

JEWELLERY PRICE AND JEWELERS CALCULATIONS

Prof. Shilpa Revankar
Department of Tourism, Karnatak Arts College Dharwad

The Indian gems and jewellery industry is one of the fastest growing industry in the world. India is acting as a prominent country related to jewellery work due to traditional, customs and cultural background of the society. India is a world largest gold importer and a consumer in terms of ornaments comparatively other developed and developing countries. The demand of the gold day by day increasing in India due to marriage, culture, customs and devotional aspects as well as gold is acting as a major investment options in among the rich and middle class people in India.

Gold is a yellow precious metal, used in jewellery and decoration and to guarantee the value of currencies. ... Because of the softness of pure (24k) gold, it is usually alloyed with base metals for use in jewellery, altering its hardness and ductility, melting point, color and other properties.

While buying gold, should we trust the jeweller blindly? as there are many factors such as pricing, making charges etc. that affect the final price of jewellery.

Since ornaments in their making are required to be held tightly onto a diamond or allied precious stones, 24-karat gold is not used for making jewellery because of its softness. Thanks to the ductility and malleability of 24-karat gold, it can easily be deformed and lose its grip on a jewel.



By the percentage, one might think KDM gold is better due to 92% gold but it is not hallmarked and 22K gold is. Buying BIS 916 gold provides you guarantee on purity and fineness as it's certified. Hallmarking becomes mandatory: What you need to check while buying gold jewellery now Indians have a tradition of buying gold in the form of jewellery, coins etc. especially around Akshaya Tritiya, Dhanteras and Diwali. Although we spend hours at the local jeweller selecting what we want, we usually do not question the price quoted. This is wrong. You should not blindly trust the price quoted by the jeweller as there are many factors that affect the final amount that you will be paying such as gold price, making charges, value of gems etc.

“Currently, there is not standard invoicing pattern in the country and prices vary from jeweller to jeweller” says Ramesh Kolvekar. There is no standard billing pattern in the country and billing system varies from one jeweller to the next. Every city has its own jewellery association and the gold rate is declared by these associations every morning due to which the gold rate varies in each town.

Final price of the jewelry = Price of (22 KT or 18 KT) gold X (Weight in grams) + Making charges + GST at 3% on (Price of jewelry + making charges)

Let us understand the same with an example which can help us understand this better.

Suppose the price of gold is Rs. 47,350 for 10 grams of 22KT gold. Now, if you wish to purchase a gold chain of 9.6 grams, then price will be calculated as:

Price of 1 gram of gold = Rs 47,350 divided by 10 = Rs. 4,735

Price of 9.60 grams' gold chain = Rs 4,735 times 9.60 grams = Rs 45,456

Add making charges, suppose 10%, which comes to Rs 4545.60

Total price of gold jewellery = Rs 50,001.60

Add GST at 3%: Rs 1500.05 (3% of Rs 50,001.60)

The final billing amount will be Rs 51,501.65 (Rs 45,456 + Rs 4,545.60 + Rs 1500.05)

Here are a few things you should be aware of while buying gold to avoid being tricked.

• Studded jewellery

At times, we buy jewellery that has stones affixed on it. Some unprincipled jewellers weigh the entire piece and charge for it at the price of gold. In case you wish to exchange/sell it back, they would normally deduct the stone weight and impurity from the total value.

The billing procedure differs for a studded product. When a customer purchases a studded jewellery piece, the stone value is also added into the bill.

Thus, while buying one should know that the value of gold in the piece has to be calculated based on the entire weight of the jewellery minus weight of diamonds/gemstones. The cost of diamonds and gemstones should be added separately.

