'Platinum will surpass Gold in returns'

Prithviraj Saremal Kothari has been instrumental in the development of the bullion market in India. He has almost single handedly steered Riddi Siddhi Bullions Limited to the top 10 unlisted public companies in India in terms of sales turnover. As the outgoing president of the Bombay Bullion Association, Kothari shares his views exclusively with AOJ.

How is the bullion market scenario in 2012 as compared to last year?

The bullion market has seen mixed sentiments this year. From a year's low of around Rs 27,000 per 10 gms, gold prices managed to cross Rs 32,000 mark in Indian market, a life time high.

Depreciation of the rupee against the dollar, increased import duties and global uncertainty, altogether added to this upsurge. Moreover, the Fed announced the launch of the much awaited QE3 plan which pumped in monetary easing for the market.

The demand for bullions dropped by almost 40 per cent and imports too dropped by 30 to 40 per cent this year. Now, with gold expected to reach the Rs 35,000 mark (per 10 grams) by Diwali, buying the yellow metal will be out of reach for many.

To what extent is it safe to invest in bullions as compared to a finished jewellery piece?

In India, Gold is a culture and a person will buy it whatever be the rate. Yes, the quantity will definitely reduce as per the budget. But during wedding and other auspicious occasions people always buy jewellery as part of our tradition. Keeping this sentiment in mind, we feel that gold coins are the safest and most secure mode of investment.

According to me, there are three main reasons for a person to invest in coins rather than jewellery:

Firstly, when you buy jewellery you have to pay high making charges and when you go to sell them back, the shopkeeper will pay only the price of gold. Whereas coins have negligible making charges and buy back is easy.