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**"India's Gold"** From: **60 Minutes...CBSNews**

### **India's love affair with gold**

India's love for gold is almost a religion. Beyond being a symbol of wealth and status, gold is part of worship and culture - a tradition that goes back thousands of years. From birth to death, for men and women, among rich and poor - acquiring gold is a goal for the people of India. All of which has made India the world's largest consumer of gold and thus a powerhouse in industry. "If India sneezes, the gold industry will catch a cold," says Ajay Mitra of the World Gold Council. Follow Byron Pitts as he reports from India's exotic bazaars to its lavish weddings on the country's golden path.

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The following script is from **"India's Gold"** which aired on Feb. 12, 2012. Byron Pitts is the correspondent. David Schneider, producer.

In the past 20 years, India has emerged as one of the fastest growing economies on earth. Today, as a result, India is now the world's largest consumer of gold. Why gold? Because in India, there is no possession more valuable. Just as part of the American dream is to own a home, the dream in India is to own gold. For Indians, gold jewelry is wearable wealth, financial security that's also a fashion statement. India's love for gold is as ancient as its culture.

And with its growing prosperity, the one event that drives most of that demand is an Indian wedding. There may be no wedding like an Indian wedding. The events can last for days with music and dancing and traditions that go back centuries. Everywhere you look, there's a collection of colors, flowers and food. And then there's the gold: breathtaking. Here it's a symbol of purity that also shows off the couple's wealth and wellbeing.

Byron Pitts: I've heard several times since I've been here, "No gold, no wedding."

Divya Chauhan: Yes, absolutely.

Vithika Agarwal: It's very true.

Divya Chauhan: The bride is ready, the groom is ready, the venue is set, the food is set, but if you don't have gold, there's no wedding.

Divya Chauhan and Vithika Agarwal are former beauty queens. Today, they're business partners as wedding planners. In November, in the small southern city of Tumkur, they pulled together the wedding event of the season.

[Chauhan: She's very late, could you ask them to come quickly...]

Two of the town's elite families joined through the marriage of Nivedita Keshavmurthy and Akshay Bavikatte - both doctors.

Agarwal: Unlike Western cultures, where it's about the bride and the groom, here, it's about anything but the bride and the groom.

Chauhan: Yeah.

Agarwal: It's about two families coming together.

Chauhan: Together.

Half of the gold that Indians buy each year is jewelry bought for a wedding. And this was one of the estimated 10 million weddings that take place in India every year. But few rise to the level of this lavish affair, stretched over five days. The tent was custom built for the ceremonies. Water piped in for fountains and musicians flown in from Mumbai, the entertainment capital of India. The lighting, audio and video orchestrated like a Bollywood movie set. The families spent over \$200,000 just on gold.

Hidden in the corner, behind a curtain was the other India - a full kitchen that could have been from another age with a staff who earned about two dollars a day. They prepared enough food to feed the more than 7,000 people invited to the reception. Guests came to wish the couple well, not to mention it gave everyone a chance to break out their finest gold jewelry.

Chauhan: The gold will show off the prosperity and the stand of the family in the society.

Pitts: Is that vanity? What is that?

Chauhan: It's not vanity. It's just something so culturally ingrained in us that you can't have reasoning around it.

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. With three fourths of Indian marriages arranged, the bride's gold can also carry a message.

Chauhan: 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. So there's a slight power game happening there.

Pitts: I am new to the house, but I'm gonna be taken seriously.

Chauhan: Yes.

The tradition that a bride's parents will give her gold is a financial burden to some families. There was a time in India, when dowries were demanded if a woman hoped to find a husband.

Pitts: Though dowries were banned in 1961, there is still an expectation that a bride, her family should bring something.

Group: Yes.

Pitts: And that something is gold.

Group: Yes.

Pitts: So do the men in the family sit down and pass pieces of paper and say, "We expect this," and they kind of write another number down?

Chauhan: No. No. You know, in the--

Agarwal: No.

