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A Review Paper on the Impact of Gold Price Fluctuations on the Middle Class

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Abstract

This study explores the dynamics of gold in the financial behaviour of middle-class households in emerging economies and its impact on their cultural lifestyles. With an in-depth study and deep insights of the deep rooted cultures and behaviour of the middle class, it examines how with fluctuations in gold price there is a direct impact and influence on the middle class in their perceptions of their social status. It also impacts their savings decisions, investment decisions and wealth ownership by genders in the family. In India, gold is traditionally viewed as a safe financial asset and saving tool. Additionally, it also plays a pivotal role as a family giveaway with direct bearings on family status and pride especially in rituals, marriages, child birth occasions in families and dowries. This giving and gifting cycle of gold is in continuum and passed on from generation after generation leading to its continuous demand even in the face of rising prices. This dual role of offering safety and at the same time a social status symbol and therefore having it at all costs creates financial pressures particularly for the economically weak middle class and the not so well informed and digitally excluded segments of the population. Gender dynamics further complicate this landscape, as gold often represents the only form of tangible wealth owned by women. Its price fluctuations impacts both financial autonomy and household power equations for the women in the household. Based on these analysis, the study suggests many initiatives. These include integrated policy responses from the government, tax-incentivized gold bonds, focus on financial education of the weaker sections of society especially for women and educating them on alternative avenues of investment. Ultimately, it purports that addressing gold-related vulnerabilities requires a holistic approach that respects tradition while promoting financial inclusion and economic resilience.

Keywords: Gold prices, wealth, power, savings, middle class, inflation hedge, financial instrument, investment behaviour

1. INTRODUCTION

Right from the times of ancient civilisations from Ancient Egypt to modern India gold has been the symbol of wealth, power, status and permanence. It stands out as something of intrinsic value both as a commodity and a form of currency. It plays a dominant role in trade, wealth accrual and financial security. Over times immemorial, societies have trusted, relied and turned to gold during periods of political upheaval, currency devaluation, and economic uncertainty. This is due to its status as a non-fiat independent asset. Its unique combination of tangibility, cultural significance, and an investment avenue makes it a safe-haven and sought after asset. In recent decades, the middle class in most emerging economies has faced remarkable transformation. With growing incomes, visibility and easy access to financial markets there is an increased dependence and exposure to global economic volatility for the middle-class households. The middle class households are now blending traditional savings activities with modern investment behaviour. Gold, situated at the cusp of culture and capital, assumes the role of a core component in this fast changing financial behaviour.

Gold's symbolic and ritualistic value is deeply embedded in many cultures and countries, for example in South Asia, the Middle East, and parts of Southeast Asia. As for India, gold is not merely a commodity; but plays a pivotal role in religious ceremonies and functions including weddings, and festivals such as Diwali and Akshaya Tritiya (WGC, 2020). In these contexts, gold is viewed as a sign of prosperity, safety and familial responsibility. The yellow metal has a distinct place and deep rooted significance in the psyche of the Indian middleclass. Therefore, the demand for gold remains relatively inelastic and does not drop even if prices rise. .

In China, gold is perceived as a means of saving and accumulation of wealth with many households purchasing gold bars, coins, and jewellery as long-term savings. In the Middle East, gold is a customary gift during dowries and a pointer of social status. Thus, gold rises above its economic functions and operates within a social and economic setup that transcends traditional market rationality. Gold occupies a distinctive space in middle-class financial behaviour, functioning as a dual asset both serving as an investment and a consumption good. As households accumulate wealth in a scenario where financial markets are underdeveloped or do not exist, in that case their preferences often shift toward tangible and perceived safer assets which are also seen as liquid. In gold, they find an asset which is reliable and liquid, often increasing in its worth and a potent financial instrument.

In developing economies, the middle class often faces challenges such as currency instability inflation, and almost next to nothing in social security. In these scenarios, gold serves as a self-insurance mechanism. Studies have highlighted that during periods of economic distress, such as inflation surges, political unrest, war or currency depreciation and devaluation households tend to lean more towards increasing their gold holdings (Baur & Lucey, 2010). One of the key factors in embracing gold investments is the yellow metals almost instant liquidity during emergencies, making it a safe fallback preference for families. This dual appeal of gold as a status symbol and a financial buffer extends its appeal across generations.

