhibit 28.

**Exhibit 28: Criteria for Categorisation of Clusters on the Basis of Score on the Index**




*Source: Exim Bank Research*

The benchmarking exercise highlights that Mumbai Suburban is the leading cluster in the country among the high-potential clusters considered for analysis. The Mumbai Suburban clusters performs well across pillars such as enabling policies, fiscal incentives, infrastructure, institutional support, access to raw material, skill gap etc. Meanwhile, four clusters viz. Mumbai, Surat, Jaipur and Kolkata rank as front runners. A total of nine clusters have been classified as performers. These include the clusters in Ahmedabad, Bengaluru, Delhi NCR, Chennai, Coimbatore, Howrah, Hyderabad, Kolhapur and Rajkot. Meanwhile, three clusters viz. Agra, Amritsar and Thrissur are classified as Aspirant clusters, which require more comprehensive improvements across several pillars.

**Exhibit 29: Categorisation on the Basis of Index**

| ACHIEVER | FRONT RUNNER | PERFORMERS | ASPIRANTS |
|---|---|---|---|
| • Mumbai Suburban | • Mumbai<br>• Surat<br>• Jaipur<br>• Kolkata | • Howrah<br>• Kolhapur<br>• Rajkot<br>• Hyderabad<br>• Ahmedabad<br>• Bengaluru<br>• Delhi NCR<br>• Chennai<br>• Coimbatore | • Amritsar<br>• Thrissur<br>• Agra |

*Source: Exim Bank Research*

**Table 10: Pillar-wise Scores of Identified Clusters**

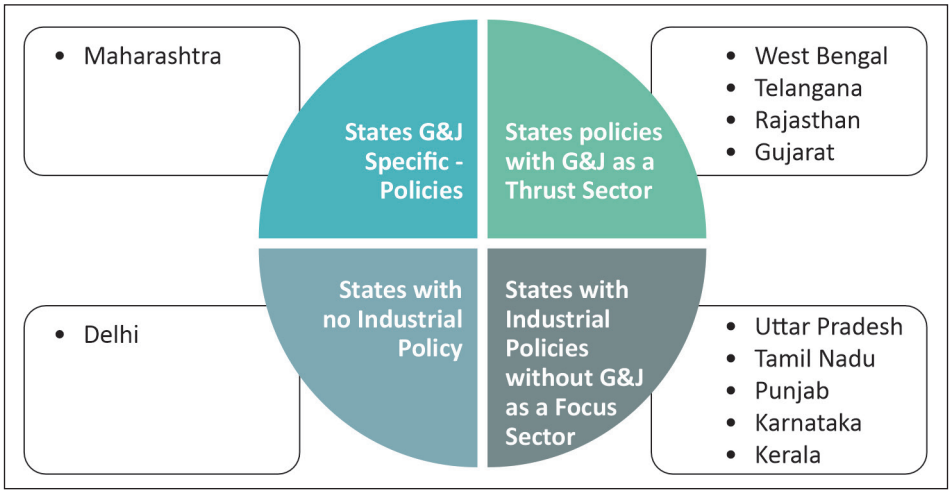
| District | Enabling Policies | Infra-structure | Marketing and Branding | Fiscal Incentives | Institutional Support | Technological Gaps | Skill Gaps | Access to Raw Materials | Access to Finance | Total Score |
|---|---|---|---|---|---|---|---|---|---|---|
| Agra | 20 | 30 | 29 | 70 | 50 | 40 | 35 | 20 | 18 | 32 |
| Ahmedabad | 40 | 38 | 42 | 100 | 100 | 50 | 25 | 35 | 21 | 46 |
| Amritsar | 20 | 30 | 23 | 70 | 55 | 50 | 40 | 43 | 25 | 36 |
| Bengaluru | 20 | 40 | 50 | 70 | 60 | 50 | 35 | 75 | 52 | 45 |
| Delhi NCR | 15 | 47 | 38 | 0 | 100 | 70 | 65 | 80 | 49 | 44 |
| Chennai | 20 | 38 | 40 | 70 | 60 | 50 | 32 | 25 | 90 | 42 |
| Coimbatore | 20 | 52 | 27 | 70 | 100 | 60 | 17 | 50 | 30 | 42 |
| Howrah | 60 | 59 | 34 | 0 | 100 | 70 | 30 | 100 | 12 | 50 |
| Hyderabad | 50 | 35 | 40 | 50 | 50 | 60 | 50 | 50 | 51 | 47 |
| Jaipur | 50 | 65 | 55 | 100 | 100 | 70 | 55 | 25 | 24 | 59 |
| Kolhapur | 80 | 25 | 38 | 100 | 65 | 20 | 38 | 68 | 11 | 50 |
| Kolkata | 60 | 59 | 44 | 50 | 70 | 40 | 45 | 95 | 33 | 55 |
| Mumbai | 80 | 65 | 50 | 100 | 100 | 50 | 50 | 60 | 55 | 67 |
| Mumbai Suburban | 80 | 85 | 54 | 100 | 100 | 70 | 80 | 100 | 42 | 79 |
| Rajkot | 40 | 52 | 39 | 100 | 100 | 60 | 20 | 35 | 26 | 49 |
| Surat | 40 | 70 | 34 | 100 | 100 | 80 | 90 | 65 | 43 | 65 |
| Thrissur | 25 | 40 | 24 | 70 | 50 | 20 | 15 | 68 | 35 | 36 |

## ENABLING POLICIES

### Industrial Policies

Maharashtra is the only state with a dedicated policy for the G&J sector, reflecting a focused and tailored approach to support this industry. As a result, clusters like Mumbai, Mumbai Suburban, and Kolhapur have emerged as leaders in this sub-pillar. Additionally, states such as Gujarat, West Bengal, Rajasthan, and Telangana have state-level industrial policies that identify G&J as a thrust sector. It is noteworthy that Gujarat and Rajasthan are traditional hubs for diamonds and gemstones, and the state government is offering various incentives to attract industrial investment and sustain the growth of the sector. However, such incentives are limited in the industrial policies of West Bengal and Telangana. As a result, clusters such as Surat, Ahmedabad, Rajkot and Jaipur draw relatively better score in this sub-pillar, compared to clusters such as Kolkata, Howrah and Telangana. States like Uttar Pradesh, Tamil Nadu, Punjab, Karnataka, and Kerala have broader industrial policies but have not identified G&J as a focus sector in these policies. Therefore, the clusters in these states/UT have a lower score in this sub-pillar. Delhi has a draft industrial policy that has not been implemented.

**Exhibit 30: Industrial Policy Focus across States/UTs**

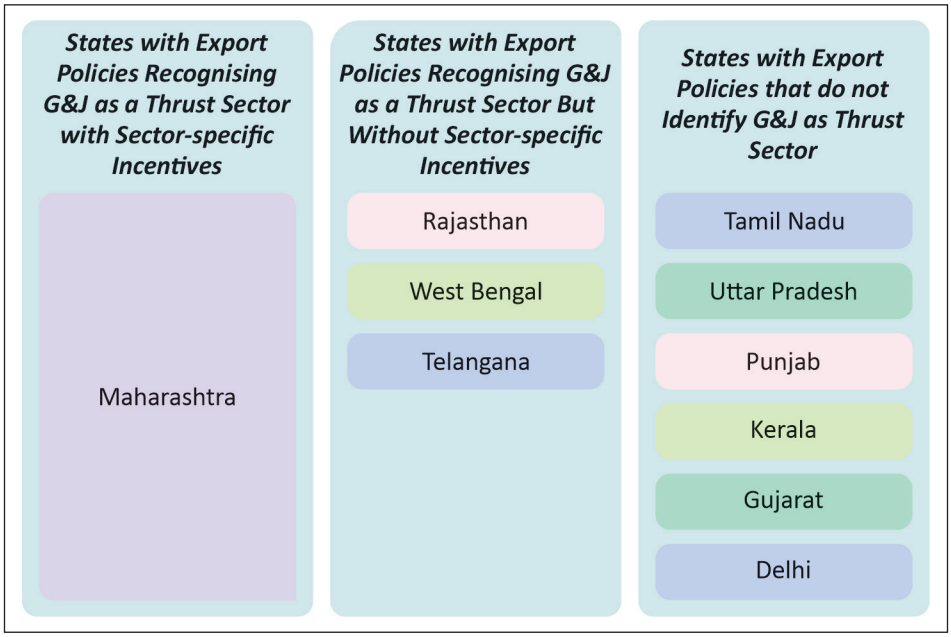



*Source: State Industrial Policies, Exim Bank Research*

## Export Policies

Analysis of the export policy landscape for the sector reveals significant variation in the policy support across different states. Maharashtra stands out as the only state that recognises G&J as a thrust sector in its export policy and also extends sector-specific incentives. As a result, clusters in the state viz. Mumbai, Mumbai Suburban and Kolhapur fare better than other clusters in this sub-pillar. On the other hand, Rajasthan, West Bengal and Telangana also recognise G&J as a thrust sector, but their export policies do not have any sector-specific incentives for G&J sector. Accordingly, clusters such as Jaipur, Kolkata, Howrah and Hyderabad score relatively lower than the clusters in Maharashtra, in this sub-pillar. States like Tamil Nadu, Uttar Pradesh, Punjab and Kerala have export policies in place but do not identify G&J as a priority sector. Similarly, Gujarat and Delhi also have export policies, as per publicly available information, however there is no information whether G&J is a focus sector in these policies.

**Exhibit 31: Export Policy Focus across States/UTs**



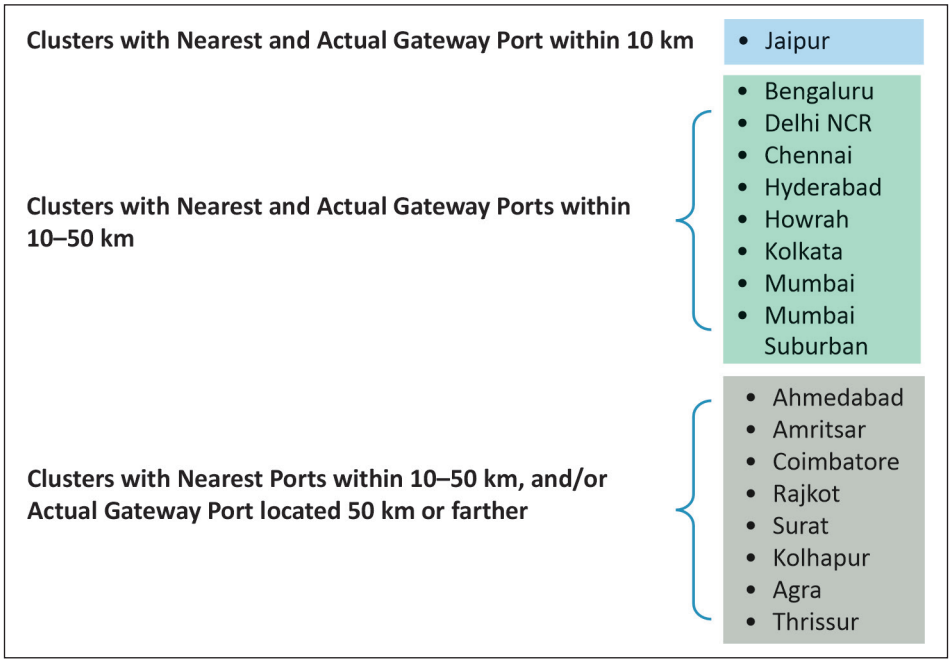

*Source: State Export Promotion Policies, Exim Bank Research*

## INFRASTRUCTURE

### Nearest Port

Proximity to ports significantly influences the export efficiency of G&J clusters. Importantly, the nearest port may not always be the gateway port for exports, and exports may be routed through more distant ports due to logistical bottlenecks, customs constraints, or limited handling capacity at the nearest facility.

**Exhibit 32: Nearest Port and Actual Gateway Port for the Clusters**




*Source: DGCI&S, Exim Bank Research*

Among the identified clusters, Mumbai Suburban, Mumbai, Bengaluru, Delhi NCR, Chennai, Hyderabad, and Kolkata have both nearest and gateway ports within a 10–50 km radius, offering strong connectivity, reduced transit time, and cost-effective logistics. Jaipur also benefits from a gateway port within the district. However, as per the discussion with stakeholders during the field visit, it was noted that only one of the three custodians in Jaipur has airside

access, while others depend on road transport to Delhi, which results in delays in shipment by nearly 5-6 days. Further, clusters such as Ahmedabad, Amritsar, Coimbatore, Rajkot, Surat, Kolhapur and Agra despite having airports in the districts, depend on gateway ports that are more than 50 km away, leading to higher transportation costs and extended turnaround times. The gateway port for Thrissur is at a distance of more than 50 km and there is no district-level port infrastructure.

## Common Facility Centers

CFCs play a pivotal role in strengthening gems and jewellery clusters by providing centralised access to machinery and reducing costs for smaller players. Mumbai Suburban and Mumbai clusters have set the benchmark in this sub-pillar with the Mega CFC viz. Bharat Ratnam in SEEPZ, which supports various facets of jewellery manufacturing. This facility serves as a model for other CFCs in terms of the technology and service offerings. Meanwhile, clusters such as Kolkata, Coimbatore, and Rajkot also have established CFCs but the facilities available in these CFCs are limited as compared to the Mega CFC in SEEPZ. There are also several operational inefficiencies in these CFCs which hinder the full utilisation of these facilities. While Jaipur does not have a CFC, it benefits partly from the shared machinery available at the IIGJ. Based on discussions, there is a need to upgrade as also expand the existing machines at IIGJ to meet current industry requirements. Meanwhile, in Howrah, a CFC is currently being proposed. Other clusters considered for analysis do not have any operational or proposed CFCs.

**Exhibit 33: Status of Common Facility Centers for Gems and Jewellery sector in the Identified Clusters**

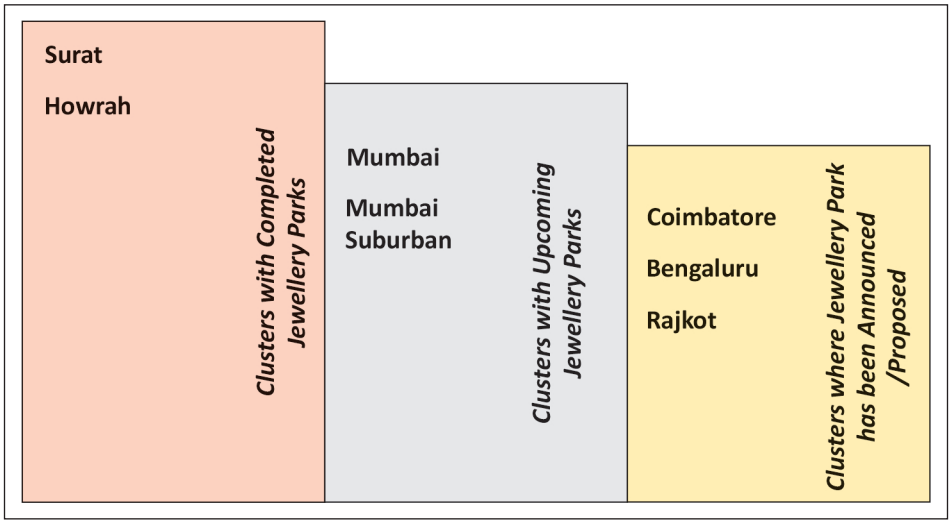
| Fully Operational CFC | CFC facing Operational Challenges | Proposed CFC but not yet Established |
|---|---|---|
| • Mumbai<br>• Mumbai Suburban | • Kolkata<br>• Coimbatore<br>• Rajkot | • Howrah |

*Source: Ministry of MSME, Exim Bank Research*

## Jewellery Parks

Jewellery parks are essential for the industry as they create a supportive ecosystem, foster formalisation, and provide end-to-end solutions that streamline production and drive overall sector growth. Among the clusters considered, Surat and Howrah have fully operational jewellery parks that significantly boost their global competitiveness and export potential. Surat's Gujarat Hira Bourse is a flagship Jewellery Park in India set up in the year 2000, which solidifies the cluster's position as a global leader in the gems and jewellery sector. Similarly, Howrah's Gems & Jewellery Park in Ankurhati enhances the manufacturing ecosystem for plain gold and diamond studded jewellery, contributing to the cluster's strength. Meanwhile, Mumbai and Mumbai Suburban clusters rank slightly below Surat and Howrah in the sub-pillar, with the upcoming India Jewellery Park Mumbai in Mahape, Navi Mumbai. Coimbatore and Bengaluru clusters are also expected to benefit from jewellery park, as the respective State Governments have announced plans for development of jewellery parks. Similarly, in Rajkot, the government has identified a location for establishing an imitation jewellery park near the airport.

**Exhibit 34: Status of Jewellery Parks in the Identified Clusters**




*Source: Exim Bank Research*

## Special Economic Zones

Special Economic Zones offer an export-oriented ecosystem with integrated infrastructure, fiscal incentives and streamlined regulatory processes. Among the clusters considered, Surat, Mumbai Suburban, Kolkata, Chennai, Delhi NCR, and Jaipur set the benchmark with fully operational SEZs in the sector, facilitating gems and jewellery exports from the clusters. Surat's SuRSEZ, with its strong network of diamond processing and jewellery manufacturing units, and Mumbai Suburban's SEEPZ, the world's largest cluster for studded precious metal jewellery with over 180 units, rank highest among SEZs. Other SEZs—NSEZ in Delhi NCR, Manikanchan SEZ in Kolkata, Cochin SEZ near Thrissur, and the Sitapura and Mahindra World City SEZs in Jaipur also engage in exports, though the value of G&J exports from these SEZs is relatively lower when compared to that of SEEPZ and SuRSEZ, as per data from GJEPC. Meanwhile, Chennai's MEPZ SEZ faces operational challenges that limits G&J exports. Other clusters lack dedicated SEZs.

