

## Passion for Ornamental Gold jewellery in India

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### Abstract

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Thought to be one of the first known metals, gold has been coveted throughout history for its beauty, scarcity, malleability, and uncanny resistance to rust and corrosion. Gold in India serves many functions and wearing it has several implications. At the most obvious level, it is a form of adornment, and also a status symbol.

The value of gold has transcended all national, political, and cultural borders, making it the ideal Form of Investment. The Indian households are investing more than any other country because they have a strong desire to save.

This proposed study brings out how gold is a preferred savings avenue for the Indian household people. The study also indicates the demand of Indian people for gold ornamental jewels and their reactions to changes in price of gold.

The Government of India (Gol) has been working to develop the gems and jewellery industry in India through several initiatives. Gold market deregulation in Asia further encourages investment demand in gold. India remains the cornerstone of the global gold physical market.

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**Keywords— WGC, Jewellery, Investment, Demand, Price**

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### I. Introduction

“The story of gold has a deeper message, one that has none of the transitory qualities of what we choose to use as money. Seen in this broader sense, the story of gold has no ending.” [1] In India, gold is as much a thing to be possessed as it is a concept. The word ‘gold’ in the ancient texts has wide meaning and connotations, ranging from the mundane to the sublime. Gold in India serves many functions and wearing it has several implications. At the most obvious level, it is a form of adornment, and also a status symbol. For Hindus, gold is associated with most religious ceremonies, such as the naming ceremony or marriage.

Centuries ago, gold’s unique combination of properties – its sun-like color, its soft hardness, and, especially, its imperviousness to decay and corruption – imbued it with magical associations in the eyes of many. Because of these unique properties, gold has traditionally been the currency of choice for much of the world’s population. The value of gold has transcended all national, political, and cultural borders, making it the ideal form of Investment.

We are in the midst of a new gold rush, one that is consuming wilderness areas, contaminating watersheds, destroying ecosystems, and imperiling the economies of poor nations and the well- being of indigenous people throughout the world[2]. This new gold rush is the result of a converging complexity of circumstances on a global scale, including:

- 1) The development of highly effective and extremely toxic methods of gold extraction,
- 2) A continual rise in worldwide demand for gold,
- 3) The demise of gold as global monetary standard,
- 4) The continued withholding of enormous stockpiles of gold in the vaults of national banks, and
- 5) Huge multinational corporations very eager to cash in.

## II. OBJECTIVES OF THE STUDY

- 1) To Study the Demand of Gold across Time
- 2) To Study the Causes for Increase in Prices of Ornamental Gold Jewellery
- 3) To study the impact of rising prices on Demand for Gold

### III. Scope of the Study

- 1) The focus of the study is to find out the preference for purchase of ornamental gold jewellery
- 2) Savings behavioral variables to be considered for the present study are as follows:
  - a) The motives of savings
  - b) Price of ornamental gold jewels

## IV. RESEARCH METHODOLOGY

### A. Research Design

The aim of the proposed study is to analyse and describe the existing characteristics of Indian people. This study also aims to test the existence of relationship among various factors of price and purchase of gold. Hence, the research design to be applied for this study is descriptive in nature.

### B. Nature and Source of Data

Data refers to the information or facts. Often researchers understand by data only numerical figures. It also includes descriptive facts, non-numerical information, qualitative and quantitative information. The source of data can be from primary and secondary. This paper has been prepared on the basis of Secondary data.

### C. Methodology

After introducing the major topic of this study, i.e. demand for ornamental gold jewellery, the researcher wants to discuss the methods used to conduct this study. This study focuses on the importance of "the moral, social, and behavioral norms of individuals based on the tradition and customs, attitudes, and priorities". Secondary data has been collected from books, journals, and articles, which enabled the researcher to understand the problem area from different author's point of view. One of the important ways used for collecting secondary information was to study the references of important articles to understand the broad ideas and background of that study.

