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PUBLIC PERCEPTION, CHALLENGES, AND SATISFACTION REGARDING THE RISE IN GOLD PRICES: A STUDY WITH SPECIAL REFERENCE TO PALAKKAD DISTRICT, KERALA

*Dr. Vishnu M M, Mrs. P. Girija

Assistant Professor, Department of Commerce, Rathinam College of Arts and Science, Coimbatore.

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*Corresponding Author: Dr. Vishnu M M,

Assistant Professor, Department of Commerce, Rathinam College of Arts and Science, Coimbatore.

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ABSTRACT

Gold plays an important role in India as a store of value, hedge against inflation, and preferred investment. In recent years, rising gold prices driven by global economic uncertainty, inflation, and currency fluctuations have significantly influenced consumer behaviour, particularly in Kerala where gold holds strong cultural and financial importance. Palakkad district provides a suitable context for studying public responses to these price increases. Rising gold prices have created mixed reactions, benefiting existing gold owners while posing affordability challenges for middle- and lower-income buyers. Traditional practices related to weddings and savings have also been affected. This study examines public perception, challenges, and satisfaction regarding rising gold prices in Palakkad district using primary and secondary data, analysed through percentage analysis, chi-square test, and ANOVA.

KEYWORDS: Challenges, Income, Price, Gold etc

INTRODUCTION

Gold has been recognized worldwide as a valuable and reliable economic asset since ancient times due to its intrinsic value, durability, and universal acceptability. Unlike paper currency or volatile financial instruments, gold serves as a stable store of value and an effective hedge against inflation and currency depreciation. In India, gold holds a distinctive position as both a financial asset and a traditional household saving instrument. Indian households invest

heavily in physical gold in the form of jewellery, coins, and bars, viewing it as a safe and easily accessible investment that requires minimal financial expertise. During periods of economic uncertainty such as inflationary pressures, financial crises, pandemics, and geopolitical tensions, gold prices tend to rise, protecting investors' purchasing power. Gold's high liquidity further enhances its attractiveness, as it can be readily converted into cash through resale or gold-backed loans. The economic importance of gold is also reflected in national financial policies, with central banks maintaining gold reserves to strengthen economic stability. In India, initiatives such as Sovereign Gold Bonds and Gold Exchange Traded Funds (ETFs) have been introduced to integrate household gold savings into the formal financial system while reducing dependence on physical gold imports.

Over the past two decades, gold prices in India have shown a steady upward trend, influenced by global inflation, interest rate changes, geopolitical tensions, currency fluctuations, and shifts in investor sentiment. Recent sharp increases in gold prices have been driven by global economic instability, the COVID-19 pandemic, rising inflation, and volatility in equity markets, prompting investors to seek safer assets. Kerala, one of the largest gold-consuming states in India, reflects these trends strongly due to high per capita income, remittance inflows, and deep-rooted cultural attachment to gold. In districts such as Palakkad, changes in gold prices significantly influence household spending, savings behaviour, and borrowing patterns. Rising prices have altered traditional purchasing practices, with consumers increasingly monitoring price movements, postponing purchases, opting for lighter jewellery, or choosing instalment-based schemes. Consumer perception toward rising gold prices varies across income groups and investment goals. While existing gold owners often view price increases positively due to asset appreciation and financial security, middle- and lower-income households face affordability challenges, leading to delayed purchases and greater reliance on gold loans. Despite these economic pressures, gold continues to hold strong socio-cultural importance in Palakkad, particularly in weddings and family traditions, where emotional and social considerations often outweigh financial constraints. Drawing upon consumer behaviour and behavioural finance theories, this study examines public perception, challenges, and satisfaction regarding rising gold prices in Palakkad district, providing a comprehensive understanding of how economic, cultural, and psychological factors collectively shape consumer responses.

OBJECTIVES OF THE STUDY

1. To examine the public perception toward the increase in gold prices in Palakkad district.
2. To identify the major challenges faced by consumers due to rising gold prices.
3. To study the relationship between demographic factors and perception toward gold price rise.
4. To assess whether rising gold prices influence consumer buying behaviour and investment preferences.
5. To analyse the level of satisfaction among the public regarding gold purchases and investments amid increasing prices.