**Exhibit 35: SEZs for Gems and Jewellery Sector near the Identified Clusters**

| | |
|---|---|
| Surat | SuRSEZ, Sachin GIDC |
| Mumbai Suburban | SEEPZ Special Economic Zone |
| Delhi NCR | Noida Special Economic Zone |
| Jaipur | Jaipur Special Economic Zone (RIICO, SEZ-I,II), Mahindra World City |
| Kolkata | Manikanchan Special Economic Zone |
| Chennai | Madras Export Processing Zone Special Economic Zone |
| Ahmedabad | Gift City Special Economic Zone |
| Thrissur | Cochin Special Economic Zone |

*Source: Exim Bank Research*

## Testing Labs

In terms of access to testing laboratories, Mumbai, Mumbai Suburban, and Surat emerge as the best-performing clusters. These locations host a wide array of internationally recognised institutions such as the Gemological Science International (GSI), Gemmological Institute of India (GII), Gemological Institute of America (GIA) India, and the IGI, in addition to several private certification facilities. Surat also hosts IDI, offering a comprehensive ecosystem for testing and certification for diamonds. Delhi NCR and Jaipur also perform well in this sub-pillar, benefiting from the presence of recognised institutions such as the IGI and the IIGJ - RLC. Clusters such as Ahmedabad, Coimbatore, Hyderabad, Chennai, Kolkata and Thrissur have moderate access, primarily through the IGI and a range of private certification players. In contrast, clusters like Agra, Amritsar, Rajkot, Howrah, Kolhapur, and Bengaluru rely majorly on private testing labs (Table 11).

# MARKETING AND BRANDING

## Districts as Export Hubs Initiative

The Districts as Export Hubs initiative by the Government of India aims to identify and promote products with export potential at the district level by addressing bottlenecks, strengthening export-specific infrastructure and market linkages, and providing targeted policy support. For the gems and jewellery sector, interventions under this initiative could strengthen the regional specialisations, bolster marketing efforts and enhance export competitiveness. Analysis indicates that gems and jewellery has been identified as a focus sector under DEH initiative only across select clusters such as Mumbai, Mumbai Suburban, Jaipur, Howrah, Hyderabad, and Chennai (Table 12).

**Table 11: Testing labs for Gems and Jewellery Sector across Clusters**

| Clusters/ Testing Labs | IIGJ - Research & Laboratories Centre (RLC) | International Gemological Institute (IGI) for certification | Gemological Science International (GSI) | Gemmological Institute of India (GII) | Gemological Institute of America (GIA) India | Indian Diamond Institute (IDI) Gemmological labs | Gemmological Testing laboratories of India | Institute of International Gemological Laboratory (IIGL) | Other Private testing/ certification labs |
|---|---|---|---|---|---|---|---|---|---|
| Mumbai | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ |
| Mumbai Suburban | ✓ | ✓ | ✓ | ✓ | ✓ | | | | ✓ |
| Surat | | ✓ | | | ✓ | ✓ | ✓ | | ✓ |
| Jaipur | ✓ | ✓ | | | | | | | ✓ |
| Delhi NCR | ✓ | ✓ | | | | | | | ✓ |
| Kolkata | | ✓ | | | | | | ✓ | ✓ |
| Chennai | | ✓ | | | | | | | ✓ |
| Ahmedabad | | ✓ | | | | | | | ✓ |
| Coimbatore | | ✓ | | | | | | | ✓ |
| Hyderabad | | ✓ | | | | | | | ✓ |
| Thrissur | | ✓ | | | | | | | ✓ |
| Amritsar | | | | | | | | | ✓ |
| Rajkot | | | | | | | | | ✓ |
| Howrah | | | | | | | | | ✓ |
| Bengaluru | | | | | | | | | ✓ |
| Kolhapur | | | | | | | | | ✓ |
| Agra | | | | | | | | | ✓ |

*Source: Exim Bank Research*

**Table 12: Districts with Identified G&J Products under DEH**

| District name | Products identified with Export Potential | Key G&J Products in the District |
|---|---|---|
| Mumbai | Gems and Jewellery | Plain and Studded Gold Jewellery |
| Mumbai Suburban | Gems and Jewellery | Plain and Studded Gold Jewellery, Diamonds, Imitation Jewellery |
| Jaipur | Gems and Jewellery | Coloured Gemstones |
| Hyderabad | Gems and Jewellery | Studded Gold Jewellery |
| Howrah | Gems and Jewellery | Plain and Studded Gold Jewellery, Imitation Jewellery |
| Chennai | Gems and Jewellery | Plain and Studded Gold Jewellery |

*Source: Directorate General of Foreign Trade, Exim Bank Research*

## One Station One Product

The OSOP initiative also offers advantages, by providing opportunities for marketing of the G&J products. Under the OSOP initiative, imitation jewellery has been identified as focus product for Ahmedabad and Rajkot and handmade jewellery for Howrah and Kolkata. In other clusters, gems and jewellery products have not been identified under OSOP.

**Table 13: District-wise list of OSOP Identified Products in Gems and Jewellery Sector**

| OSOP Stations | Products |
|---|---|
| Ahmedabad | Imitation Jewellery |
| Rajkot | |
| Howrah | Handmade Jewellery |
| Kolkata | |

*Source: Ministry of Railways, Exim Bank Research*

## GI Tags

Geographical Indication tags hold immense potential for boosting Indian gem and jewellery exports. Kolhapur cluster emerges as the frontrunner in GI recognition with its existing GI tag for Hupari Silver Craft. Kolkata also has an identified product for GI tagging, viz. Kolkatti Jewellery, which is currently at the examination stage. Similarly, Jaipur's Kundan Meenakari is also in the pre-examination stage for GI recognition. In contrast, none of the other clusters have obtained or applied for GI tags for their G&J products currently.

**Table 14: GI Products Identified or Proposed in the Clusters**

| Cluster | Status | GI Product |
|---|---|---|
| Kolhapur | Granted | Hupari Silver Craft |
| Kolkata | Examination | Kolkatti Jewellery |
| Jaipur | Pre-examination | Kundan Meena Jewellery |

*Source: Geographical Indication Registry, Exim Bank Research*

## Trade Fairs and Exhibitions

In the benchmarking analysis, Mumbai Suburban, Mumbai, Bengaluru, and Jaipur clusters emerge as the strongest performers in terms of trade fairs and exhibitions, as these clusters are benefitting from international exhibitions such as IIJS and International Gem & Jewellery Show (IGJS), organised by the GJEPC. Besides these, Delhi NCR and Surat also benefit from hosting major B2B exhibitions like the Delhi Jewellery & Gem Fair at Bharat Mandapam and the Surat Gems and Jewellery Show, as also from high participation of players from these clusters in exhibitions outside of the clusters as well. Clusters like Kolkata, Hyderabad, Rajkot, Chennai and Ahmedabad benefit from good participation in exhibitions hosted across the country, but do not host any major exhibitions. Players in Kolhapur, Amritsar, Thrissur, Coimbatore, Howrah and Agra do not have any international exhibitions in the clusters and also have limited participation in major exhibitions.

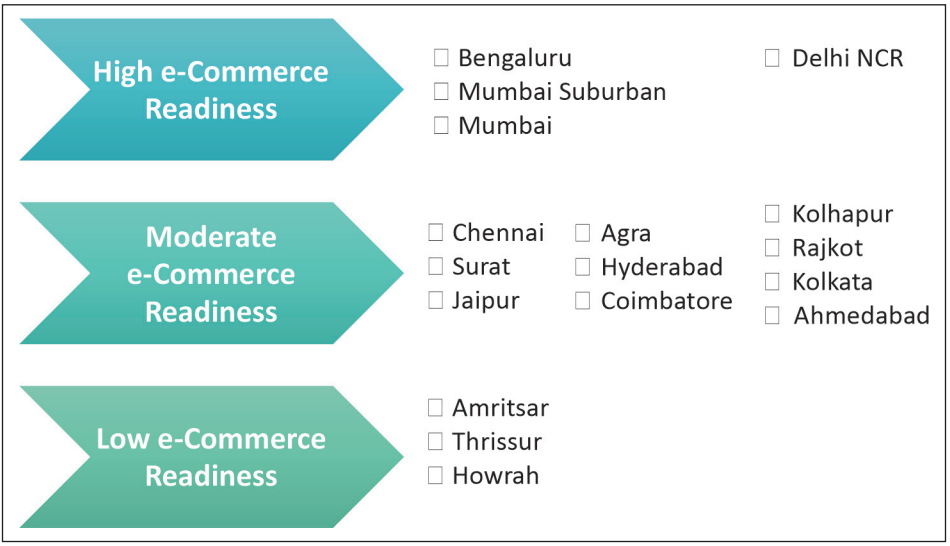
**Exhibit 36: Classification of Clusters Based on Trade Fairs, and Exhibitions**


*Source: GJEPC, Exim Bank Research*

## e-Commerce Readiness

The assessment of e-commerce readiness, based on logistics coverage by Sequel Secure, presence of Dak Ghar Niryat Kendra and stakeholder discussions, indicates significant disparities across different clusters. Clusters such as Bengaluru, Mumbai Suburban, Mumbai, and Delhi NCR have exhibited high levels of e-commerce readiness, supported by strong logistics coverage from service providers. In contrast, most of the other identified clusters have demonstrated moderate e-commerce readiness, where partial logistics coverage and limited access to streamlined export facilitation have constrained their e-commerce potential.

**Exhibit 37: e-Commerce Readiness among the Identified G&J Clusters**

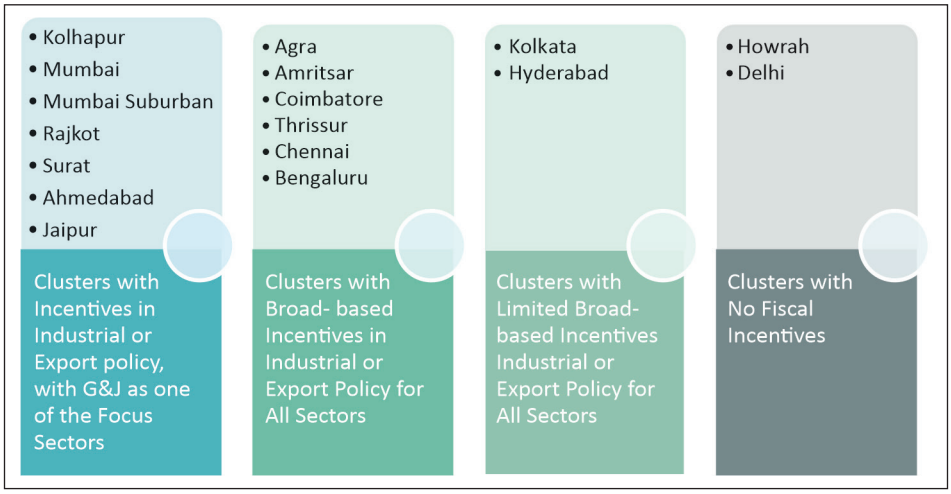



*Source: PIB, Sequel, and Exim Bank Research*

## FISCAL INCENTIVES

Maharashtra, Gujarat and Rajasthan have well-structured fiscal incentives in the industrial or export policies, which benefit players in clusters such as Mumbai, Mumbai Suburban, and Kolhapur in Maharashtra; Rajkot, Ahmedabad, and Surat in Gujarat; and Jaipur in Rajasthan. Broad-based fiscal incentives are also extended as part of the industrial or export policy in the clusters of Agra, Amritsar, Chennai, Thrissur, Bengaluru, and Coimbatore, although there is no sector-specific support. Meanwhile, Kolkata and Hyderabad lack broad fiscal incentives. However, targeted support is extended to players at the Manikanchan SEZ in Kolkata, while in Hyderabad, general incentives are provided under the Telangana Industrial Development and Entrepreneur Advancement (T-IDEA) incentive scheme. Other clusters like Howrah and Delhi lack any state or district level fiscal incentives for bolstering industrial capabilities in the G&J sector.

**Exhibit 38: Fiscal Incentives in the Identified Clusters**




*Source: State Industrial and Export Promotion Policies, Exim Bank Research*

## INSTITUTIONAL SUPPORT

### Existence and Proactiveness of Gems and Jewellery Associations

The role of industry associations in shaping the competitiveness of gems and jewellery clusters varies significantly across clusters. While majority of the clusters have highly proactive gems and jewellery associations for supporting export pursuits of players in the clusters, some others such as Kolkata, Kolhapur, Amritsar, Chennai and Bengaluru exhibited moderate proactiveness, while those in Agra, Thrissur and Hyderabad clusters exhibited relatively limited proactiveness.

**Exhibit 39: Classification of Clusters Based on the Proactiveness of Associations**

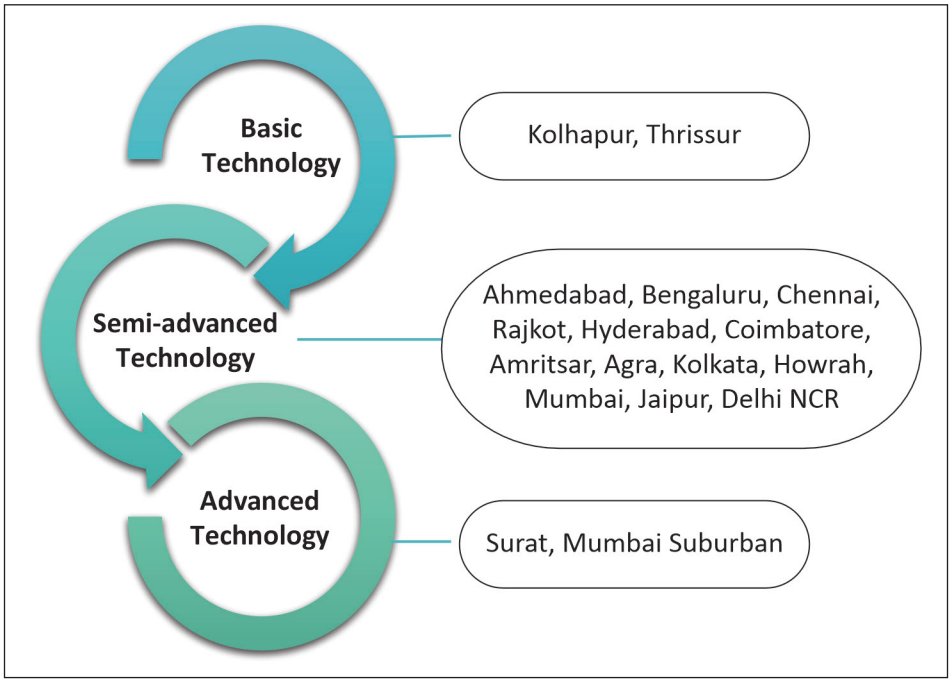
| Highly Proactive G&J Associations | G&J Associations with Moderate Proactiveness | G&J Associations with Limited Proactiveness |
|---|---|---|
| • Mumbai<br>• Mumbai Suburban<br>• Jaipur<br>• Delhi NCR<br>• Ahmedabad<br>• Rajkot<br>• Howrah<br>• Coimbatore<br>• Surat | • Kolkata<br>• Kolhapur<br>• Chennai<br>• Bengaluru<br>• Amritsar | • Agra<br>• Thrissur<br>• Hyderabad |

*Source: Exim Bank Research*

## TECHNOLOGICAL LEVEL

Surat and Mumbai Suburban are leaders in terms of technological integration. Many large and medium players in the Surat cluster employ state-of-the-art technology and equipment such as metal mappers, CNC machines, laser cutting tools, and lab-grown diamond reactors. Mumbai Suburban also has several units with mechanised processing and manufacturing of jewellery. Other than these two, majority of the other clusters display semi-advanced levels of technological adoption, albeit with varying degrees of equipment/ machinery use across different production process. Smaller players in most of the clusters have low technology integration. Clusters such as Thrissur and Kolhapur are heavily reliant on handmade craftsmanship in the entire jewellery making process.

**Exhibit 40: Classification of Clusters Based on the Technology Level**



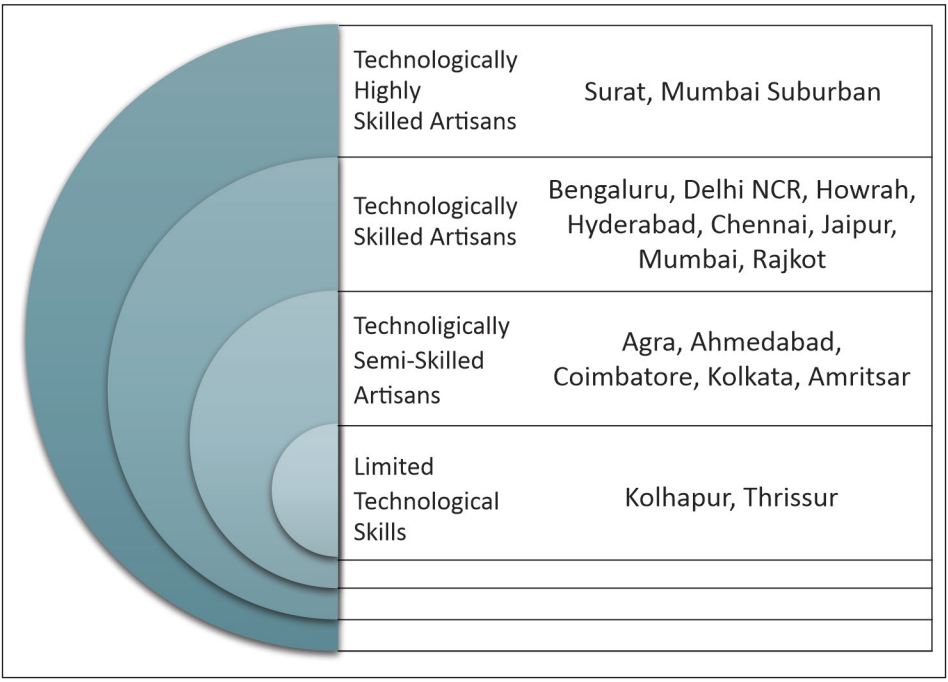

*Source: Exim Bank Research*

## SKILL GAPS

### Technological Expertise of Skilled Workers

Complementing the high technology integration, Surat and Mumbai Suburban clusters also have technologically skilled workers. In contrast, clusters like Mumbai, Bengaluru, Delhi NCR, Howrah, Hyderabad, Jaipur, and Rajkot display a mix of advanced and traditional practices, with a significant share of workers still relying on conventional methods. This results in a workforce where some artisans are adept at operating high-tech equipment, while others remain engaged in traditional handcrafting techniques. Clusters such as Agra, Ahmedabad, Coimbatore, Amritsar and Kolkata have semi-skilled workers as far as technology is concerned. Workers in Kolhapur and Thrissur have limited technological capacity and skills to operate modern equipment.

