

## 'Gold ETFs gaining popularity in India'

### Related Stories

[Strong Chinese data may spice up Iron Ore demand](#)

[Oil hovers near \\$82 as dollar dips](#)

[Commodity Trends:Gold recovers, Oil weakens](#)

[Copper prices likely to fall](#)

[Indian banks too cash in on gold rush](#)



*The bullion demand in India has been robust in recent days. The ongoing festivals and the availability of retail investment products offered by the commodity exchanges have attracted investors for buying even at a time when prices are hovering at the historical high levels. There has not been a significant dent in the demand for bullion metals due to the peaking prices as the consumers are on a buying spree in fears of further escalation of the precious metals.*

***Prithviraj Kothari, Managing Director, Riddisiddhi Bullions Ltd (RSBL)** is of the opinion that it is high time now for the prices to remain at the peak levels and they should come down to boost demand. RSBL, is one of the largest bullion traders in India. Kothari interacted with Commodity Online and shared his views on the recent trends in bullions and its future growth prospects of the company.***Excerpts:**

**Commodity Online: How do you see the mood in the domestic market considering the festive season?**

**Prithviraj Kothari:** The mood is upbeat and consumption of gold is on the rise despite prices are hovering at the historical high levels. However, the growth in volumes against last year seems lower due to higher prices; hence we believe that prices should come down somewhat to boost demand further.

**CO: What is your outlook for gold prices and what do you consider as a key factor affecting it?**

**Kothari:** The demand will remain upbeat considering robust economic scenario. The economic factors including financial markets, monetary policies and monsoon have remained favourable this year; hence we believe there should be robust demand in days to come. But the current prices need some correction and they may come down to Rs.19500 per 10 grams in the Indian markets.

**CO: What is your take on the retail participation in gold investments?**

**Kothari:** The retail investment is taking place with rapid growth. In India, the concept of Exchange Traded Funds is fairly new and not so popular. Currently, only gold ETFs are offered for Indian investors, but that also has seen phenomenal growth during past few months. Volumes in gold ETFs are posting over 100% growth for past several months. This shows that awareness about retail investment products like ETFs is gaining momentum and we can expect further

growth in it.

**CO: What are the plans about silver ETFs?**

**Kothari:** Unlike Gold ETF, silver ETF does not has easy sailing. The matter has stuck into regulatory disputes. Typically, ETFs operate in a format similar to equities, as they are traded on equities exchanges. While gold ETFs are regulated by equities market regulator, Securities and Exchange Board of India (SEBI), the Silver ETFs are argued to be regulated by Forward Markets Commission (FMC), the commodities market regulator in India. We are awaiting for a approval from the regulators but nothing so far has been received. The matter is currently with the Central government.

**CO: What is your pick for better returns in bullions segment?**

**Kothari:** I believe, silver is a better yielding commodity than gold. The white metal has outperformed yellow metal over past one year. Considering last diwali to this diwali period, the return in gold has been about 22%, while that in silver has been over 24% so far. Further, volatility in silver is high, which gives multiple opportunities for the investors to enter into market.

**CO: What is your outlook on Silver demand and prices?**

**Kothari:** Silver is such a bullion metal that has multiple usage applications other than jewellery making. This makes it more preferred mode of investment over gold. The metal is heavily used in electronics items, automobile and other industrial applications. There is less liquidity fears in silver and the investments are considered mostly safe. Looking at the pace of growth in industrial demand joined with the investment demand, silver is sure to hit Rs.1 lakh (Rs.0.1 million) per kg over next two-three years, up from its current prices of around Rs.35,000 per kg.

**CO: What are your plans for the current fiscal and how much growth you expect for the company?**

**Kothari:** This year we expect around 25% growth over last year and our turnover is expected to touch Rs.25,000 crore by March 2011. Currently, we have about 1300 clients, which will rise to 2500 by 2011. We had sold about 70 tonnes of gold last year, while this year we expect to sell about 100 tonnes.