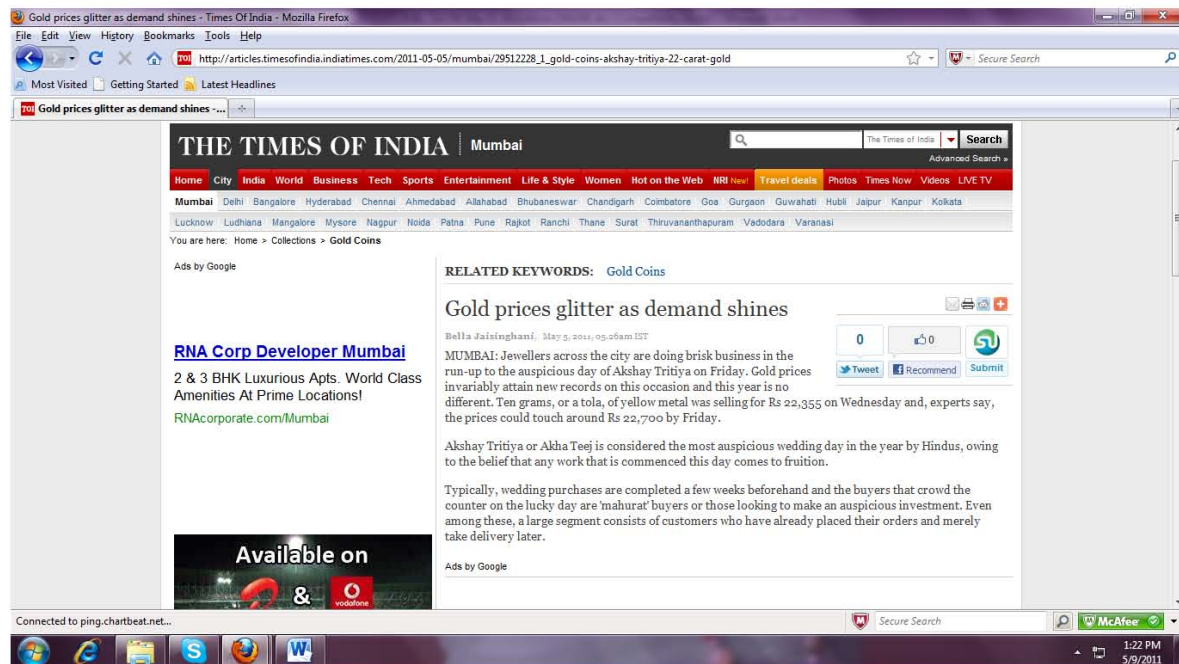


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## Gold prices glitter as demand shines

Bella Jaisinghani, May 5, 2011, 05.26am IST

MUMBAI: Jewellers across the city are doing brisk business in the run-up to the auspicious day of Akshay Tritiya on Friday. Gold prices invariably attain new records on this occasion and this year is no different. Ten grams, or a tola, of yellow metal was selling for Rs 22,355 on Wednesday and, experts say, the prices could touch around Rs 22,700 by Friday.

Akshay Tritiya or Akha Teej is considered the most auspicious wedding day in the year by Hindus, owing to the belief that any work that is commenced this day comes to fruition.

Typically, wedding purchases are completed a few weeks beforehand and the buyers that crowd the counter on the lucky day are 'mahurat' buyers or those looking to make an

auspicious investment. Even among these, a large segment consists of customers who have already placed their orders and merely take delivery later.

Prithviraj Kothari, president of the Bombay Bullion Association, said that most buyers have already chosen their items of jewellery and paid up a part of the amount. The rest will be paid upon delivery. "Given the current daily spiral in gold prices, it benefits customers to place an order a few days before. On May 6, rates are expected to hit an all-time high. They pay an advance amount at the time of booking and collect the item on the auspicious day at the earlier rate. So the inventory of sales becomes known before the actual festival."

Sales in southern India are more robust than in the rest of the country. "Of the 15 tonnes of gold that are sold nationwide on Akshay Tritiya, Chennai alone sells two tonnes," said Kothari. "This year, demand is high while supply has suffered owing to the Air India strike as well as the fact that markets in London were closed on Friday and Monday."

Parts of Zaveri Bazar, Kalbadevi and Bandra that have a clutch of jewellery shops are buzzing with customers browsing for their favourite items of jewellery. "Wedding parties have chosen diamond sets and kundan jewellery, while mahurat buyers prefer gold coins ranging anywhere from 1 to 50 grams," said Sudama G Chhabria, owner of DC Jewellers in Kalbadevi. "However, several customers are giving away old pieces of jewellery in exchange for new. They pay a small difference and get hallmarked, 22-carat gold in return."

Chhabria expected the gold rate to rise to Rs 22,600 per 10 gm on Friday, though Kothari's estimate was Rs 22,700.

In all this, rebates and freebies are keen marketing tactics. "Bullion rates were far lower in May 2010, so wedding parties as well as mahurat buyers were shopping to their heart's content," said wedding planner Sejal Chacha. "This year, prices are astronomically high so jewellers are offering discounts on making charges in order to attract customers."

Some stores selling diamond jewellery are offering a full 100% rebate on making charges, allowing customers to merely pay for raw material. Gold jewellers meanwhile have advertised a 45% reduction. "Still, given the record rates, impulse shopping is absent this season. Even those people who buy gold for auspicious investment on Akshay Tritiya will hold back on the number of items they purchase," said Chacha.