**Exhibit 41: Classification of Clusters Based on Technical Skill Level**

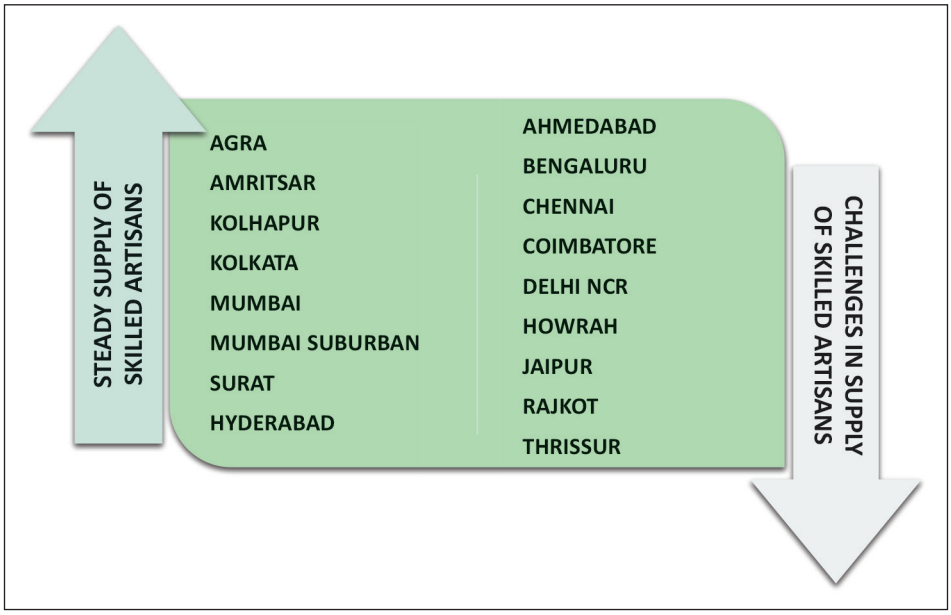



*Source: Exim Bank Research*

## Availability of Skilled Artisans

Discussions with stakeholders indicates that clusters such as Agra, Amritsar, Kolhapur, Kolkata, Hyderabad, Mumbai, Mumbai Suburban, and Surat have a steady supply of skilled migrant job workers—primarily from West Bengal, and often complemented by local artisans as well. In contrast, other clusters noted existing and forthcoming challenges in ensuring steady availability of skilled artisans. One of the key issues highlighted by majority of these clusters is the lack of willingness of younger generation to enter the industry due to low wages and alternative opportunities, threat of reverse migration of skilled artisans back to their hometowns, and inadequate number of training centers to prepare workers for advanced manufacturing processes.

**Exhibit 42: Classification of Clusters Based on Availability of Skilled Artisans**




*Source: Exim Bank Research*

## Skill Training Centres

Clusters such as Ahmedabad, Delhi NCR, Coimbatore, Jaipur, Kolhapur, Mumbai, Mumbai Suburban, Rajkot, Surat, and Thrissur benefit from extensive networks of public and private institutions offering specialised courses in design, metallurgy, and advanced technology operations. These institutions are instrumental in skill development of the artisanal workforce. Jaipur's IIGJ is exemplary, ranking as one of the largest institutes in the country and serving as a blueprint for other clusters. In Surat, the IDI, a government-certified training facility, along with private bodies like the IGI, provide a conducive training ecosystem for workers. Additionally, clusters in Gujarat benefit from integrated sector-agnostic programmes like PM Vishwakarma scheme.

While Amritsar and Hyderabad clusters have private training institutions, they lack government-recognised and promoted institutions. Clusters such as Agra, Bengaluru, Chennai, Howrah, and Kolkata are particularly disadvantaged, with Chennai cluster having only appraisal related courses and others lacking

dedicated G&J training centres altogether. This gap curtails workers' exposure to modern production methods and significantly impacts the competitiveness of medium and small enterprises that cannot provide in-house training. Enhancing the sector's competitiveness will require establishing and expanding dedicated training centres for the G&J sector.

**Table 15: Availability of Skill Training Centres across Clusters**

| Cluster Names | Training Centres Details |
|---|---|
| Agra | Lack of adequate accredited/recognised training institutes |
| Ahmedabad | Gem and Jewellery Skill Council of India (GJSCI) skill training centre; IGI School of Gemology; International Institute of Gemology (IIG) |
| Amritsar | Several private training institutes, but not accredited/ recognised |
| Bengaluru | Two GJSCI skill training centres; IGI School of Gemology; IIG |
| Chennai | Centre for Vocational Education and Skill Development in Chennai under the Ministry of MSME; Several private training institutes |
| Coimbatore | GJSCI training centre; Several private training institutes |
| Delhi NCR | IIGJ; Nine GJSCI skill training centres |
| Howrah | Lack of adequate accredited/recognised training institutes |
| Hyderabad | GJSCI skill training centre; IGI School of Gemology |
| Jaipur | Two GJSCI skill training centres; IIGJ; IGI School of Gemology |
| Kolhapur | Several private training institutes, but not accredited/ recognised |
| Kolkata | IGI School of Gemology; IIG |
| Mumbai | GII Education centre; IIG |
| Mumbai Suburban | GJSCI skill training centre; IGI School of Gemology; IIG |
| Rajkot | Several private training institutes, but not accredited/ recognised |
| Surat | Three Training centre under GJSCI; IDI; IGI School of Gemology; IIG |
| Thrissur | IGI School of Gemology; Several private training institutes |

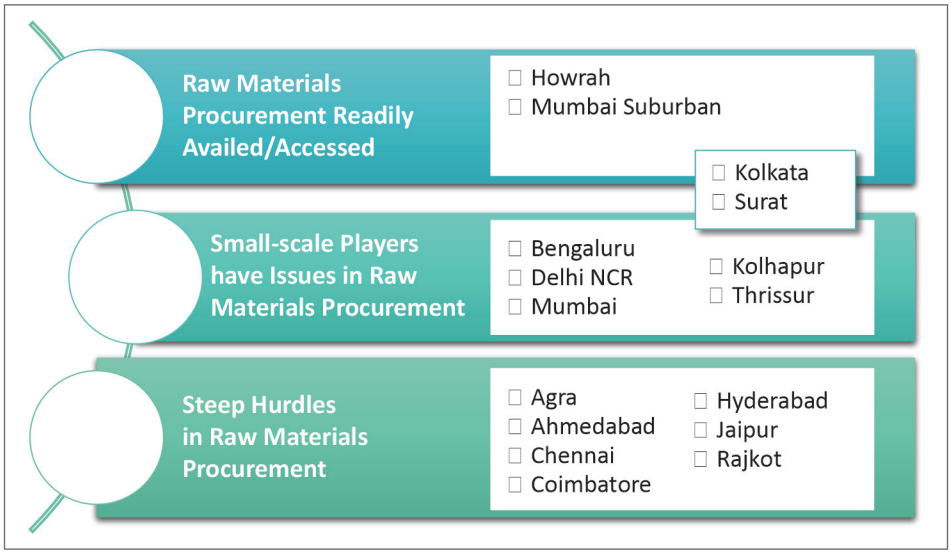
*Source: GJSCI, IIG, IGI, IIGJ, IDI, GII, and Exim Bank Research*

## ACCESS TO RAW MATERIALS

### Availability / Accessibility of Raw Material

Benchmarking analysis indicates Howrah and Mumbai Suburban as the top-performing clusters in terms of ease of raw material procurement in the G&J sector, followed closely by Surat and Kolkata, with relatively easier access to raw material. Meanwhile, clusters such as Bengaluru, Delhi NCR, Mumbai, Kolhapur and Thrissur clusters present a mixed scenario, where small-scale players face limitation in procuring raw material, while large players have relatively better access to raw material. On the other hand, clusters such as Agra, Ahmedabad, Chennai, Coimbatore, Hyderabad, Jaipur, and Rajkot face several hurdles in procuring raw materials.

**Exhibit 43: Classification of Clusters Based on Raw Material Availability/ Accessibility**




*Source: Exim Bank Research*

### Cost of Raw Material

High raw material costs remain a major challenge across most G&J manufacturing clusters. Clusters such as Agra, Ahmedabad, Coimbatore,

Jaipur, Mumbai, Rajkot face high cost of raw material due to issues such as reliance on a handful of intermediaries, logistical barriers leading to increased cost of procurement, regulatory hurdles and export barriers in key supplier nations, among other factors. Meanwhile, Howrah, Kolkata, and Mumbai Suburban face the least amount of hindrance due to cost related issues, as per discussion with stakeholders.

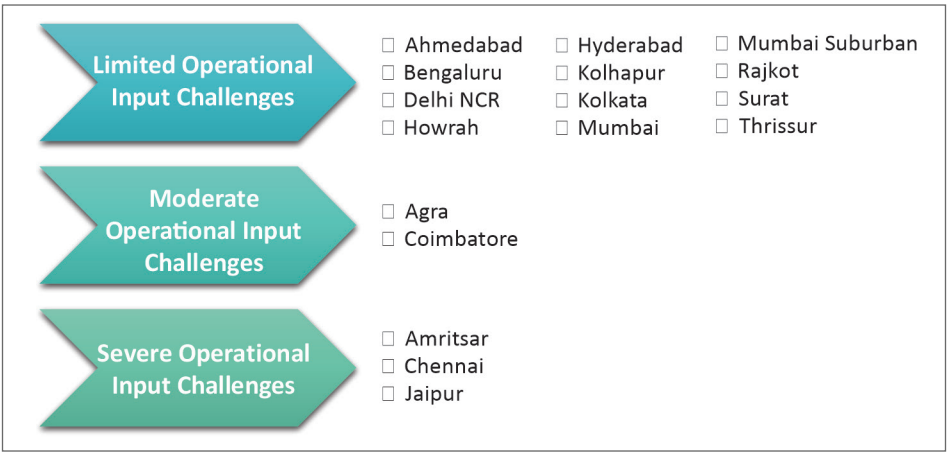
**Exhibit 44: Classification of Clusters Based on Raw Materials Affordability**


*Source: Exim Bank Research*

## Operational Inputs

Majority of the clusters do not have operational challenges in aspects such as electricity availability, voltage stability, water supply and costs, rent etc. However, clusters such as Agra and Coimbatore face moderate operational challenges that require targeted interventions. While in Agra, the Taj Trapezium Zone regulations restrict industrial expansion, production in Coimbatore is affected by frequent electricity outages. The more severely affected clusters are Amritsar, Chennai, and Jaipur, which face several operational barriers including unreliable electricity and water supply, high power costs, seasonal power shortages, excessive rents, and costly access to water, among other issues.

**Exhibit 45: Classification of Clusters Based on Operational Inputs**



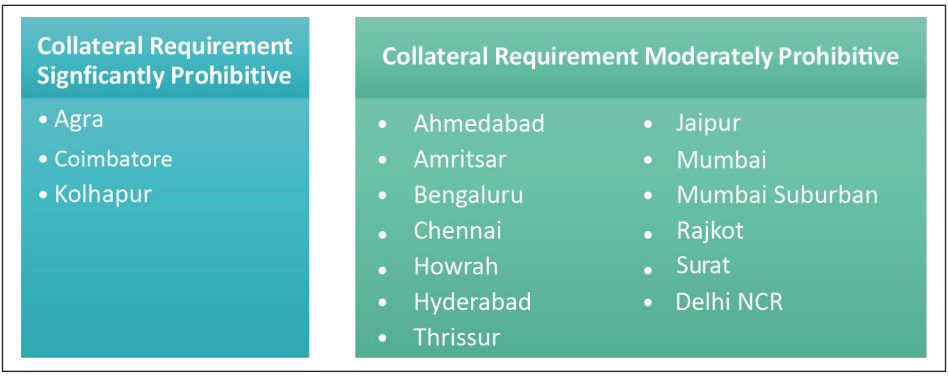

*Source: Exim Bank Research*

## ACCESS TO FINANCE

### Challenges due to Collateral Requirement

Access to finance has been a persistent issue for the gems and jewellery industry. Majority of the clusters face access to finance related challenges. As per discussions with stakeholders, while players in all clusters have challenges on account of collateral requirement, the players in Agra, Coimbatore and Kolhapur are particularly facing significant financing challenges due to high collateral requirement.

**Exhibit 46: Classification of Clusters Based on High Collateral-based Financing Challenges**

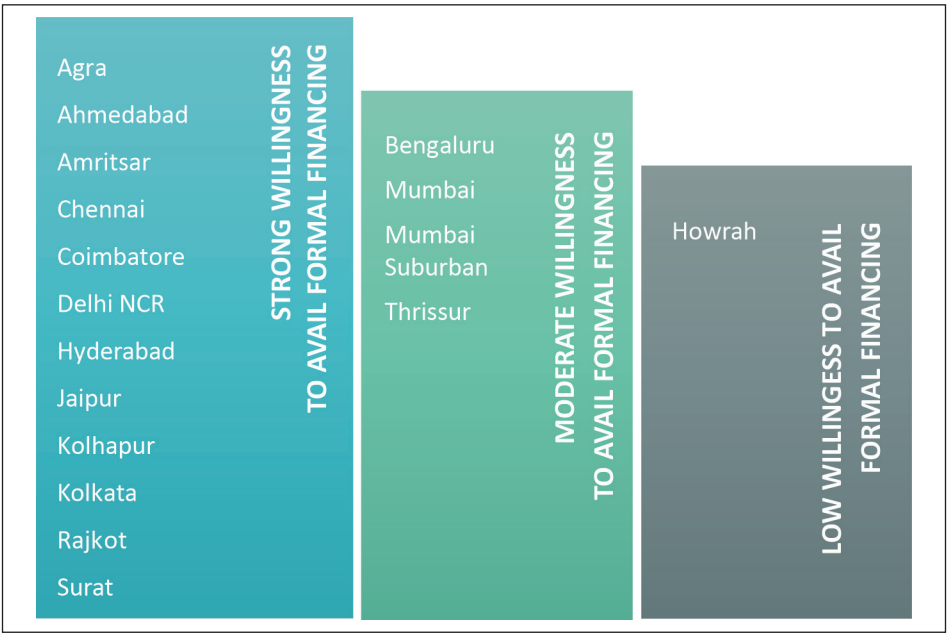



*Source: Exim Bank Research*

## Lack of Willingness to Avail Formal Finances

Players across most clusters exhibited a strong willingness for formal financing options. However, entities in Bengaluru, Thrissur, Mumbai, and Mumbai Suburban exhibited varied degree of willingness to avail formal finance, with most large and medium players keen on formal financing, while MSMEs expressing reluctance due to documentation complexities, high interest rates, and collateral requirements. In the Howrah cluster, majority of the players, particularly job workers exhibited strong reluctance to avail formal financing due to the complexities involved in the process.

**Exhibit 47: Classification of Clusters Based on Willingness to Avail Formal Finances**



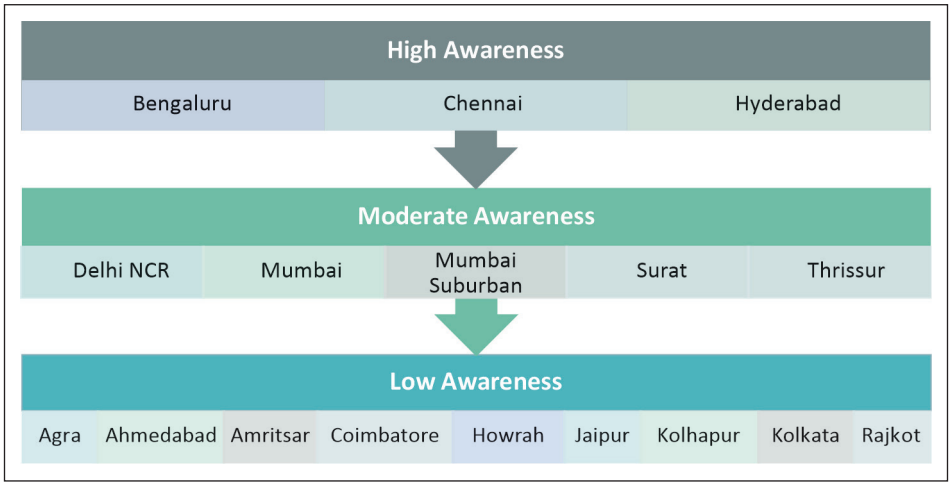

*Source: Exim Bank Research*

## Lack of Awareness of Financial Products

Entities in the Bengaluru, Chennai and Hyderabad clusters have greater awareness about financial products, with enterprises across all scales demonstrating strong understanding of the financing needs and mechanisms

to access financing. Meanwhile, in clusters such as Surat, Mumbai, Mumbai Suburban, Thrissur and Delhi NCR, MSME players exhibited moderate level of familiarity with financial products as compared to larger players. In clusters such as Agra, Ahmedabad, Amritsar, Coimbatore, Howrah, Jaipur, Kolhapur, Kolkata, and Rajkot, there is relatively low awareness about financial products. A significant number of MSMEs in these clusters were also unaware of the centrally-sponsored financing schemes such as the Credit Guarantee Fund Trust for Micro and Small Enterprises (CGTMSE) scheme, Interest Equalisation Scheme (IES) for pre-/post-shipment financing, etc.

