

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.

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Monday, November 29, 2010



Prithviraj Kothari, the new president of Bombay Bullion Association has his tasks chalked out for him, from pushing the long standing demand for an industry status for the gold business, starting the hallmarking for silver to promoting the BBA to an international standing as the only representative of the Indian bullion industry. He talks to Mayura Shanbaug about the future of bullion as an investment that can withstand all calamities. Her report...

The daunting task looks achievable in the hands of this achiever who has given some crucial advice to the Indian Government in helping them make the bullion markets more organized. He has been the pioneer in introducing an 'Instant International price based INR denominated bullion trading in India'. He is also on the advisory committee of the Multi-Commodity Exchange of India (MCX) and has advised MCX and NCDEX for devising successful gold and silver contracts. He has played a vital role in the introduction of gold (Exchange Traded Funds) in India. Under his vision, his company Riddisiddhi Bullions Limited (RSBL) has successfully launched India's first and only electronic over the counter bullion trading system, RSBL SPOT. As one of the promoters, he has almost single handedly steered Riddisiddhi Bullions Limited to the top 10 unlisted public companies in India in terms of sales turnover...

Gold has crossed Rs 20,000. What is pushing the prices up?

yes, Gold has appreciated 24 percent compared to last year gradually. The demand for gold is always there since it is 100 percent safe asset and easily cashable at any given point. Gold is still the cheapest metal. There are reasons like 0 percent interest rates in United States plus the US inflation. Gold is like currency where individuals can hedge their positions against gold. There is great demand because Central banks and other official institutions in a number of developing countries with large foreign exchange reserves or with significant balance of payments surpluses are more inclined these days to convert a small part of these into gold bullion. Gold's price performance, safe haven characteristics and usefulness as a means of portfolio diversification are recommending it to at least some countries where gold holdings as a percentage of overall foreign reserves are also very low.

Gold imports till October have 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 goldimports 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 FIIs 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 consumers 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.