## V. SIGNIFICANCE OF THE STUDY

This paper gives information about the features of ornamental gold jewellery and the specific benefits of investing in ornamental gold jewels. This information will be useful to the investors to take right investment decision.

The Indian households are investing more than any other country[3] because they have a strong desire to save. It is an acceptable fact that highly motivated people will save more than least motivated people. As the motivation level of highly motivated people is high, convincing them to make savings will not require much effort. To sell more with limited effort, the organisations which offer investment products can concentrate on the highly motivated segment. Moreover, Indian women are prone to have regards for gold in various forms and it is regarded as a status and wealth symbol by the Indian household people. The major objective of this research is to identify the factors influencing the purchase of ornamental gold jewellery by Indian people. This will be a useful guide for the marketers to design suitable marketing strategies to come out with new investment and Savings avenue. This proposed study brings out how gold is a preferred savings avenue for the Indian household people. The study also indicates the demand of Indian people for gold ornamental jewels and their reactions to changes in price of gold.

## VI. Review of Literature

According to eminent economist Keynes (1936/1958), there are 8 motives behind savings. All the people do not have the same motive and the intensity of motive also varies from individual to individual. The precautionary saving motive is one of the oldest theories used to explain savings. The basic idea is that householders save to smooth future consumption when faced with income uncertainty. (Friedman, 1957).

Datta Roy Choudry, Uma has pointed out their paper titled (“Income, Consumption and Savings in urban and rural India”). In “The review of Income and wealth, march 1968”, has pointed out that urbanization results in changing consumptions which has a direct impact on income leading to the changes in savings habits.

R.Rajkumar (1980) has made a research on house hold savings motivating factors and the savings patterns in Madras University. Lindqvist.A (1981) has identified the determinants of house hold savings behavior and published the same in the journal of economic Psychology vol-1 page 39-57.

Kotlikoff I.J. (1989) wrote a paper on “The determinants of savings” which was published through MIT press. D.Ramesh (1989) studied the effect of education on “Savings and Investment Pattern” and submitted the same in Madras School of Economics. However this thesis was unpublished. In the subsequent year (1990) he published a paper titled “Effects of education on household savings” – a case study of Warangal city in the Asian economic review vol 32 (3). Cordess .J (1990) has studied the impact of risk taking on the savings pattern and published the same in the journal of economic psychology vol.12 page 479-500.

Salgoda.R (1995) has presented a paper on the basis of his research work on the savings trends in India in IMF. B.K. Somasundaram has submitted a thesis titled ‘a study on savings and investment pattern of salaried class’ in Coimbatore district in 1998, to Bharathiyar University. Sunden.A.E, Surette.B.J has submitted a paper on the gender difference in the allocation of assets in retirement savings plan to the Federal Reserve based and the same was used in the survey of consumer finance working papers.

Athur Koralla Prem Chandra, Gumal has submitted a paper titled ‘The determinants of private savings in India’ in the journal of ‘World development’ vol.32 subclass (3) march 2004 page 491-503. Sholapur.M.R, Kanchanpur.A has written a paper titled ‘Study of savings behavior of household sector in the journal of ‘Southern economist’ vol.44 subclass (14) Nov 2005 page 13-16.

M.L. Sukbeve has written a paper titled ‘Informal Savings of the poor – prospects for financial inclusion in the journal of CAB CALLING Jan-mar 2008 page 32-36. Anderson.S has published a paper titled ‘The economies of dowry and bride price in the journal of ‘Economic perspectives’ vol.21 subclass (4) 2007 page 151-174. In this paper he has described the role of ornamental gold jewellery as a means to settle the price of marriage has a means to dowry.

## VII. Gold Market in India

India has the highest demand for gold in the world and more than 90% of this gold is acquired in the form of jewellery. The bulk of the Indian jewellery buying is still rooted in tradition and jewellery is sold in traditional designs.