**Exhibit 48: Classification of Clusters Based on Financial Awareness**



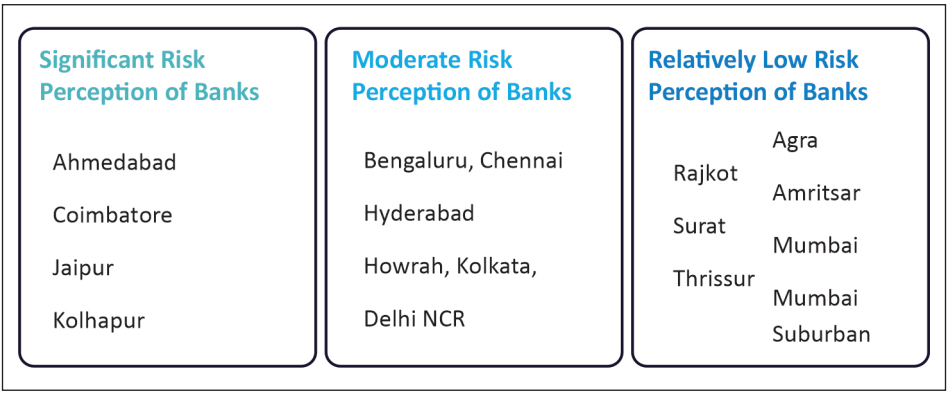

*Source: Exim Bank Research*

## Banks' Risk Perception of the Sector

Risk perception among banks has emerged as a key challenge for the gems and jewellery sector. This is largely driven by past instances of notable high-profile financial misconduct in the sector, which resulted in substantial losses for banks and a rise in non-performing assets (NPAs). Consequently, banks have been increasingly cautious in extending credit to the sector. As per discussions with stakeholders, credit-related challenges are present across most gems and jewellery clusters; however, the degree of risk perception among banks varies by geography. Clusters such as Amritsar, Mumbai,

Mumbai Suburban, Rajkot, Surat, Agra and Thrissur have reported relatively better availability of credit from banks, with businesses continuing to access credit with fewer difficulties. On the other hand, clusters like Delhi NCR, Howrah, Kolkata, Bengaluru, Chennai, and Hyderabad are facing moderate challenges, particularly in securing export finance due to greater scrutiny by banks. Clusters such as Ahmedabad, Coimbatore, Jaipur, and Kolhapur have emerged as regions where the perceived risk is significantly higher. Stakeholders from these areas highlighted issues such as the caution-listing of borrowers by banks and the caution-listing of bullion traders by the RBI, which have further constrained the access to formal finance.

**Exhibit 49: Classification of Clusters Based on Risk Perception of Banks towards the G&J Sector**




*Source: Exim Bank Research*

## Formal Credit Penetration

Formal credit penetration has been estimated for the identified clusters based on the data on the number of loan accounts with Scheduled Commercial Banks (SCBs), sourced from the RBI for the period ended March-2023 and March-2024, and the number of manufacturing units from the NCAER study. The metric, calculated as the percentage of loan accounts to the number of manufacturing units, reflects the access to formal credit in the clusters.

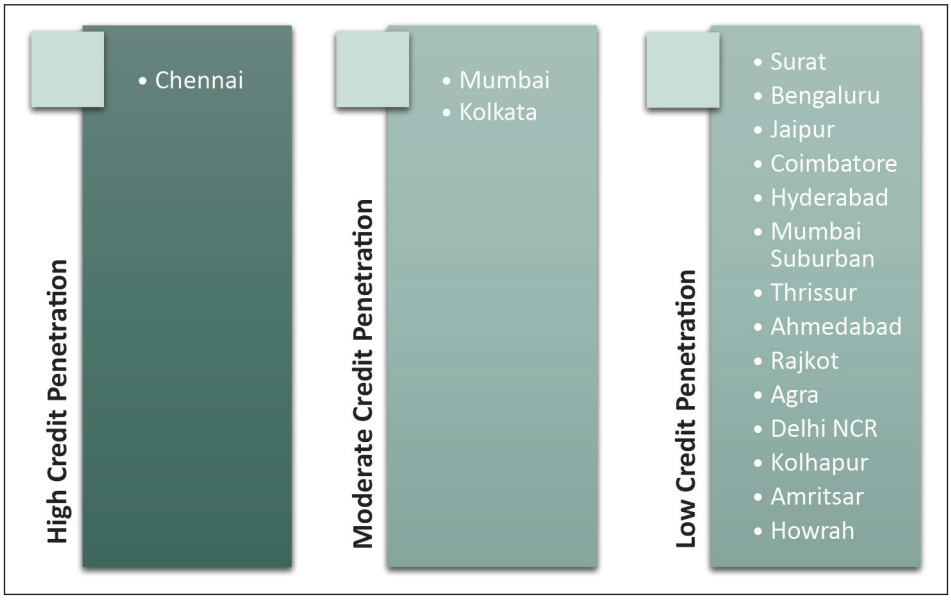
**Table 16: Formal Credit Penetration across Identified Clusters (As on end-March 2024)**

| Clusters | Formal Credit Penetration | Y-o-Y Growth in Number of Accounts |
|---|---|---|
| Chennai | 92.4% | 36.8% |
| Mumbai | 42.8% | 8.1% |
| Kolkata | 23.9% | 55.4% |
| Surat | 13.2% | 13.9% |
| Bengaluru | 10.0% | 39.5% |
| Jaipur | 7.2% | 22.9% |
| Coimbatore | 6.8% | 19.5% |
| Hyderabad | 6.6% | 21.2% |
| Mumbai Suburban | 5.8% | 50.5% |
| Thrissur | 5.7% | 14.5% |
| Ahmedabad | 4.7% | 14.2% |
| Rajkot | 4.4% | 29.7% |
| Agra | 4.1% | 19.3% |
| Delhi NCR | 4.0% | 35.9% |
| Kolhapur | 2.4% | -9.4% |
| Amritsar | 1.3% | 34.4% |
| Howrah | 0.5% | -2.0% |

*Source: RBI, Exim Bank Research*

Estimates indicate that Chennai cluster has a high formal credit penetration underpinned by financially sound local G&J enterprises with a strong demand for formal financing. Mumbai and Kolkata have maintained a relatively moderate level of credit penetration. The remaining clusters have much lower credit penetration, with Howrah particularly facing significant constraints. This pattern of low credit penetration could be linked to the sector's largely unorganised structure, high risk perception and limited awareness about financial products and support mechanisms. During 2023-24, formal credit penetration in Kolkata and Mumbai Suburban clusters have improved significantly by more than 50%. Likewise, Chennai, Bengaluru, Amritsar, Delhi NCR, and Rajkot have recorded significant growth, whereas Kolhapur and Howrah have experienced decline in formal credit penetration.

**Exhibit 50: Classification of Clusters Based on Formal Credit Penetration in G&J Sector**




*Source: RBI, Exim Bank Research*

## Average Credit Size Extended by Banks

An attempt has been made to estimate the average credit size extended by banks to the G&J players in the identified clusters. For this estimation exercise, data on the number of loan accounts with the SCBs and the outstanding loan have been sourced from the RBI for the period ended March 2023 and March 2024. During this period, the ratio of the total outstanding amount to the number of credit accounts was calculated to estimate the average credit size for players in each cluster, providing insights into the scale of banking support extended at the cluster level.

**Table 17: Average Credit Size Extended by Banks across Clusters (As on end-March 2024)**

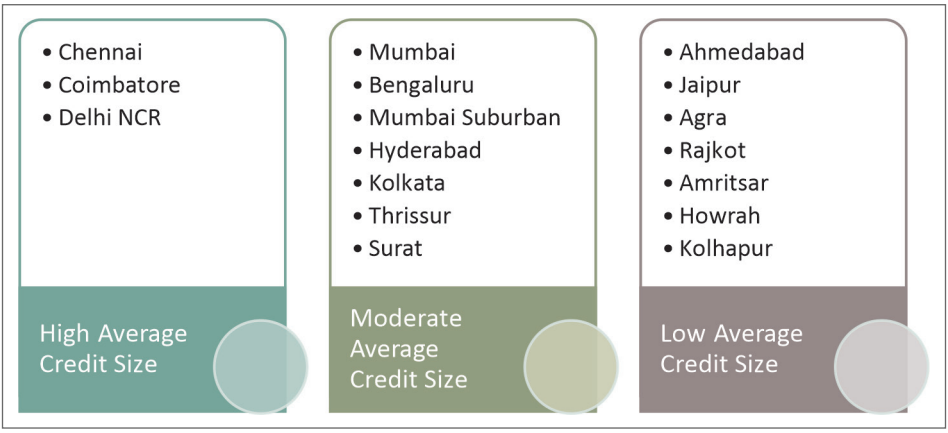
| Clusters | Avg Credit Size Extended by Banks | Y-o-Y Growth |
|---|---|---|
| Chennai | 7.9 | 20.4% |
| Coimbatore | 5.6 | 42.3% |
| Delhi NCR | 4.8 | -31.9% |
| Mumbai | 4.3 | -36.5% |
| Bengaluru | 3.5 | 24.8% |
| Mumbai Suburban | 2.7 | -15.3% |
| Hyderabad | 2.6 | 8.3% |
| Kolkata | 2.5 | 65.0% |
| Thrissur | 2.4 | 12.8% |
| Surat | 2.1 | 37.2% |
| Ahmedabad | 1.4 | -21.5% |
| Jaipur | 0.8 | -1.3% |
| Agra | 0.6 | 38.9% |
| Rajkot | 0.5 | 4.6% |
| Amritsar | 0.4 | 1.6% |
| Howrah | 0.2 | 175.7% |
| Kolhapur | 0.2 | 15.9% |

*Source: RBI, Exim Bank Research*

Analysis of average ticket size of the loans extended to G&J sector by scheduled commercial banks reveals that Chennai, Coimbatore, and Delhi NCR clusters have relatively higher average ticket size for loans disbursed by banks, indicative of the robust scale of credit support in these clusters. The ticket size of loans is moderate in Mumbai, Bengaluru, Mumbai Suburban, Hyderabad, Kolkata, Thrissur, and Surat clusters. In clusters such as Ahmedabad, Jaipur, Agra, Rajkot, Amritsar, Howrah, and Kolhapur, the average ticket size of loans is low. Notably, as on end March 2024, an upward trajectory in ticket size of loans has been observed in Howrah (y-o-y growth of 175.7%), Kolkata (65.0%), Coimbatore (42.3%), Agra (38.9%), Surat (37.2%) and Bengaluru (24.8%). During the same period, there has been a decrease in average loan size in clusters such as Mumbai (y-o-y change of -36.5%),

Delhi NCR (-31.9%), Ahmedabad (-21.5%), Mumbai Suburban (-15.3%), and Jaipur (-1.3%).

**Exhibit 51: Classification Based on Average Bank-Disbursed Credit Size to the G&J Clusters**




*Source: RBI, Exim Bank Research*

## CONCLUSION

This chapter benchmarks the identified clusters on their export preparedness across a set of key pillars including enabling policies, infrastructure, marketing and branding efforts, fiscal incentives, institutional support, technology adoption and gaps, skill availability and gaps, access to raw materials, and access to finance. Analysis indicates that Mumbai Suburban is a leading cluster, performing well across several pillars such as enabling policies, infrastructure, institutional support, access to raw material, skill gap etc. Meanwhile, four clusters viz. Surat, Mumbai, Jaipur and Kolkata emerge as front runners, among the identified clusters. The clusters of Ahmedabad, Bengaluru, Delhi NCR, Chennai, Coimbatore, Howrah, Hyderabad, Kolhapur, and Rajkot have emerged as performers. Agra, Amritsar and Thrissur emerge as Aspirant clusters, requiring more comprehensive interventions for scaling up exports.

# 5. Strategies for Enhancing Exports from Clusters

Gems and jewellery sector has the potential to be a key contributor to India's exports target of US$ 2 trillion by 2030. Analysis in the previous chapter indicates that while some of the identified clusters emerge as achievers and front runners in the industry, several clusters face challenges in scaling up and enhancing competitiveness. Developing a comprehensive strategy will be an important first step for unleashing the untapped export potential of these high-potential clusters. This would also be crucial for attaining the Government of India's target of US$ 75 billion worth of exports from the sector by 2030[15].

Against this backdrop, an attempt has been made to analyse some of the opportunities and challenges for exporters across the identified clusters and recommend actionable strategies to tap the opportunities and address the challenges. These strategies are built upon the essential pillars of targeting focus products and markets, bolstering policy support, infrastructure leverage and strengthening, addressing customs related bottlenecks, capacity building, strengthening marketing and branding by promoting GI products and leveraging e-commerce, bridging technology and skill gaps, easing access to raw material and enhancing access to finance.

[15] GJEPC (2024), Unleashing the Export Potential of the Gems and Jewellery Sector: Strategy Report Vol 2- 2023-24

## TARGETING FOCUS PRODUCTS

Exim Bank's analysis based on discussions with stakeholders indicates that several identified clusters have the potential to expand their exports across higher value-added G&J segments. The clusters could focus on product diversification in these high potential areas. Presently, over 50% of India's gems and jewellery exports are concentrated in a single product viz. cut and polished diamonds, highlighting significant product concentration. This segment is increasingly becoming saturated, as India already meets over 90% of the global demand for cut and polished diamonds. While this segment will continue to be important for generating export revenues in the sector, it would be essential to also build domestic capabilities in some new and emerging product categories that are experiencing a spurt in demand globally. This would include categories such as lightweight and low-carat jewellery, luxury smart jewellery, synthetic gemstones, astrology-inspired jewellery, and imitation jewellery, among others. By focusing on these emerging segments, exporters can move up the value chain, reduce overdependence on a single product line, and align more closely with shifting global market preferences. This section attempts to identify prospective high value-added products for exports from different G&J clusters.

### Diamond Studded Jewellery

Surat is a diamond hub, specialising in the upstream segment of processing and exporting diamonds including cut and polished natural diamonds, worked lab grown diamonds, and non-industrial diamonds, which together constituted nearly 86.9% of the total G&J exports from Surat during 2024-25. As noted during the field visits, players in the Surat cluster have already started moving up the value chain, into the downstream segment of premium jewellery designing and manufacturing. However, given the growing global demand, there is potential for further expanding capabilities in this segment to enhance exports of higher value-added jewellery.

**Table 18: Cluster-wise Prospective Products for G&J Export Diversification**

| Focus Clusters | Existing Key Products | Prospective High Value-Added Exports | Remarks |
|---|---|---|---|
| Surat | Cut and Polished Diamonds, Worked lab grown diamonds, Non-industrial diamonds | Diamond Studded Precious Metal Jewellery | The global diamond jewellery market is projected to record a CAGR of 5.3% during 2025 to 2033. This growth is being fuelled by rising disposable incomes, evolving fashion trends, and increasing demand for luxury and personalised accessories[16]. Markets such as the USA, China, the UK, Canada, South Korea, Japan, Australia, Germany and France may be targeted. |
| Mumbai, Mumbai Suburban, Ahmedabad, Rajkot, Kolkata, Howrah, Thrissur, Chennai, Amritsar, Kolhapur, Bengaluru, Agra | Articles of jewellery of precious metals other than silver, Silver jewellery, Non-industrial diamonds | Low carat and light-weight Jewellery | Rising prices of precious metals and shifting consumer demand towards minimalistic designs, particularly among urban millennials and Gen Z, is creating significant opportunities in the low carat and light-weight jewellery segment. |
| Mumbai, Mumbai Suburban, Delhi NCR, Chennai, Hyderabad, Bengaluru | Articles of jewellery of precious metals other than silver, Articles of precious or semi-precious stones, natural/ synthetic/ reconstructed, n.e.s., Non-industrial diamonds | Luxury Smart Jewellery | The global luxury smart jewellery market was valued at US$ 153.6 million in 2024 and is projected to record a strong CAGR of 18.9% to reach US$ 430 million by 2030[17]. |

[16] Grand View Research

[17] Grand View Research

| Focus Clusters | Existing Key Products | Prospective High Value-Added Exports | Remarks |
|---|---|---|---|
| Howrah, Mumbai Suburban, Rajkot | Articles of jewellery of precious metals other than silver, Imitation jewellery of base metal, Non-industrial diamonds | Imitation jewellery | Globally, exports of imitation jewellery stood at US$ 10.3 billion in 2024, whereas India's exports remained low at only US$ 139.3 million in 2024. Countries such as the USA, France, Germany, the UK, Japan and Italy are among the top importers of imitation jewellery globally, which may be targeted by players in the segment[18]. |
| Hyderabad, Jaipur | Natural/Cultured Pearls, Articles of jewellery of precious metals other than silver, Worked rubies, sapphires, emeralds | Synthetic gemstones and astrology-inspired jewellery | Global demand is rising for synthetic and astrology-inspired jewellery, creating strong opportunities for the clusters to diversify, given their traditional expertise in coloured gemstones. |
| | | Cultured Pearls | Global cultured pearl imports stood at US$ 1.2 billion in 2024. However, India remains a net importer in the segment, with meagre exports of US$ 3.3 million in 2024[19]. Despite substantial potential, the commercial production of freshwater pearls in India is still at a nascent stage. The Government of India has already taken several initiatives to promote natural pearl farming in the country. More players need to leverage these initiatives for tapping the growing global demand in this segment. |

[18] ITC Trademap

[19] IMARC Group

Globally, the demand for diamond studded jewellery is being driven by rising disposable incomes, evolving fashion trends, increasing demand for luxury and personalised accessories, as also the rising universal cultural traditions and emotional significance. Alongside, advances in diamond cutting, grading, and certification technologies have enhanced product transparency and boosted consumer confidence. Additionally, the rising popularity of lab-grown diamonds, especially among younger, sustainability-minded consumers, is reshaping the market landscape. As per Grand View Research, the global diamond jewellery market is projected to record a CAGR of 5.3% during 2025-2030. While the USA, China, the UK are expected to be the largest markets for diamond jewellery by 2030, markets like Canada, Australia, South Korea, Japan and Germany are also expected to witness steady growth in demand for diamond jewellery during the period under consideration. These markets could be tapped by exporters of diamond studded jewellery in Surat.

