Publication: Hindu Business Line

Headline: As gold prices zoom demand for half gram coins picks up

Edition: All Editions

Date: 22nd August, 2011

Coverage

As gold prices zoom, demand for half-gram coins picks up

Suresh P. Iyengar
Mumbai, Aug. 21

With skyrocketing gold prices testing the affordability of buyers, bullion dealers and jewellers are lining up to launch half gram gold coins. Many have also launched innovative schemes and extended their reach to tap the rural markets for keeping their sales intact.

Riddhi Siddhi Bullion, one of largest bullion traders in Mumbai that provides gold delivery in the spot, futures and forward markets, plans to launch half gram gold coins soon.

The half gram gold coins in tamperproof packs, introduced recently by the National India Bullion Refinery and Nakoda Bullion, have been witnessing good demand from small investors. A charge of Rs 30-40 a pack is levied on coins that come with certification.

Mr Lalit Jagawat, Proprietor, Nakoda Bullion, said customers are showing interest in half-gram coins as the price of 10 gm gold is now hovering at around Rs 28,000.

"The demand for these coins may pick up further once the prices fall," he added.

Gold coin/bar sales have risen 77 per cent to 108 tonnes in the June quarter against 61 tonnes in the same period last year, according to the World Gold Council.

CONFIDENCE IN GOLD

"The sustained rise in prices has instilled confidence in gold among small investors who have started accumulating gold coins in smaller denomination at regular intervals. We are planning to tie up with three other jewellers to launch half gram gold coins collectively," said a jeweller.

Buyers of gold coins in small denomination can exchange them for jewellery as they are accepted at the prevailing price in almost all jewellery shops.

Mr Mukesh Kothari, Director, Riddi Siddhi Bullion, said with the festival season round the corner, there is a growing demand for small coins from corporate houses with their logo and name embossed on them.

Small investors are now accumulating gold coins in smaller denomination at regular intervals.

NSEL, promoted by Financial Technologies, offers gold in electronic form. Gold purchased on NSEL are credited in demat form and investors have the option of taking delivery in jewellery or bars depending on the their preference.

DEMAT FORM

According to Mr Anjani Sinha, Chief Executive Officer, National Spot Exchange, with gold prices increasing, buying gold in demat form, rather than in physical form, is a more convenient mode.

It not only saves time and avoids the risks involved in safekeeping, but also provides easier liquidity than physical gold.

The attractive offers and discounts extended by jewellers have helped keep the sales from falling even during testing times.

Mr Harmesh Arora, Director, NIBR, said that given the global factors, gold is likely to touch Rs 35,000 per 10 gm by Diwali. With the credit ratings of some of the European countries due soon, the run-up in gold prices is likely to gather further momentum, he added.