



Evaluating the impact of hallmarking of gold on businesses and customers

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Abstract: In a major decision which will impact jewellers, gold buyers and those who invest in gold, the government has notified that only hallmarked gold and jewellery will be sold in the country from 15 January 2021 onwards. With it the government has also mandated that hallmarked gold articles in only three grades — 14, 18 and 22 carats — will be sold, and that too only by registered jewellers. Hence, the objective of this research is to study the impact of such decision on jewellers as well as on consumers. It is found that most of the consumer like to purchase hallmarked gold jewellery also they are ready to pay extra for the hallmark of their jewellery and they have the awareness of BIS Hallmark.

Keywords: Hallmark, Gold Jewellery, BIS, etc.

1.1 INTRODUCTION:

Indian jewellery shop is the largest market in the world next to China. In the world market one fourth of the gold is imported by India in every year. Government take steps to control the gold import by introducing paper form of gold and other instruments. But the import is not up to their limit. Even now the current account deficit and import of gold are not reducing. In the gold market around 80% of the gold import used for gold jewellery fabrication and remaining for investment and industrial use.

1.2 GOLD:

Gold is the most malleable and ductile metal. Gold is very irregular and misshapen when compared to its appearance after it has refined. This precious metal can get the liquid form at 1064 degree of heat.



Table 1.1 OVERVIEW OF GOLD RATE IN SEVERAL YEARS (FOR 10 GRAMS)

Year	Gold Rates in Rupees (24 Carat)
1920	21
1930	18.05
1940	36.04
1950	99.18
1960	111.87
1970	184.5
1980	1300
1990	3200
2000	4400
2010	18500
2015	26715
2020	48410

The purity of gold has always been one of the greatest concerns for buyers in India. But with the advent of hallmarking by BIS in India, buyers are feeling more confident with their gold purchases. To ensure you are not cheated when purchasing physical gold (gold coins & Jewellery); it is suggested to go for hallmarked gold articles. Not only it ensures purity but also helps you get better resale value if you sell it later.

1.3 HALLMARK GOLD:

The process of certifying the purity and fineness of gold is called hallmarking. If you see BIS hallmark on the gold jewellery/gold coin, it means it conforms to a set of standards laid by the BIS. Hallmarking gives consumers an assurance regarding the purity of the gold they bought. That is, if you are buying hallmarked 18K gold jewellery, it will actually mean that 18/24 parts are gold and rest is alloy.

Bureau of Indian Standards, the National Standards Body of India, is responsible for hallmarking gold as well as silver jewellery under the BIS Act. Here are the four components one must look at the time of buying gold (they are mentioned in the laser engraving of a hallmark seal):

1. BIS Hallmark: Indicates that its purity is verified in one of its licensed laboratories
2. Purity in Karat and fineness (corresponding to given Karatage KT)



- 22K916 (91.6% Purity)
 - 18K750 (75% Purity)
 - 14K585 (58.5% Purity)
3. Assaying & Hallmarking Centre' s mark
 4. Jeweller' s unique identification mark

1.4 KDM GOLD:

KDM gold is a type of gold alloy where 92 per cent gold and 8 per cent cadmium alloy is mixed; this is where the term KDM gold came from. This mixture was used to attain a high standard of purity in gold. Although it didn' t affect the purity, it caused serious health issues for artisans working with it and due to this; it is now banned by BIS. Now cadmium is replaced with advanced solder metal such as Zinc and other metals.

1.5 916 GOLD:

In layman terms, it is another name of 22K gold. For e.g. if 22K gold weighs 100 gm, it contains 91.6 gm of pure gold per 100 grams of alloy.

Gold is categorised on the basis of its purity such as 24K, 23K, and 18K, etc. If it' s hallmarked, BIS will be added as a prefix. For e.g-22K gold will be referred to as ' BIS 916' gold, 23K gold is referred to as BIS 958 and so on. The number i.e. 916 or 958 is part of the hallmark seal.

2. STATEMENT OF PROBLEM:

In a major decision which will impact jewellers, gold buyers and those who invest in gold, the government has notified that only hallmarked gold and jewellery will be sold in the country from 15 January 2021 onwards. With it the government has also mandated that hallmarked gold articles in only three grades —14, 18 and 22 carats —will be sold, and that too only by registered jewellers. The directive will also end the 10 hallmark grades prevalent in the country now. The move will go a long way in safeguarding consumer interests and end the arbitrariness in establishing purity of the precious metal at the point of sale. Hence, the



objective of this research is to study the impact of such decision on jewellers as well as on consumers.

3. LITERATURE REVIEW:

According to Mathivanan and Sangeeta (2019), Indian jewellery market is one of the largest markets. Gold has become an inseparable part fused into the psyche of the Indian. Gold is primarily considered as a security and also fixed assets, especially in India. More over Gold is not purchased in order to make profit except the sellers. Gold acts as a hedge against inflation, Gold acts as a reservoir for future contingencies. Gold acts as a tradable instrument for consumers to sell or exchange the jewellery at a reasonable price. But it is important to know that the consumers have the awareness about gold quality, purity, fineness, making charges, wastage charges, hall mark certificate issued by Beaura of Indian standard, current market price etc. Many of the buyers even today purchase the gold jewellery without considering its quality from non branded stores. Many of the jewellery are not ready to get back their own jewels people get the low resale value from the other shops which they purchased from their regular shops. This shows the lack of awareness among the consumer of jewellery shops in India. Hence this article is to analyse the awareness of consumer in gold jewels.

