

INDIAN GOLD JEWELLERY RETAIL INDUSTRY

Consumption value growth in Q4
FY2023 expected at ~10% YoY,
supported by higher gold prices

MARCH 2023



ICRA estimates the domestic gold jewellery retail industry to have contracted by ~5% YoY (in value terms) in the seasonally strong Q3 FY2023, on an elevated base, given double digit growth last year supported by pent-up demand post the pandemic.

The industry is expected to grow by ~10% YoY in value terms in Q4 FY2023, supported by steep increase in realisations and some volume growth due to a low base in Q4 FY2022 impacted by the Omicron virus.



- The domestic jewellery retail industry is estimated to have contracted by ~5% YoY in value terms in Q3 FY2023 against ICRA's earlier expectations of ~6% YoY contraction. The better performance was largely attributable to continued increase in gold prices from November 2022. The YoY contraction was, however, primarily due to an extraordinarily high base, which recorded pent-up demand after lifting of the restrictions. Nevertheless, absolute consumption remained healthy during the quarter backed by stable festive and wedding demand.



- The industry is expected to grow by ~10% YoY in Q4 FY2023, against previous expectations of ~8% YoY growth. While some volume growth is expected in the quarter over a low base in Q4 FY2022, which was impacted by the Omicron virus, continued rise in gold prices in January-February 2023 is also expected to contribute to value growth. Nonetheless, weak albeit improving consumer expectations on non-essential spending, rising gold prices and evolving macro-economic scenario remain key demand constraints.



- The industry is likely to record a healthy growth of upwards of 15% YoY in FY2023, primarily driven by ~35% YoY growth in H1 FY2023 and stable demand witnessed during the wedding and festive season. ICRA expects industry growth to moderate to ~5% YoY in FY2024, largely due to a high base of FY2023 and FY2022 along with expected volatility in gold prices.



- Nevertheless, given the expected steady growth in revenues and earnings of organised players over the medium term, ICRA's outlook on the sector remains Stable.



ICRA

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