While gold is often perceived as a stable asset, its buying price is affected by many global macroeconomic dimensions like interest rates, inflation forecasts, geopolitical tensions, and currency movements. In situations when prices surge during crisis, households' reactions could be to increase their gold purchases in anticipation of further price hikes or to safeguard against any perceived upcoming financial risk. However, rising gold prices can also have adverse effects. In economies where gold is an important and significant component of household assets and social transactions, price inflation may lead to financial stress, particularly for families getting into major life events like marriages in that period. In India, for instance, spike in gold prices has been linked to increased household borrowing and indebtedness as families attempt to maintain status at all costs for consumption during weddings and as a must give gift. On the other hand, in economies where gold represents a significant share of family savings, a drop in gold prices can deplete and erode household wealth. A drop in gold value impacts their holding and leads to drop in consumer confidence further lowering their spending. Households may also delay gold-related purchases, which can have a spiraling effect on related industries such as jewellery manufacturing and retail, both of which are large employers of work force both lower and middle segment.

Economic literacy, access to financial instruments, and institutional trust play a significant role in defining the role of gold in the middle class investment portfolio. In more financially literate segments of the middle class, gold is increasingly viewed as part of a diversified portfolio alongside mutual funds, real estate, and equity markets. Nonetheless, the proportion of gold in household savings remains substantial in emerging economies. The digitization of gold investment through gold exchange-traded fund (ETF), sovereign gold bonds, and digital gold platforms has further enabled middle-class investors to access gold in a more liquid and flexible form and in more affordable units. This has somewhat mitigated the burden of physical storage and safety concerns. However, the digital transition also raises questions about financial inclusion and digital literacy, particularly in rural or semi-urban areas where digitization is slow.

Gold enjoys a distinct feminine bias in India especially in Patriarchal society. The ownership and transmission of gold is skewed towards the female gender. Women are typically the primary custodians of household gold, with ornaments serving not only as personal adornment but also as family savings and assets accumulation. This feminization of gold ownership reflects broader financial independence for the women offering a very distinctive and acceptable form of socio-economic dynamic of women owning wealth. Gold can serve as a tool of financial empowerment for women in contexts where formal property rights and bank accounts are inaccessible. In times of economic crisis that necessitate the selling of gold assets however can disproportionately affect women's security and bargaining power within families.

Emerging economies are responsible for a significant portion of global gold demand. According to the World Gold Council (2023), India and China together account for over 50 percent of annual global gold consumption. The growth of the middle class in these regions together with persistent cultural reverence for gold ensures that demand is likely to remain robust. Yet, this demand is highly sensitive to macroeconomic conditions. For instance, during the COVID-19 pandemic, gold prices surged due to global uncertainty, prompting increased purchases by wealthier households and decreased affordability for lower-middle-class families. This contrast highlights the growing inequality within the middle class and the intricate role that gold plays in wealth divide (IMF, 2021).

Governments often view gold imports as a challenge to economic stability due to their impact on trade deficits and currency reserves. As such, many developing countries impose tariffs and restrictions on gold imports. They incentivize alternative investments (such as India's Sovereign Gold Bond scheme) to reduce reliance on physical gold. These policy interventions aim to redirect household savings towards more productive financial instruments away from the tangible yellow metal. However, their success depends on how much the middle class trusts financial institutions. The orientation towards these financial instruments depends on the awareness of these financial instruments and ease of access to them. These vary significantly across socio-economic segments and hence the inclination towards these financial instruments varies from segment to segment.

In sum, gold continues to play a unique and significant role in the financial behaviour of the middle class in developing and emerging economies. Its unique status as a cultural artifact and an economic asset at the same time positions it at the heart of household financial strategies. While gold price fluctuations are indicators of broader macroeconomic shifts, their localized impact on middle-class households reveals insights into financial resilience, cultural dependence, and economic inequality. In order to foster inclusive growth and financial stability in society it is crucial for policymakers, financial institutions, and development experts to consider the impact of gold on financial resilience, cultural dependence and economic inequality. Future research must examine the ways in which gold interacts with evolving patterns of consumption, gender roles, digital finance, and generational wealth, especially in contexts where cultural and economic logics powerfully intersect.

2. Review of Literature

Gold has overtime attracted the attention of economists, financial analysts, and anthropologists alike due to its twin role as a physical commodity and store of value. Its historical legacy as a universal currency and its cultural resonance in many societies make gold an asset class with both rational, economic functions and symbolic significance of emotional appeal. The literature on gold investment in the context of developing economies reveals several nuanced patterns and intertwining in how gold prices, cultural dimensions and economic actions correlate and intersect, particularly for middle-class households. The financial literature emphasizes its role as a safe-haven asset. Baur and McDermott (2010) demonstrated that gold tends to retain or increase in value during periods of market turmoil. They found that gold exhibited consistent negative correlation with equity markets during stress events, thereby offering diversification benefits and reducing overall portfolio risk.