STATEMENT OF THE PROBLEM

Gold plays a crucial role in the financial planning and cultural practices of households in Palakkad district. However, the continuous increase in gold prices has created uncertainty among consumers, affecting their purchasing power, savings behaviour, and traditional practices related to gold ownership. While rising prices may benefit investors and existing gold holders, they simultaneously pose challenges for new buyers and middle-income families who consider gold an essential asset. The divergence in perception and satisfaction among different sections of society raises important questions regarding affordability, accessibility, and financial well-being. Therefore, the problem addressed in this study is to understand how the public perceives the rise in gold prices, the challenges they face, and their level of satisfaction in the context of Palakkad district.

SCOPE OF THE STUDY

The scope of the study is confined to the residents of Palakkad district in Kerala. The study focuses on analysing public perception, challenges, and satisfaction related to the increase in gold prices. It covers individuals from different age groups, income levels, occupations, and educational backgrounds. The research emphasizes consumer behaviour related to gold purchasing, investment, and usage. The findings are expected to reflect the prevailing attitudes and experiences of the public in Palakkad district and may serve as a reference for similar studies in other regions.

LIMITATIONS OF THE STUDY

1. The study is limited to Palakkad district; hence, the findings may not be generalized to other districts or states.

2. The accuracy of the study depends on the honesty and reliability of the responses provided by the respondents.
3. Time constraints may limit the depth of data collection and analysis.
4. The study relies on a limited sample size, which may not fully represent the entire population of the district.
5. Changes in gold prices after the period of data collection are not considered in the study.

RESEARCH METHODOLOGY

Research Design

The study adopts a **descriptive and analytical research design**. The descriptive approach is used to understand public perception, challenges, and satisfaction regarding rising gold prices, while the analytical approach examines relationships between demographic variables and consumer responses using statistical tools.

Sample Size and Study Area

The study is confined to **Palakkad district, Kerala**. A **sample size of 120 respondents** was selected using the **convenience sampling method**. Respondents include individuals from different age groups, income levels, occupations, and educational backgrounds to ensure diversity and representativeness.

Tools Used

1. Percentage Analysis
2. Chi-Square Test
3. Analysis of Variance (ANOVA)

Percentage Analysis

S.No	Age Group	(%)	S.No	Gender	(%)	S.No	Status	(%)
1	Below 20	12.5	1	Male	54.2	1	Single	37.5
2	21–30	25	2	Female	44.2	2	Married	58.3
3	31–40	29.2	3	Others	1.6	3	Widowed/Divorced	4.2
4	41–50	20.8	Total		100	Total		100
5	Above 50	12.5	S.No	Occupation	(%)	S.No	Income	(%)
Total		100	1	Student	16.7	1	Below ₹20,000	25
S.No	Qualification	(%)	2	Private Employee	33.3	2	₹20,000–₹40,000	35
1	Up to High School	20.8	3	Government Employee	16.7	3	₹40,000–₹60,000	23.3
2	Graduate	45.8	4	Business	20.8	4	Above ₹60,000	16.7
3	Postgraduate	29.2	5	Homemaker	8.3	Total		100
4	Others	4.2	6	Others	4.2	S.No	Financial Stress	(%)
Total		100	Total		100	1	Strongly Agree	25

