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### **Excellent opportunities for the jewelers to buy gold in smaller denominations**

Volatile price of bullion affects the business of small jewelers to a great extent. Typically their purchase of bullion consists of larger quantity at one price while selling of jewellery happens in small quantity at different price. Since the selling price of jewellery is linked to prevailing gold price volatility which in turn impacts their margin. If a jeweler wants to purchase in smaller denominations from bullion dealer against its sales of gold, he will not be entertained or has to pay a higher premium for the purchase.

National spot exchange always endeavored to provide the trading solutions and has come out with unique proposition by launching 1 gram gold of 995 purity, Delhi delivery contract. The trading lot in this contract is 1 gram, while delivery lot is 100 grams. Instead of buying a kg bar or 100 gm bar at one go from bullion dealer as in traditional manner, the jeweler can purchase in multiple denomination of 1 gm. Over a period to he will get the best possible price and can take delivery of gold when purchase equals to 100 gm. In this manner they can cover risk of price volatility which may threaten to eat up their profits.

This contract is expected to help retail jewelers and small bullion traders in Delhi, Uttar Pradesh, Punjab, Haryana and Uttarakhand. The bullion dealers, jewelers and jewellery manufacturers can participate in the online buying and can take delivery on T+1 basis from the Exchange vault at Delhi. It means that buyers can lock the price today and make payment on the next day and take the delivery. The purity and quality are to be certified by Indian Bullion Market Association (IBMA).

The main advantage for the jewelers to buy gold through this contract on NSEL as compared to the local bullion dealers is the ease to buy exact equivalent to their sales of gold units electronically. As well as they can enjoy the advantages of competitive and transparent pricing of 100 grams bars. The transaction during the day will be settled on trade to trade basis and all outstanding positions against each trade will result into compulsory delivery. The basis of price quotation is Ex-



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Delhi inclusive of all taxes and levies relating to import duty, customs duty, octroi and VAT. Trading hours are 10.00 am to 11.30 pm from Monday to Friday and for Saturdays; it is 10.00 am to 2.00 pm.

Since its inception, the Exchange has launched various contracts in bullion to suit the requirement of bullion stakeholders. At present the exchange provides bullion trade facilities in 9 states and has 13 delivery centers on pan India basis. In the year 2011 nearly 7110 kgs of gold has been delivered through the Exchange platform with phenomenal growth 47% as compared to the year 2010 which was 4835 kgs. Major bullion dealers across India have gradually adopted to trade through spot exchange platform for exploring the growth potential of their respective business on pan India basis without any investment.