Jewellery designs vary in different regions of India, making the style unique to each region. In south India the designs are inspired by nature - paisley motif of the mango, rice grains, melon and cucumber seeds, etc. In western and northern India the Mughals influenced the meenakari (enamelling) and kundan (setting of precious and semi-precious stones in gold) styles to give just give a few examples. Jewellery is crafted not just for humans but also for the deities, ceremonial elephants, and horses. Hence the varieties of gold jewellery in India are truly mind-boggling and bear testimony to the excellent skills of Indian jewellers even today.

Ornaments are made practically for every part of the body, called 'solah shringar' (16 types of body adornment) - nose rings, bangles, necklaces and special jewellery for the head, ankles, waistbands, and so on . Hindu women wear the 'mangalsutra' or 'thali' to signify their marital status, which consists of gold pendants strung in a certain combination with other beads. However, all over India, the toe rings adorning the feet are made only in silver and never in gold. Gold is Goddess Laxmi incarnate (goddess of wealth) and She cannot be soiled by touching a human's feet.

Jewellery is fabricated mainly in 22 and 24-karat gold and even 18-karat is not favoured as the mindset will not accept low purity gold jewellery. The logic is that the jewellery is primarily bought as an investment in gold as a store of value, and investing in a low purity product does not make sense. Designer jewellery is generally not very popular and may not pick up in a big way. The reason is that the investment is made for the gold content in the jewellery and not for some fancy designer's name.

Confidence has been the anchor of the gold jewellery trade in India. A jeweller or goldsmith of reasonable standing in a local area has a fixed and loyal clientele. He is the family jeweller (like a family doctor)

and his services are requisitioned whenever any jewellery is to be purchased or fabricated due to implicit faith. Additionally, the local jeweller caters to the local taste for traditional jewellery. This has led to a very fragmented and unorganized market - Rs 300 billion market is in the unorganized sector[4]

However, standardization of jewellery designs across the country is not feasible due to the pre-dominance of local tastes. Some chains and large jewellers have now started thinking on the lines of expanding their network and marketing nationally, but this is an uphill task as this is a very person-oriented business. The chains would have to cater to local tastes by giving the designs that customers want, and win the trust and confidence by hallmarking and proving the purity of the gold as they have to compete with the local jewellers. After the liberalization of the markets a lot of jewelers sprung up, and due to the competition a lot of the jewellery was being marketed which did not have the stated purity. The system with standard jewelers is that they mark their jewellery and if you resell it to them they will buy it back at the stated purity. However if this jewellery is sold in the open market the purity may or may not be as marked and the investor will lose money.

Gold jewelry is given for many occasions, and is the most common gift at weddings. Traditionally, gold jewelry is the only asset a woman may own, and as part of her dowry is the only way of passing wealth along maternal lines. A bride may wear as much as 32 ounces of gold for her wedding.

Organised players such as Tata with its Tanishq brand and Gitanjali a pioneer in the branded jewellery segment have, however, been growing steadily carving a 4 per cent market share. As India's jewellery market matures, it is expected to get more organized and the share of family jewellers is expected to decline.

### **VIII. Indian People and Passion for Gold**

India's love affair with gold is timeless, spanning centuries and millennia. Over a few thousands of years, many kings, emperors and dynasties featuring countless wars, conquests and political upheavals have ruled the Indian sub-continent. Different dynasties ruled different parts of India with different monetary systems. Gold acted as a common medium of exchange or store of value across the monetary systems of different kingdoms across the sub-continent. Hence wealth could still be preserved in spite of wars and political turbulence. Gold also helped preserve wealth through natural calamities and disasters and for centuries was the only means of saving in rural India, land being the other main asset of economic value. This has largely helped formulate, or evolve, the Indian sentiment and fanatical passion for gold[5], which holds true even today India is estimated to hold more than 18,000 tonnes of gold.

