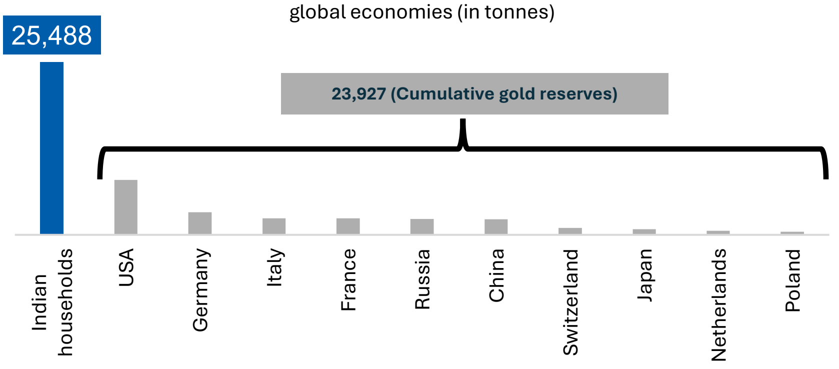
FROM TREASURE TO TREND

How Gold is Driving India's Consumption Story

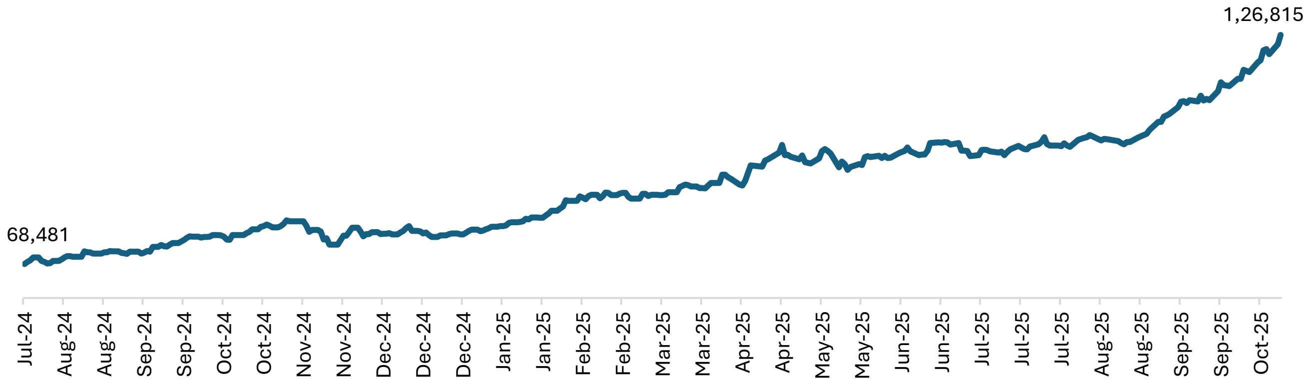
17th October 2025

India's oldest obsession has quietly become its newest economic engine. With household gold holdings now worth **$3.8 trillion,** nearly **89% of GDP** and prices up **61.8% this year**, Indian families are sitting on a wealth surge bigger than most nations' economies.

Indian households hold more gold than the combined reserves of major global economies (in tonnes)



Gold prices have almost **doubled** over the past 16 months (in Rs.)



Data as on 16th October 2025.

The Wealth Effect

Every rally in gold adds invisible zeros to household balance sheets. Even when it stays locked away, the surge fuels confidence, quietly turning savers into spenders. A modest 2–4% spillover from India's $3.8 trillion gold wealth could unleash ₹6.7–13.4 lakh crore in fresh demand, powering a new wave of consumption across cars, appliances and leisure.

Credit Unlock

Gold-backed credit is already expanding, as rising collateral values unlock borrowing potential. Banks, NBFCs and fintechs are already expanding gold loan books. Unlike fiscal stimulus, this is a bottom-up push as households and MSMEs convert stored gold into working capital.

Policy Tailwinds

The GST reductions on durables and lifestyle goods coincide with a phase of rising household wealth and improved credit conditions, amplifying discretionary demand. This alignment of fiscal policy and consumer sentiment creates a reinforcing cycle for near-term consumption growth.

Source: Bloomberg, World Gold Council, Morgan Stanley.