Chauhan: --in the past few--

Agarwal: No, that would be--

Chauhan: That would be the--

Agarwal: That would be selling--

Chauhan: That would be selling, yeah.

Agarwal: --your daughter, right?

Chauhan: But--

Agarwal: And unfortunately, yes, it did happen. And we can't deny that it still happens. But earlier it was out in the open. Now it's shameful for you to do that.

There are 1.2 billion people in India. It's the world's second most populous nation with the sixth largest economy and growing. And it's also a country rich in cultural diversity.

Pitts: About how many languages are spoken in India?

Ajay Mitra: There are 21 official languages and 600 dialects.

Pitts: And gold translates in all those places?

Mitra: There are 21 ways of speaking gold.

Ajay Mitra is the World Gold Council's Managing Director for India and the Middle East. He understands India's obsession with gold both economically and emotionally.

Pitts: For most Americans, gold is nice. But it isn't a necessity for most Americans, but for people here gold is a necessity.

Mitra: Gold is a part of life. You can't not have a family which doesn't own gold. It is an incomplete family. In India, gold is considered honorable. And the more you possess, the higher you are up on the social ladder.

Reverence for gold touches everyone, from the very old to the very young. From the high-end stores in major cities, to the gold-plated jewelry shops in the poorest villages.

Gold's value comes from its rarity. And it's the most malleable metal on earth, making it ideal for jewelry and coins. Everywhere we went people told us Indians love buying gold and hate selling it. Wedding planners Divya Chauhan and Vithika Agarwal say it's especially true for a bride and her jewelry.

Chauhan: They would never touch gold, because that's like-- it's go-- I mean it's--

Agarwal: It's giving a piece of you away.

Chauhan: --piece of you, yeah.

Agarwal: How do you give away something?

Chauhan: Give up something--

Agarwal: --or sell something that was passed on by your grandmother?

Chauhan: And family to you?

Agarwal: For example, what I'm wearing was something my parents took me to the store when I was 15 and said, "Okay, buy something you like." And I'm like, "For what?" Because at 15, I'm not interested in gold. I'm like, "Give me the money, I'll go do something else."

Chauhan: So yeah.

Agarwal: But they're like, "No, for your wedding." I'm like, "I'm only 15. Don't talk to me about wedding." But they said, "You have to get married one day. So I mean it's impossible for me to imagine that, one day, I might have to sell it. But at the same time, I know it's there in case I need it."

Pitts: What is this area?

Gargi Shah: This is Zaveri Bazaar. It's one of the oldest gold markets in India.

Zaveri Bazaar, in Mumbai, has been the hub of India's gold trade for the past hundred and fifty years. We walked through it with Gargi Shah, a precious metals analyst with GFMS. It's the London-based publisher of the annual "Gold Survey," considered the industry's Bible on bullion.

Pitts: Where does India rank in the world stage as it relates to gold?

Gargi Shah: Today is-- India's position is at number one, both in consumption of jewelry as well as physical bars and coins.

In recent years, India's demand for gold accounted for 32 percent of the world's gold market. That's four times the demand in all of North America. Almost all of India's gold is imported. Indian mines produce less than one percent of the world's supply. And the rising price of gold over the past decade sent Indians rushing to buy more before prices went even higher.

Pitts: Most Indians believe that the value of gold will keep increasing.

Shah: Indeed. And that has--

Pitts: But the reality is it can't, right? At some point it will slow down, it will stop, it will, God forbid, lose some value, yes?

Shah: Try explaining that to an Indian. It's impossible to tell an Indian consumer that the gold prices will fall tomorrow because there is such a strong belief, and this belief has been backed by its own performance.

Chauhan: You're dealing with tradition. You're dealing with culture. You're dealing with history.

Chauhan: And you have to also understand that, unlike diamonds and platinum, which are much more expensive than gold, gold is considered sacred here.