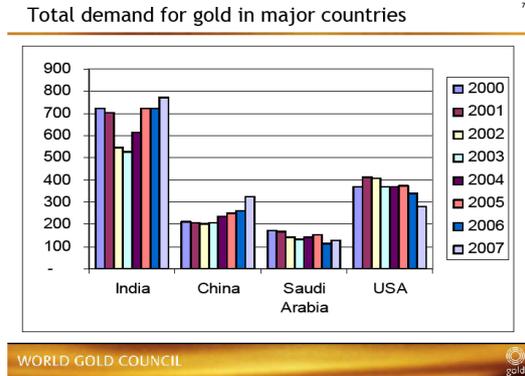
As with most old civilizations, traditions are very strong in the Indian society and that much more so in rural India - still 70% rural. India is a vast country - a culture which is a heterogeneous mixture of different sub-cultures, communities, customs, food and dress habits, but the love of gold is universal across the length and breadth of the country. Gold is the only item that permeates every strata and class of the Indian society; it is equally sought by a wealthy urban businessman or a poor farmer in a village. Indians see the metal as a symbol of purity, prosperity and good fortune.

Gold is acquired continuously over the years, as money is saved and available. Thus the acquisition is done over generations. Except for the last few decades, gold was the only form of savings that was practical. Gold purchase in India is entwined with religious and cultural beliefs. Indian customs demand buying gold for special occasions like weddings, births, birthdays, celebrate various festivals or offer gold to Indian deities. Gold is mainly acquired all over India for the Diwali (around October-November) festival. Regional festivals are also very important occasions for the purchase of gold, for example Onam and Pongal in the South, and Durga Pooja in the East. The Indian Hindu calendar even has auspicious days to buy gold (Akshaya Thridhya). In rural India, harvest festivals are big occasions to buy gold, and the farmers are flush with money.

In the Indian society, the custom of gifting gold in marriages is deeply ingrained. So much so that a family of average means start saving soon after their children are born - for "stridhan" and dowry, in case a daughter is born. Gold gifted to the bride is called "stridhan" and this is exclusively her property in her new house. Life's earnings go into weddings, especially if a daughter is to be married (in Indian society the bride's father bears a large part of the wedding expenses). Depending on the customs in each community, either a fixed amount of gold is given or gold for a fixed amount of money is gifted to the bride. Gold and jewellery expenses constitute between 30-50% of the total marriage expenses. The emphasis on gifting cash in close family is less, as cash is too transient whereas gold is eternal. The gold jewellery is exhibited in the marriage so that the guests can see what is given to the bride and this also reflects on the status in a very status-conscious society.

### IX. Demand for Gold

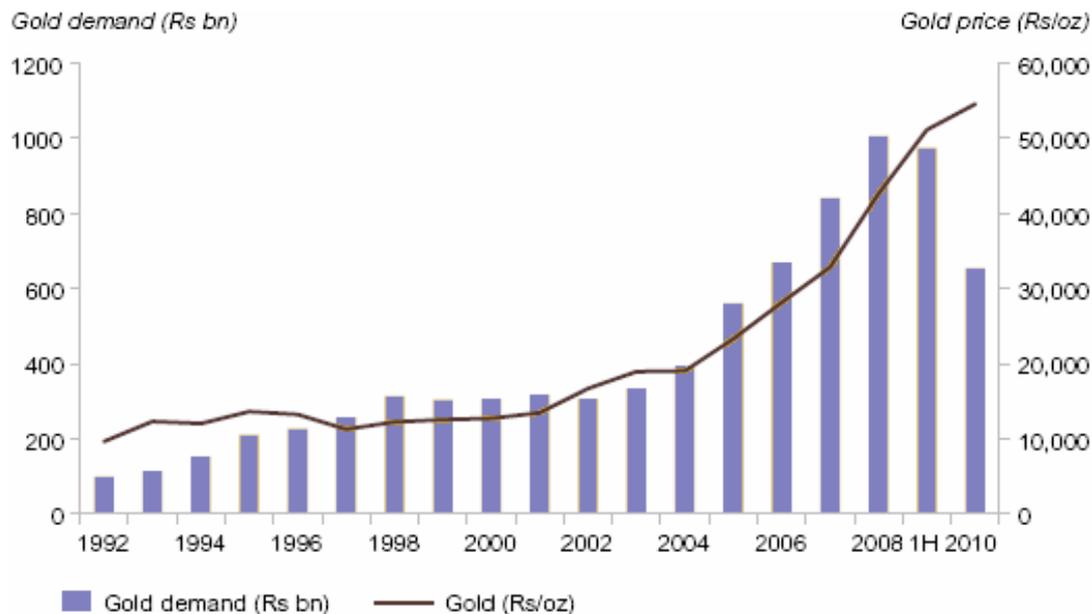
**Figure1 : Total Demand for Gold in Major Countries**



