Manika Parashar

Professor Lily Chumley

Media and the Culture of Money

December 13, 2021

India's Gold Fever: A Research Exploration About India's Obsession With Gold

Gold has a deep-rooted significance in Indian history and continues to hold value for Indians. Over the years India's infatuation with gold has grown stronger and stronger, with Indians accounting for most of the gold consumed globally. India's influence over the gold bullion market is well established, according to Natalie Dempster, the head of investment research at the World Gold Council. She said jewelry accounts for nearly 70% of all demand for gold and that India buys 25% of global jewelry output. Gold, in Indian history is more than an investment, it is a culturally significant metal which has found a place in Indian hearts and homes for this very reason.

Gold is part of almost every Indian household in some form or the other and is considered a family heirloom by most Indians. Gold jewelry and ornaments are passed on from generation to generation, in an attempt to keep the family legacy alive. It is common for most households to pass on jewelry from a mother to a bride in weddings, irrespective of facts like change in design trends or value, this is a common practice. Gold is an extremely sentimental part of certain traditions and continues to remain a cherished heirloom. Passing gold from one generation to another also helps people save money on gold, avoiding ever rising gold prices in India and globally.

It is true that a vast majority of the Indian population survives on the bare minimum doing odd jobs, but despite this they find ways to buy gold and make it an integral part of their lives, irrespective of gold rates in their city/town. Gold has takers across the length and breadth of the nation, right from the poor to the very rich showcasing the popularity of gold within the culture. There are a few reasons which have propelled gold to a pedestal in India, a spot which it is likely to hold on to for a long time. Some of these reasons for why Indian's value gold includes religious connotations, family heirloom, gold as gifts, gold as symbols of wealth and gold as investments. Throughout this paper, I will explore the reasons behind India's obsession with gold and how a demand for gold is created, how gold serves as a value in transactions such as loans and the causes for the rise of prices of gold in India.

In the past several years, India has emerged as one of the fastest growing economies globally. Today, as a result, unsurprisingly, India is the world's largest consumer of gold. This is because no possession is more valuable than gold in the Indian culture. Just as part of the American dream is to own a home, the dream in India is to own gold. India's love for gold is as ancient as its culture and this love is fueled by several causes which I will explore below.

Gold is an integral part of religious ceremonies in India. Whether it is Hinduism, Sikhism, Jainism or Christianity, gold is a prominent asset across all major religions in India. It is common for people to purchase gold at different religious gatherings and for different occasions like festivals, birthdays, anniversaries and of course weddings. Gold is the symbol of the Hindu Goddess Lakshmi and considered highly auspicious by Hindus for this very reason. Gold is brought or presented on festivals like Dhanteras and Akshaya Tritiya, both religious holidays observed in the fall, in which Hindu's worship Lakshmi by shopping for gold. That day, if you buy gold, it's considered to bring you prosperity, good luck, health, wealth, everything (CITE CBS).

Toe rings are never made of gold as it represents the goddess of wealth and should not be soiled by touching a human's feet. Rising gold rates do not deter devotees from donating extravagant gold ornaments to temple funds, a prime example being the Tirumala Temple in Andhra Pradesh (see image below), which witnesses donations of gold to the tune of masses on a yearly basis, regardless of gold rates in Andhra Pradesh. According to officials, the Tirumala Tirupati Devasthanam (TTD), which manages the affairs of the famous Sri Venkateswara Temple, has pure gold reserves of over 9,000 kg. Tirumala Tirupati Devasthanam (TTD), which manages the affairs of the famous Sri Venkateswara Temple, has 7,235 kg of yellow metal deposited with two nationalized banks under different gold deposit schemes (CITATION). The Hindu religion regards gold as a pure metal that symbolizes knowledge, learning, meditation, and mental development. Furthermore, the role of gold in Hindu traditions is rooted in scientific reasons too where gold is believed to positively impact the wearer's aura and energy. Hence, the gold wire of the *Mangal Sutra,* a necklace worn by a Hindu wife, is believed to keep the negative energy and vibrations away.

Image 1: World's richest temple- Tirumala Tirupathi that requests donations in gold.
Source: Financial Express

Other religions like Sikhism, Islam and Christianity also present a common idea of gold as being related to the holiness of celestial beings and beliefs, accounting as one of the reasons for why gold is so popular in India. For Sikhs, the most prominent association with gold is the beautiful Golden Temple (see image 2 below) located in Amritsar, Punjab, India. The temple is covered in 500 kgs of gold and attracts thousands of devotees. In Islam, the color gold symbolizes paradise when paired with green. Gold is a symbol of reverence and devotion to the divine being – God. This depiction stems from its physical properties of gold which include shine, strength, malleability, and rarity. Therefore, idols of worship are made of gold or adorned with gold jewelry in India. Walls and ceilings of places of worship are covered in lavish work of gold. Religious books and stories are glittering with gold utensils that Gods and Goddesses ate out of, or beds and thrones they slept or sat on. Gold thus has an auspicious and priceless connotation in all religions all over the nation (CITATION).

