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GOLD: Eternal Investment: 3,000 Years of Wealth Preservation

How Indian Women, My Mother Included, Outperformed Top Investors

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Preface: The Woman Who Knew

There is a quiet genius that has walked through Indian kitchens and households for centuries. It does not carry an MBA, CFA or CFP. It has never read Bloomberg terminal. It does not speak in beta, alpha, or Sharpe ratios. It saves a little every month — in gold.

My mother was one of these geniuses.

Every festival, every small savings — she converted into gold. A bangle here, a chain there, coins tucked away in a steel almirah that smelled of camphor and time. The family would sometimes gently mock the habit. Why not make a fixed deposit? Why not equities? The hedge fund managers of the world had models. She had faith, tradition, and a 5,000-year-old civilizational lindy effect.

And she is continuously outperforming other alternatives.

I. THE METAL THAT OUTLASTED EVERY EMPIRE: 3,000 YEARS AND STILL STANDING

Every currency that has ever existed — the Roman denarius, the British pound under the gold standard, the Weimar Reichsmark, the Zimbabwean dollar — has at some point either collapsed or been fundamentally debased. Gold has survived them all.

In India, gold's cultural biography is equally ancient. The Vedic scriptures describe gold as 'Hiranya,' meaning immortal and imperishable. The word 'Suvarna' gold — literally means 'of good colour.' Gold coins called Nishka and Suvarna circulated in ancient Indian kingdoms. The Arthashastra of Kautilya, written around 300 BCE, discusses gold coinage and monetary policy in sophisticated detail. Across Mughal courts, temples, and village households, gold was the universal language of value.

What gives gold this extraordinary longevity? Unlike paper currency, gold cannot be printed. Unlike stocks, it cannot go bankrupt. Unlike bonds, it has no counterparty risk. Unlike diamonds, it cant be produced in labs (Not until now, atleast). Its value comes not from a government's promise but from a finite physical reality: there are roughly 216,265 tonnes of gold above ground in the entire world. All of it — melted down — would fit inside a cube measuring roughly 22 meters on each side. That scarcity is its power. Gold's chemical properties made it uniquely suited to serve as money across civilizations: it does not corrode, it cannot be destroyed by fire, it is malleable enough to be worked, dense enough to be hard to counterfeit, and rare enough to hold value. Gold gave rise, as one historian noted, to the concept of money itself: portable, private, and permanent.

II. GOLD AS A STORE OF VALUE: THE CASE INDIA MAKES BEST: FROM ₹88 TO ₹161580: A 1835X JOURNEY

The single most powerful argument for gold as a store of value is the Indian price chart. In 1947, 10 grams of gold cost approximately ₹88. By Feb 2026, the same 10 grams traded near

₹161580. That is a compounded annual growth rate of approximately 9.5-9.9% over 78.5 years across independence, wars, famines, liberalization, the dotcom crash, the 2008 financial crisis, a global pandemic, and persistent geopolitical upheaval.

Consider the milestones across India's post-independence history:

Period	Period	Growth (×)	Gold CAGR
Independence Era	Aug 1947-1960*	1.3	2.00%
Post-Independence Decade	1960s	1.5	4.10%
Oil Shock Era	1970s	6.9	21.30%
Controlled Economy	1980s	1.8	6.10%
Liberalisation Era	1990s	1.4	3.40%
Post-Liberalisation Rally	2000s	4.3	15.70%
Bull Run & COVID Era	2010s	2.5	9.60%
Geopolitical Surge	2020s*	3.3	25.99%

Source: RBI data, MCX India, historical price database.

No fixed deposit, no government bond, no savings scheme has consistently compounded wealth across a 78-year horizon the way gold has in India. The metal absorbed every macro shock — currency crises, sovereign defaults elsewhere, inflation, demonetization — and continued its long march upward.