Over the past ten years, the value of gold demand in India has increased at an average rate of 13% per year, outpacing the country’s real GDP, inflation and population growth by 6%, 8% and 12% respectively[6]. Based on WGC estimates, the nation owns over 18,000 tonnes of Gold. Indians buy nearly 20% of the worlds gold every year and 95% is used in jewellery.

In 1998-2001 inclusive, annual Indian demand for gold in jewellery exceeded 600 tonnes; in 2002, however, due to rising and volatile prices and a poor monsoon season, this dropped back to 490 tonnes, and coin and bar demand dropped to 67 tonnes. In 2008, India consumed 660 tonnes of gold and was the leading consumer of gold; however, its gold mining industry can only meet 0.4% of its gold consumption. As a result, India imported 396 tonnes of gold, and the remainder of its needs was satisfied by recycling. Last year, worldwide gold demand fell 11 per cent to 3,385.8 tonnes over the whole year 2009, and dropped 24 percent in the final quarter to 819.7 tonnes.

**Figure 2: Comparison of gold demand against prices**

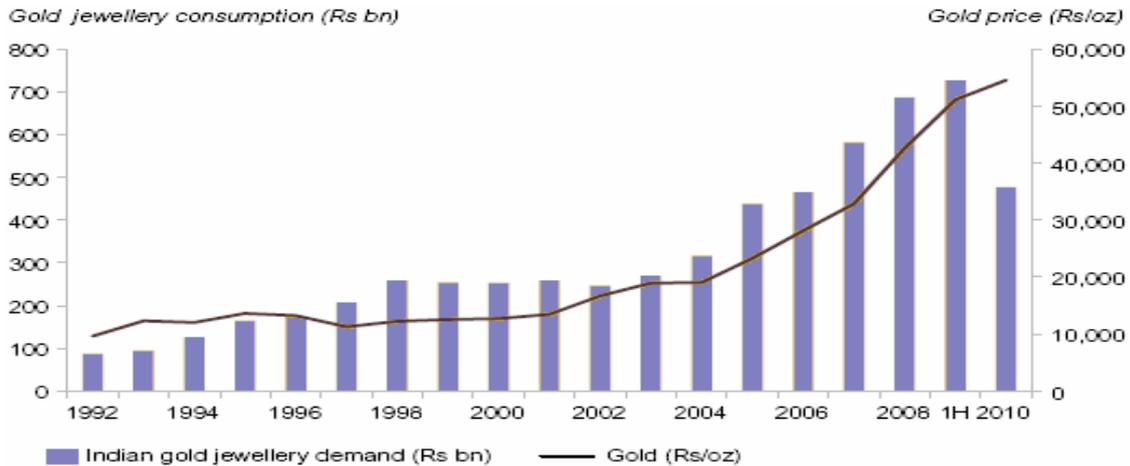


While the pace of decline in gold jewellery consumption slowed over the year to June 2010, jewellery demand was still 5 per cent weaker than in 2009 and remains down by around 22 per cent from June 2008. The negative relationship between the gold price and jewellery consumption is well established, and it is not

surprising that jewellery demand is weak given the recent strength of gold prices in the main jewellery consuming countries

