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Going for Gold

India hasn't won a gold medal at the Olympics in 25 years. The last time this nation of a billion-plus people nailed a Gold -- and a solitary one at that -- was at the depleted Moscow Olympics in 1980. You must have tired of all the analyses for our dismal performances, but here's a thought. Maybe we just don't need any Gold. After all, we are the world's largest biggest repository of the yellow metal. Why hanker after *ek sone ka tukda*, when we stash away more than 500 tons of the stuff annually?

Last year, Indians bought \$ 10 billion worth of gold, twice the amount of foreign investment that came into the country. By some estimates, we have now amassed \$ 200 billion worth of gold, almost a fourth of our GDP. Our gold hoard is double the size of our equity holdings, twice the size of our foreign debt, and a third more than our foreign currency reserves. We have put away more gold than any other country in the world. We are Sonaland, Swarnastan.

Poverty-stricken we may be, but we are also bejeweled. According to some studies, two-thirds of India's gold consumption is in rural areas. The gold craze has deep cultural and emotional roots, which is probably why a preferred Indian term of endearment is "Sonu" in the north and "Chinna" in the south. We go for 'precious,' not 'honey.' For ages, gold has been the first choice of financial security, bought, given, presented during festivals and weddings.

The word out of the World Gold Council recently is the Indian gold craze may increase with the economic boom, especially in rural India. Indian demand for gold rose 17.6 percent to 643 tons in 2004, up from 547 tons in the previous year. One estimate suggests that with around 50 million couples in the marriage zone at any given time, and calculating at the rate of a modest 10 grams per wedding, there could be a demand for 500 tons of gold from just weddings alone -- a nightmare scenario for sociologists studying the dowry issue, but a bonanza for gold traders.

The gold lust does not leave Indians even when they go west and acquire other assets. Little Indias in the U.S like Devon Street in Chicago, Jackson Heights in New York, and Artesia in Los Angeles, are studded with Indian jewelry stores. There are 30 Indian jewelry outlets in the New Jersey suburb of Iselin, about one for ever 10,000 Indians in the area. There is now a predictable layout for Little Indias in the west -- a cluster of Indian restaurants and grocery stores, sari and Indian dress outlets, Bollywood video and music marts, a temple, and jewelry stores.

NRI passion for gold is so strong that jewelers from India make multi-city trips to the U.S to sell their goods, going from one millionaire home to another. Pradeep Kumar of Sri Krishna Jewelers in Hyderabad comes to the U.S four times a year, and with an NRI client base of 70,000, he uses CRM software to manage his business. There isn't a town in America he's not been to -- from El Paso, Texas in deep southwest to Bangor, Maine in far northeast -- selling gold gee-gaws to high end doctors and techies (well, mostly their wives). Between 1992 and 2002, 70 per cent of his revenues came from such U.S sales, before rich Indians, sated with jewelry, began graduating to collectibles and heirlooms, and started returning home to buy. The message is unmistakable: You can take Indians away from India, but you can't take them away from their gold.