## Low Carat and Light-weight Jewellery

Several clusters analysed in this study specialise in traditional jewellery, involving intricate designs and rich craftsmanship. These clusters are largely engaged in high carat gold jewellery and traditional silver jewellery. However, globally, the demand for such jewellery has dampened due to the rising prices of precious metal over the recent years, which has impacted affordability. In fact, during 2019 to 2024, global average annual gold spot prices have surged rapidly, registering an AAGR of 11.6%, to reach US$ 2,386.2 per ounce in 2024, up from US$ 1,392.6 per ounce in 2019[20]. Likewise, the global average price of silver (London price), has also grown from US$ 16.21 per ounce in 2019, to reach US$ 28.27 per ounce in 2024, recording an AAGR of 11.2% during the period[21].

Additionally, there is also a notable shift in consumer preferences, particularly among millennials and Gen Z, towards lightweight jewellery. Light-weight jewellery refers to intricately designed pieces that use lower content of precious metal including gold, platinum or silver. Furthermore, contemporary

[20] World Gold Council

[21] The Silver Institute and Metals Focus (2025), World Silver Survey 2025

trends such as layering, minimalist styling, and personalised jewellery have enhanced the appeal of lightweight and versatile gold jewellery worldwide. This trend is especially strong in urban markets, where working professionals and young consumers are driving the demand for fine jewellery. As per recent estimates, the daily-wear jewellery category, including low carat viz. 14 and 18 carat jewellery is expected to record a CAGR in the range of 15% to 17% during 2025 to 2028[22]. Therefore, G&J players in clusters such as Mumbai, Mumbai Suburban, Ahmedabad, Rajkot, Kolkata, Howrah, Thrissur, Chennai, Amritsar, Kolhapur, Bengaluru and Agra, that are currently focussing on traditional, heavy jewellery, could shift their focus on this emerging segment for tapping the growing demand for lightweight jewellery and enhancing export revenues.

## Luxury Smart Jewellery

Another emerging segment for diversification is the luxury smart jewellery segment. Smart jewellery refers to electronics-enabled jewellery accessories such as rings, lockets, and bracelets, which seamlessly blend functionality with aesthetics. These jewelleries include features related to health, wellness, or safety, while retaining the design elegance of traditional precious jewellery. According to Grand View Research, the global luxury smart jewellery market was valued at US$ 153.6 million in 2024 and is projected to record a robust CAGR of 18.9% to reach US$ 430 million by 2030. The demand in this segment is also driven by the evolving tastes and preferences of millennials and Gen Z consumers, who are increasingly integrating fitness, safety, and technology into their lifestyles.

Several global electronics manufacturers like Samsung, Honor, as also Indian companies like boAt have already entered this market, focussing on smart rings and bracelets with fitness trackers. Additionally, the growing demand for personalised jewellery has led several global companies to bring out innovative and tech-enabled precious jewellery articles. For instance, France's Lumissoly has launched NFC-enabled 18-karat gold plated silver medallions,

[22] GJEPC (2025), Sparkling Projections: Diamonds and Luxury Lead the Way in Jewellery's Bright Future

which are tech-enabled pendants that can store digital photographs. Similarly, the USA-based InvisaWear has also introduced smart jewellery that doubles as a personal safety device.

Given India's global position as a leading player in both the precious jewellery segment as well as in the consumer electronics segment, this convergence presents a timely and significant opportunity for Indian players. To that end, jewellery manufacturers across clusters that already have a strong base in consumer electronics manufacturing could target this emerging segment for expanding their export revenues. This would include clusters such as Mumbai Suburban, Delhi NCR, Chennai, Hyderabad, and Bengaluru, that are well-positioned to lead this transformation, given their strong manufacturing base in both electronics and gems and jewellery sectors.

## Imitation Jewellery

Imitation jewellery is another emerging segment that could be tapped by Indian players. Imitation jewellery, also known as costume jewellery, is crafted using materials such as base metals, synthetic beads, and synthetic stones to mimic the look of precious metals and gemstones. With rising global demand for affordable and fashion-forward accessories, imitation jewellery has carved out a distinct, fast-growing niche in the global market. Its affordability, ease of design innovation, and mass appeal, especially among young urban consumers, have made it popular worldwide.

Globally, imitation jewellery exports stood at US$ 10.3 billion in 2024. However, India exported only US$ 139.3 million worth of imitation jewellery in 2024, representing a meagre share of 1.4% in global imitation jewellery exports[23]. This is substantially low when compared to India's position and share in global gems and jewellery exports at 3.1% in 2024. While Indian players already have a well-established manufacturing base in this segment across clusters such as Mumbai Suburban, Rajkot and Howrah, their exports are currently low, and the production is largely catering to the strong domestic demand. In fact, India's domestic market for imitation jewellery

[23] ITC Trademap

was valued at nearly US$ 1.6 billion in 2024[24], with imports valued at only US$ 31 million during 2024, indicating that India is currently self-reliant in this segment. Nonetheless, given the substantial global demand, players in the segment have significant scope for expanding their exports. Markets such as the USA, France, Germany, the UK, Japan and Italy are among the top importers of imitation jewellery globally, which may be targeted by players in the segment.

## Synthetic Gemstones and Astrology-inspired Jewellery

Synthetic gemstones are also gaining traction in demand due to their affordability, consistency in quality and sustainability. Synthetic gemstones of rubies, sapphires, and emeralds are made in laboratories using advanced technology and are identical in appearance to natural stones. As per data from ITC Trademap, global exports of synthetic gemstones stood at nearly US$ 716.1 million in 2024. During the same year, India's exports of synthetic gemstones stood at only US$ 20.6 million, with a share of 2.9% in global exports.

As noted during discussions with stakeholders, India was once a prominent player in the production of synthetic stones. However, Indian players lost their market competitiveness to their Chinese counterparts as better technology adoption improved the cost competitiveness of Chinese players. Accordingly, as noted during the discussions with stakeholders, India does not have adequate domestic capacities in the segment, and remains import dependent for meeting the domestic demand for synthetic stones. In fact, India is the 5$^{th}$ largest importer of synthetic stones, with a trade deficit of (-) US$ 19 million in the segment in 2024[25].

Given the large global demand for synthetic stones and the strong gemstone processing base in clusters such as Jaipur and Hyderabad, players could consider focussing on building capacities to manufacture synthetic gemstones in these clusters. Additionally, these clusters could also focus on tapping the growing demand for astrology-inspired jewellery. Astrology-inspired jewellery

[24] Technavio Research

[25] Based on data from ITC Trademap

including sun and moon-inspired jewellery designs as well as zodiac-inspired gemstone jewellery are gaining popularity in the recent times. Clusters such as Jaipur and Hyderabad are well positioned to cater to this trend, given their strong foundation in gemstone processing and artisanal design.

## Cultured Pearls

There is also substantial scope for expanding the exports of cultured pearls from India. As per data from ITC Trademap, global imports of cultured pearls (both worked and unworked), stood at US$ 1.2 billion during 2024, recording a CAGR of 7.5% during 2019 to 2024. India is a net importer of cultured pearls (both worked and unworked), with meagre exports of US$ 3.3 million and a trade deficit of nearly US$ 21.5 million in the segment in 2024. It is noteworthy that, despite substantial potential, the commercial production of freshwater pearls in India is still at a nascent stage. As per a recent report, pearl culture is currently being carried out by a few players across states such as Gujarat, Maharashtra, Kerala, Rajasthan, Bihar, Odisha, Jharkhand, Goa and Tripura, among others[26]. The ICAR-Central Institute of Freshwater Aquaculture (ICAR-CIFA), Bhubaneswar has developed the technology of growing pearls in fresh water. However, the adoption of this technology has been limited. More players need to engage in this high demand segment of cultured pearls.

The Government of India has already taken several initiatives to promote natural pearl farming. Some of these initiatives include (i) Approval of 2,307 Bivalve cultivation (including mussels, clams, pearl etc.) units under Pradhan Mantri Matsya Sampada Yojana; (ii) Development of the first pearl cluster in Hazaribagh, Jharkhand in collaboration with the Government of Jharkhand; (iii) Support for enhancing the natural population of the marine pearl oyster through ranching of 1.65 crore hatchery produced seed in Tuticorin, Tamil Nadu, by the ICAR-Central Marine Fisheries Research Institute, among others[27]. Players in the sector could leverage these initiatives for reducing import dependence as also tapping the growing global demand in this segment.

[26] PIB (2025), Natural Pearl Production

[27] Ibid

## MARKET DIVERSIFICATION

Market diversification remains a critical lever for unlocking India's untapped export potential in the gems and jewellery sector. As per data from ITC Export Potential Map, India has an unrealised export potential of over US$ 38.0 billion in the G&J sector. This estimate is based on India's current production strengths, global market demand across products, market access, and bilateral partnerships (Box 1). Tapping this potential could increase India's gems and jewellery exports to over US$ 68 billion.

**Box 1: Export Potential Calculation Methodology of ITC**

Export potential is an estimate of the potential US dollar value of exports that can be achieved for a given exporter (i), product (k), and market (j) in a specific year, for established export products.

Export potential is calculated by multiplying supply, demand, and bilateral ease of trade.

$$EPI_{ijk} = Supply_{ik}^{EPI} \times Ease_{ij} \times Demand_{ijk}$$

Where,

- $Supply^{EPI}_{ik}$ is calculated based on the projection of country *i*'s exports of product *k* over the next five years, taking into account the expected change in the country's GDP and export level, as also accounting for the global tariff disadvantage that the country faces when exporting product *k*
- $Demand_{ij}$ is calculated based on the combination of projected import values and factors accounting for the potential in the target market *j* including distance, tariff, population growth, GDP per capita etc. for the products *k* exported by a given country *i*
- $Ease_{ij}$ captures the ease of trade between country *i* and market *j* based on the actual trade between country *i* and market *j*

The comparison of potential export values with actual export values reveals unrealised opportunities that trade support institutions can address. It is calculated as:

$$Unrealised\ potential_{ijk} = EPI_{ijk} - \min(\upsilon_{ijk}, EPI_{ijk})$$

Where,

- $v_{ijk}$ corresponds to actual exports from country *i* of product *k* to market *j*.
- The minimum ensures that situations in which actual exports exceed export potential do not offset unrealised potential elsewhere.

In case of $v_{ijk} > EPI_{ijk}$, the unrealised potential equals zero.

One part of the unrealised trade potential is explained by the fact that the methodology is forward looking: it projects supply and demand into the future based on expected GDP and population growth, and forward-looking tariffs. Another part, however, is structural and likely results from a variety of frictions that hinder current trade, including:

- difficulty complying with non-tariff measures, including rules of origin,
- misalignment of supply with the price or quality preferences of consumers,
- difficulty finding buyers in the target market,
- suboptimal allocation of exports across potential target markets due to lack of market, intelligence,
- seasonality.

These frictions affect the country's ability to trade a specific product with a specific market. In order to identify the structural part of the unrealised potential, a static version of the export potential is calculated by removing all forward-looking elements (GDP and population growth, and future tariffs) from the calculation of the supply and demand.

Source: ITC Export Potential Map

An attempt has been made to map product-wise untapped potential (at HS-6 digit level) for India's major G&J export products and identify markets with substantial untapped potential for India in these products. Analysis indicates the presence of significant untapped export potential across key markets, despite India's established competitiveness in G&J

sector (Table 19). For instance, in the cut and polished diamonds segment, India has an estimated untapped potential of US$ 18 billion. Major markets with large untapped potential in this segment include the USA, Hong Kong, the UAE, Israel, Belgium, Switzerland, the UK, France and Italy. Moreover, analysis also indicates substantial export potential for India in several non-traditional markets, necessitating diversification of exports markets. In the cut and polished diamonds segment, for instance, several emerging markets have high untapped export potential. These include markets such as Vietnam, Singapore, Thailand, Botswana, Russia and Sri Lanka. Therefore, players in the Surat cluster could consider targeting these markets.

Similarly, in the precious metal jewellery (excluding silver) segment, India has an estimated unrealised export potential of around US$ 15 billion. While many traditional markets such as the UAE, Hong Kong, the USA, Switzerland, the UK, China, Japan, France and Italy, have large untapped potential, several emerging markets such as Singapore, Qatar, Bangladesh, Malaysia, South Korea, and Australia also have substantial untapped potential for export from India. Exporters from clusters such as Mumbai, Surat, Kolhapur, Hyderabad, Ahmedabad, Kolkata, Howrah, Chennai, and Coimbatore could target these markets for further enhancing their exports.

In the silver jewellery segment, there exists untapped potential worth US$ 2.6 billion for India, which could be tapped by players from clusters like Agra and Kolhapur that specialise in silver jewellery. These players could tap markets with high untapped potential, including the USA, Germany, the UK, Italy, France, Spain, the UAE, Canada, Thailand, Mexico, Poland, Turkey, Australia and Japan. Likewise, in the sunrise segment of imitation jewellery, exporters from clusters of Mumbai Suburban, Howrah, and Rajkot could scale up exports by targeting markets like the USA, China, Singapore, France, Germany, Hong Kong, the UK, Austria, Saudi Arabia, Italy, and Bangladesh, amory others.

**Table 19: India's Top G&J Exported Products and their Untapped Potential**

| HS Code | Product Description | Unrealised Export Potential (US$ Million) | Focus Clusters | Top Export Markets with Large Untapped Potential for India |
|---|---|---|---|---|
| 710239 | Cut and polished diamonds | 18,000 | Surat | The USA, Hong Kong, the UAE, Israel, Belgium, Switzerland, the UK, France, Italy, Vietnam, Singapore, Thailand, Botswana, Russia, Sri Lanka |
| 711319 | Articles of jewellery of precious metals other than silver | 15,000 | Mumbai, Surat, Kolhapur, Hyderabad, Ahmedabad, Kolkata, Howrah, Chennai, Coimbatore | The UAE, Hong Kong, the USA, Switzerland, Singapore, China, the UK, Japan, Qatar, France, Italy, Bangladesh, Malaysia, South Korea, Australia |
| 711311 | Silver jewellery | 2,600 | Agra, Kolhapur | The USA, Germany, the UK, Italy, France, Spain, the UAE, Canada, Thailand, Mexico, Poland, Turkey, Australia, Japan |
| 710491 (7104Xb)* | Worked lab grown diamonds | 1,200 | Surat, Mumbai Suburban | The USA, Hong Kong, the UAE, China, Thailand, Vietnam, Germany, Singapore, the UK, South Korea, Canada, Belgium, Switzerland, Israel, France |
| 710231 | Non-industrial diamonds (unworked/simply sawn/ cleaved/bruted) | 274 | Mumbai Suburban | The UAE, the USA, Botswana, Mauritius, China, South Africa, Belgium, Lebanon, Thailand, Vietnam, Switzerland, Canada, Cambodia, Australia, Japan |
| 710391 | Worked rubies, sapphires, emeralds | 409 | Jaipur | The USA, Hong Kong, France, Switzerland, Italy, the UK, Thailand, Singapore, Germany, the UAE, Sri Lanka, Russia, Malaysia, Taiwan, Qatar |

| HS Code | Product Description | Unrealised Export Potential (US$ Million) | Focus Clusters | Top Export Markets with Large Untapped Potential for India |
|---|---|---|---|---|
| 710399 | Worked semi-precious stones | 229 | Jaipur, Surat | The USA, Hong Kong, China, France, Switzerland, Italy, the UAE, Germany, Singapore, Belgium, Russia, the UK, Australia, Czech Republic, Malaysia |
| 711790 | Imitation jewellery (excl. jewellery, of base metal) | 131 | Mumbai Suburban, Rajkot, Howrah | The USA, the UK, Hong Kong, China, Singapore, France, Saudi Arabia, Germany, the UAE, South Korea, Italy, the Netherlands, Japan, Thailand, Canada |
| 710692 | Semi-manufactured silver | 37 | Agra, Kolhapur | The USA, Canada, Thailand, Hong Kong, Nepal, Singapore, Malaysia, China, Spain, Vietnam, South Korea, Taiwan, Japan, Australia, Israel |
| 710421 (7104Xa)* | Unworked lab grown diamonds | 18 | Surat, Mumbai Suburban | Hong Kong, Thailand, China, Ireland, Mauritius, Singapore, Germany, Switzerland, Vietnam, Russia, France, Japan, Czech Republic, Malaysia, Indonesia |
| 711620 | Articles of precious or semi-precious stones, natural/ synthetic/reconstructed, n.e.s. | 57 | Jaipur, Delhi NCR | China, the USA, Hong Kong, Austria, Singapore, Switzerland, France, the UK, Germany, South Korea, Saudi Arabia, Belgium, Curacao, the UAE, Italy |
| 711719 | Imitation jewellery of base metal | 107 | Mumbai Suburban, Rajkot, Howrah | The USA, China, Singapore, France, Germany, Hong Kong, the UK, Austria, Saudi Arabia, Italy, Bangladesh, South Korea, Japan, the Netherlands, Thailand |
| **Total** | | **38,062.00** | | |

**7104Xa comprises unworked synthetic stones, including but not limited to lab grown diamonds*
*7104Xb comprises worked synthetic stones, including but not limited to lab grown diamonds*
*Source: ITC Export Potential Map, ITC Trademap, Exim Bank Research*

## BOLSTERING POLICY SUPPORT FOR THE G&J SECTOR

### State-level Policy Support

Sector-specific industrial policy plays a vital role in formalising a sector, enhancing production capacity, generating exportable surplus and creating employment. However, the level of sectoral focus of the states on gems and jewellery is uneven across the country. Analysis of the state-level industrial and export policies for the identified clusters suggests that only a handful of states have identified gems and jewellery as a thrust sector in their industrial policies. These include states such as Maharashtra, Gujarat, West Bengal, Telangana and Rajasthan. Moreover, Maharashtra is the only state that has a separate sector-specific policy for gems and jewellery, in addition to its industrial policy. Other states such as Uttar Pradesh, Tamil Nadu, Delhi, Punjab, Kerala and Karnataka have not identified gems and jewellery as a thrust sector. This is despite the fact that many of these states feature among the top 10 production hubs for gems and jewellery in India. For greater formalisation of the gems and jewellery industry and enhancing the exportable capacities in the clusters, it would be crucial for states to include gems and jewellery as a thrust sector and also extend fiscal incentives for the sector.

