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India’s Gems and Jewellery Industry: Sparkling Growth, Global Leadership, and Emerging Opportunities

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Abstract

The gems and jewellery sector in India is a dynamic and multifaceted segment of the economy that is a legacy of centuries of craftsmanship and contemporary manufacturing, with global trade at its helm. It plays a significant role in the Indian GDP, manufacturing industry, exports and employment and also strengthening the Indian status as a leading source of diamond cutting and polishing in the world. The sector is seeing extraordinary change, thanks to positive government policies, an expanding domestic market, increasing foreign investment, technological progress and international trade agreements. The industry report February 2026 indicates that gems and jewellery industry in India grew to about US$85 billion (Rs. It is expected to grow to almost US$130 billion by 2030 and hit 7.31 lakh crore by January 2026. It's estimated to account for approximately 7% of the Indian GDP, produce manufacturing value of more than US$29 billion and provide jobs to over five million Indians. Export sales continue to be strong despite the prevailing uncertainty in the world, while new segments like lab grown diamonds, branded jewellery, digital retailing, and sustainable manufacturing offer promising avenues for growth. The Government's measures such as 100% FDI, hallmarking regulations, export promotion schemes and trade agreements keep India's competitiveness further enhanced. The article explores the industry's performance, market dynamics, policy landscape, investment landscape, innovation trends, and holds future outlook.

Keywords: Gems and Jewellery Industry, Diamond Processing and Exports, Foreign Direct Investment (FDI), Sustainable Jewellery Manufacturing

1. Introduction

India has been a renowned name in the gems and jewellery industry since ages (Chellam, 2018). The country is known for its exceptional craftsmanship and high-quality processing of gemstones, which is attributed to the skill, culture, and modern industrial capacity.

Today. it is far more than just a decorative product and is a major part of the manufacturing economy, trade, employment and investment in India (Mehrotra, 2020). It covers the mining, processing of gemstones, diamond cutting and polishing, manufacturing of gold, silver and platinum jewellery, processing of coloured gemstones, lab-grown diamonds, retail, export, logistics, and the digital commerce value chain. Thousands of small craftsmen operate along with reputed brands, earning their living in the urban and rural India alike.

India's rough diamond processing capacity is almost 90% of the world's by volume and has been achieved after decades of investment in skilled labour, technology, and specialised industrial clusters (George, 2024). Surat, Mumbai, Jaipur, Kolkata and Coimbatore are now globally known jewellery manufacturing and gemstone processing hubs that are home to domestic and international players.

Industry structural change has also taken place in this sector too. Brands, certified diamonds and ethical sourcing of gems and sustainable production are all popular consumer choices and digital transformation, AI, and blockchain are enhancing traceability, stock control, and customer interactions.

This momentum is supported by the government policy. The liberalized FDI norms, export promotion schemes, hallmarking norms, eased business regulations, SEZs and trade agreements have made a conducive environment for the growth.

The market size was estimated at US$85 billion in January 2026 and is estimated to reach US$130 billion by 2030. It accounts for approximately 7% of GDP and over US$29 billion in manufacturing output, and employs more than five million skilled and semi-skilled workers, establishing the sector as a key driver of industrial diversification and inclusive employment, rather than an option for luxury goods.

In the face of global economic confusion, volatile gold rates and geopolitical uncertainties, Indian exporters have maintained healthy market share by innovating, diversifying and technolizing (Narayanaswami, 2025). Lab-grown diamonds, sustainable manufacturing, omnichannel sales and custom-made luxury goods, all of which reflect the industry's ability to adapt to global trends.

The future outlook is bright with the prospect of another decade of growth, with rising incomes, urbanisation and the growth of the middle class, increased female workforce participation, digital commerce and investor confidence playing a significant role.

2. Industry Overview and Economic Significance

The Indian Gems and Jewellery industry is a distinctive sector within the manufacturing and export industry sector of the country and it is one of the biggest earner of foreign exchange (Mukherjee, S., & Mukherjee, 2012). It covers diamond cutting and polishing, gemstone processing, gold and silver jewellery, lab grown diamonds, machinery, retail, exports and logistics, and an integrated value chain to serve markets in Asia, Europe, North America and the Middle East.

One of its outstanding features is the combination of tradition and modernity in the industry (Whitaker, 2024). Artisans perform operations that have been handed down from generation to generation, while manufacturers adopt CAD, laser technology, automatic polishing, quality certification, etc., without compromising the artistic skills of the craftsmen. This enables the sector to cater to both premium and mass market.

