

Gold-laden brides defying govt maths as culture wins

Mumbai, Nov 18: As the sound of traditional drums, trumpets and cymbals ushers Amrita Mannil into the wedding hall, she's adorned by four finely crafted necklaces, rings, 16 bangles, a glistening belt, dangling chandelier earrings and a stone-encrusted head piece to match the silk borders of her dress. She's wearing about 800 gm of gold.

Amid the music and the chanted prayers, a gold chain is placed around her neck as the 25-year-old advertising executive marries Vimal Mohan in a traditional Hindu ceremony attended by 500 friends and relatives in Kozhikode, about 180 km from Kochi in Kerala. "Gold is an asset the girl carries," 28-year-old Namitha Sthyan, the bride's older sister, said after last month's ceremony. "The values, status and wealth of the family is represented by the gold the girl wears as she gets married. The more gold you wear, the more pride you have in your family."

The jewellery worn by the bride is typical and represents the cultural and social affinity Indians have had toward gold for centuries, making the country the world's largest consumer last year. Demand in India and China helped bullion to climb by more than \$1,000 an ounce since 2000 and helped to curb this year's 23% rout.

At the same time, the resilience of Indian demand, and the fact the nation imports almost all the bullion it uses, poses a challenge for PM Manmohan Singh, as he seeks to trim a record current-account deficit and stem the rupee's 15% slide this year.

Finance minister P Chidambaram responded by raising import taxes three times this year to curb consumption which represented about 20% of world demand in 2012. Prices more than doubled in India since 2008 and reached a record in August. The increase gave pause to

Ramesh Babu, the 61-year-old father of the bride, who bought Amrita less gold than he did for her sister's wedding five years ago. He bought 100 sovereigns, each weighing 8 gm. "We are moderate," said Babu. "There are people who give 300 to 400 sovereigns."

Indians purchase gold at festivals and for marriages as part of the bridal trousseau and as gifts in the form of jewellery. Demand will be 900 to 1,000 metric tonne this year, from 864.2 tonne in 2012, the World Gold Council says.

Demand in India has helped curb this year's slump in gold prices after some investors lost faith in the metal,

vestors cut their net long position, or bets on price gains, on the Comex in New York by 37% in the week ended November 12, the most since February, Commodity Futures Trading Commission data show.

For Indians, gold is not so much an investment as a cultural experience, said Pallavi Rao, assistant professor at the School of Communication, Manipal University. "When you think about the great Indian wedding, you cannot think about it without all that gold jewelry," said Rao, based in Manipal, about 400 km from Bangalore. "Gold buying itself becomes part of the wedding ritual."



a traditional store of value, as global inflation remained low. Bullion plunged 23% this year to \$1,286.96 an ounce, poised for its first annual retreat since 2000. Prices in rupees have declined only 1.7%.

The slump in London prices erased about \$64 billion from global exchange-traded products, data compiled by Bloomberg show. Central banks added to gold reserves the last two years even as they lost about \$576 billion in value since bullion peaked at \$1,921 an ounce in September 2011.

The \$350 million PFR Gold Fund of billionaire John Paulson declined 62% this year through September. In-

Mannil's family spent more than six hours selecting the chains and necklaces Amrita wore at the wedding. An Indian bride without gold "is like rice without salt; bland," said Sheela Ramesh, her mother, while fiddling with her own Thali, or gold wedding locket. "I got married in 1984, and the same tradition is being followed even now," said Ramesh. "My parents gave me gold, and we give our daughters," she said. "In our custom we wear only gold, no artificial jewellery."

The insatiable appetite is good news for retailers such as Gitanjali Gems, Malabar Gold and Diamonds, Titan Industries, Tribhovandas Bhi-

mji Zaveri and Kalyan Jewellers. The stores represent 10% of the market estimated at about \$15.9 billion, Edelweiss Securities said in a report last month. "In the long term, the fundamentals of gold demand are still intact," said Haresh Soni, chairman of the All India Gems & Jewellery Trade Federation, which represents 300,000 jewellers and bullion dealers. "For Indians, gold buying is not just a cultural or traditional compulsion but also acts as social security. From birth to death, gold is involved in all aspects of our life and used in our prayers and rituals."

To lure customers, jewellers are spending more on TV and outdoor commercials and signing up Bollywood stars. Award-winning South Indian actor Mohanlal is a brand ambassador along with actress Kareena Kapoor for Malabar Gold, which has 102 stores in West Asia, India and Singapore.

The Babus purchased all their wedding gold from Malabar's store in Kozhikode.

There are about 5 million weddings in India every year, said Prithviraj Kothari, managing director of Riddhisiddhi Bullions and a director with the Bombay Bullion Association. The average purchase is 200 gm, he said.

The government is seeking to cut imports to 800 tonne in the 12 months through March 31, from 845 tonne a year earlier, to reduce the current account deficit. The gap results mainly from bullion and crude oil imports, according to the RBI. The curbs caused a domestic gold shortage and buyers are paying a premium for supplies, according to the All India Gems & Jewellery Trade Federation.

"The more negative statements the government makes about gold, the more people are attracted toward it as they think the government might ban imports," said Bachhraj Banzhwa, a director with the trade group. *Bloomberg*