

How India's love for gold is evolving

Indians are weighing the convenience of digital gold against the comfort of holding the precious metal in hand



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Of late, conversations across financial markets have increasingly centred on a dilemma: digital or physical gold—which is the better choice? The debate reflects a broader shift in how Indians perceive gold, long regarded a financial safeguard as well as a cultural symbol. While the traditional allure of jewellery and coins remains, the emergence of digital gold has introduced a new layer of convenience that is steadily reshaping investment behaviour.

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The discussion around digital gold positions it as an evolution in the country’s relationship with the precious metal. At its core, digital gold promises accessibility and simplicity. Investors can purchase gold in extremely small denominations through a completely paperless process, without the usual concerns surrounding storage and safety. From a practical standpoint, it addresses several longstanding pain points associated with physical ownership. Yet, many gold-obsessed Indians continue to prefer tangible assets, reinforcing the enduring emotional bond.

Digital gold enables investors to buy, sell and hold the asset electronically, with every purchase backed by an equivalent quantity of physical gold stored securely in insured vaults. If an investor buys digital gold worth Rs500, for instance, the issuer ensures that the corresponding amount of physical gold is held on their behalf. This structure removes anxieties around purity and safekeeping while offering transparency and convenience. In India, digital gold is typically offered through regulated providers and made accessible via trusted financial platforms, lending an additional layer of credibility.

“Digital gold is seeing a significant surge in adoption, particularly among Gen Z and millennial investors who value fractional ownership and the ability to buy gold for as little as Rs1,” said Prabhakar Kudva, director and principal officer of portfolio management services at Samvitti Capital. “In a culture historically obsessed with physical possession, the shift towards digital is a structural change. While traditionalists still value the tangibility of jewellery, digital platforms are steadily capturing market share by solving the problems of purity and liquidity, making it a staple for the modern, tech-savvy Indian saver.”

Market observers note that digital gold fundamentally removes the friction traditionally associated with owning gold. “The ability to buy and sell instantly allows investors to respond quickly to changing market conditions, something that is not possible with physical gold. Fractional ownership, low entry barriers and SIP options have also shifted gold from being largely an occasion-led purchase to a more regular, investment-

oriented asset. Importantly, investors still retain the option to redeem their holdings in physical form if they choose,” said Pankaj Gadgil, head, digital platforms and payments strategy, Aditya Birla Capital.



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Today’s digital-native customer is comfortable accessing traditional assets through financial applications, making digital gold a natural extension of that trust. “Over the past year, rising gold prices and supportive market sentiment have driven greater participation and awareness. That said, there is still a need for investor education. Digital gold remains a market-linked investment, and traditional buyers transitioning from physical gold need clarity on risks and price volatility. Among newer investors, however, the low-ticket size, ease of transacting and liquidity make digital gold an increasingly popular choice,” said Gadgil.

Yet digital gold has not achieved mass adoption in the truest sense. Awareness and understanding remain significant hurdles. “Despite the convenience, digital gold in India has not yet reached mass adoption,” said Colin Shah, managing director, Kama Jewellery. “One of the biggest challenges is awareness and better understanding. Many consumers still do not fully understand how digital gold works, who holds the underlying gold, how it is stored, and what happens when they want to convert it into physical form. The trust factor plays a very big role in gold purchases in India, because Indians love to see the gold, and that trust has traditionally been built through physical presence, legacy jewellers, and seeing and touching the product.”

Regulation is another important consideration. Although digital gold platforms typically collaborate with vaulting and bullion companies, the segment is still evolving in terms of regulatory clarity. This naturally

makes some investors cautious, particularly those accustomed to buying physical gold as a long-term value or for cultural and familial purposes.

Indeed, physical gold continues to carry immense emotional weight in India. The metal is deeply intertwined with weddings, festivals and generational wealth, often transcending its role as a mere financial instrument. For many households, gold signifies security, prosperity and tradition—qualities that a digital ledger cannot entirely replicate. As a result, digital gold currently functions more as a financial product than as a replacement for jewellery or physical ownership.

“Looking ahead, digital gold and physical gold will co-exist rather than compete,” said Shah. “Digital gold is a great choice for disciplined, small-ticket investors and those who appreciate convenience. Physical gold will continue to be relevant for its emotional, long-term investment and cultural significance. As trust, transparency and regulatory environments improve, digital gold will grow, but it will only complement traditional gold purchases in India.”