

# Gold prices and imports soar

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## Grown as high as 650 tonnes, what is the reason? Why are the traders stacking gold?

The purchasing power of Indians is increasing. We had a good monsoon. The marriage season has just started. There is lot of awareness in people in terms of pricing. People are investing in gold as investment. Prices are available in real time; people are investing in gold ETF's (Exchange Traded Fund). Indian Women will always buy gold no matter what. Surprisingly the demand is coming from the middle class and lower middle class strata of the society. According to one report, in south India, a person spends 50 percent of his income in buying gold. These are the reason why the demand is high and so is the import.

## How do you see the trend in coming days?

I believe the upward trend for gold will continue and I am very bullish on gold unless the central bank thinks of selling gold which is a very unlikely situation or if the interest rates in US federal bank increase to even 0.25 percent from 0 percent. Or investor's faith in equity markets is 100 percent restored or if the ETF's gets liquidated, barring all these conditions I do not feel that we have anything to fear.

## How much will be the overall imports this year?

The imports in the last 9 months was 650 tonnes and we believe if the trend continues then we may see India's gold imports to be 750-800 tonnes.

## Any correction expected?

yes, we may see correction in the next 3 months in the range of Rs 19,000-Rs 19,500. Investors can buy at this level.

## Where do you see gold prices going from here?

If it retains the level of Rs 19500 then it may go up to Rs 22000-Rs 23000 by March 2011.

## What about Silver?

Well, Silver is giving almost 50 percent returns to the investors. I believe Silver will touch Rs 1 Lakh in the next 3 years.

## The World Gold Council has taken steps to push higher demand for gold such as instalment schemes, tying up with microfinance companies. Do you have such plans?

Maharashtra's Money Landing Act prohibits us from tying up with any microfinance companies.

## What about India's role in discovering the gold prices since India is the largest consumer and importer of gold?



Yes, India imports around 25 per cent of the world's gold production, still it does not exert any significant impact in discovery of gold prices. We depend on the international market for the benchmark price which is based on London AM/PM price fixing.

## What are the tasks ahead?

On the association level, the most important task is to get industry status for the gold business which is around Rs 5 lakh crore in India. The raw material itself in the business is around Rs 1, 30,000 crore. Then we would address issues and concerns of the bullion market to the government, especially the varied taxes on bullion products.

We want government to allow FIs and MFIs to trade on Commodity Exchanges.

We want to address global bullion issues and reduce disparity between domestic

prices and international prices. We want BBA to be recognized on the international forum as the representative of bullion markets of India.

## Any new initiatives?

We are trying to start the hallmarking procedure for silver as well so that the con-

sumers will have the guarantee of their purchases and will have faith in jewellers.

Plus for the last two years benchmark has applied to SEBI for permission for Silver ETFs.

## How is the response to your company RSBL's electronic over the counter bullion trading system, RSBL SPOT?

We had tremendous response to it, so far we have 18 branches in India. 2 more branches in Delhi and Jaipur will be coming up in 15 days. We have 1500 members and 20,000 registered jewellers. We want it to be the benchmark for bullion prices in India. RSBL is the only company which buys back the gold coin from the customer, free of charge.