The Bavikatte wedding was a Hindu ceremony, the religion for 80 percent of Indians. The bride and groom had gold on them and all around them a powerful symbol of purity and eternity that Hindus elevate to the status of a goddess. They call her Lakshmi. Every fall there's a religious holiday, one day when Hindus worship Lakshmi by shopping for gold.

Chauhan: That day, if you buy gold, it's considered to bring you prosperity, good luck, health, wealth, everything. If you buy gold a day before, you get nothing. You buy gold a day after, you get nothing.

Pitts: So you don't just buy it, you buy it on a particular--

Chauhan: Day.

Pitts: And that's the way it is.

Chauhan: Yes.

Pitts: Don't question that.

Chauhan: We have never questioned it. We just know if you buy gold today it'll bring you prosperity. Goddess Lakshmi will visit your house. So hey, let's do it. Who doesn't want to be prosperous?

India's love affair with gold started in ancient ports like Vizhinjam. For centuries, traders from the empires of Europe, Asia and the Middle East landed here, looking for spices and silk. They had little to offer in exchange, so the Indians took their gold.

Gold is so important to the lives of Indians, the poor can now get financing for it. Beela Babu and 13 other women run a small business. Every week they collect part of their hard earned money - about five dollars apiece - in a pilot program that lets them buy gold, one gram at a time.

Pitts: How many of these do you have so far?

Beela Babu (translation): One.

It's so small, it comes in credit card sized packaging. At \$60 a gram, it takes months to earn one.

Pitts: Talking about gold makes you smile. You were so serious inside. But you talk about gold, you smile.

Beela Babu (translation): I earn this gold through my own hard work. That makes me happy.

Ajay Mitra: India has close to 400 million population that is classified as the poorest of the poor.

Ajay Mitra's employer - the World Gold Council - is funded by a group of mining companies to promote the sale of gold. He created the program to help India's poor, not to mention the gold industry.

Pitts: How would you characterize the role that India plays in the price of gold?

Mitra: The demand for gold out of India is fundamental for the health of the industry. If India sneezes, the gold industry will catch cold.

Pitts: People in the West can think what they want. The folks in London can set prices as much as they want. What happens in India is what determines what happens with gold.

Mitra: Right.

For now, much of India's demand for gold can be found in high-end stores like Anmol, owned by Ishu Datwani.

Ishu Datwani: This is the lower end of the spectrum. This starts--

Pitts: Lower end?

Datwani: --at about \$500. This is a chain from Italy. Yes.

Pitts: You wouldn't wear that to a wedding.

Datwani: You wouldn't wear that to a wedding, no. You wouldn't. You wouldn't be caught dead with it in a wedding. This is about \$30,000.

Pitts: \$30,000?

Datwani: \$30,000 yes.

Pitts: And people are coming in and buying that?

Datwani: Yes.

With India a rising economic powerhouse, the number of rich and middle class families now outnumber the poor. Indian households save an estimated 30 percent of their income, compared to about five percent for American households. The combination of rising incomes and savings prowess will enable Indians to buy more gold.

Pitts: How can you be both frugal and conservative, but yet be willing to spend thousands of dollars on gold?

Datwani: Because in your mind, that is a saving. That is going toward your saving account. You're not-- you know, a lot of people, when they come and buy gold, they don't think they're spending money. It's not an expense. It's an investment.

Pitts: That sounds like a jeweler's dream to have customers think they're not spending money.

Datwani: They do. They do. I'm not-- those are not my words.

Agarwal: In India, it's the jewelry that needs to do the talking. You know?

Chauhan: Nothing else matters.

Agarwal: ... because if you're not all decked up in your jewelry, you're just not sending the right message to the world.

Pitts: Yeah, 'cause all--

Chauhan: It has to be loud and clear.

Pitts: Loud and clear.

Chauhan: Yes. "There's gold on me." That's about it. It has-- it can't be understated. You have gold, flaunt it, show it.

Agarwal: Wear it.

Chauhan: Wear it.

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