In addition to commercial production the industry accounts for approximately 7% of the GDP, almost US$29.42 billion of manufacturing output and employs over five million skilled and semi-skilled workers including artisans, polishers, designers, quality inspectors, exporters and retail workers. The large organized manufacturers exist in parallel to thousands of MSMEs, family workshops and rural artisan clusters and thus fostering inclusive growth. Women are a significant part of the workforce in design, sorting, finishing and retail.

Another advantage is the industry's cluster-based approach. The country's diamond cutting industry is concentrated in Surat, the primary trading and export hub in Mumbai, the centre for coloured gemstones in Jaipur, and the centre for outstanding designs in Coimbatore, Kolkata and elsewhere, which constitute very efficient production networks.

There has also been growth in domestic demand as a result of increased income, urbanisation, financial inclusion and changing lifestyles. The wedding, festival and ceremonies market has also been very strong but jewellery is becoming a fashion, investment item and expression of the individual and the market is increasingly being driven by young professionals and working women who are looking for lightweight, modern and branded jewellery. The demand for investment has also increased, as gold ETFs and digital gold trading platforms have attracted more investors than just buyers.

Table 1. Key Indicators of India’s Gems and Jewellery Industry

Indicator	Latest Status (2026)
Market Size	US$85 Billion
Projected Market Size by 2030	US$130 Billion
Contribution to India’s GDP	7%
Manufacturing Output	US$29.42 Billion
Employment Generated	Over 5 Million People
FY26 Exports (April–January)	US$23.19 Billion

Source: India Brand Equity Foundation (IBEF), 2026

These statistics underscore that the sector is a key growth motor, one that creates jobs and investment, fuels exports and safeguards craftsmanship, and has a future to play a greater part in inclusive development and competitiveness in the coming decade.

3. Market Trends and Export Performance

The gems and jewellery sector has been resilient to the changing economic landscapes, consumer trends and geopolitical dynamics across the world (Thomsen & Hess, 2022). The international leadership in diamond processing, its maturing manufacturing capabilities and its expanding export markets have helped it to maintain its dominant international market position, and its exports continue to be a major driver of competitiveness and employment and foreign exchange income.

India imports almost 90% of the rough diamonds by volume and processes them into polished stones for exports to the United States, UAE, Hong Kong, Belgium, and Israel and others, of which Surat does the bulk of the work (Agarwal, 2017). Despite the increased competition from other manufacturing countries, this strength is maintained by skilled craftsmanship, cost efficiency and advanced processing.

Exports have also spread out in several circumstances. Gold jewellery still continues to be the top most selling item, with strong demand for Indian designs worldwide, and silver jewellery is becoming a favourite among younger fashion conscious shoppers. The introduction of coloured gemstones, platinum jewellery and studs further diversified the portfolio and lab-created diamonds have also joined the list of exports, as it is a more sustainable and technologically advanced option.

Exports have been consistent, despite inflation and fluctuating metal prices as well as supply chain disruptions. As per the report of February 2026, exports in April 2025–January 2026 stood at approximately US$23.19 billion, with the month of February 2026 contributing US$2.68 billion, making the total exports for FY26 close to US$25.93 billion.

Other requirements such as value addition instead of volume, investment in design, branding, finishing, certification and customisation to enable manufacturers to charge premium prices and increasing the transparency of their supply chains to cater to the growing market demand for certified products and ethically-sourced products are also being highlighted.

Table 2. Composition of India's Gems and Jewellery Exports (FY26)

Export Category	Share of Total Exports (%)
Cut and Polished Diamonds	55.78
Gold Jewellery	39.40
Silver Jewellery	4.82

Source: Gems and Jewellery Export Promotion Council (GJEPC), 2026

Cut and polished diamonds are India's main exports, but the increasing share of gold jewellery indicates that Indian craftsmanship is gaining acceptance in the international market and silver is growing slowly in response to the changing taste of the world.

Diversification of markets is also a priority. The US, UAE, Hong Kong, Belgium and Singapore continue to be the preferred destinations, but exporters are now seeking opportunities in Southeast Asia, Africa**,** Latin America and Europe at trade exhibitions and using government-backed promotion (Nandwa & Soto, 2016). **There** should be further momentum through trade pacts – the India-UAE CEPA has enhanced market access, with Australia and a potential India-UK FTA to increase the price competitiveness and reduce duties.