State Governments could extend incentives such as capital investment subsidies, interest subsidy on term loans, SGST reimbursement, stamp duty exemption, and streamlined clearances, among others. Such incentives are being provided by the Government of Maharashtra and the Government of Gujarat (Box 2). Additionally, State Governments could also consider introducing Employees' Provident Fund reimbursement for enterprises setting up industrial units in the sector, which would help formalise the industry and create formal jobs in the industry. A similar incentive is being provided under the Aatmanirbhar Gujarat Scheme 2022, under which the State Government extends EPF reimbursements to MSMEs, large and mega enterprises setting up industrial units in Gujarat, including in the gems and jewellery sector, for facilitating formalisation of industrial workforce in the State. Other states could also extend similar incentives.

In addition to industrial policy, a robust export policy framework is also crucial for addressing export-specific challenges related to marketing, awareness, logistics infrastructure and finances, among others, and boosting exporters' competitiveness.

**Box 2: Fiscal Incentives to the G&J Sector**

Gems and Jewellery has been identified as a thrust sector in the policies of the Governments of Gujarat, Rajasthan and Maharashtra. Accordingly, G&J players in these states benefit from the fiscal incentives extended under these policies. Some of the major fiscal incentives are highlighted hereunder.

**Select Major Fiscal Incentives provided under Aatmanirbhar Gujarat Scheme 2022**

- Interest subsidy of 7% on term loans for a period of 8 to 10 years
- Up to 80% to 100% reimbursement of net SGST for a period of 10 years
- Up to 100% reimbursement of SGST paid on capital goods
- Up to 100% reimbursement of the employer's statutory contribution under the Employees' Provident Fund scheme
- Up to 100% reimbursement of stamp duty and registration charges paid to the Government of Gujarat

**Fiscal Incentives provided under Rajasthan Export Promotion Policy 2024**

- Up to 50% subsidy on expenses incurred (subject to a ceiling of ₹5 lakh/unit/year) on export documentation, certifications, testing, and compliance
- Up to 75% reimbursement of expenses incurred on product testing (subject to a ceiling of ₹20,000/shipment, ₹3 lakh/year cap)
- Up to 75% reimbursement of expenses incurred on acquiring patented or institutional technologies
- Up to 25% reimbursement of freight charges incurred by first-time MSME exporters

- Up to 75% reimbursement of e-commerce platform fees for export-related services (subject to a ceiling of ₹2 lakh/unit)
- Up to 50% reimbursement of premium paid for availing ECGC export credit insurance by MSMEs

**Major Fiscal Incentives provided under Maharashtra Industrial Policy 2019**

- Up to 100% stamp duty exemption for eligible MSMEs during the investment period for land acquisition (including lease rights and sale certificate) and term loans
- Power tariff subsidy for eligible new units in the range of ₹0.5 to ₹1/- per unit consumed, for 3 years from the date of commencement of commercial production
- Interest subsidy of 5% per annum, capped at the annual electricity bill amount
- Marketing assistance scheme to support MSMEs, with special focus on SC/ST/women entrepreneurs for participation in national and international fairs
- Standalone incentives for quality improvement, ZED certification, R&D, technology upgradation, energy/water conservation, cleaner production, and credit rating
- Investment promotion subsidy on gross SGST paid on first sale of eligible products billed and delivered within Maharashtra

Source: Aatmanirbhar Gujarat Scheme 2022, Government of Gujarat; Rajasthan Export Promotion Policy 2024, Government of Rajasthan; Maharashtra Industrial Policy 2019, Government of Maharashtra

It is noteworthy that among the states under consideration, Kerala, Telangana, Tamil Nadu, Karnataka, Uttar Pradesh and Punjab have an export policy in place, but these policies do not have focus on gems and jewellery sector, as a priority or thrust sector. Given that these states are among the top exporting states for gems and jewellery, developing a dedicated export policy with G&J as a focus sector would help unlock the export potential of the clusters. Furthermore, while gems and jewellery has been identified as

a focus product under the DEH initiative in some clusters, it is not a focus product under the DEH initiative in several other clusters such as Surat, Mumbai Suburban, Kolkata, Ahmedabad, Delhi and Coimbatore, despite significant G&J exports from these clusters. Expanding the DEH coverage to include gems and jewellery in key exporting clusters could be considered for further strengthening the export ecosystem at the district-level and ensuring a focused approach for enhancing G&J exports from these clusters.

During the field visits, it was noted that clusters such as Amritsar, Jaipur, Coimbatore, and Chennai face several operational challenges that hinder their efficiency and competitiveness. These include unreliable electricity and water supply, high power tariffs, seasonal power shortages, excessive rental costs, and limited access to affordable water, among other constraints. To address these barriers, respective state governments could also consider targeted policy interventions and infrastructure support. States like Maharashtra and Gujarat have implemented various subsidy schemes and infrastructure incentives tailored to industrial clusters. Replicating such models in other states could significantly ease operational constraints and enhance the productivity and export-readiness of G&J clusters.

## Design-led Incentives to Move up the G&J Value Chain

As noted previously, the gems and jewellery industry in India needs to focus on higher value-added segments, focussing on premium designs and high-quality jewellery. An important point emerging from the field visits is that while India has manufacturing capacity across the entire gems and jewellery value chain, India predominantly lags in terms of design innovation, particularly among the MSME players.

As noted earlier, Surat specialises in upstream activities, primarily in cutting and polishing of diamonds. While some larger players in Surat have already started entering the downstream activities of diamond studded jewellery, this shift remains limited. Meanwhile, clusters such as Thrissur, Agra, Kolhapur, Bengaluru, Kolkata, and Coimbatore are presently positioned in midstream activities and need to transition further downstream by focusing on premium

quality, and light-weight jewellery designing, attuned to the evolving global demand. Similarly, clusters engaged in downstream manufacturing of finished jewellery such as Mumbai and Jaipur, can also boost their exports by strengthening their design and product development capabilities, to move up to premium and light-weight jewellery segments and garner greater export revenues.

Clearly, there is a need for an industry-wide shift in focus towards creating unique, design-driven products that cater to specific global demands, in addition to the traditional jewellery designs, so as to allow India to expand its global footprint. This shift would, however, entail substantial investment in building design capabilities as well as expertise in advanced metallurgy, to meet global quality standards.

It is noteworthy that currently, there are no centrally sponsored schemes for incentivising investments in the gems and jewellery industry on similar lines as the production-linked incentive (PLI) schemes catering to higher value addition in other labour-intensive and export-oriented industries such as textiles, leather and footwear, toys etc[28]. In line with the GOI's increasing focus towards 'Design in India', the GOI could consider introducing a Design-led Incentive Scheme for the gems and jewellery sector. This scheme could include support like reimbursement of capital expenditure for setting up of state-of-the-art design infrastructure for jewellery products, and reimbursement of expenses incurred on training of designers, among others. This could aid Indian jewellers to increase their focus on high-end jewellery design.

## INFRASTRUCTURE LEVERAGE AND STRENGTHENING

Infrastructure is another important pillar for the growth of G&J clusters. Bridging the infrastructural gaps and supporting the modernisation of production facilities could help improve operational efficiency and enhance the sector's export competitiveness.

[28] PLI have been proposed for leather and footwear, and toys sectors, but not yet approved

## Hub and Spoke Model for Better Utilisation of Existing CFCs

CFCs are vital for enhancing the productivity and competitiveness of MSMEs by providing shared access to advanced infrastructure, machinery, and services that individual units often cannot afford. They help reduce costs, improve product quality, and promote standardisation, while also offering training and technology support to upgrade skills and processes.

As noted earlier, though there are CFCs in Rajkot, Coimbatore, and Kolkata, these face operational challenges, which has led to limited utilisation of these CFCs. For instance, in the Bow Bazaar CFC in Kolkata, many heavy machines are not being utilised by local artisans, as the specifications of these machines do not meet the artisans' specific requirements. For example, the CFC has an imported hollow jewellery machine for making bangles, which has remained unused due to specification mismatch. Similarly, the Bow Bazaar CFC also has a casting machine for which there is limited demand in the area and thus, remains underutilised. Similarly, in the Rajkot CFC, the metal refinery machine is not operational due to the relatively higher operational costs and gap in manpower availability. Meanwhile, in the Coimbatore CFC, the 3D CAM printer has been non-functional on account of a prolonged delay in repair and high repair expenses. These examples highlight the need for CFC facilities to stay aligned with the evolving technological needs to enhance utilisation and impact, and to ensure comprehensive maintenance contract while purchasing the machineries.

It was also noted during the discussion that there is an increasing demand among artisans in the Kolkata cluster for some advanced machineries, which the existing CFC does not currently offer. To enhance the service offerings of existing CFC and improve the footfall, a hub-and-spoke model could be considered, whereby the Mega CFC in SEEPZ could act as a hub and the other CFCs across the country could act as spokes. Spokes could send consignments to the Mega CFC through a trusted third-party logistics provider for further processing, based on the artisans' needs, while ensuring the safety of the articles. Similarly, existing CFCs themselves could function as regional hubs, with local centres acting as spokes to route articles to the hubs for specialised

processing and services. Besides this, services such as CAD designing, which are also growing in demand across different clusters but not currently available in the existing CFCs like Bow Bazaar CFC in Kolkata owing to lack of technical personnel, could also be outsourced to the designers at the Mega CFC. This model could help generate revenue flows for CFCs and also promote the utilisation of services offered at the Mega CFC by smaller players in other clusters.

## Developing New CFCs with Private Sector Participation

In addition to strengthening existing CFCs, there is also a need to build CFCs in other clusters where demand for shared infrastructure and technical services remains unmet. This would be critical for enhancing productivity, enabling access to advanced machinery, and fostering skill development—particularly for MSMEs that lack the resources to invest in such capabilities independently.

Based on discussion during the field visits, cluster such as Howrah, Kolhapur, Agra, Thrissur, Jaipur, Delhi and Bengaluru have demand for such facilities. However, to accelerate the development of CFCs and ensure proper utilisation of the facilities, greater private sector participation would be essential. Private players can form special purpose vehicles (SPVs) and leverage support under the Micro and Small Enterprises – Cluster Development Programme of the Government of India, which provides financial assistance for setting up CFCs. Notably, several CFCs in clusters such as Coimbatore and Chennai have already been successfully established by private players with funding support from the GOI, demonstrating the potential of public-private collaboration in strengthening the sector's manufacturing ecosystem. Expanding this model to other emerging clusters can significantly improve competitiveness and foster inclusive growth across the gems and jewellery value chain.

## Strengthening SEZs for Enhancing Exports

As noted in the previous chapter, clusters such as Surat, Mumbai Suburban, Kolkata, Chennai, Delhi NCR, Cochin and Jaipur have operational SEZs. Among

these, the SEZs in Surat, Mumbai Suburban, Delhi NCR, and Jaipur serve as exemplary models for export-oriented growth. As per the latest data from GJEPC, SEZs accounted for a significant 18.9% share in India's total gems and jewellery exports in 2022–23, underscoring their vital role in the country's export ecosystem. Notably, SuRSEZ and SEEPZ have been front runners among the SEZs, accounting for over 89% of overall gems and jewellery exports from SEZs across India in 2022-23[29].

There is need for targeted interventions to enhance exports from some of the other SEZs. Findings from discussion with stakeholders indicate that SEZs in Cochin and Chennai remain significantly underutilised by players in the industry due to various factors including operational challenges. For instance, data from the Cochin SEZ indicates that there are around 21 gems and jewellery entities in the SEZ, however, the total exports from the Cochin SEZ stood at only 0.23% of the total gems and jewellery exports from all the SEZs in the country during 2022-23. Likewise, Chennai SEZ has around 12 gems and jewellery entities, but its share in exports stood lower at 0.03% of the total gems and jewellery exports from all SEZs during 2022-23. It is also noteworthy that the share of G&J exports from these SEZs in the overall G&J exports from the clusters is also marginal. G&J exports from Chennai SEZ accounted for only 0.3% of the total G&J exports from the Chennai district during 2022-23. Likewise, G&J exports from Cochin SEZ accounted for only 0.4% of the total G&J exports from Thrissur district during 2022-23. This indicates that currently, the role of these SEZs in clusters' overall exports remains limited.

To fully leverage these SEZs as engines of export growth, a coordinated effort involving modernisation, process simplification, capacity-building, and stronger private sector engagement is essential. These steps would not only enhance utilisation of existing SEZs but also ensure their alignment with evolving global market demands, thereby significantly boosting overall exports. Additionally, establishing new SEZs in other clusters could also be considered to further strengthen the sector's export competitiveness. Clusters such as Ahmedabad,

[29] GJEPC (2024), Special Economic Zones (SEZs): Catalysts for the Indian Gems and Jewellery Sector

Hyderabad and Rajkot could be targeted for developing new SEZs. There is also a high demand for SEZs in clusters like Surat and Jaipur, where the existing SEZs are operating at full capacity. To that end, developing new SEZs or expanding existing SEZs in Surat and Jaipur could be considered, to meet the increasing demand and facilitate scaling up of exports. Since SEZs typically face fewer challenges related to infrastructure, import procedures, and regulatory compliance compared to other areas, developing new SEZs in these top exporting clusters could further help expanding exports from these clusters.

## Strengthening Testing Infrastructure

Reputed testing labs that certify diamonds and gemstones are critical for building trust, transparency, and credibility in the gems and jewellery sector. While the GJEPC has two IIGJ centres in Jaipur and Delhi, the same are not adequate to cater to the testing and certification demand. Besides GJEPC's labs, several testing labs by reputed institutions are present across different G&J clusters in the country. Based on the discussions during cluster visit, such institutions are not adequate in clusters such as Amritsar, Rajkot, Howrah, Bengaluru, Kolhapur and Agra. As a result, players in the clusters have to rely on privately operated testing labs that face credibility issues and do not have adequate testing and certification facilities. For instance, in the Howrah cluster, currently there are no facilities to test the nickel content in rhodium-plated jewellery, and potassium cyanide content in plain gold jewellery. As a result, exporters have faced difficulties in complying with non-tariff barriers in international markets, leading to product returns. Likewise, players in the Kolhapur cluster face issues in product quality due to the impurities in silver used to manufacture anklets. As per the stakeholders discussion, in the absence of facilities for testing the purity of silver, players often end up using adulterated silver, which are mixed with other metals such as copper, iron, cadmium, and brass. Such adulteration has adversely affected the product quality of anklets, particularly the sound quality of ghungroos (bells) in the anklets, and has reduced their market appeal. It is noteworthy that silver anklets from Kolhapur have been accorded GI tag, and are the specialty of the cluster. Therefore, addressing the quality issue would be crucial for

enhancing the market reach of these products. To that end, there is a need for expanding the network of reliable and reputed testing in these clusters.

Further, the National Accreditation Board for Testing and Calibration Laboratories (NABL), does not have any guidelines for gems and jewellery testing labs. Thus, there is need for bringing in minimum compliance standards for laboratories to comply with and demonstrate their competency to carry out testing and certification processes.

## Enhancing Flight Connectivity from Select Clusters

Flight connectivity is vital for gems and jewellery clusters, as it enables swift and secure movement of high-value goods to international markets. It not only expands reach to global customers but also enhances competitiveness as timely delivery is crucial in the G&J sector. Findings from the cluster visit suggests that clusters such as Agra, Amritsar, Coimbatore, Jaipur, Kolhapur, Surat, Rajkot, and Thrissur face significant logistical challenges due to limited international flight connectivity. This leads to longer shipment durations, reliance on other intermediary transit hubs, and raises overall logistics costs. Therefore, strengthening direct international air connectivity from under-served clusters would be crucial to reduce transit time, lower logistics costs, and streamline export operations. This, in turn, would help enhance export competitiveness of these regions and contribute more effectively to enhancing exports.

