

# This *Dhanteras*, high prices take shine off gold sales

SHRUTI SRIVASTAVA

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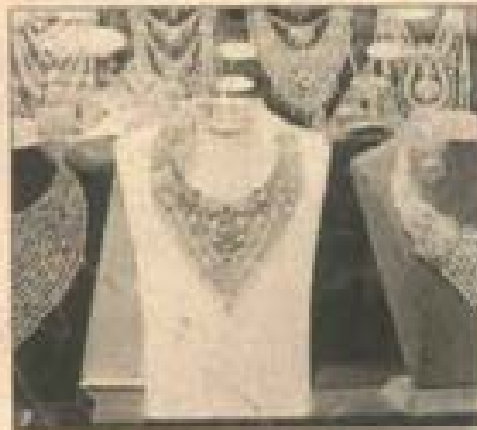
THE Diwali glitter has failed to rub off on gold this year as the usual offtake during the festival season has seen a sharp decline. With the demand coming down, so have the average purchase tickets, market players said.

On Friday, being *Dhanteras* (or *Dhana Trayodashi*), the traditional day for the purchase of gold at this time of the year, the jewellery market, usually abuzz, saw a lull, despite a fall in gold prices over the last 2-3 days.

The average purchase ticket has come down to Rs 30,000-35,000 compared to Rs 60,000-70,000 last year, said Santosh Shrivastava, managing director, Gitanjali Jewels.

The restrictions imposed by the Reserve Bank of India and the finance ministry have also impacted the sales of the yellow metal.

"There are two reasons for the dull performance — first is the present economic condition and secondly high gold prices. Though in the last two days, the prices have started declining, there is



speculation that the prices will fall further. This is holding people back," Shrivastava told *The Indian Express*.

There has been a rally since October 15 with gold prices shooting to Rs 32,500 per 10 grams. However, Shrivastava said there is speculation that the price would drop further and stabilise at Rs 29,000. Gold prices on Friday softened as the dollar rallied amid speculation the US Federal Reserve will trim the monetary stimulus this year. It fell 0.6 per cent to \$1,315.16 an ounce, after rising 0.4 per cent.

As such, during *Dhanteras*, jewellers offer typically a discount of 2-3 per cent, or around Rs 200-300. "During the last four years, gold prices have been stable and that is why discount was being offered and people were buying. With such instability

in the market, despite the fall in price, people are not buying," Shrivastava added.

Import restrictions on the metal has led to gold bars being imported at a high premium.

"There is scarcity of gold. People have purchased only for *shagun*. Jewellery is still being sold but gold coins are not, mainly due to the issue of availability. We were refusing orders from corporates for gold coins because we were advised by the ministry of finance against investment sale of gold," Shrivastava said.

Prithviraj Kothari, managing director, Riddhi Siddhi Bullions, said there has been a drop of 50 per cent in sales during the current season. "In fact, ever since Dussehra, the sales have been down. What is selling is silver. There is a high premium on gold. In fact, jewellers have in some cases not been able to sell even 20 per cent of what they sold last year."

He said that during the Diwali week, 30-40 tonnes of gold is sold while on *Dhanteras*, it is around 20 tonnes. "This time it has been very low and even the demand for gold coins from corporates has not been much," he added.