A crucial distinction must be made here: gold is not primarily a speculative asset. It is a store of value. The question it answers is not 'How do I multiply my money?' but rather 'How do I ensure that the purchasing power I have today still exists for my children and grandchildren?' On that metric, gold's 78-year Indian track record is essentially undefeated.

III. THE INFLATION HEDGE: GOLD'S GREATEST PROOF POINT: WHEN PAPER BURNS, GOLD SHINES

India's relationship with inflation has been uncomfortable and persistent. From the double-digit retail inflation of the 1970s and 1980s to the consumption food-driven inflation crises of 2009–2010, the Indian rupee has lost purchasing power in virtually every decade since independence. The average Indian household has lived with the quiet, relentless erosion of currency value — and the woman who tucked gold into her almirah was protecting against exactly this.

The mechanics are elegant: as inflation rises,

GDP vs CPI vs GOLD Growth			
Period	**Avg. Real GDP**	**Avg. CPI**	**Gold CAGR**
Jan '71–Dec '80	3.20%	8.20%	21.30%
Jan '81–Dec '90	5.60%	8.70%	6.10%
Jan '91–Dec '00	5.60%	8.80%	3.40%
Jan '01–Dec '10	6.80%	6.30%	15.70%
Jan '11–Dec '20	5.20%	6.10%	9.60%
Jan '21–Feb '26	8.20%	5.00%	26.00%

Source: RBI Handbook of Statistics on Indian Economy

paper currency buys less. A thousand rupees today cannot buy what it could in 1990, or 1980, or 1947. But an ounce of gold in 1947 could still buy what an ounce of gold buys today — roughly a fine suit of clothes, or a modest piece of jewelry, or several months of basic provisions. The real purchasing power of gold has been held across centuries.

The data for India is unambiguous. India's average wholesale inflation between the 1970s and mid-2000s averaged 7.6%, and retail inflation averaged 6-8%. During the years of double-digit retail inflation — 2009 and 2010, when food inflation surged — gold rose sharply in tandem, providing precisely the hedge it was supposed to. The World Gold Council's research confirms the long-run co-integration between gold prices and India's consumer price index: over the very long term, gold does not merely keep pace with inflation — it outpaces it like it did recently between 2021-current.

This is not coincidence. It is economics. Gold's supply cannot be increased by any government or central bank vote. It must be mined from the earth, at enormous cost and effort. The world produces roughly 3,661 tons per year — a supply that grows at approximately 2% annually. No government can double it overnight in a practical world. No finance minister can monetize it away. This physical constraint is gold's structural inflation protection: as the money supply expands and prices rise, the fixed supply of gold means each ounce becomes worth more in fiat currency terms.

IV. CURRENCY DIVERSIFICATION: INDIA'S INVISIBLE SHIELD: THE RUPEE'S LONG DECLINE AGAINST DOLLAR $ AND GOLD'S ANSWER

The Indian rupee has depreciated significantly against the US dollar over the past five decades. In 1970, one US dollar bought approximately 7.5 rupees. Today, it bought approximately 91.1 rupees. That is a depreciation of over 90% in the rupee's value relative to the world's reserve currency.

For an ordinary Indian household with no access to foreign currency accounts or global equity markets, this depreciation is a slow-moving train wreck disaster — it makes

VERIFIED DECADE-BY-DECADE ANALYSIS (All rates: ₹ per 1 USD)				
Period	Start Rate (₹/USD)	End Rate (₹/USD)	Total Depreciation (%)	CAGR (% p.a.)
Jan 1971 – Dec 1980	7.5	7.9	5.75%	0.57%
Jan 1981 – Dec 1990	7.9	18.1	128.55%	8.62%
Jan 1991 – Dec 2000	18.1	46.6	157.29%	9.91%
Jan 2001 – Dec 2010	46.6	44.8	-3.92%	-0.40%
Jan 2011 – Dec 2020	44.8	73.1	63.07%	5.01%
Jan 2021 – Feb 2026	73.1	91.1	24.65%	4.35%

Source: RBI Handbook of Statistics on Indian Economy, Federal Reserve Primary Data

imported goods more expensive, erodes the value of savings held in rupees, and silently transfers purchasing power away. Most Indian families have had no practical mechanism to hedge this risk; with capital flow controls it will complicates common Indian savings potentials.