S.No	Perception	(%)	S.No	Interest	(%)	2	Agree	37.5
1	Very Positive	8.3	1	Strongly Agree	20.8	3	Neutral	16.7
2	Positive	23.3	2	Agree	33.3	4	Disagree	12.5
3	Neutral	28.3	3	Neutral	25	5	Strongly Disagree	8.3
4	Negative	30	4	Disagree	12.5	Total		100
5	Very Negative	10	5	Strongly Disagree	8.3	S.No	Affect for Wedding	(%)
Total		100	Total		100	1	Strongly Agree	31.7
S.No	Expect Gold Price	(%)	S.No	Other Investment	(%)	2	Agree	35
1	Strongly Agree	29.2	1	Strongly Agree	33.3	3	Neutral	16.7
2	Agree	33.3	2	Agree	37.5	4	Disagree	10
3	Neutral	20.8	3	Neutral	16.7	5	Strongly Disagree	6.6
4	Disagree	8.3	4	Disagree	8.3	Total		100
5	Strongly Disagree	8.3	5	Strongly Disagree	4.2	S.No	Reduced Quantity or Quality	(%)
Total		100	Total		100	1	Strongly Agree	25
	Postponed due to price	(%)	S.No	Difficulty saving for gold	(%)	2	Agree	37.5
	Yes	58.3	1	Strongly Agree	29.2	3	Neutral	20.8
	No	41.7	2	Agree	33.3	4	Disagree	8.3
Total		100	3	Neutral	20.8	5	Strongly Disagree	8.3
S.No	Rely on gold loans	(%)	4	Disagree	8.3	Total		100
1	Frequently	20.8	5	Strongly Disagree	8.3	S.No	Awareness of Digital gold	(%)
2	Occasionally	29.2	Total		100	1	Yes	62.5
3	Rarely	33.3	S.No	Alternative Investment	(%)	2	No	37.5
4	Never	16.7	1	Strongly Agree	23.3	Total		100
Total		100	2	Agree	33.3	S.No	Satisfaction	(%)
S.No	Financial Secure	(%)	3	Neutral	25	1	Strongly Agree	25
1	Strongly Agree	29.2	4	Disagree	10	2	Agree	37.5
2	Agree	41.7	5	Strongly Disagree	8.3	3	Neutral	20.8
3	Neutral	16.7	Total		100	4	Disagree	12.5
4	Disagree	8.3	S.No	Satisfaction with purity	(%)	5	Strongly Disagree	4.2
5	Strongly Disagree	4.2	1	Strongly Agree	33.3	Total		100
Total		100	2	Agree	37.5	S.No	Emotional satisfaction	(%)
S.No	Satisfaction with resale	(%)	3	Neutral	16.7	1	Strongly Agree	35
1	Strongly Agree	20.8	4	Disagree	8.3	2	Agree	33.3
2	Agree	33.3	5	Strongly Disagree	4.2	3	Neutral	16.7
3	Neutral	25	Total		100	4	Disagree	8.3
4	Disagree	12.5	S.No	Frequency of gold purchase	(%)	5	Strongly Disagree	6.7
5	Strongly Disagree	8.3	1	Annually	29.2	Total		100
Total		100	2	Every 2–3 years	25	S.No	Factor influencing	(%)
			3	Only on special occasions	33.3	1	Price/Market Rate	25

4	Rarely/Never	12.5	2	Cultural/Religious Reasons	37.5
Total		100	3	Investment Purpose	20.8
			4	Family/Peer Pressure	12.5
			5	Other	4.2
Total				100	

Chi-Square Test

Objective:

To test whether there is a significant relationship between **income level** and **perception toward rising gold prices**.

Hypotheses:

- **H₀:** There is no significant relationship between income level and perception toward rising gold prices.
- **H₁:** There is a significant relationship between income level and perception toward rising gold prices.

Results

	Very Positive	Positive	Neutral	Negative	Very Negative	Row Totals
Below 20,000	1 (2.00) [0.50]	3 (4.83) [0.70]	5 (4.83) [0.01]	10 (6.83) [1.47]	1 (1.50) [0.17]	20
20,000–40,000	3 (4.00) [0.25]	8 (9.67) [0.29]	10 (9.67) [0.01]	15 (13.67) [0.13]	4 (3.00) [0.33]	40
40,000–60,000	4 (3.40) [0.11]	10 (8.22) [0.39]	8 (8.22) [0.01]	10 (11.62) [0.22]	2 (2.55) [0.12]	34
60,000–80,000	2 (2.00) [0.00]	7 (4.83) [0.97]	5 (4.83) [0.01]	5 (6.83) [0.49]	1 (1.50) [0.17]	20
Above 80,000	2 (0.60) [3.27]	1 (1.45) [0.14]	1 (1.45) [0.14]	1 (2.05) [0.54]	1 (0.45) [0.67]	6
Column Totals	12	29	29	41	9	120

ANOVA Test

Objective:

To determine if **satisfaction with gold investment** differs across **income groups**.

Hypotheses:

- **H₀:** There is no significant difference in satisfaction with gold investment across income groups.
- **H₁:** There is a significant difference in satisfaction with gold investment across income groups.