### X. Consumption of Gold

**Figure 3: Gold consumption against price**



Source : WGC Reports

1 troy ounce or oz.= 31.1034807 grams; 0.375 oz=1 tola; 32,150 troy ounces =1 metric ton (1,000 kilos)

India is the largest consumer of gold in recent times. The recent World Gold Council figures estimate Indian demand of gold in 2001 to be 843.2 tonnes comprising 26.2 % of the total world demand[7]. This is sure to surprise many considering that India is considered a very poor country with one of the lowest per capita incomes in the world. India is estimated to hold more than 11,000 tonnes of gold. 70% of the population lives in rural India where agriculture is the main activity. 65-70% of the gold purchase is done in the rural areas, which is largely dependent on agriculture[8] although agriculture forms only about a third of our GDP. Additionally gold has less competition from other avenues for savings and they would not trust blindly the new-fangled vehicles like mutual funds.

**Table 1 : Changes in Investment pattern in Assets by Indians between june 2009 & june 2010 [9]**

|                               |                        |
|-------------------------------|------------------------|
| <b>Gold</b>                   | <b>+ 90% (Volume)</b>  |
| <b>Real Estate</b>            | <b>+ 144% (Volume)</b> |
| <b>Govt. Deposits</b>         | <b>+200% (Volume)</b>  |
| <b>New Insurance Policies</b> | <b>+ 37% (Volume)</b>  |
| <b>Bank Fixed Deposits</b>    | <b>-27%</b>            |
| <b>Security Markets</b>       | <b>+ 1.2%</b>          |

**Table 2: Demand and Price of Gold**

| <b>Year</b> | <b>Price of Gold (Per 10 grams)</b> | <b>World Total Demand (Tonnes)</b> |
|-------------|-------------------------------------|------------------------------------|
| <b>2000</b> | <b>4395</b>                         | <b>3822</b>                        |
| <b>2001</b> | <b>4410</b>                         | <b>3728</b>                        |
| <b>2002</b> | <b>5030</b>                         | <b>3362</b>                        |
| <b>2003</b> | <b>5260</b>                         | <b>3206</b>                        |
| <b>2004</b> | <b>6005</b>                         | <b>3512</b>                        |
| <b>2005</b> | <b>6165</b>                         | <b>3745</b>                        |
| <b>2006</b> | <b>8210</b>                         | <b>3424</b>                        |
| <b>2007</b> | <b>9500</b>                         | <b>3552</b>                        |
| <b>2008</b> | <b>13100</b>                        | <b>3806</b>                        |
| <b>2009</b> | <b>18000</b>                        | <b>3386</b>                        |
| <b>2010</b> | <b>20280</b>                        | <b>3646</b>                        |

*Source: WGC Reports Tonnage data are GFMS; Value data are WGC calculations based on GFMS data.*

The above table indicates that demand for Gold is steadily increasing over the period of years despite the increasing gold prices. This shows that there is always a negative relationship between prices of Gold and Demand of Gold.

**Table 3 : Soaring Prices of Gold**

| <b>Year</b> | <b>Average Price (Rs.) Per 10 gms</b> | <b>Year</b> | <b>Average Price (Rs.) Per 10 gms</b> |
|-------------|---------------------------------------|-------------|---------------------------------------|
| <b>1925</b> | <b>18</b>                             | <b>1996</b> | <b>5713</b>                           |
| <b>1930</b> | <b>18</b>                             | <b>1997</b> | <b>4750</b>                           |

