

Akshaya Tritiya discount may diminish your gold

SANGEETHA G

Chennai

AKSHAYA Tritiya is round the corner and jewellers are wooing buyers with deep discounts. But discounts on gold price at a time when the raw material is procured at a premium must raise concern about the metal's purity.

In view of the spurt in demand for gold after the April price crash, jewellers are trying to cash in on the gold-buying festival with discounts on the price of gold as also on making charges.

Akshaya Tritiya, a day considered auspicious to buy gold or start a business, will be celebrated on May 13.

"A jeweller can offer discounts on making charges, which differ from one piece of jewellery to another. But dis-



counting on the metal price raises concerns about its purity. We have been trying to educate consumers to ensure that they buy only 'standardised', hallmarked jewellery," All India

Gems and Jewellery Trade Federation chairman Haresh Soni said.

Going by him, some jewellers are offering up to 10 per cent discount on the metal price and these are retailers who do not sell hallmarked jewellery.

Turn to P2

me
NAV
17.97
16.47
16.92
16.79
18.80

Gold coins too are being sold at a discount

From P1

13.88
11.72
16.76
5.34
2.50
2.15
3.44
4.06
5.98
1.24
1.00
1.05
1.41
1.87
1.01
1.93
53
50
78
10
5
9
0

Mandatory hallmarking is on only in metro cities at present. In other cities, only organised players get their jewellery hallmarked. These account for only 10 per cent of the estimated Rs 2,50,000 crore jewellery market in India.

"No company can give gold at prices lower than its market rate, especially in the current scenario, without playing with the metal on its making, purity and quantity. Else it should be a marketing gimmick," said Karan Vasa, assistant vice-president at Riddi Siddhi Bullions.

Gold prices have fallen almost 10 per cent from their March levels and a major part of the stocks lying with the jewellers would have been bought at a higher rate. Further, gold is now being imported at a premium of Rs 500 to Rs 700 per 10 gm.

"There are supply issues at the mine level. International banks providing the metal to Indian bullion houses and banks are charging a premium. Further, after RBI's restriction on gold import on a consignment basis, the availability will be a concern," said Soni.

Apart from jewellery, gold coins too are being sold at a discount. Kotak Mahindra Bank is offering gold coins at a discount of 7 per cent as is India Post.

"We had booked orders for Akshaya Tritiya in February itself and it was imported on a consignment basis, which fixes the price of the metal on the date it is sold. We are still awaiting clarification on the RBI directive, but if the import on consignment basis is restricted, we won't be able to offer a discount in future," Kotak Mahindra Bank executive vice-president Puneet Kapoor said.

Only large and organised jewellers import the metal on a consignment basis. The rest of the industry buy the metal at prevailing rates and stock it up.

According to Kapoor, after the 5.5 per cent discount, the bank could probably end up with a profit of 0.5 per cent or one per cent. The preparation for the season was set in motion in February itself and the bank would take stock of the new regulations and supply situation at the end of the season, he said.

sangeethag@mydigitalfc.com