## Expanding Jewellery Parks network

In addition to SEZs, jewellery parks are also pivotal for attracting businesses and boosting export potential in India's gems and jewellery sector. They provide integrated infrastructure, specialised facilities, and a supportive ecosystem that drive production, innovation, and global competitiveness. Based on the assessment of clusters during field visits, it is noted that clusters such as Jaipur, Amritsar, Chennai, Coimbatore, Kolhapur and Thrissur that have a significant concentration of household-based manufacturing units in areas with inadequate logistical access and limited scope for scalability, could particularly benefit from establishment of jewellery parks. Successful models

like Gujarat Hira Bourse in Surat and Ankurhati Jewellery Park in Howrah serve as learning templates for other clusters to replicate. Similarly, clusters such as Bengaluru, Rajkot, Coimbatore, Mumbai, and Mumbai Suburban are set to benefit from the development of upcoming jewellery parks. For instance, the proposed Jewellery Park at CIDCO Kurichi Road in Pollachi near Coimbatore, initiated by the State Government, is expected to provide cutting-edge facilities and shared infrastructure, fostering greater formalisation and creating a favourable environment for jewellery manufacturing. Likewise, the upcoming India Jewellery Park at Mahape, Navi Mumbai with state-of-the-art facilities to tap into the sector's potential could also serve as a blueprint for others upcoming jewellery parks (Box 3). Expanding jewellery park network in key hubs will enhance efficiency and innovation, thereby strengthening export competitiveness of the clusters.

**Box 3: India Jewellery Park Mumbai – A Model for the Future of Jewellery Manufacturing**

The India Jewellery Park (IJP) in Mumbai is set to become a global benchmark in the gems and jewellery sector. It offers a state-of-the-art, integrated ecosystem that brings together manufacturing, trade, and business support services under one roof. Strategically located in Mahape Industrial Area, with excellent connectivity to the Navi Mumbai International Airport, IJP is designed to enhance productivity, reduce costs, and empower artisans, MSMEs, and large enterprises alike. The park ensures a safe and empowering environment for karigars and businesses, promoting better working conditions, skill development, and long-term sustainability.

**Salient Features of IJP**

- Business Incubation Centre with value-added services (legal, financing, construction) to foster growth and innovation
- Advanced manufacturing facilities with state-of-the-art equipment in a secure working environment

- Integrated marketplace for showcasing products to global buyers and retailers
- Seamless trade facilitation with single-window clearance (Maitri policy), customs desk, and efficient logistics
- Networking & efficiency boosters with world-class conference spaces, essential services, and cost-saving incentives

**Incentives in the IJP**

- Stamp duty waiver for buyers purchasing through MIDC
- MIDC transfer fee waiver for first-time buyers
- 50% SGST waiver for five years for all units within IJP
- Interest subsidy on term loans for MSME units
- ₹2 per unit electricity subsidy for LGD units
- Waiver of electricity duty for all units
- Single-window clearance for all regulatory approvals under the Maitri Policy
- Competitive pricing as the project is spearheaded by GJEPC

IJP Mumbai offers state-of-the-art infrastructure, including Effluent Treatment Plant (ETP), Sewage Treatment Plant (STP), Diesel Generator power backup, and advanced security systems. It features high-speed internet, compressed air, 24x7 PNG supply, a gold recovery system, and a centralised vault. The facility ensures sustainability with 100% water recycling, solar power, and waste management. With world-class amenities and industry-specific support, IJP would set a new benchmark for integrated jewellery manufacturing in India.

The IJP will also help MSMEs avail various benefits provided under schemes of the Government of India such as,

- Collateral-free loans up to ₹5 crores under CGTMSE, with 85% guarantee for micro enterprises (₹5 lakh) and 75% for others
- ZED Certification support includes subsidies up to ₹50,000, handholding assistance of ₹2 lakhs, and technology upgradation aid of ₹3 lakhs
- 2% interest subvention on fresh or incremental MSME loans up to ₹1 crore
- 15% subsidy on institutional credit up to ₹1 crore for technology upgradation (subsidy cap: ₹15 lakh)
- CHAMPIONS initiative, which offers comprehensive MSME support, including finance, raw materials, labour, permissions, etc.

## ADDRESSING CUSTOMS RELATED BOTTLENECKS

Customs infrastructure is another key infrastructure for the sector. It was noted during the discussion with stakeholders that there exist several customs related bottlenecks that impact the sector disproportionately. For instance, in Jaipur, two of the three custodians lack airside access, leading to reliance on road transport, which leads to delays and increased security risks. Meanwhile, Ahmedabad and Rajkot depend on export of studded jewellery through different locations due to a lack of appraisal facilities. In Ahmedabad, there is also a need for additional human resources at the customs to improve turnaround time and facilitate smoother export operations. In Amritsar, the newly inaugurated Amritsar Customs Terminal currently lacks appointed appraisers, which restricts exports from the cluster and limits the terminal's effective utilisation. Further, exporters from the Coimbatore cluster rely on Chennai and Bengaluru airports for exporting due to the absence of risk-based sampling in Coimbatore airport. Similarly, in Howrah, the lack of a customs facility forces exporters to depend on the ports in Kolkata. Setting up a customs facility within the Ankurhati Jewellery Park could help create an end-to-end export ecosystem within the park itself, streamlining processes and reducing reliance on external ports.

These customs-related bottlenecks often lead to delays in shipment and increase logistics cost for exporters, thereby hampering their competitiveness. The GOI could therefore consider addressing the cluster-specific challenges for easing exports from these clusters.

## STRENGTHENING MARKETING AND BRANDING

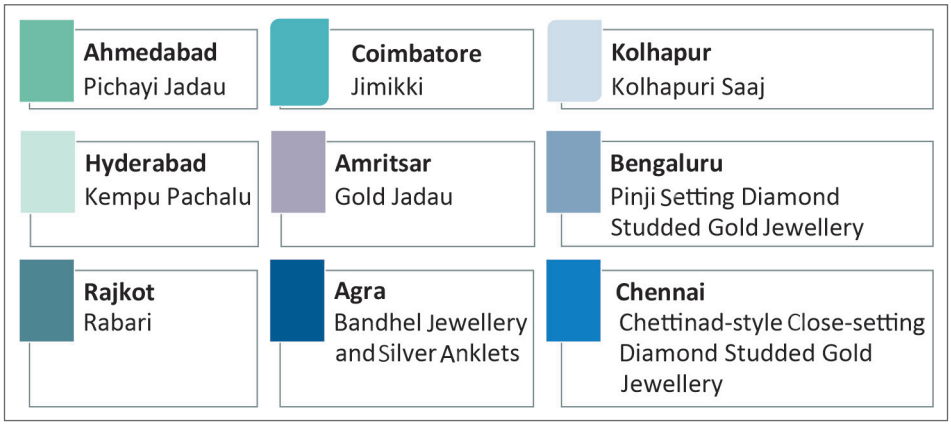
### Identifying Cluster-specific GI Tagging

GI status can function as product differentiators and serve as important tools for marketing. The reference to geographical origin, along with the use of traditional practices and processing methods, can provide substantial marketing potential for exports of these products.

Among the identified clusters, only three clusters have applied for GI tags, of which only one has been accorded with the GI tag viz. the Hupari Silver Payal from Kolhapur. Meanwhile, a GI tag for Kolkatti Jewellery from Kolkata is currently at the examination stage, and Kundan Meenakari from Jaipur is in the pre-examination stage for GI recognition. The process of GI recognition for these products could be expedited.

Initiatives are also needed for identifying more products which can be accorded GI status in the sector. Based on the discussion of the study team during the cluster visit, 10 potential products have been identified for obtaining GI in this sector. These include Pichayi Jadau from Ahmedabad, Rabari jewellery from Rajkot, Light-weight gold Jimmiki from Coimbatore, Amritsari Jadau jewellery from Amritsar, Bandhel jewellery and silver anklets from Agra, Kempu Pachalu from Hyderabad, Pinji setting diamond studded jewellery from Bengaluru, Kolhapuri Saaj from Kolhapur and Chettinad-style close-setting diamond jewellery from Chennai.

**Exhibit 52: List of Potential GI Tags in the Gems and Jewellery Sector**




*Source: Exim Bank Research*

To reap the benefits of the GI Status, it is important for the GI brand to be recognised as a reliable and preferred brand in the market, with distinguishable positioning. Products such as Darjeeling Tea and Pashmina, for example, have been able to gain substantial market share and premium pricing on account of this brand building. In order to attain similar levels of success, key value proposition needs to be defined for the products after obtaining the GI status. As per the discussion with stakeholders in Kolhapur, artisans involved in the manufacturing of Hupari Silver Payal have not been able to fully benefit from the GI tag, owing to lack of effective marketing. To effectively leverage the GI status, there is need to develop and market a logo and GI brand name. Besides, a mechanism needs to be devised for ensuring that all products marketed under the GI brand adhere to minimum specific standards. To ensure the quality and uniqueness of the products, a GI certification body could be set up by the GJEPC, that will provide certificate of authenticity to these high-potential export items. A repository of information about the artisans involved in production and exports of the GI products could also be maintained by the certifying body. It is also suggested that a dedicated fund be set aside as a brand equity fund with an aim to build globally competitive GI brands for products that obtain GI tags. The fund can assist in marketing the branded products in the international arena. Export related brochures, interactive audio-visuals, social media marketing etc. can be utilised for popularising the products in the international market.

## Promoting e-Commerce Exports

e-Commerce offers a powerful avenue for Indian gems and jewellery exporters to scale up their global presence, particularly in the untapped international markets. As consumer preferences shift towards online purchasing, digital platforms provide Indian jewellers—especially small and medium-sized enterprises—with an opportunity to directly engage with global buyers without the need for a physical retail footprint abroad. To further support this transition, the Government of India has already amended courier regulations to allow exporters to dispatch jewellery consignments via express courier services. This significantly enhances the speed and efficiency of low-volume, high-value e-commerce shipments. A similar regulatory framework is now being extended to SEZs, ensuring SEZ-based units can also participate effectively in e-commerce exports. Complementing these efforts, the government is also actively working to establish e-commerce export hubs (ECEHs) across the country. These hubs are designed to streamline logistics, reduce compliance burdens, and provide shipment-level financing to address the liquidity constraints often faced by smaller exporters. By offering integrated support services, ECEHs improve cash flow, lower export costs, and enhance operational efficiency. Strategically setting up ECEHs near major gems and jewellery clusters could further strengthen the e-commerce export infrastructure and significantly boost the sector's global competitiveness. There is also a need to address the issues related to return of e-commerce products, as it is a key factor for success of e-commerce exports. To that end, customs department could consider allowing and easing reimport of returned e-commerce jewellery parcels through courier and post.

## Recognising Gems and Jewellery Sales to Foreign Tourists as Exports

Gems and jewellery sector of India is globally recognised for its rich artisanal heritage and fine craftsmanship. This draws in a substantial number of foreign visitors, particularly the Indian diaspora, many of whom travel to India to purchase directly from domestic markets. However, these sales currently are not recognised as exports, thereby excluding the gems and jewellery manufacturers from availing export-linked incentives.

There is significant potential for tourism-generated sales in clusters such as Amritsar and Agra, which register significant foreign tourist footfall. In this context, the GOI could consider introducing a formal mechanism to recognise purchases made by foreign tourists as exports equivalent. Drawing on the India Tourism Statistics 2023, the key tourist hubs in India including Agra, Amritsar, Delhi NCR, Jaipur, and Mumbai, could be prioritised for the pilot phase for such a framework. This approach could help expand the export base of the G&J sector, enhance the forex inflows, and incentivise tourism-linked sales in the sector.

## Bridging Awareness Gap

A critical challenge across the gems and jewellery sector is the lack of awareness, especially among MSMEs. This awareness gap has been noted across various aspects, including government incentives, available technologies, financing options, export policies, and compliance processes. This issue has been consistently highlighted during stakeholder interactions across the identified clusters. For instance, as noted earlier, Mumbai cluster has a significant awareness gap related to regulatory procedures, including GST compliance and extensive documentation, and available government support. Despite the presence of several central and state-level schemes designed to support exporters and MSMEs, the limited dissemination of information has resulted in poor uptake of these schemes and underutilisation of the available institutional support systems by the smaller G&J players.

Bridging the information gap would be key to ensure inclusive growth of the sector. A focused outreach strategy is much needed encompassing measures such as awareness drives, digital platforms, and local support centres. Central and State Governments, along with bodies like GJEPC, could consider conducting frequent workshops, financial literacy camps, and awareness sessions on GOI schemes for G&J exporters. Additionally, setting up Export Facilitation Cells in key identified clusters could help guide the MSMEs and first-time exporters about export-related policies and procedures.

## Expanding Exhibitions to Boost Cluster Participation

Large-scale exhibitions such as IIJS Premier, held in Mumbai and Mumbai Suburban, and IIJS Tritiya, held in Bengaluru, serve as prominent B2B trade shows for the gems and jewellery industry. These exhibitions are among the world's largest platforms for showcasing the latest trends, innovations, and craftsmanship in the sector. These shows attract participation from major players across all key clusters. As noted earlier, clusters like Jaipur, Surat, and Delhi NCR also host major exhibitions, further contributing to the marketing efforts of local players. However, such large-scale exhibitions are not hosted across many other clusters, limiting their marketing and outreach opportunities.

According to IIJS Signature and IIJS Premier data for 2024, clusters such as Hyderabad, Ahmedabad, Chennai, Rajkot, and Kolkata demonstrated significant participation, primarily from large, established players. However, many smaller enterprises from these clusters are unable to fully benefit from the visibility and networking opportunities that these platforms provide. To enhance visibility and market access for a broader set of players, especially MSMEs, hosting smaller regional versions of IIJS could also be considered in the clusters that have significant demand, including Hyderabad, Ahmedabad, Chennai, Rajkot, Kolkata, Howrah and Amritsar. This would help in enabling broader access to marketing opportunities for players across these clusters.

# BRIDGING TECHNOLOGICAL GAPS

## Introducing Technology Upgradation Fund Scheme for G&J Industry

Technology is a key enabler for enhancing productivity, scaling up production and augmenting exports. Findings from the field visits indicate that while the large players have high level of technology integration, technology adoption among majority of the MSME players across the clusters remains limited to the lower end of the gems and jewellery value chain, such as chain-making, wire-making, pellet making, printing of wax-moulding and casting. Use of relatively advanced technology such as CNC cutting, laser cutting, laser

engraving, 3D metal printing, as well as use of AI is limited, particularly by MSMEs. Similarly, technology integration in cutting of rough diamonds is also low among MSME players, with limited use of technology such as 3D modelling for potential diamond cuts, and cleaving/sawing of diamonds, etc.

It would be important to improve the technology integration, particularly for MSMEs across the gems and jewellery value chain in order to boost their productivity, lower costs, and enhance quality, thereby strengthening their global competitiveness. To that end, the Government of India could consider introducing a Technology Upgradation Fund Scheme (TUFS), similar to the one introduced in the textile sector. The TUFS scheme is a credit-linked capital investment subsidy designed to encourage investments across the textile value chain, which has particularly benefitted MSMEs. Data from the Ministry of Textiles indicates that nearly 89% of the beneficiaries under the ATUFS scheme during 2023 were MSMEs. Recent research also highlights that the scheme has been beneficial for enhancing investments, production and exports. A report by Niti Aayog suggests that nearly 80% of the total investments in the textile sector during 1999 to 2016 was on account of the TUFS scheme. The report also suggests that more than 85% of the TUFS beneficiaries witnessed an increase in production volume, while around 75% beneficiaries witnessed an increase in value of exports[30]. Additionally, the scheme also enabled improvement in quality, with nearly 89% of the beneficiaries opining that they achieved quality improvement due to technology upgradation under the scheme[31]. A similar capital investment subsidy scheme for incentivising technology upgradation in the gems and jewellery sector would be beneficial for enhancing productivity, quality and exports, and would be particularly useful for MSMEs with limited financial resources.

An essential first step towards this would be technology benchmarking, to ascertain which technologies would qualify as advanced or subpar. This benchmarking would help identify the technologies that could be subsidised

[30] Niti Aayog (2020), "Impact Assessment of Technology Upgradation Funds Scheme / Amended TUFS"
[31] Ibid

under the proposed technology upgradation scheme. A taskforce needs to be set up for the benchmarking of technology levels for each segment of the gems and jewellery sector. Only machinery with technology levels higher than benchmarked level of technology should be considered for funding under the technology upgradation scheme.

## Fostering Industry-Academia Collaboration for Bridging Technology Gaps

India's gems and jewellery sector, despite its global prominence, continues to face significant technological gaps across multiple segments, from coloured gemstones to precious metals. In coloured stones, for instance, the lack of advanced heat treatment technologies, inefficient waste management practices, and reliance on imported synthetic stones have been noted to limit both quality and competitiveness. Similarly, in the precious metals segment, outdated metallurgy techniques result in quality issues—such as Indian gold jewellery developing scratches within months, unlike Italian counterparts that remain flawless due to superior alloying and surface treatment methods. A comprehensive industry–academia collaboration would be essential to bridge the technology gap and position Indian manufacturers on par with international leaders like Italy and China.

Industrial partnerships with premier institutions such as IITs, CSIR laboratories, and technical universities can be promoted to drive targeted R&D in advanced metallurgy, gemstone treatment, and material recovery. A recent example of such collaboration is the India Centre for Lab Grown Diamond (InCent-LGD) established by IIT Madras to develop indigenous technologies for becoming self-reliant in the LGD segment. The Centre is focusing on indigenous development of machines for growing diamond seeds/substrates; machines with energy-efficient Solid State Microwave Generators; and skill development through training in CVD and HPHT LGD growing process, among other areas. This collaboration would support building domestic capabilities and reducing dependence on imported technology in this emerging sub-sector.

Similarly, collaborations with international design schools could also be encouraged to strengthen design capabilities within the industry. This

could enable manufacturers, particularly in clusters such as Surat, Mumbai, and Jaipur, to access specialised training in global design trends and techniques. Building such capabilities would help manufacturers develop distinctive designs and facilitate the shift towards the design-driven premium jewellery segment, thereby supporting value addition and enhancing global competitiveness.