Given the religious value of gold, gifting gold is considered auspicious in India, with gold gifts forming an integral part of all kinds of ceremonies. Gifting gold enables recipients to use it fruitfully, as it is not only a key source of money but is also considered lucky. It is common to gift gold during weddings, where brides are seen bringing in huge quantities of gold to their new homes, which is considered auspicious. A gift of gold is perhaps the highest form of gifting in the country, showcasing the value of an individual and purity of intent. Gifts of gold are common for birthdays and child births even in smaller towns. It reinforces the closeness of relationships. Gold coins in smaller denominations are also considered apt for corporate gifting and rewards for contests or for commemorative giveaways.

There is no bigger status symbol than gold in India, and Indians are not shy to flaunt it. Politicians, businessmen, actors, officials, all love to show their gold to the world, giving them new highs. Gold has been a status symbol forever, right from the time of kings and queens to the British and independent India has imbibed this into its blood. The more gold one has the more power he/she has, as this is an indication of their ability to purchase gold despite rising gold rates and hence their wealth. Television shows and Bollywood films have played a key role in perpetuating the idea that gold translates to wealth in the culture as actors are seen wearing heavy jewelry sets on a daily basis.

Gold has been considered the safest investment- a sentiment which Indians live by. It is this property of gold as a protector against bad times which have pushed Indians to buy it as investments. Owning gold is considered an extremely smart choice culturally and is reflected in the amount of gold Indians own. With gold prices fluctuating everyday it makes sense to invest in gold for a secure future. Gold is considered a very good investment scheme and acts as a good asset for the family, young children and at times can also be used as collateral for availing bank loan. Indians have historically pledged gold for educating children, performing marriage and fulfils one's immediate needs and/or unavoidable situations. Gold is highly liquid and portable as a security or asset. It can be converted to cash anytime when an emergency arises and is therefore considered a friend in times of need.

Gold is considered a family heirloom by most Indians and thus found in most families despite their wealth status. Gold jewelry and ornaments are passed on from generation to generation, in an attempt to keep the family legacy alive for generations. It is common for most households to pass on jewelry from a mother to a bride in weddings, irrespective of facts like change in design trends or value. Passing gold from one generation to another also helps people save money on gold, helping avoid the ever-rising gold prices in India. No bride, however poor, leaves her paternal home without at least a trinket of gold. For the rich and the super-rich, the bride is given enough gold to weigh her down. Marriages are finalized, annulled, postponed, or solemnized on this transaction of gold, showcasing the integral role a metal plays in the social dynamics and interactions in the culture. In many cases, arranging gold for their daughter often drives the parents to penury as they struggle to meet the demands of the groom and his family. Peasants store their pitiful savings in gold ornaments procured from village goldsmiths. The wealth disparity between the different classes in India is evident through the gold they deck themselves in as members of the political class flaunt thick gold necklaces while the poor struggle to earn enough to even buy one gold chain.

The display of gold during festive occasions, conversely, is blatant and aggressive (Moors 1998: 217). The social sciences have long dwelt on how adornment communicates public prestige and imparts distinctiveness to the person. As Simmel writes, 'the radiations of adornment, the sensuous attention it provokes, supply the personality with such an enlargement or intensification of its sphere: the personality, so to speak, is more when it is adorned' (1950: 340, original emphasis). Here, the material value of jewelry intersects with the social prestige such ornaments deliver: adornment 'is a synthesis of the individual's having and being' (CITE)

A 24-karat gold wedding gift is believed to bring luck and joy into a marriage and hence gifted by family members and dear ones. Most brides keep their wedding jewelry- their gold as part of their dowry and a safety net they can rely on as they embark on their new lives. But the biggest demand for gold comes from the deeply ingrained custom of giving gold at weddings.

Soon after children are born, families start saving either for the *stridhan*, the gifts given to the bride which become her exclusive property, to act as insurance against hard times, or the dowry that is given to the family of the groom. An Indian bride is usually given jewelry by her parents, gold they started buying when she was born. It's her financial security after she joins her husband's family - gold she'll control throughout the marriage, providing her with power she might otherwise be deprived of. It’s almost like “when the bride comes into the groom's family, and she displays the gold that she has received from her family, it's like setting a subtle economic status within the family itself”, illustrating how gold can provide women with agency.

This cultural obsession with gold ornaments can lead to overspending, especially in the setting of weddings, which drives up the demand for gold. “Indians are known to mortgage properties, take as many personal loans as they can afford or beg and borrow just to ensure that there’s enough display of gold at a wedding. In certain regions, people explicitly demand gold as dowry in the name of ancestral tradition. Even the poorest of parents will try to give at least one gold chain to their daughter to save face,” adds Kumari (CITATION). Amongst close family members, “the emphasis on gifting cash in close family is less as cash is too transient whereas gold is eternal” (IJEIMS PAPER). The gold jewelry tends to be exhibited in weddings so that the guests can get a taste of what and how much is being given to the bride, reflecting the status of the family, an important form of display in a status-conscious society.