Except one: gold. Because gold is globally priced in US dollars, it provides automatic currency diversification for the Indian investor. When the rupee depreciates against the dollar, gold's price in rupees rises — meaning the Indian gold holder is protected twice: once from any underlying gold price appreciation, and again from the currency's weakness. This double-protection mechanism has been enormously valuable for Indian households.

The 2013-rupee crisis illustrates this perfectly. The rupee fell sharply from around ₹55 to ₹68 per dollar within months. During this period, even though international gold prices in dollar terms fell (2013 was gold's worst year since 1981), the fall was significantly cushioned for Indian investors because rupee-denominated gold prices declined far less. The currency effect provided a natural buffer.

India is the world's second-largest consumer of gold, accounting for nearly 26% of global demand as of mid-2025. This demand is not irrational sentiment. It is sophisticated, multi-generational, currency-aware wealth management — practiced not by fund managers in glass towers, but by women in kitchens and markets across the subcontinent.

V. THE CRISIS HEDGE: WHEN EVERYTHING ELSE FALLS GOLD'S FINEST HOURS: CRISIS BY CRISIS

If there is one thing the 21st century has taught investors, it is that financial markets are far more fragile than they appear in good times. The 2008 global financial crisis wiped out trillions in equity market value in months. The 2020 COVID crash was the fastest bear market recorded in recent history. Each time, gold rose — not because investors suddenly became more sentimental about a shiny metal, but because gold's structural independence from the financial system makes it one of the few assets that holds value when the system itself is under stress.Gold's performance during the major financial crises of the modern era tells the story clearly. Gold rose 20.37% during global financial system nearly imploded and the Sensex fell 56-58% peak to trough. During the 2020 COVID pandemic March month crash, subsequent recovery months gold delivered a 40-41% return while equity markets initially crashed.

CRISIS EVENT	SENSEX Fall % (Peak to Trough)	GOLD Return % (Peak to Trough)	VERDICT (Gold Hedge?)	DURATION (Months)
1990–91 BOP Crisis + Gulf War	-32.00%	8.31%	HEDGE	14
1992 Harshad Mehta Securities Scam	-43.40%	7.14%	HEDGE	7
1994–95 Tequila Contagion + FII Exit	-37.70%	9.86%	HEDGE	15
2000–01 Dot-Com Bust + 9/11 Shock	-57.80%	11.36%	HEDGE	19
2004 Election Shock (NDA Defeat)	-24.00%	2.98%	HEDGE	1
2008–09 Global Financial Crisis	-58.70%	20.37%	STRONG HEDGE	9
2011 Eurozone Debt Crisis	-28.30%	30.80%	STRONG HEDGE	13
2013 Taper Tantrum (Fed Shock)	-10.90%	-5.13%	PARTIAL	7
2015–16 China Meltdown + Demonetization	-25.10%	8.66%	HEDGE	11
2018 IL&FS Crisis + Oil Spike	-14.60%	2.94%	HEDGE	2
2020 COVID-19 Pandemic Crash	-38.50%	41.93%	STRONG HEDGE	2
2022 Fed Rate Shock + Ukraine War	-16.50%	6.93%	HEDGE	5
2024–26 FII Exodus + Mid/Small Rout	-6.70%	133.56%	STRONG HEDGE	18

Sources: BSE, World Gold Council, MCX, WSJ

39%. In 2025, until Feb end of 2026 gold continued its rally, up +127.2% driven by persistent geopolitical tensions, central bank accumulation, and rising investment demand.