Establishing dedicated research and innovation hubs, preferably co-located with CFCs, can support experimentation, prototyping, and skill development, while also offering shared access to high-end machinery. Technical working groups focused on recycling and green manufacturing can also be get up to promote sustainability by converting waste into reconstituted gemstones or reclaiming precious metals.

In addition, supporting small-scale units in transitioning to machine-based processes and precision manufacturing is critical to reducing material loss, particularly in gold processing, where inefficiencies disproportionately affect job workers. Upskilling the workforce through structured training programmes and deploying modern equipment with the support of academia could help enhance both productivity and product quality.

## ADDRESSING SKILL GAPS

Skilled labour is critical for a labour-intensive sector like gems and jewellery, yet many clusters face significant challenges in acquiring and retaining skilled workers. The jewellery industry across clusters is grappling with issues stemming from shortage of skilled labour due to lack of willingness of next generation to enter the industry and disruptions in traditional migration patterns. Towards this, a targeted campaign promoting jewellery making as a rewarding career, with strong growth potential and job security, can be explored. This campaign could focus on extending industry-specific training with skills certification, and placement opportunities post completion of these training programmes, to help attract young talent and build a sustainable workforce. There is also a need for widely popularising the government-recognised skill certification and diploma programmes for better uptake by the younger generation.

Private players could also be encouraged to bring out apprenticeship programme for young talent. A successful example of such an initiative can be seen in Jaipur, where a private sector-led skilling programme has been implemented at the cluster level. As part of this programme, local players collectively sponsored training of artisans in areas like stone cutting and polishing, which are highly in demand in the cluster. Alongside, it is also important to develop recognised skill training centres in clusters where there is currently a gap. This includes clusters such as Kolkata, Agra, Amritsar, Kolhapur, Rajkot and Thrissur. Particularly in the Howrah cluster, it was highlighted during the stakeholder discussions that skill training centre could be set up in the Ankurhati Jewellery Park. Skill development centres in these clusters would help strengthen the availability of skilled workforce and ensure a steady pipeline of trained professionals aligned with regional industry needs.

In addition to this, a dedicated digital platform, similar to the e-Shram portal, could be developed to allow artisans to register and display their skill levels based on certifications. The platform could help create a verified pool of skilled workers for the industry and connect them with private players through a skill-based matchmaking feature. It would also enable employers to offer skill-based remuneration, and improve visibility and access to opportunities for small artisans.

## EASING ACCESS TO RAW MATERIALS

### Designating Banks for Raw Material Supply

Challenges in availing export gold (duty-free gold) in smaller denominations from nationalised banks is a general issue faced by MSMEs across the clusters under consideration. Findings from discussion with MSMEs highlight that many banks are hesitant to supply duty-free gold in quantities smaller than 1 kg, while MSME exporters often require amounts between 200-250 gms, due to small order size. As a result, many players frequently resort to buy duty paid gold from the bullion market. Although there is a provision for claiming duty drawbacks on such purchases, the drawback rate is often less than the duty paid on gold purchased from bullion, hampering the

viability of commercial transaction while increasing compliance burden. For making export gold available in smaller denominations below 1 kg, specific banks in each cluster could be assigned as designated supplier of smaller denominations of gold. This would ensure consistent, streamlined access to raw materials, lower procurement costs and simplify sourcing processes for exporters, thereby enhancing overall efficiency.

## Facilitating MSME Access to Gold through IIBX Membership

The International Bullion Exchange (IIBX) is India's first exchange, offering a diverse portfolio of products and technology services at significantly more competitive rates than Indian exchanges, thereby playing a key role in the financialisaton of gold in India. To further enhance gold accessibility for MSMEs, the IIBX membership requirement needs reconsideration. Although the threshold has been reduced from ₹25 crores to ₹5 crores, this level remains prohibitive for many MSMEs, limiting their participation. A more inclusive approach could be tiered membership system, where smaller players can join with lower investment requirements. This would allow MSMEs to take part in the exchange at a level they can afford and gradually increase their participation as they grow. In addition, simplified compliance procedures could also help more MSMEs to access gold through IIBX.

Efforts are also needed to enable better access to other materials such as silver for smaller players. As noted during the field visit to Agra cluster, access to silver for silver jewellery manufacturers has been a challenge, owing to cost-related issues. As per the discussions, silver jewellery manufacturers are unable to source silver at international prices, resulting in elevated input costs and reduced price competitiveness. To that end, reducing the threshold for IIBX membership for MSMEs as well as simplified compliances could also improve access to raw silver for smaller players.

## Supporting Raw Material Access for Coloured Gemstone Segment

A significant challenge in the coloured gemstone segment is that of the availability of raw materials. The raw materials for the segment primarily

come from imports, especially from countries like Myanmar, Sri Lanka, Colombia and several African countries. Unlike diamonds, where a significant portion of mining is undertaken by large miners, the coloured gemstone mining is dominated by small-scale and artisanal miners, with only about 15-20% of coloured stone mining being organised. Jaipur and Bangkok have emerged as twin cities for processing of coloured gemstone industry, with both cities having reliance on imports. However, Thailand's enabling policies and ease of doing business including lower procedural hurdles, easy procurement of rough gemstones from artisanal miners from countries like Africa etc. have helped position the country as a key sourcing destination for gemstones. India could also greatly enhance Jaipur's competitiveness in the coloured gemstone segment by easing customs clearances and procedures, and facilitating movement of raw materials from artisanal miners.

Another issue in the segment emerges from export restrictions on certain gemstones by countries like Tanzania, Sri Lanka, and Colombia. To address this challenge, India could work towards improving access to these restricted gemstones by including these aspects in the ongoing Free Trade Agreement negotiations. This would help ensure a steady and reliable supply of raw materials for Indian exporters.

## ENHANCING ACCESS TO FINANCE

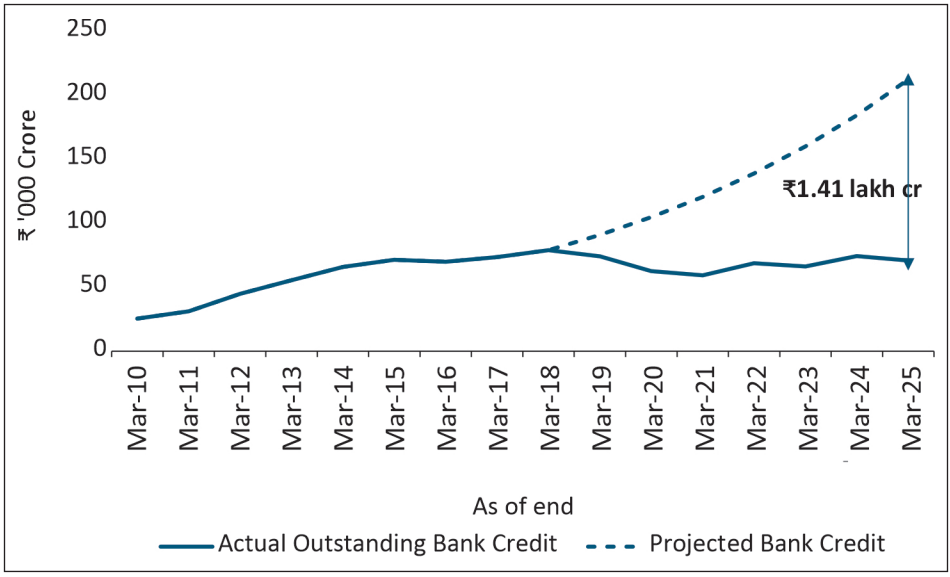
Access to formal finance for India's gems and jewellery sector has become challenging since early 2018, after the substantial NPAs and losses incurred by banks on account of lending to the sector. The event triggered a sharp tightening of lending norms, with banks adopting a cautious approach to lending to the sector, including stipulation of higher collateral, extensive documentation, and conducting more rigorous due diligence before extending credit.

Consequently, the sector, which had previously enjoyed robust credit growth during 2009-10 to 2017-18—recording a CAGR of 15.2% in outstanding bank credit—has since seen a marked slowdown in credit flow. By end-March 2025, outstanding bank credit to the sector had reached ₹70.9 thousand crore, which is substantially lower than the peak of ₹78.9 thousand crore as

of end-March 2018, as several banks reduced their exposure and adopted a general cautious approach towards lending to the sector.

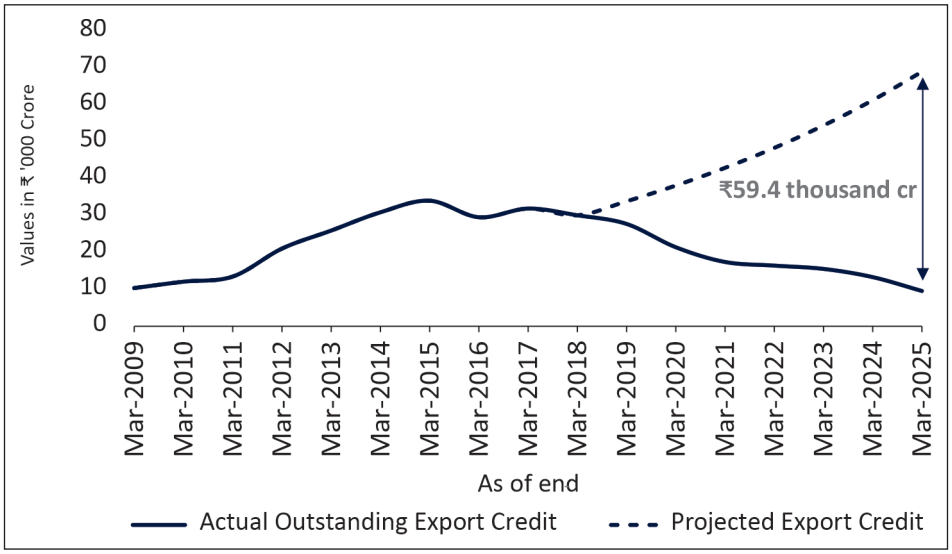
An attempt has been made to analyse the trends in credit flows to the G&J industry, especially in light of the defaults during 2017-18, and the subsequent cautious approach by lenders. RBI's data on sectoral deployment of bank credit for the period 2009-10 to 2017-18 indicates that the outstanding bank credit by SCBs to the gems and jewellery industry recorded a CAGR of 15.2% during this period. Assuming similar level of growth in the post-2018 period, the total outstanding bank credit to the gems and jewellery sector would have reached approximately ₹2.12 lakh crore by the end of March 2025. In comparison, the actual outstanding credit as on March 31, 2025, stood at ₹70.9 thousand crore. The difference of ₹1.41 lakh crore reflects the divergence from historical trends. The divergence from historical trends is nearly ₹59.4 thousand crore in case of export credit. This mismatch is indicative of constrained working capital availability, as noted during the field visits to the clusters as well.

**Exhibit 53: Difference in Historical and Current Trends in Credit Flow for the Gems and Jewellery Industry**




*Source: Exim Bank Calculation Based on Data from RBI*

**Exhibit 54: Difference in Historical and Current Trends in Export Credit for the Gems and Jewellery Industry**




*Source: Exim Bank Calculation Based on Data from RBI*

## Strengthening CGTMSE

Lack of collateral is one of the most pressing challenges for MSMEs across the country, as also for MSME players in the G&J sector. It was noted during the discussions with stakeholders that banks often insist on higher collateral for players in the gems and jewellery industry. In this context, the CGTMSE is an important scheme for providing collateral-free loans for micro and small enterprises. However, during discussions, it was noted that the utilisation of CGTMSE by MSMEs in the sector is substantially low, owing to lack of awareness about the scheme. Thus, there is need for targeted awareness programmes about the financing and risk mitigation mechanisms.

## Promoting Alternative Financing Mechanisms

Alternative financing mechanisms can also benefit gems and jewellery players in India by providing easier access to working capital. One such alternative financing solution that may be encouraged is export factoring. Factoring is a valuable tool for exporters as it provides a combination of three essential

services to exporters: receivables financing, coverage of the risk of non-payment, and management of accounts receivable. It is particularly beneficial for MSME exporters as it is primarily based on the quality of accounts receivable rather than collateral. It also has the potential to improve export competitiveness as it enables exporters to offer competitive credit terms to their buyers. To that end, Exim Bank has established its subsidiary, Exim Finserve, in GIFT City to bridge financing gaps for exporters through trade finance products, with a focus on factoring. As noted during the discussion with stakeholders, several G&J players are supplying to large overseas buyers and may be eligible for export factoring support. However, awareness about alternative financing solutions like factoring among these players is low.

Supply chain finance (SCF), is another alternative financing mechanism, which may be promoted. Supply chain finance is basically a set of solutions that optimises cash flow by allowing businesses to lengthen their payment terms to their suppliers while providing an option to their suppliers to get paid early. SCF solutions provided by fintechs can supplement bank-intermediated financing. They are built on inter-firm open account trading and allow suppliers to raise money based on the creditworthiness of the business at the top of the supply chain while a third party bridges the gap for early payment. Yet, currently, there is low adoption of SCF in the country. To that end, partnerships among banks and fintechs can help drive SCF in industries such as gems and jewellery, by bolstering the financial infrastructure, technological capability, resources, and awareness.

## CONCLUSION

India has the potential to achieve US$ 75 billion in exports of gems and jewellery by 2030. While the sector is traditionally strong in segments like cut and polished diamonds, which shall continue to be important from the exports perspective, there is a need to diversify the exports basket to impart resilience.

The benchmarking exercise in this study offers a practical template for identifying gaps, adopting relevant best practices, and strengthening

cluster-level capabilities. Among the G&J clusters identified for analysis in this study, Mumbai Suburban has emerged as the leading cluster, while Mumbai, Surat, Jaipur, and Kolkata rank as front runners. Nine clusters—including Ahmedabad, Bengaluru, Delhi NCR, Chennai, Coimbatore, Howrah, Hyderabad, Kolhapur, and Rajkot—have been identified as performers with strong potential for scale and diversification. Meanwhile, Agra, Amritsar, and Thrissur are classified as aspirant clusters that require focused interventions across multiple pillars. By leveraging the insights from the benchmarking and tailoring strategies to the specific strengths and challenges of each cluster, export competitiveness of the clusters can be improved.

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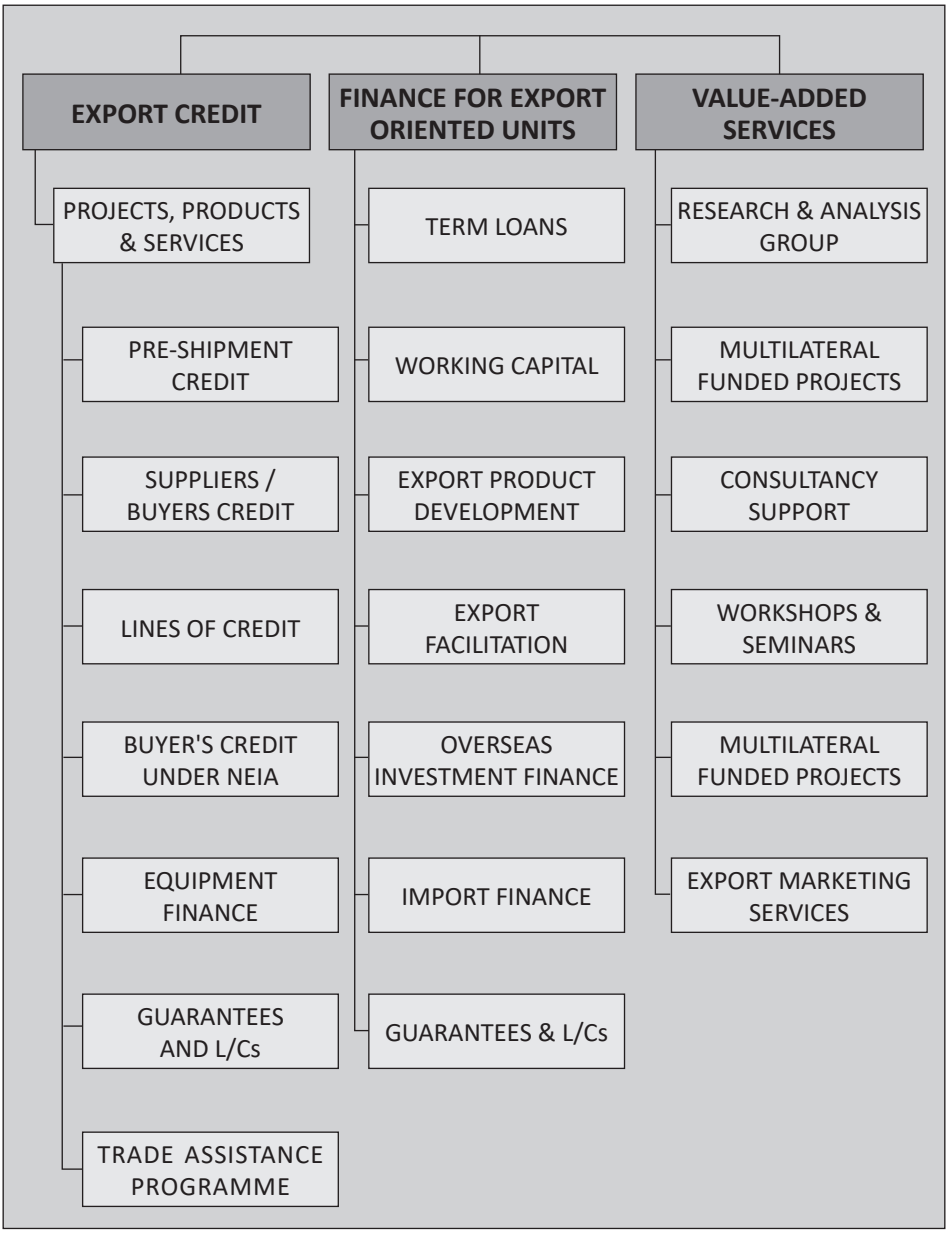

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