Manoj M S, and Ms. Dayana Sajjanan (2015), in their paper described that the product awareness among the customer. This paper emphasized the two major media of advertisement like print and electronic which play the role of promotional activities in the business world. The jewellery marketers focuses advertisement on mobile internet, internet based marketing. The unique strategy that is followed by the marketer is building trust among the customers.

4.1 Objective of the Research:

The main objectives of this research are:

- a. To understand the concept of Hallmark of Gold.
- b. To examine the impact of Hallmark of Gold on consumers.
- c. To analyse the impact of Hallmark of Gold on jewellers.

4.2 Research Design:

In this research, descriptive research design has been used to describe the impact of Hallmark of gold on consumers as well as on jewellers.

4.3 Data Collection:

For the purpose of this research, primary data has been collected from 100 customer who bought hallmark gold and also from 100 jewellers of central India through semi-structured questionnaire. Secondary data has been collected through journal, magazines, internet, etc.

5. Data Analysis:

For the purpose of this research, primary data has been collected from 100 customer who bought hallmark gold and also from 100 jewellers of central India with an objective to study the impact of hallmark gold on them.

5.1 Impact on Customers:

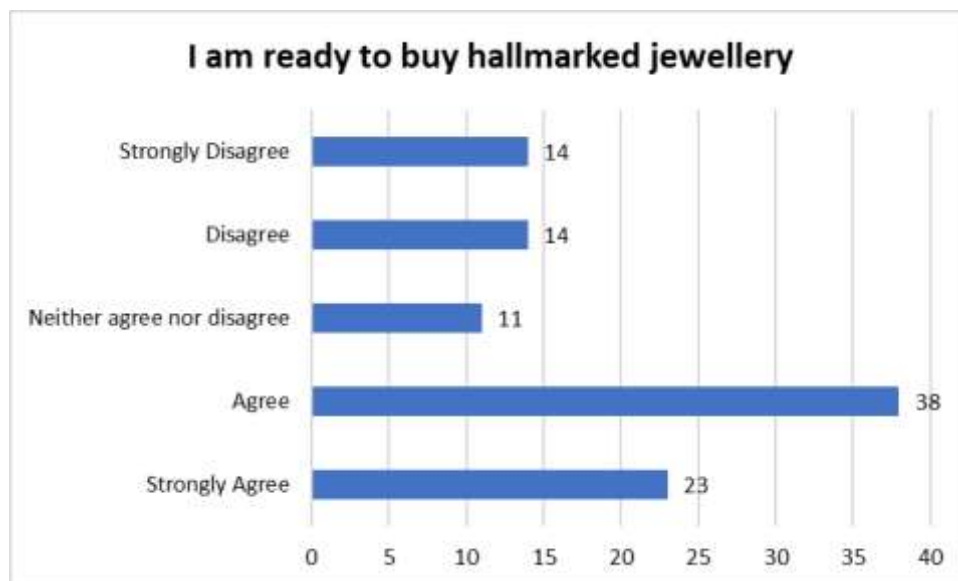


Fig. 1

(Source: Primary Data)

From the above fig. 1 it is found that majority of the customers, i.e. 38% agree that they are ready to buy hallmarked jewellery as it gives a proof of purity to them, which is supported by

23% customers who strongly agree to this. 11% customers neither agree nor disagree to this. However, 14% customer disagree to this and remaining 14% strongly disagree to this.



Fig. 2

(Source: Primary Data)

From the above figure it is found that, majority i.e. 31% customers are ready to pay extra hallmark charges since it assures them the purity of gold, which is supported by 18% respondents, who strongly agree to this. 11% customers neither agree nor disagree to this. However, 23% customers disagree to this and remaining 17% strongly disagree to this.

5.2 Impact on Business:

It is found during the research that majority of the jewellers agreed that imposition of hallmark restriction will affect the small businessman a lot as they have to compete with the registered brand who will be selling hallmarked item. Majority of the small businessmen also feel that hallmarking restrictions will reduce their turnover and another problem which jewellers are facing is that apart from the hallmark, every piece of jewellery should have a unique identification number, which is system generated. Jewellers used to give the jewellery in the morning to any of the 26 hallmarking centres in the city earlier and get it back by evening. Now, they need to send a mail to the centre about the quantity of jewellery that needs to be hallmarked and after the centre gives its assent, the jewellery is sent for hallmarking. It takes three to four days to get the entire lot hallmarked. There are standard



procedures that even small retailers need to follow and get the entire stock with them hallmarked.

Further, there are several manufacturers who supply to cities across the country. The new norm says the jewellery should have the hallmark during transit. Further the person who makes the preliminary order is made accountable for the quality of the jewellery.

6. CONCLUSION:

From this study it is conclude that most of the consumer like to purchase hallmarked gold jewellery also they are ready to pay extra for the hallmark of their jewellery and they have the awareness of BIS Hallmark. But still there are few customers who do not ask for bill for their gold jewellery purchase. However, majority of the jewellers are not happy with the present hallmark regulations they want some amendments in the rules. Earlier hallmarking was done in a day not it requires unique identification number along with hallmarking this takes around 3-4 days. Hence, the retailers are worried with the time consumed on these procedures.

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