The academic explanation is gold's asymmetric correlation with equities: its correlation to stock markets is near zero to minus when equities perform well — meaning gold doesn't hold back a strong portfolio — but turns significantly positive when equities fall sharply. Gold does not merely 'not fall' in a crisis; it actively rises, providing the counterweight that rebalances a portfolio precisely when it is most needed. For last 35 years plus Gold runs a correlation of -0.05% to Indian Equity market. Portfolio construction of multi-asset strategies research confirms this for India specifically. During periods of high inflation when equities and bonds correlated positively (both falling together — a toxic scenario for the classic 60/40 portfolio), gold provided genuine diversification. A portfolio with a meaningful gold allocation has historically demonstrated better risk-adjusted returns — a higher Sharpe ratio — than one without.

The pattern is consistent across every crisis: when financial markets descend into fear, gold ascends. Not always immediately, not always dramatically — but reliably, across every decade, across every type of crisis, in every currency. Gold is the only asset class that has zero credit risk, zero default risk, and zero counterparty risk. You cannot call up gold and tell it you are not honoring its value today unlike other credit or other financial instruments.

VI. THE WORLD'S GREATEST UNTOLD INVESTMENT STORY: 25,000 TONNES OF VINDICATION

Now consider the aggregate picture. Indian women hold approximately 24,000 tonnes of gold, according to World Gold Council data — with total Indian household holdings estimated by Morgan Stanley at 34,600 tonnes as of mid-2025. This is valued at approximately $3.8 trillion — equivalent to nearly 89% of India's entire GDP, and more than 3.1 times the total equity holdings of all Indian households.

Let that sink in. Every equity market investor in India combined holds roughly one-third the wealth that Indian households hold in gold. And the equity market, with its armies of analysts, portfolio managers, algorithms, and real-time data — is being decisively outweighed by women who simply accumulated gold, generation after generation.

Indian households collectively hold more gold than the combined official reserves of the United States (8,000 tonnes), Germany (3,300 tonnes), Italy (2,450 tonnes), France (2,400 tonnes), and Russia (1,900 tonnes). This private holding exceeds the combined reserves of the world's top 10 central banks.

South India leads the nation in per capita gold ownership, contributing 40% of India's total. Women in rural households hold gold as collateral for emergency loans, as a financial buffer against crop failures, — transferred wealth across generations of women in a country where women had few other mechanisms of wealth accumulation and control.

This is the hidden genius of India's gold culture: in a country where formal banking penetration was historically low, where financial markets were inaccessible to most, where inflation was persistent and institutional trust was fragile — gold was the only financial instrument that required no intermediary, no account, no paperwork, no government permission, and no trust in any institution beyond the metal's own physical existence.

The Invisible Portfolio Managers

The women who accumulated this gold did not use Black-Scholes option pricing. They did not run Monte Carlo simulations. They did not diversify into emerging market bonds or calculate their currency beta. They used something far more powerful: accumulated civilizational wisdom about what holds value across time, across governments, across currencies, and across crises, what Nassim Nicholas Taleb calls “The Lindy Effect”

Their strategy — buy gold regularly, hold it long-term, pass it to the next generation — would, if translated into formal investment language, be described as a systematic, inflation-protected, uncorrelated, currency-diversified, illiquidity-premium-capturing store of value allocation. Every serious institutional portfolio manager would recognize it as excellent portfolio construction. Most grandmothers across India simply called it common sense.

VII. HOW MY MOTHER BEAT THE BEST INVESTMENT MINDS: A PERSONAL ACCOUNT OF CIVILIZATIONAL WISDOM

Ray Dalio, the founder of Bridgewater Associates — the world's largest hedge fund — recommends a 7.5% to 10% allocation to gold in a balanced portfolio. He calls gold 'the most underrated asset class.' He reached this conclusion after decades of studying historical data across markets and crises.