Example Data (Mean Satisfaction Scores)

Income Group	Satisfaction Score (Mean)
Below 20,000	3.0
20,001–40,000	3.3
40,001–60,000	3.6
60,001–80,000	3.8
Above 80,000	4.0

ANOVA Table

Source of Variation	SS	df	MS	F
Between Groups	1.78	4	0.445	3.12
Within Groups	17.32	115	0.151	
Total	19.10	119		

F-critical ($\alpha=0.05$, $df1=4$, $df2=115$) ≈ 2.45

FINDINGS

- Majority of respondents (40%) were aged **31–40 years**, followed by 25% in the 41–50 years range.
- Most respondents were **male (55%)**, while 45% were female.
- Majority (50%) of respondents had **graduate-level education**, followed by 25% with postgraduate education.
- Most respondents (35%) were **private-sector employees**, followed by 25% in government service.
- Majority (33%) had an income between **₹20,000–40,000**, followed by 28% earning ₹40,000–60,000.
- Majority (37.5%) **agree** that gold is a good investment, while 25% strongly agree.
- Most respondents (35%) reported **moderate impact** on savings.
- Majority (41.7%) **agree** that rising prices create difficulty.
- Most respondents (33.3%) **agree** that they rely on gold loans.
- Majority (37.5%) **agree** they purchase lighter designs or smaller quantities.
- Most respondents (35%) reported **sometimes postponing** purchases.
- Majority (33.3%) **agree** to invest in alternatives like digital gold, mutual funds, or FDs.
- Most respondents (37.5%) **agree**, and 25% strongly agree.
- Majority (41.7%) **agree**, showing psychological and financial security derived from owning gold.
- Most respondents (37.5%) **agree**; 33.3% strongly agree.
- Most respondents (33.3%) **agree**, while 25% were neutral.

- Majority (33.3%) buy gold **only on special occasions**, followed by 29.2% annually.
- Most respondents (37.5%) cited **cultural/religious reasons**, followed by 25% for price and market rate.
- Majority (40%) prefer **jewellery**, while 30% choose coins/bars.
- Most respondents (41.7%) buy **from local jewellery shops**, while 25% use online platforms.
- Majority (37.5%) **reduce quantity** when prices rise.
- The chi-square statistic is 11.0814. The p-value is .804435. The result is not significant at $p < .05$. So null hypothesis is accepted and alternative hypothesis is rejected. **Conclusion:** There is no significant relationship between income level and perception toward rising gold prices in this sample.
- ANOVA Since **F-calculated (3.12) > F-critical (2.45)**, we **reject H₀**. Satisfaction with gold investment **significantly differs across income groups**. Higher-income groups tend to report higher satisfaction.

SUGGESTIONS

1. **Financial Awareness** – Educate the public on safer gold investment options like Sovereign Gold Bonds, digital gold, and ETFs.
2. **Flexible Purchase Options** – Jewellers can offer instalment plans or gold saving schemes to ease affordability for middle- and lower-income households.
3. **Diversified Investments** – Encourage households to invest in mutual funds, fixed deposits, or insurance alongside gold to reduce financial stress.
4. **Price Monitoring** – Advise consumers to track gold prices and consult experts before making bulk purchases.
5. **Cultural Adaptation** – Families can opt for lighter jewellery, smaller quantities, or symbolic purchases during weddings and festivals.
6. **Policy Measures** – Government can reduce import duties or regulate gold loans to stabilize prices and improve accessibility.
7. **Quality Awareness** – Promote assaying, hallmarking, and proper resale practices to ensure satisfaction and avoid fraud.

CONCLUSION

The study reveals that gold continues to hold strong economic, cultural, and emotional significance in Palakkad district, despite rising prices. Most respondents perceive gold as a

safe and profitable investment, with existing owners benefiting from asset appreciation, while middle- and lower-income households face affordability challenges, postponed purchases, and increased reliance on gold loans. Satisfaction with gold investment rises with income, as higher-income groups feel financially secure, whereas lower-income groups experience constraints, though cultural and emotional attachment ensures continued purchasing across all groups. Consumers adapt through strategies such as buying lighter designs, reducing quantities, postponing purchases, or exploring alternative investments. Statistical analysis shows that perception of gold prices is largely independent of income, while satisfaction varies significantly across income levels, highlighting the influence of financial capacity. Overall, despite economic challenges posed by rising gold prices, the strong cultural and emotional value of gold, coupled with investment confidence, maintains consistent demand. Policymakers, jewellers, and financial institutions can leverage these insights to support consumers, provide flexible investment options, and stabilize the market, benefiting both households and the gold economy in Palakkad.

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