Let the price of gold is Rs. 47,350 for 10 grams of 22KT gold. Now, if you wish to purchase a gold ring of 8 grams with a white stone say 0.5 gms, then price will be calculated as:

Price of 1 gram of gold = Rs 47,350 divided by 10 = Rs. 4,735

Price of 8 grams' gold chain = Rs 4,735 times 7.5 grams = Rs 35,512.50

Add making charges, suppose 10%, which comes to Rs 3,551.25

Total price of gold ring = Rs 39,063.75

Add GST at 3%: Rs 1,171.91 (3% of Rs 39,063.75)

• Purity of gold: Gold jewellery is available in different Karats (KT). Karat is the measure of purity of gold. Sinha adds. One should not confuse this with the word carat. Carat is a measure of the weight of diamond.

24KT gold is the purest form of gold but it is too soft to be used for making jewellery. Most popular forms of gold available in jewellery is of 22KT which contains 91.6% gold. Alloys such as zinc, copper, cadmium or silver are added to the gold to make it stronger and more durable. If 24KT is 100% then 22KT is 22/24 i.e 91.6%

The constitution and ratio of the alloys used determines the colour of the gold. Normally increased copper is used to rose gold.

• Pricing of gold: Price of gold jewellery depends on two things - a) parts of gold in the jewellery, that is, 22KT or 18KT, and b) type of metal used to mix with the gold.

Gold is traded everyday on demand, supply and various other factors determine the price each day. The national pure gold rates are usually published in various standard websites and newspapers and bulletins.



But the gold rate for different jewellers varies as it depends on from whom they are buying gold and at what price. However, the difference in price is usually small.

The main factor that contributes to the varying prices of jewellery is the difference in the buying rate and selling rate of gold.

Lets understand price of 22KT with an example:

If the price of gold is Rs 5,300 per gram then the cost of 22KT gold would be Rs 5300 X 22/24 = Rs. 4858.33 per gram. However, alloys adding is must to make jewellery stronger. The cost of these can range between Rs 30 and Rs 60 per gram. Hence, the retail price for 22 kt gold will be Rs 3025 + Rs 60 = Rs 4918 per gram.

- **Making charges:** Making charges vary depending on the type of gold jewellery you are intent to buy. This is because every ornament requires different style of cutting, finishing which lead man hours to prepare. It also depends on how much fine detailing is required in the design, i.e., if it is a man-made or machine-made. Machine-made jewellery usually costs less than man-made ones.

Making charges are termed differently by each jeweller. Some jewellers call it 'making charges' and while others may call it as 'wastage'. It is also explained 'wastage'as bits of loss of gold while preparation of the said ornament.

Making charges can be quoted in two ways - either as a percentage of the gold value or as a flat making charge per gram of gold.

Customers can bargain and negotiate for a reduction in the making charge as practices in most jewellers. This is possible because the percentage of these charges is not standard across jewellers.

Even at the same jewellery store, the discount that the salesperson offers will vary from the discount offered by the store manager. This practice does not offer any transparency in billing to the customer.

A customer may never get to know if they have bargained enough. The same product may be sold at a lower price to another customer who may have bargained harder. But will not be too much difference or some time it is customer relationship building exercise.

There can be small differences in making charges depending on which gold market you are buying from. In a scenario where gold prices are increasing, a flat making charge will be beneficial to the customer whereas when gold prices are falling, percentage based making charges can be more beneficial. This hint can help the decision makers.

- **BIS Standard hallmark for purity:** Hallmarking is done to certify the purity of gold jewellery. Hallmarking is done by the Bureau of Indian Standards (BIS) and is a certification of the purity of gold used.

BIS embosses its logo for hallmarking along with fineness number, hallmarking centre mark and jeweller's identification mark.

Following table can help you know the fineness number corresponding to different purity levels.

Gold purity in jewellery	Fineness Number
22KT	22K916
18KT	18K750
14KT	14K585

A customer must keep four factors in mind while buying gold jewellery - measuring the purity of gold, understanding exchange policies that the jeweller offers, knowing the product warranty, and ensuring a transparent break-up of the bill.

Hallmarking of gold jewellery mandatory now.