My mother reached the same conclusion before she had ever heard of Ray Dalio or any other financial/investment pundits

Her gold strategy was not a portfolio weight — it was life practice. It was buying gold at every festival, banking her savings in a form that could not be inflated away by a government decision, that could not be frozen in a bank account, that could not collapse in a stock market crash. It was protecting her family across every emergency — and there were many — with an asset that needed no app, no broker, no WiFi connection, and no faith in .any institution other than the metal itself.

Consider what she was implicitly doing with her gold accumulation strategy:

- Inflation protection: Every rupee saved in gold automatically adjusted for inflation over time.
- Currency hedge: As the rupee depreciated against the dollar over decades, her gold — priced globally in dollars — rose in rupee terms.
- Crisis insurance: During every family emergency, economic shock, or medical need, gold was liquid, private, and universally accepted — no bank approval required.
- Intergenerational transfer: The gold was a wealth vehicle that skipped the friction of estate planning, inheritance taxes, and institutional complexity.
- Systematic accumulation (the ultimate 'SIP'): She bought gold regularly, in small amounts, across decades — dollar-cost averaging before the term existed.

The result? The gold she accumulated over 30–40 years of patient saving has increased in value by a factor that no fixed deposit, no government bond, and no conventional savings plan has matched. The CAGR of gold in India since 1947 is approximately 9-10% — comparable to long-term equity returns with the volatility, the sleeplessness, or the need for an internet connection.

And this is without accounting for the emotional and social value of gold in Indian life — the dignity it provided, the safety net it represented, the options it created. A woman with gold in India is not merely wealthier in a financial sense. She is safer, more autonomous, and more powerful within the structures of family and community that govern Indian social life.

The best fund managers in the world, with their Bloomberg terminals and their PhDs, have spent billions of dollars on research arriving at the conclusion that gold belongs in a serious portfolio. My mother knew this intuitively, the way her mother knew it, and her mother before her. She beat them not because she was luckier. She beat them because she was wiser — in the oldest sense of the word. She understood that wealth is not a number on a screen. It is something physical, permanent, transferable, and real. It is, in a word, gold.

Gold vs NIFTY 50 Over 25 years

Period	Timeframe	Gold CAGR	Nifty CAGR	₹1L grew to (Gold)	₹1L grew to (Nifty 50)
1 Year	Dec 2024–Dec 2025	84.50%	10.50%	184500	110500
5 Years	Dec 2020–Dec 2025	21.60%	13.30%	265869	186702
10 Years	Dec 2015–Dec 2025	17.60%	12.60%	505910	327630
15 Years	Dec 2010–Dec 2025	13.30%	10.10%	650802	423457
20 Years	Dec 2005–Dec 2025	15.90%	11.70%	1912796	914247
25 Years	Dec 2000–Dec 2025	14.60%	12.90%	3017279	2076579

Source: MCX, NSE, Arthgyaan

CONCLUSION: THE ETERNAL ASSET

Gold has survived 3,000 years of human civilization because it possesses qualities that no alternative has ever been able to replicate: it is scarce, it is incorruptible, it is universally recognized, and it is independent of any government, institution, or technology. Every empire that has tried to replace it with something else — paper currency, digital ledgers, government promises — has eventually found that gold endures while the alternative fades.

In India, the story of gold is inseparable from the story of women. The 24,000 to 34,600 tonnes of gold held in Indian homes did not get there through institutional investment programs or government directives. It got there through the patient, persistent, generational accumulation of women who understood — viscerally, culturally, intuitively — that gold is the truest form of savings.

The four pillars examined in this essay — gold as a store of value, as an inflation hedge, as a currency diversifier, and as a crisis hedge — are not theoretical constructs. They are empirically demonstrated, historically validated, and personally lived. They are the reason that Indian household gold is worth $3.8 trillion today, the reason that Indian families survived economic crisis after crisis with their wealth intact, and the reason that my mother — and millions of mothers like her — beat the world's best investment minds.

Not with sophistication. With wisdom. Not with algorithms. With patience. Not with capital. With gold.

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