Complementary to this, Baur and Lucey (2010) highlighted gold's unique characteristics by distinguishing between a hedge and a safe haven: while a hedge consistently provides negative correlation with other assets, a safe haven offers this protection only during extreme market stress. On a macroeconomic level, Shafiee and Topal (2010) investigated long-term determinants of gold prices and found that variables such as inflation, interest rates, oil prices, and currency movements significantly influenced gold's valuation. Their research showed that the price of gold rises when real interest rates fall, as investors seek yield-preserving alternatives, and when inflation is expected to increase, it works as a hedge against currency devaluation.

While the financial attributes of gold are well-documented, its cultural and social dimensions are equally critical particularly in countries like India, where gold is deeply embedded in traditions, social rituals, and identity formation. Studies have emphasized that gold serves as an investment tool. At the same time it is also a symbol of social status, security, and familial responsibility. In many Indian households, especially among the middle class, gold purchases are directly linked to occasions like religious festivals, weddings, Child births and dowries, and rites of passage. These cultural imperatives make gold a quasi-compulsory expenditure in certain life stages, regardless of price dynamics.

Consequently, gold is not merely an asset but a "socially sanctioned" form of savings, passed from one generation to another. This dual nature as both a sentimental heirloom and a liquid asset has led to what scholars call "culturally embedded financialization". Even when gold prices surge, households often feel pressured and compelled to maintain their traditional purchases. This leads to either financial distress or the substitution of physical gold with lower-cost alternatives like gold-plated jewellery or imitation ornaments (World Gold Council, 2022).

Despite gold's symbolic importance, its demand is price-sensitive and fluctuates with the increase and decrease in prices particularly for the economically constrained middle-income segments. The World Gold Council (2022) reported that sharp increases in gold prices over the past decade have led to a notable reduction in demand for gold from the middle class, especially in semi-urban and rural regions. This decline is often accompanied by a shift towards more affordable financial assets such as recurring deposits, small savings schemes, or even digital gold investments when available. High prices may also trigger distress sales. When households experience liquidity constraints they borrow by giving gold as a collateral. Scholars such as Nandakumar, (2016) have documented the growing reliance on gold loans in India, noting that middle-income families use their gold reserves as collateral during health emergencies, while buying property, for educational expenses and to take care in case of job losses. The behavioural finance literature also provides insights into how gold price fluctuations influence household decision-making. Tversky and Kahneman's (1992) concept of loss aversion explains why households are more sensitive to the potential loss of wealth when gold prices fall, even if the real economic impact is minimal. This may prompt conservative financial behaviour, such as reduced discretionary spending or hoarding, which can affect macroeconomic demand patterns. The close relationship between the demand for gold and inflation expectations is an ongoing subject of interest in various studies. According to Jain and Ghosh (2013), middle-class tends to increase their savings allocation to gold during inflationary periods, perceiving it as a hedge against the eroding value of money. This behaviour is particularly evident in economies with volatile inflation, such as India, Turkey, or Brazil, where gold retains its reputation as a 'poor man's hedge'. Their findings based on Indian household survey data, showed a positive relationship between inflation perceptions and gold purchases. In times of inflationary stress, even marginal households diverted a portion of their income from consumables to gold savings. However, the effectiveness of gold as an inflation hedge is not uniform across time horizons and regions. While gold may preserve value in the long term, it does not always generate returns sufficient to beat inflation after accounting for transaction and storage costs. High gold prices, however, can also act as a deterrent. As prices soar, accessibility diminishes, particularly for younger middle-class households with limited disposable income. This creates a paradox, while gold becomes more attractive as an inflation hedge, its affordability declines. The net effect is often increased inequality in gold ownership and financial security. Wealthier middle-class or upper-class families can capitalize on rising prices, while less affluent segments are priced out, reducing their ability to diversify risk (Das, & Patnaik, 2020).

The middle class is often portrayed as risk-averse and liquidity-conscious. Gold offers both advantages and disadvantages in this regard. On the one hand, physical gold can be readily liquidated or pledged for loans, which makes it appealing for emergency financial planning. On the other hand, excessive allocation to gold may limit portfolio diversification, particularly when gold's relative price exceeds equity or fixed-income returns. Studies by Kapoor and Aggarwal (2020) show that middle-income households in urban India hold a disproportionately high share of their wealth in gold and real estate, often at the expense of more liquid and productive assets like equity mutual funds. This pattern reflects both trust deficits in formal financial systems and a cultural preference for tangible assets. Furthermore, financial literacy plays a crucial role. Households with greater financial awareness tend to diversify more effectively, using instruments such as gold ETFs or sovereign gold bonds rather than physical gold. However, these alternatives are often underutilized due to low awareness, limited digital infrastructure, or reluctance to trust non-physical forms of wealth.

