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Business Standard

E-BUYING EASES GOLD AVAILABILITY

While only one importer is offering it at present, the interest among traders is immense

DILIP KUMAR JHA
Mumbai, 25 October

Vipul Jewellers in Vihar, a western suburb of the city, is expecting at least 50 per cent rise in jewellery sales in the ongoing festive season, despite the high price of the metal.

This is because availability has eased due to online sales, in which jewellers and individuals can buy any quantity, and take delivery from the company's safe deposit vault.

Gold is distributed through 18 government-named agencies, including banks and large jewellery exporters. Jewellers often complain these fail to supply adequate quantity during festival and wedding seasons. As a result, jewellers lose business. Generally, retail jewellery sales entail a margin of 15-20 per cent, which rises in peak demand seasons.

The apex trade body, the Gems & Jewellery Export Promotion Council, has been trying for years to convince the commerce ministry to relax gold import norms, besides including small jewellers with an annual turnover of ₹500 crore and more in the list of nominated agencies to ensure easy access for fabricators near the metros.

Online sales have eased the problem to an extent. At present, only one of the 18 nominated agencies offers the service — Mumbai-based RiddhiSiddhi Bullions Ltd (RSBL), a ₹25,000-crore trading house. To hedge against volatility, many, like Vipul, have tied up with it for booking online immediately after clients book at their shops. Since there is no bar on quantity, jewellers book as much as they can sell during the festival time.

FTIL-promoted National Spot Exchange Ltd also offers gold coins of various denominations through spot booking.

RiddhiSiddhi has been providing wholesale and retail bullion delivery in spot, forwards and futures markets for 15 years. It is also an 'authorised participant' of gold exchange-traded funds and provides guaranteed liquidity for these. Of the 430 tonnes gold imported last year, Riddhi Siddhi supplied 70 tonnes, worth ₹17.700 crore. This year, it plans to sell 100 tonnes, valued at ₹25,000 crore. Around 20,000 jewellers have evinced interest in sourcing gold from RSBL.

Besides importing, it procures gold from banks for conversion into investment products such as coins and bars under its own brand. The company sells coins and bars through its online retail chains in 17 major cities. Next month, it wants to start online gold trading in Jaipur and Delhi. The company also supplies raw gold to jewellers in various cities. Last week, the company launched spot gold trading on a T+2 delivery basis in Vishakhapatnam.

"Our plan is to reach remote Indian cities for easy access for every consumer," said Prithviraj Kothari, managing director of RSBL.

Rajiv Jain, chairman of GJEP & managing director of Jaipur-based Sambhav Gems Ltd, is hopeful that online gold sales will ease supplies for small jewellers in Tier-II towns.

Our plan is to reach remote Indian cities to ensure easy access for every consumer

PRITHVIRAJ KOTHARI
MD, RSBL

