

Refiners to certify gold's purity

Partha Sinha | TNN

Mumbai: Indians' affinity for gold is well known: The country is the biggest importer and consumer of gold in the world. Yet, whenever retail users of gold want to convert their jewellery into tradable gold bars or coins, in most cases, they get a raw deal from jewellers. This is soon going to change. And, a back-of-the-envelope calculation indicates that Indians could end up with an additional Rs 700 crore in their kitty every year.

Very soon an individual wishing to get gold jewellery converted into gold bars and coins, can walk into a recognised small gold refinery, get the jewellery melted into gold bars or coins and obtain a certificate of quality, purity and weight that is acceptable and tradable in the market. And all this for just Rs 50 per 100 gram. So no more going to the jeweller at the marketplace who will rub it on a stone, tell you the purity you can no way verify, melt it and give you some amount of gold you have no option but accept. Ditto with silver.

On Saturday, Indian Bullion Market Association (IBMA), a trade body of gold and silver merchants in the country, said that it has recognised two refiners — one



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each in Mumbai and Ahmedabad— which can certify the quality, purity and weight of gold bars and coins which will be accepted by most bullion merchants in the country. In Mumbai, one can go to National Refineries in Jogeshwari and in Ahmedabad, to Gujarat Gold Centre, or any of their collection centres for converting jewellery into bars and coins.

A refiner in Delhi could soon join in and over time more refiners, in different cities, will be added to the IBMA's notified list, officials associated with the initiative told TOI.

"An individual can save at least 5% of the value of the gold being melted through this process," said Anjani Sinha, MD & CEO, National Spot Exchange (NSE). In some cases, the savings could be much higher, Sinha said. IBMA is an initiative of the leading bullion merchants in India and NSEL, the commodity bourse on which spot trading of gold has started. So how much the Indians could save by going to the recognised refiners? According to World Gold Council, in 2008, India consumed 660 tonne of gold. Of this, about 15%, or nearly 100 tonne, comes from recycling of old jewellery. At the current market price of Rs 14,900 per 10 gm, total value of gold jewellery recycled is about Rs 14,900 crore. Even at the 5% savings level, Indians could end up having an additional Rs 750 crore per year in their kitty.

The IBMA's initiatives on this front, Sinha said, would also help establish a bridge between individuals holding gold and silver jewellery, and the market where these metals are traded. "We are trying to combine transparency of operations and price realisation for individuals so that a market-linkage of household stock (of gold and silver) could be established," the NSEL official said.