

Publication: Business Standard

Headline: Jewellers take the 'small' Route

Edition: Pan India

Date: 9th September 2011

Coverage

JEWELLERS TAKE THE 'SMALL' ROUTE

With gold prices rising, introduce light-weight investment products to retain customers

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Mumbai, 8 September

Amid fear of consumers' migration due to high prices from gold to other competing luxury segments, jewellery manufacturers have introduced light-weight investment products.

India's leading bullion dealer RiddiSiddhi Bullions Ltd (RSBL), has introduced 100-milligramme (one-tenth of a gm) gold petal or foils, the first of its kind, in India. Currently, the company produces gold foil on order for bulk consumers, like companies. However, individual consumers can also avail of it with a minimum order of 100 foils. RSBL plans to make it available for retail consumers by the end of this year.

"Each of our foil accompanies a certificate in a tamper-proof packing which ensures a guarantee of purity. Since we also offer a buyback facility, like other products with higher denomination available in the market, investors can avail of a piece at the current price plus ₹50 for all other charges per piece in the open market by December," said Samir

BETTER MOVES

- RSBL introduces 100 mg petal, smallest gold product
- Consumers can accumulate petals to convert into higher size products
- Shree Ganesh Jewellery offers 500 mg coins
- Gold price up 44.2 per cent in rupees and 47 per cent in dollar in one year
- Demand in India is set to breach 1,000 tonnes in 2011, according to WGC

Shah, head, sales at RSBL. This means, a consumer can buy a piece of gold petal with a small investment of ₹325, which can be accumulated over a period of time to convert into higher grammage of jewellery, coins or bars.

Gold petal of minimum one gramme is available for futures trading at the Multi Commodity Exchange (MCX), where a retail consumer may not necessarily go with the purpose of physical delivery.

According to Ashok Mi-



nawala, former chairman of the apex domestic trade body, the Gems & Jewellery Trade Federation, jewellers have increased focus on gold bars with 300-400 milligrammes. Since all these products are available with a guarantee of purity and trust, sales of these products have increased in the last one to two years. Especially, consumers with small saving have gradually increased their focus on accumulating gold, with small denominations.

Gold demand has been in-

creasing in India over the last two years and is set to breach 1,000 tonnes in 2011, according to the World Gold Council, as against 763 tonnes in the previous year.

Yet, a majority of small consumers have started opting for competing products like silver coins, leather bags, mobiles and other such luxury items. This will be arrested with the introduction of products like the gold petal, says an analyst with a large trading house.

The WGC reported 17 per

cent rise in jewellery consumption, at 139.8 tonnes in the first quarter of the current financial year, compared to 119.4 tonnes in the same quarter previous year. Similarly, gold's investment demand has also grown 78 per cent to 108.5 tonnes from 61 tonnes.

Gold prices have risen nearly 44.25 per cent in rupee terms to ₹27,610 per 10g and 47 per cent in dollar terms to \$1,826.15 an ounce in the last one year to September 1.

Kolkata-based Shree Ganesh Jewellery House has also changed its strategy to steer small investors towards gold.

Earlier, the board of directors had decided not to introduce any product priced less than ₹2,000. But, looking at the high gold prices, the company has introduced 500-milligrammes of gold coins. According to Umesh Parekh, managing director, "We were forced to change our earlier decision to provide an additional service to existing customers."

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Gold investors shift to bars from bangles