Beyond aesthetic use, among low-income households in India, particularly in the southern states of the country, gold is used in the form of a savings instrument and collateral against borrowing. Within these low-income households, gold that has been accumulated over the years is used to “borrow gold backed loans which can be quick and expensive but comparatively better terms of contract than non-institutional credit” (DVARA Research CITE) in situations like social occasions (weddings primarily), medical emergencies, to repay outstanding loans and to invest in businesses. Gold holds value financially and economically for the average citizen but even more so for the low-income households in India. Indian households regularly transact, save and borrow money through the means of gold as the backend asset. In these situations, gold plays the dual role of savings and collateral.

It is estimated that 70% to 90% of households in India give dowry in marriage despite the official banning of dowry in 1961 (CITE144315). Furthermore, approximately 95% of those that give dowry in the country report giving gold. Previous research has indicated that an unexpected rise in gold prices magnifies excess female mortality because parents perceive it as raising the financial burden of dowry (CITE144315). As sons bring in dowry when they get married, gold price increases might essentially raise the demand for sons. Results of empirical research are consistent with this and illustrate that as the price of gold spikes, the cost of dowry is raised consequentially and hence the perceived cost of having daughters rises simultaneously, leads to parents wanting fewer daughters and this explains the increase in girl neonatal mortality when gold prices rise. But why do parents exercise these behaviors in response to gold price shocks at birth when dowry payments are made several years later at the time of a daughter’s marriage? Researching findings indicate that parents start saving for dowry as soon as they receive the information that they are having a girl, parents tend to be forward-looking and hence, parents of newborn girls are actively considering and accounting for the cost of dowry that they will have to bear in a couple of years.

An example of this accumulation of gold from a young age is evident in this NPR article titled "A Gold Obsession Pays Dividends for Indian Women". Nilika Mehrotra, an anthropologist explains that "a married woman is supposed to be an auspicious woman. She represents Lakshmi, the goddess of wealth. She produces the progeny for the family, the food. She takes care of the family,", illustrating how gold is gendered within the culture (CITE NPR). Anshu Srivastava supports the idea that gold seems to be the one asset that everyone agrees a woman can rightfully possess as mentions "that [gold] is my property. That is considered to be [a] lady's right." (CITE NRP). Srivastava has gold stashed in bank vaults for her teenage daughter one day. She has her own personal jeweler. Srivastava opens up for NPR her vast collection of jewelry boxes, revealing exquisite gold from her in-laws and her husband. But the most precious are the heirlooms from her mother who began collecting jewelry for her from the time she was 8, highlighting the forward thinking of parents when they have a daughter. Her stockpile mirrors the trousseau many Indian mothers filled with gold earrings, rings, necklaces, and hairpins, while appearing to be lavish this also reflects the centrality of gold in an Indian woman's life. It's given for pregnancies; at births, when a baby first eats solid food, on anniversaries and milestones. It's engrained in the cultural lexicon of India and will always remain engrained.

However, not in every case is a woman is lucky to have possession of her gold to turn it into an asset. especially some in the conservative north, require family permission to dispose of their gold. This restriction on the woman suits the patriarchy that has existed for centuries, so she is not totally free. When Delhi resident Pooja Sharma walked away from her marriage, her husband kept the mother lode of her gold. With the little jewelry she had left, she secured a $400 gold loan, her first, to pay her ailing father's medical bills. With the help of institutions like Muthoot Fiance, 4,000 branches nationwide, the firm transacts the equivalent of more $50 million in gold loans per day, with interest rates from 12 to 24 percent. At Muthoot, all it takes is 15 minutes for gold to be assessed and cash dispensed — a speed no bank could match, making it ideal for unexpected circumstances. Since the late 1990s, Indian regulators have launched variants of what is termed a 'gold deposit scheme'. A bank will accept gold in return for an interest-bearing bond, and then melt and lease the metal to jewelers. The low popularity of such schemes, in my view, can be explained - beyond the low interest offered - by the unpersuasive character On the brighter side, Couple Snigdha Paul and Sanjeev Dey have a new business thanks to their $500 loan, using her and his jewelry as collateral. They are proud owners of a new flower boutique in South Delhi, which Dey calls, "A dream come true." The couple's story is repeated throughout India: The assets of a wife put to work to build small businesses, often for the husband. Avinav Chaubey, head of marketing for Muthoot Finance, says an earlier television ad campaign run by the company featured crafty wives urging their husbands to put their gold to good use, maneuvering around the taboo of men asking women for money. The loans challenge the traditional view of gold as an idle asset.

Indians consider gold a super-metal, a super-metal which can provide a solution to multiple problems. Not everything that glitters might be gold, but for Indian’s gold is their knight in shining armor. Despite economic progress, this heinous custom of dowry still flourishes in India across all levels of society, making women vulnerable to exploitation and abuse and gold plays a vital role in making vulnerable to this exploitation. Will gold ever lose value in the eyes of Indians?