|             |             |             |              |
|-------------|-------------|-------------|--------------|
| <b>1935</b> | <b>30</b>   | <b>1998</b> | <b>4050</b>  |
| <b>1940</b> | <b>36</b>   | <b>1999</b> | <b>4220</b>  |
| <b>1945</b> | <b>62</b>   | <b>2000</b> | <b>4395</b>  |
| <b>1950</b> | <b>99</b>   | <b>2001</b> | <b>4410</b>  |
| <b>1955</b> | <b>79</b>   | <b>2002</b> | <b>5030</b>  |
| <b>1960</b> | <b>111</b>  | <b>2003</b> | <b>5260</b>  |
| <b>1965</b> | <b>71</b>   | <b>2004</b> | <b>6005</b>  |
| <b>1970</b> | <b>184</b>  | <b>2005</b> | <b>6165</b>  |
| <b>1975</b> | <b>540</b>  | <b>2006</b> | <b>8210</b>  |
| <b>1980</b> | <b>1330</b> | <b>2007</b> | <b>9500</b>  |
| <b>1985</b> | <b>2130</b> | <b>2008</b> | <b>13100</b> |
| <b>1990</b> | <b>3200</b> | <b>2009</b> | <b>18000</b> |
| <b>1995</b> | <b>4658</b> | <b>2010</b> | <b>20280</b> |

Source: *Bombay Bullion Association*

Over the past ten years, the value of gold demand in India has increased at an average rate of 13% per year, outpacing the country's real GDP, inflation and population growth by 6 %, 8 % and 12 % respectively.

## **XI. Reasons for Rise**

### **A. Dollar crisis:**

A weak dollar in the wake of the recession has forced people to invest in gold which in the long run would fetch more returns. Dollar is likely to weaken further leading to a further rise in gold prices.

### **B. Low saving rate:**

With banks offering lower interest rates, fixed deposits make little sense. It is cheaper to even borrow money to invest in gold.

### **C. Image:**

A weak dollar leads to a rise in prices.

### **D. Inflation:**

Gold has always been a good tool to fight inflation. Rising inflation rate appreciates gold prices. With inflation rising to record highs, gold will prove to be a safe bet.

***E. Economic crisis:***

Gold has always given high returns over a long term as the crisis triggered a fall in markets across the globe, many investors wary of investing in stocks or bonds, found refuge in gold. Gold is globally accepted and easily convertible into cash.

***F. A fall in gold supply:***

Gold mining is decreasing and the demand for gold is increasing. Gold supply has decreased by almost 40 per cent as the cost of mining, legal formalities and geographical problems have increased which has led to a fall in gold mining.

***G. US interest rates:***

The interest rates affect gold prices. Whenever interest rates fall, gold prices rise. Lowering interest rates increases gold prices as gold becomes a better investment option.

***H. Political concerns, crisis:***

Whenever there is a crisis, war, terrorist attack etc, investors rush to prevent erosion of their investments and gold as a safe haven. After 9/11 terror attacks in the United States, the demand for gold had gone up.

***I. Festivals:***

Indians are among the largest consumers of gold. Gold has been used as ornaments and gifted during festivals and weddings. So there is a huge demand for gold during the festive season.

## **XII. Reasons for Investing in Gold**

***A. High value and liquidity:***

It can be converted into cash and hence it is a highly liquid asset.

***B. Good security:***

It is easy to get loan from banks since banks accept gold as security.

***C. Investment in gold bonds:***

The other option is to invest in gold bonds or certificates issued by commercial banks. These bonds generally carry low interest rates and a lock-in period varying from three years to seven years. On maturity, depositors can take the delivery of gold or amount equivalent depending on their options.

***D. No income tax:***

Since there is no regular income from investment in gold, the income will not be subjected to tax.

***E. Stable investment:***

Gold pricing is not volatile so it remains stable. It is more stable than currencies.

***F. Gold bars, coins:***

It is better to have 5-10 per cent of net assets as gold bars and coins. The price for ornamental gold jewellery is more because of making and processing charges involved in it. Smaller bars are more expensive than large bars but are easier to sell. Bars carry a higher price premium than coins.