Digital transformation is also transforming export marketing, using B2B platforms, virtual exhibitions, AI analytics, and blockchain-based traceability to enhance buyer relationships and supply chain transparency. Lab-grown diamonds, which provide a more sustainable option, are expected to be a growing part of the exports portfolio, benefiting from India's technological and labour resources. This is complemented by increasing domestic incomes and organised retail expansion, which are enhancing manufacturers' ability to take investment decisions for export-oriented manufacturing in a growth path that is balanced with dependence.

In all, the export performance is an indicator of the successful assimilation of tradition, modern manufacturing, innovation, quality and policy in Indian industry, which can substantially improve India's global leadership in the future as the luxury segment of consumption starts to grow and new markets open up.

4. Government Policies, Foreign Investment, Innovation, and Future Outlook

Progressive government policy, investment friendly regulation and institutional support have been the key drivers of the growth of the **industry (Fine & Mohamed, 2022).** A decade of efforts to boost manufacturing, encourage exports, attract foreign investment, ensure product quality and improve ease of doing business have established a conducive policy environment for innovation and competitiveness on the global stage.

The most important change is the 100% FDI under the automatic route, which has drawn in MNCs, luxury brands and technology companies to India to invest its money, production technology, marketing knowhow, and reach into the international market. The total FDI inflows from April 2000 to December 2025 have been around Rs. The substantial capital inflows are driven by the sustained investor confidence of 9,727.03 crore (US$1.52 billion).

Table 3. Foreign Direct Investment in India's Gems and Jewellery Industry

Indicator	**Value**
Cumulative FDI (April 2000–December 2025)	Rs. 9,727.03 Crore
Equivalent Value	US$1.52 Billion
FDI Policy	100% Automatic Route

Source: DPIIT, February 2026

The Gems and Jewellery Export Promotion Council (GJEPC) is still working hard to improve the export competitiveness through various exhibitions, Buyer-Seller meets, Skills Development etc. The industry's visibility continues to increase, with shows like IIJS Bharat Signature 2026, which was attended by more than 1,600 exhibitors, 25,000 buyers, and 368 new firms.

The implementation of mandatory hallmarking of gold jewellery has boosted consumer trust in authenticity and purity, thereby fostering a sense of quality and organized retail in India (Mishra, 2025). The momentum is further gaining from trade agreements, as the India-UAE CEPA has already lowered tariff barriers, and agreements with Australia, and a potential agreement with the UK, will further enhance competitiveness and investment.

The future of the sector is changing with technology. CAD, laser engraving, 3D Printing, AI, robotics, and automated polishing have been among the increasing technologies employed by manufacturers to improve productivity and accuracy (Alfaisal, 2024). AI enhances demand forecasting and customer tailored recommendations and blockchain fortifies the end-to-end traceability and consumer confidence in ethical sourcing.

Lab-Grown Diamonds are among the most rapidly growing innovations that have properties analogous to natural diamonds and have significant sustainability benefits. Skilled labour and cost-effective infrastructure have helped Indian become a major producer and in future, this could be the primary segment that contributes to the Indian export.

Today the industry is far broader and more sustainable than ever before, with the manufacturers embracing renewable energy, improved waste management, energy-efficient processes and recycled metals to comply with international certification and enhance brand value.

There is a need to invest in technology, train employees, innovate, especially amongst SMEs, and focus on quality and transparency, as gold prices continue to roll off the price floor, currencies remain volatile, geopolitical concerns continue to be raised, and new competitors emerge.

However, the prospects for the future are still very favourable. The market is set to grow from US$85 billion in 2026 to around US$130 billion by 2030 with the help of growing income, urbanization, women's workforce participation, organized retail growth, e-commerce, and ongoing support from the government.

5. Conclusion

The gems and jewellery sector in India is a fascinating amalgamation of cultural legacy, craftsmanship and technological advancements and economic strength. It plays an important role in national economy in terms of GDP, exports, manufacturing and employment. Enhancing its position as a global leader in diamond processing and jewellery manufacturing, progressive government policies, increase in foreign investment, trade partnerships and technological advances have bolstered India's position. New avenues in digital sales, sustainable production, lab-grown diamonds and branded jewellery are poised to fuel the subsequent growth cycle. Despite global uncertainties, India’s established manufacturing ecosystem, skilled workforce, supportive policy environment, and expanding domestic market provide a strong foundation for continued success, positioning the industry, as it approaches its projected US$130 billion market size by 2030, to remain one of the world’s most dynamic and competitive gems and jewellery sectors.

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