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Headline: Golden Leaf to lighten investment burden

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Coverage

Golden leaf to lighten investment burden

Partha Sinha | TNN

Mumbai: Naveen Nayar, a media professional, has been buying one gram of gold 4-5 times a year as a long-term investment for his twin daughters for the last three years. However, now with the gold prices going through the roof, combined with the rising inflation, Nayar (name changed) has been forced to re-strategize on gold investment.

Consider this: In the last one year, gold prices in Mumbai have jumped from about Rs 19,000 per 10 grams to nearly Rs 27,000, a rise of 42%. Quite naturally those who were buying one or two grams of gold occasionally—which used to cost about Rs 2,000 or Rs 4,000 then—now have to shell out nearly Rs 3,000 to Rs 6,000. Since the salaries have not jumped by as much, these investors now find it tough to stick to their plan of buying gold even in the smallest of denominations available in the market.

Innovations in the bullion market are coming to ad-



SHINING RETURNS

dress this loss of affordability. Wholesale bullion traders in Mumbai have come out with half-a-gram gold coins and some even gold leaves that weigh as light as 100 milligram, that is 1/10th of a gram. In addition, to give buyers the guarantee of genuineness of the yellow metal,

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traders are also selling these in tamper-proof packages. While half-a-gram gold coin could now come for about Rs 1,400, a gold leaf of 100 milligram would cost about Rs 300. And if the investor wants

to sell them, the traders buy them back at the prevailing market rate but minus the packaging and labour charges, said a top trader in Mumbai's Zaveri Bazar. It is possible to make gold coins of half-a-gram weight from gold bars of one kilogram, the usual weight in which it is imported. The precious metal is hammered into extremely thin sheets—wafer-thin 100 milligram resembles a leaf.

Nakoda Bullion, one of the leading traders in Mumbai, has started offering gold coins of half-a-gram keeping in mind the investors who buy gold as part of their long-term wealth creation plan, taking the systematic investment plan (SIP) route. Launched six months ago, Nakoda is selling about 2,000 pieces every month now, but expects this to rise to around 20,000 pieces during the coming festive season, especially before Diwali.

"The idea has been borrowed from FMCG companies selling premium soaps in small packets in rural areas to meet the rising aspirations of

D-Street's eyes on GDP, inflation

Mumbai: The markets have been on a southward journey for the past five weeks, yet any strong reversal in the trend looks unlikely in the three-session trading week beginning Monday. Global concerns like the weakness in the US and the Eurozone, and domestic factors like the first quarter GDP numbers and the food price inflation would impact the market's direction, brokers said. Investors on Dalal Street would also look for FII cues, besides keeping an eye on the crucial technical levels of NSE's nifty index, dealers said.

The end of protest by Anna Hazare will have a positive impact on investor sentiment but that is expected to be short-lived since the Street had not reacted much to the logjam between Hazare and the

government, market players said. With two trading holidays this week—Wednesday for Eid and Thursday for Ganesh Chaturthi—the market will have just three trading sessions. On Tuesday, the government will announce the GDP numbers, which will indicate the direction the RBI will take during its monetary policy meeting scheduled for September 16. Similarly, the weekly inflation numbers will be out on Friday which will also have an impact on the central bank's decision. Dealers feel that there could be a short rally on Monday, mainly on the back of US Fed chairman's late Friday statement that the US was on course for a long-term economic recovery process, although he indicated that it was a slow process. TNN

the people," said Chetan Rathod of Nakoda Bullion.

Riddhisiddhi Bullion, one of the leading traders and importers in India, launched gold leaf of 100 milligram in

February as a pilot initiative. These pieces are now being used as gifts but Samir Shah of Riddhisiddhi Bullion says very soon investors would start buying them.