

# Premium Time in Gold Market as Supply Hit

Jewellers, bullion dealers making frantic efforts to procure the metal; scrap segment active

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Gold supply in the country is yet to improve even though only five days are left for Dhanteras when Indians buy gold as the day is considered auspicious in Hindu religion. Jewellers and bullion dealers are making frantic efforts to procure the yellow metal from the market paying a high premium. Premium has shot up to \$125 per ounce from \$45 per ounce only 10 days back.

Though big jewellers are being able to use their money muscle to get hold of the yellow metal, small jewellers have landed in a problem. With very little funds in their hands, they are not in a position to shed out huge premium to have a steady flow of gold to meet the demand during Dhanteras.

Talking to ET, Prithvraj Kothari, managing director of leading

bullion firm Riddhiddhi Bullion said, "Customs is not clearing consignments on time. They are taking a minimum of seven days for clearing consignments which are meant for export purpose. The new Reserve Bank of India (RBI) rule says that imports of yellow metal can be made only against exports. So if consignments are delayed for exports, there will be a lag in clearing gold consignments for domestic purpose. The smaller jewellers are the worst affected and their businesses are being hit this Diwali".

Price of gold in the country was hovering around ₹32,500 per 10 gm in Mumbai's Zaveri Bazar. "Prices should have been around ₹20,000 per 10 gm but gold trade is being forced to shed out a premium of ₹2 lakh per kg. That has pushed up prices of gold in the Indian market," said Anish Jhendra Jain, partner of the leading scrap gold firm, Jagraj Kanti &

Company. He also added that the scrap market is still very active and last week they received 4 kilos of gold.

"Jewellers are coming to us to buy gold bars and we are trying to meet their demand from whatever stock we have," said Jain.

In the international market gold was hovering around \$1,350 per ounce which is near five-week high as traders bet the US Federal Reserve would stick with its bullion-friendly stimulus measures at a policy meeting later this week.

Jewellers are sending their in-house teams to banks and bullion dealers to negotiate the premium and buy gold to meet the little bit of pre-Diwali demand that has emerged.

Samir Sagar, owner of Mumbai-

based Manubhai Jewellers said, "My team is going to bullion dealer's to negotiate prices".

However, big jewellers like PC Jewellers are not facing too much crisis for the precious metal. Sanjeev Bhatia, chief financial officer of the firm said that they are getting gold from public sector banks under the gold deposit scheme.

"We also export gold and therefore we are getting gold for domestic usage against our exports," Bhatia added.

The only respite amidst this is that demand this Diwali is not as high as last year. "There is liquidity crisis in the market which has resulted in demand being sluggish compared to last year. But still the gold trade is finding it to difficult to procure gold to meet the demand that has emerged after a lull of three months," said Harresh Arora, director, Bombay Bullion Association.

## Yellow Fever

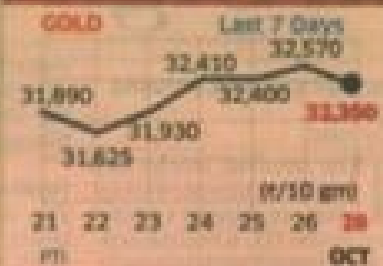
\$1,350 per ounce:  
Gold price in international market

₹32,000 per 10 gm  
Actual gold price in India at present

₹2 lakh per kg  
Premium for gold

\$125 per ounce  
Gold premium at present

\$45 per ounce  
Gold premium 10 days ago



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