Gold hallmarking is a purity certification of the precious metal and is voluntary in nature at present. After June 1, 2021, gold jewellery and

artefacts would be made mandatory across the country. Accordingly, from June 1 next year, jewellers will be allowed to sell only 14, 18 and 22 carats of gold jewellery. There are four components that you should look for on the hallmarked gold jewellery to ensure the purity of gold. Here is a look at each of them in detail.



What is hallmarking?

BIS, a government body, certifies the purity of gold bought by you. The process of certifying the purity of gold is called hallmarking. According to the BIS website, there are two principle objectives of the hallmarking scheme:

- To protect the public against adulteration
- To obligate manufacturers to maintain legal standards of fineness/purity

There are four components that one should look for on the hallmarked gold jewellery to ensure the purity of gold:

- 1) BIS Mark;
- 2) Purity in Karat and fineness;
- 3) Hallmarking Centre's identification mark/number;
- 4) Jeweller's Identification mark/number

1. BIS Mark : Gold jewellery hallmarked by BIS will have the BIS logo indicating that its purity is verified in one of its licensed laboratories. According to the BIS website, it is the only agency approved by the government for hallmarking gold articles of any kind to ensure its purity.



2. Purity in Karat and fineness: Purity of gold is indicated in two ways: Karat (denoted as KT) and fineness number. When purity of gold is measured in Karat, 24KT is considered the purest form of gold. But 24KT gold is considered too soft to be converted into any jewellery or ornament. Other metals such as silver and zinc are added to gold to convert it into jewellery.

According to the BIS website, effective from January 1, 2017, hallmarking of gold is done only for three levels of purity, i.e., Karats. These are:

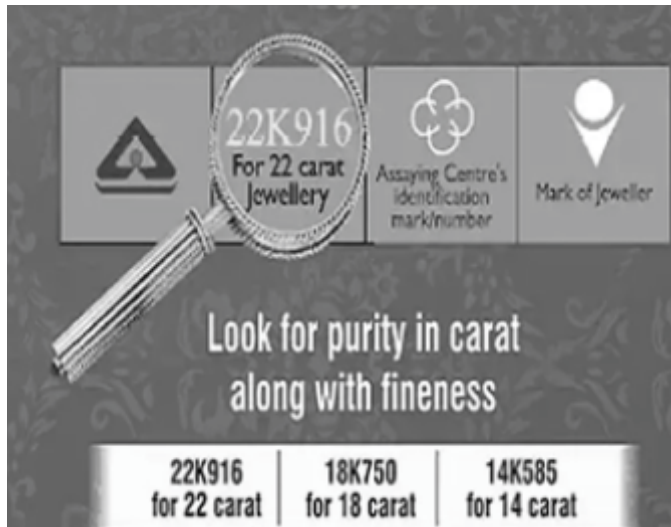
- 22K916 Corresponding to 22 Karat
- 18K750 Corresponding to 18 Karat
- 14K585 Corresponding to 14 Karat

The fineness number and BIS hallmark on the piece of jewellery indicate that BIS has certified it to be of the fineness level/purity that is embossed on it as part of the hallmark.

3. Hallmarking centre's mark/number: The laboratory where your gold jewellery is assessed to check its purity is also required to put their

logo on the jewellery. Only licensed laboratories of BIS can check the purity of gold. One can check if the hallmarking centre is licensed by BIS or not on their website.

Four signs of gold purity



Source: BIS website

4. Jeweller's identification mark: The jewellery shop from where you are buying your gold jewellery will also put its identification mark. This mark can be of a BIS certified jeweller or gold smith.

Points to remember

- There are charges that have to be paid to get the jewellery hallmarked. As per the BIS website, Rs 35 plus taxes is charged per gold item. For a consignment, a minimum of Rs 200 plus taxes is charged.
- Hallmarking is not done instantly. It may take approximately five to six hours to get the purity of gold checked before it is hallmarked.
- If you have a complaint regarding your hallmarked jewellery, you can contact BIS by sending an email to hallmarking@bis.org.in or by calling them at 011-23234223

Have the precious ornament, use maximum jewellery but be careful and look beautiful

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