

BIG INTERVIEW

THE PREVIOUS YEAR WAS GOOD FOR THE GOLD INDUSTRY. WHAT ARE YOUR EXPECTATIONS FROM THE INDIAN GOLD MARKET THIS YEAR?

It is very early to outline the expectations. However, recent trends clearly suggest that the Indian gold market is poised for another robust year ahead given the strong growth rates, good monsoon and positive consumer sentiments.

WHAT WILL BE THE KEY AREAS THAT WGC WILL FOCUS ON IN 2006?

WGC's focus area will continue to

INDIA IS OFTEN CONSIDERED AS AMONGST THE MAIN MARKETS OF GOLD. WHAT IS INDIA'S PER CAPITA CONSUMPTION AND WHERE DOES IT RANK GLOBALLY?

India's annual gold consumption is in the range of 650 to 700 tonnes. However, last year has been exceptional and the numbers are expected to be much stronger than the past two years. With an annual consumption of over 20 per cent of gold produced globally, India is the largest consumer of gold. However, in terms of per capita consumption, it is merely 0.6 grams which ranks it

GOLDEN WORDS



SANJEEV AGGARWAL, MANAGING DIRECTOR, WORLD GOLD COUNCIL (WGC), INDIA SUB-CONTINENT, IN CONVERSATION WITH SAVIA RAJAGOPAL ABOUT THE GOLD INDUSTRY AND THE VARIOUS MEASURES TAKEN FOR GOLD PROMOTION IN INDIA

remain on jewellery and investments. With regards to jewellery, the focus will continue to remain on exposing contemporary designs to Indian artisans and create appropriate platforms for showcasing Indian designs to the world. In addition, the concentration would be to help the trade to successfully develop gold jewellery brands. In the investment space, the aim would be to create more physical gold and gold-backed investment options, and also to create efficient and effective distribution channels to reach the Indian households.

very low, compared to the other bigger consumers like Dubai with 31.50 grams, Hong Kong 4.00 grams, US 1.50 grams and UK 1.20 grams.

WHAT ARE THE GOLD MARKETS IN THE US AND MIDDLE EAST LIKE, COMPARED TO INDIA?

Both these markets are global markets which offer the investors and consumers wider options to choose from. Almost all ranges of branded jewellery are available and all the platforms for investment in gold are available in these markets. The jewellery purchase behaviour of the

Middle East market is similar to the Indian market. Whereas the US market is very different. Consumers prefer largely contemporary design jewellery with a very high emphasis on designing and finish. In addition, the making charges, on jewellery are also very high in the US, ranging from 150- 200 per cent above the gold price.

WHAT IS THE PER CAPITA CONSUMPTION IN US AND MIDDLE EAST?

The US consumes over 360-400 tonnes of gold every year compared to 350-400 tonnes consumed by the Middle East. So, US per capita consumption is 1.50 grams, while Dubai is 31.5 grams.

THE MIDDLE EAST IS A HUGE MARKET FOR GOLD. WHAT ARE THE MAIN DIFFERENCES BETWEEN THE MIDDLE-EASTERN MARKETS AND INDIA?

Middle East market's gold consumption is very similar to that of the Indian gold market. Just like in India, gold is an integral part of the social structure, every social event like birth, marriage, birthdays, anniversaries etc. has a strong preference for gold. Since most of the gold bought is in the form of jewellery, there is a very strong emotional connect with the articles bought, therefore, one will be not be incorrect factually in saying that the demand for gold in the Middle East and India is also driven by the love and affection for the precious metal.

DO YOU FEEL THAT EASIER AVAILABILITY AND AWARENESS ABOUT OTHER METALS LIKE PLATINUM AND WHITE GOLD, HAVE IN ANY

WAY TAKEN ATTENTION AWAY FROM TRADITIONAL YELLOW GOLD?

Not at all. In fact, yellow gold has never and will never lose its charm, irrespective of the availability of other metals like platinum and white gold. This trend has also been witnessed globally.

YOU ARE CURRENTLY PARTNERING WITH D'DAMAS FOR THE AUDITIONS COMPETITION. WHAT PROMPTED THIS INITIATIVE AND WHAT ROLE DOES WGC HAVE IN THIS EVENT THAT SEEKS TO FIND DESIGNERS FROM INDIA?

'Auditions' is an International Gold Jewellery Design Competition initiated by Anglo Gold Ashanti — one of the largest gold mining companies. In 2005, this international design contest was also extended to India in partnership with World Gold Council and D'damas. The objective of the design contest is to influence the development of a new category of 'ethno contemporary' designs for today's women; motivate trade to invest more in gold jewellery designing in order to ensure the fulfilment of the evolving consumer's need and thirdly, to identify, recognise and motivate Indian design talent in *karigars*, design students and housewives. A prominent panel of judges has short-listed the best 40 designs which are now being manufactured into actual gold jewellery and which will be showcased in the final event to be held on March 24, '06 in Mumbai, with first prize being one kg of gold.

ON THE ADVERTISING FRONT, WHAT HAS THE RESPONSE TO THE GOLD EXPRESSIONS CAMPAIGN

WITH LARA DUTTA BEEN LIKE?

The objective behind launching Gold Expressions in the country was to expose the Indian consumers, jewellers and designers to the best contemporary gold jewellery designs in the world which is the strength of Italian manufacturers. The Gold Expressions advertisement with Lara Dutta has very positively impacted the image of gold jewellery in the country by making it glamorous and aspirational even amongst the urban Indian consumers.

WGC HAS BEEN TAKING MANY CITY SPECIFIC INITIATIVES TO PROMOTE GOLD. WHAT HAS PROMPTED THIS AND WHAT HAS THE RESPONSE BEEN LIKE?

WGC has been trying to create appropriate platforms to promote consumption of gold at all the large gold consuming markets of India. This also helps reach out to the nearby smaller towns in an organised way. This was prompted by our limited presence across the country, but the response has been very encouraging so far.

INTERNATIONALLY, GOLD IS LOOKED AT AS A SAFE COMMODITY, ESPECIALLY WHEN IT COMES TO FINANCIAL MARKETS. WHY IS THAT SO?

Globally, gold has always been an attractive investment destination, and it has become more attractive in the past few years mainly because of its inherent strengths. Gold is an ideal hedge against inflation and currency risk. Gold has zero to negative correlation with other asset classes like equity and bonds. Hence, it is considered as an asset class by the investment community.