

Diamond SIPs to add sparkle to your assets

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HIGHLIGHTS

- Indian Commodity Exchange (ICEX) recently got Sebi approval to start the world's first diamond trading bourse
- Diamond SIP will let investors own high quality diamonds for Rs 900 a month
- Diamond SIP is an Indian innovation that would be first in the world



Representative Image

MUMBAI: All those Indians who thought buying [diamonds](#) was beyond their means now have a reason to cheer. They could soon own high quality diamonds by investing as little as Rs 900 a month for about two and a half years. The [Indian Commodity Exchange \(ICEX\)](#), which recently got [Sebi](#) approval to start the world's first diamond trading bourse, will launch a systematic investment plan ([SIP](#)) for retail buyers to acquire the precious stones.

So far, Indian investors have been able to buy mutual funds and gold funds through the SIP route. Diamond SIP is an Indian innovation that would be first in the world, exchange officials said. Under the diamond SIP scheme, the buyer has to open an account with a broker on the ICEX, complete the know-your-client (KYC) process and then deposit some money with the broker. The buyer also has to tell the broker the exact date of each month when the broker should buy the diamond (in electronic form) for the buyer.

The ICEX starting trading in diamond contracts of three different sizes — 30 cents, 50 cents and 100 cents (1 carat). Just like in stock markets, diamond contracts on this exchange will be traded in electronic form, popularly called demat. Since diamonds will be available in demat form, a buyer can buy as little as one cent of the precious stone. And the person will be able to convert the diamond held in the demat account to physical form only after s/he accumulates at least 30 cents. Similar SIPs will also be available for buying diamonds of sizes 50 cents or 1 carat. The ICEX has started mock trading on its platform and will go live later in the month.

At current prices, a 30-cent diamond costs about Rs 27,000, translating into Rs 900 for each cent of its weight. By spending about Rs 900 every month for 30 months, the SIP buyer can take possession of a physical diamond. However, the monthly SIP amount will vary according to the price of the diamond on the bourse.

In case the buyer is unable to pay for subsequent monthly SIPs, just like shares, his holding of diamonds already bought in previous months will continue to remain in his demat account. S/he could start buying again when s/he wishes, bourse officials said. S/he is also allowed to sell the diamond on the ICEX any time during the duration of the SIP, at the prevailing market price.

The ICEX will allow trade in only natural diamonds. All stones will also be certified by global major De Beers for genuineness, quality, cut, polish, etc, according to ICEX CEO Sanjit Prasad. Malca, the world's largest courier of diamonds, is the depository and transporter for the same through its Indian arm [Malca Amit](#).

Talking to TOI, Prasad said the ICEX's plan is to make available high quality, certified diamonds to the common man. "A retail investor can start SIPs with a nominal investment — with as small as one cent of diamond. She can buy and take delivery of fixed electronic units in each expiry and hence accumulate e-units," Prasad said. "Our platform also brings in transparency via price discovery and a level playing field to all market participants."