Although a large body of literature supports the safe-haven status of gold and its cultural centrality in countries like India, there remain gaps in understanding the microeconomic implications of gold price shocks on household-level financial planning, particularly across income tiers within the middle class. Further research could explore gendered dimensions of gold ownership, the role of digital gold platforms in democratizing access, and comparative behaviour between urban and rural households. Additionally, while gold is often studied in isolation, it would be valuable to analyse it alongside other financial behaviour such as insurance uptake, home ownership, or education investments. Such multidimensional studies can reveal how gold interacts with broader life-cycle financial planning among the middle class.

3. Methodology

This paper adopts a qualitative review methodology, synthesizing academic journal articles, working papers, and policy reports published between 2008 and 2023. Keywords such as 'gold prices', 'middle class', 'investment behaviour' and 'inflation hedge' were used to extract relevant studies from Scopus, Web of Science, and Google Scholar. Studies were selected based on their focus on gold consumption, price impact, and socioeconomic class distinctions, with special attention to South Asia, Southeast Asia, and the Middle East.

4. Discussion

Gold, as both a financial and cultural asset, holds deep relevance for middle-class households, especially in emerging economies such as India, China, Turkey, and parts of Africa and Latin America. Its value is not only derived from market forces but also from its embeddedness in social rituals, family wealth planning, and gender roles. As such, fluctuations in gold prices can have multifaceted effects on the financial behaviour, cultural obligations, and socio-economic aspirations of the middle class. These effects have an impact on domains such as savings and investment, cultural pressures, gendered ownership, and intergenerational wealth accumulation.

Savings and investment behaviour: Middle-class households often treat gold as a conservative and long-term store of value, particularly in economies with volatile financial markets or underdeveloped banking sectors. Gold's role as a hedge against inflation, currency depreciation, and financial uncertainty makes it an essential part of household portfolios (Baur & Lucey, 2010). However, volatility in gold prices disrupts this investment logic. When prices rise significantly, as during the 2008 financial crisis or the COVID-19 pandemic, physical gold becomes less accessible to middle-income earners. Households that previously accumulated gold through regular purchases may reduce or halt their acquisitions altogether. As reported by the World Gold Council (2022), gold demand in India dropped among price-sensitive income groups during periods of high price spikes, despite cultural importance.

This inaccessibility has prompted a shift toward digital gold platforms, fractional gold investments, and gold ETFs. These vehicles allow households to invest small sums without the burden of storing physical gold. However, this transition requires financial literacy and digital access, both of which are uneven across different middle-class segments (M Iyenga, 2022). This introduces a form of digital inequality, as less digitally literate households may either over-invest in more accessible but riskier assets or reduce overall savings. Further, the opportunity cost of gold investments rises when prices are high. With limited disposable income, middle-class families must choose between gold and other financial instruments like mutual funds, insurance, or education investments. This trade-off becomes more complex as returns from gold may stagnate during certain periods, limiting growth of wealth.

Cultural and social pressures: Gold in its essence while being an investment asset yet it plays an integral role in the cultural fabric of societies. This is more pronounced in the South Asian and even in the Middle Eastern cultures. In their cultures celebrations of family and social functions are incomplete without gold being gifted or changing hands. Be it weddings, religious functions, celebration of child birth or giving away gold as dowry almost in every occasion gold is a gift to be given. Gold giving is integral and linked directly to family status and social respectability, however, at times of crisis or when gold prices go up and it is hard to match up to the level of expected gifting for the middle class then its seen as social inadequacy. Particularly during marriage occasions where gold gifting is expected its absence or a depleted quantity could be a social taboo (Sen & Chakrabarti, 2024). When gold prices surge, these ceremonial demands do not diminish leading families to stretch their financial resources to meet these social obligations. As a tradeoff for pressured families it leads to sacrifices and adjustments in giving up or reducing many important tasks for the families. At times it leads to a reduction in education spending and delaying medical treatments and spends. The important is relegated to second place as the urgent need to fulfill social expectations through gold gifting takes over. In severe cases, families take the path of borrowing and incurring debt to purchase jewellery and gold to fulfil dowry norms. This has a spiraling negative effect leading to a long-term financial stress. Studies by Das et al., (2022) reveal that gold-related expenditures often account for a disproportionate share of household budgets during wedding seasons, particularly among lower-middle-class families. This persistence of social norms and pressures leads to the demand for gold being inelastic to inflation or price rise. Economists refer this dilemma as 'culturally inelastic consumption'. This behavioral pattern of the middle class challenges and reverses the traditional supply-demand models. Gold is to be acquired at all costs even with borrowed funds exposing families to many economic risks and stresses.

