

Rush to convert currency into gold tapers

Our Bureau



Ahmedabad, November 9:

As soon as Prime Minister Narendra Modi concluded his “surprise” address to the nation on television, jewellery shops in Ahmedabad and other parts of Gujarat witnessed heavy rush with people wanting to buy gold coins and jewellery with Rs. 500 and Rs. 1,000 denomination currency notes.

Amid heavy demand, in-person and over the phone, some of the jewellers in Ahmedabad resorted to artificially jacking up prices of the yellow metal. Gold jewellery were sold at a premium, at as high as Rs. 34,000 per 10 gm, against the prevailing prices of around Rs. 30,900.

“There was a gold rush in late night hours in some pockets of Ahmedabad, Vadodara and Rajkot towns. Not all the jewellers were operational but only limited showrooms were open. The prices increased because demand surpassed the available stock,” said Shantibhai Patel, leading jeweller and former president of Ahmedabad Bullion Association. While the sudden announcement of the ban on Rs. 500 and Rs. 1,000 currency notes boosted jewellery sales in Tamil Nadu on Tuesday, many stores witnessed lacklustre sales today. N Anantha Padmanabhan, Regional Chairman, All India Gems and Jewellery Trade Federation, said most stores did heavy business this season. “But unfortunately our good times came to an end yesterday night,” he added.

Given that almost 65 per cent of the transactions are done in cash, the ban will have a huge impact on the sale of gold ornaments. While exchanging old gold ornaments for new ones and buying jewellery through existing gold plans are expected to continue, high-value transaction will fall.

(With inputs from Chennai bureau.)

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