***G. Hallmark:***

Hallmark and BIS sign on gold bars and coins is a sign of quality and purity. It is always better to buy gold coins and gold bars from banks

### ***H. Gold Deposit Scheme***

A person can deposit a minimum of 200 gm of gold with no upper limit, in exchange for gold bonds carrying a tax-free interest of 3 to 4 per cent depending upon the tenure of the bond ranging from 3 to 7 years. These bonds are free from wealth tax and capital gains tax. The principal can be collected back in gold or cash at the investor's option.

### ***I. Gold ETFs***

There has been a rise in the Gold Exchange Traded Funds (ETFs). ETFs are mutual funds that stock up gold and then issue units for the same value for investors to trade. ETFs allow normal investors to hold gold electronically in paperless form. According to World Gold Council estimates, ETF demand for gold in the first half of 2009 stood at over 500 tonnes, three times their annual levels five years ago.

## **XIII. Government Regulations and Support**

The Government of India (GoI) has been working to develop the gems and jewellery industry in India through several initiatives [8] which are listed as below.

- The Indian gems and jewellery export industry had its modern beginning in the 1960s, when the Government of India introduced the Replenishment (REP) licence, allowing an importer to import rough diamonds worth 80 per cent of the value of his exports. The REP licence thus provides the foreign currency needed to purchase rough to manufacture the relevant type of polished diamonds. At the outset, a 45 per cent customs duty was levied on rough diamond imports, but this duty was reduced to NIL in the Union Budget of 2003-04.
- The EXIM Policy for 2002-07 contains a special focus on exports of gems and jewellery through market access initiative schemes, duty free imports and appropriate adjustments in value addition norms.
- The government has set up various special economic zones (SEZ) for gems and jewellery industry with specific incentives provided to units in SEZs. Gems & jewellery units in SEZs and Export Oriented Units (EOUs) can receive precious metal, viz, gold/silver/platinum prior to exports or post exports equivalent to value of jewellery exported. This means that they can bring export proceeds in kind against the present provision of bringing in cash only.
- Lowering import duty on platinum from US\$ 12.2 per 10 gms to US\$ 4.64 from 2004-05
- Exempting rough coloured precious gems stones from customs duty at the first stage itself instead of claiming reimbursements later.
- Rough semi precious stones are already exempt, aimed to further increase the exports of studded jewellery and platinum jewellery.

The policies for this sector announced in the Foreign Trade Policy include:

- Duty free re-import entitlement for rejected jewellery up to 2 per cent of Freight on Board (FOB) value of exports.
- Increased duty free import of commercial samples of jewellery to US\$ 2232.1.
- Import of gold of 18 carat and above under the replenishment scheme
- Setting up of SEZs and gems and jewellery parks to promote investment in the sector.
- In May 2007, the government abolished import duty on polished diamonds. Cutting and polishing of gems and jewellery treated as manufacturing for the purposes of exemption under Section 10A of the Income Tax Act.
- In addition, the Government has decided to make gold hallmarking mandatory from January 1, 2008. Also, special economic zones dedicated to gems and jewellery are to come up in Surat, Kolkata, Goregaon, Dhulia and Hyderabad.

#### XIV. Conclusion

Fears of inflation and currency debasement will see to that however gold and commodities more generally have become portfolio asset classes, attracting pension fund managers and others to the space. Portfolios become more “efficient” when some gold is included, according to many portfolio analysts. Gold market deregulation in Asia further encourages investment demand in gold. Demand for gold in key regions around the world remained positive despite tough trading conditions in the final third of the year. India remains the cornerstone of the global gold physical market. To conclude, the researcher states that **“Gold is an integral part of Indian society and a foundation of wealth and savings in India. As consumers have adjusted their price expectations upwards, a further rise in gold jewellery and investment demand is anticipated and this trend is projected to continue over the long-run as local investors are buying gold driven by wealth accumulation motives.”**

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