Gendered impact and financial autonomy: In many cultures, gold is a female-coded asset, passed from mother to daughter, worn by brides, and held by women as a form of "stridhan" (a woman's personal wealth). This symbolic role also functions as a material reality, gold is often the only form of tangible wealth directly controlled by women, especially in patriarchal households where women lack formal ownership of land or bank accounts (Kelkar & Nathan, 2005). As such, gold price fluctuations disproportionately affect women's financial agency. When prices fall, families may liquidate gold holdings, often women's jewellery at the first instance, thus reducing their bargaining power and security. Conversely, when prices rise, women's accumulated gold becomes a valuable asset, but may also be subject to increased household scrutiny or pressure to convert it into liquidity for family needs. Moreover, rising prices make it harder for younger women to build gold assets, affecting intergenerational wealth transmission. According to Choudhury and Prasad (2019), rural and semi-urban women often rely on gold as a savings tool in the absence of formal financial access. When affordability drops due to price hikes, these women lose an important avenue of financial resilience. Additionally, financial inclusion policies often neglect the symbolic and informal role gold plays in empowering women. While formal bank accounts or micro-loans are promoted for female empowerment, the quiet strength of gold as "emergency collateral" remains undervalued by institutional interventions.

Wealth perception and social mobility: In India, in case of middle class families, gold ownership symbolizes many things. Paramount in them are upward mobility and wealth. The growing stock of gold in a family is seen as an indicator of having arrived into the aspirational middle class. This symbol of social status reinforces its role in status competition, especially during public events like marriages, where the amount and quality of gold displayed is often the criteria of society judging you. However, rising gold prices create difficulties to this symbolic society capital. Families that once aspired to own a certain quantity of gold may delay purchases, settle for substitutes, or forego traditional rituals. This can negatively affect self-perception, social esteem, and perceived class status. In effect, price surges constrain not just actual wealth but also the imagination of future wealth and class identity.

The inability to accumulate gold at culturally appropriate levels can lead to disqualification from a desired social class. This, in turn, can create psychological stress and feelings of economic exclusion, especially for families trying to maintain status parity with their community. In contrast, wealthier families benefit from capital appreciation when gold prices rise, widening the wealth gap within the middle class itself. Those with legacy gold holdings can leverage increased asset value for collateral-based loans or wealth diversification, while newer middle-class entrants face higher entry costs, reducing intergenerational economic mobility (Patnaik & Das, 2021).

Gold price volatility has multiple effects on the middle class - economical, cultural, and emotional. It not only alters investment strategies but reshapes how families negotiate tradition, gender roles, and aspirations. For policymakers and financial institutions, this implies that any attempt to influence household savings behaviour or promote financial inclusion must recognize the symbolic and strategic role of gold. Recent financial products, such as micro-investment gold bonds or culturally sensitive savings schemes offer avenues that balance family customs with economic prudence. Additionally, increasing digital financial literacy, more so among women and rural populations, can ensure more equitable access to modern gold investment tools. Ultimately, understanding the full impact of gold price movements requires acknowledging that gold is not just a commodity or hedge, it is an emotive personal and socially embedded resource that shapes the trajectory of middle-class in many distinct ways.

5. Implications

The fluctuations in gold prices have far reaching impacts on the large middle class households in India. It becomes imperative for the government to intervene through its financial institutions and policy makers to regulate and bring about policy changes to mitigate these impacts on the middle class. The deeply embedded cultural significance of gold along with its perceived role as a secure asset, presents both challenges and opportunities for sustainable financial inclusion and economic resilience. Below are three key areas of implication:

Policy interventions: Governments play a crucial role in molding household's financial behaviour through taxation, its incentives, regulation, and investment incentives. One of the core policy goals should be to reduce the over-reliance on physical gold, which contributes to trade imbalances and detriments economic productivity. Policymakers can promote and influence middle-class households to invest in non-physical gold instruments such as Sovereign Gold Bonds (SGBs), Gold ETFs, or gold savings schemes by offering many schemes such as tax incentives, capital gains exemptions, or interest rate subsidies. For instance, India's Sovereign Gold Bond scheme already provides annual interest and exemption from capital gains tax, but public uptake remains limited as the middle class is unaware of such schemes. Governments could increase awareness campaigns, integrate such products into public financial management platforms (post offices, public banks), and simplify enrolment. Processes to increase adoption. Additionally, regulatory policies could be made to discourage excessive borrowing for ceremonial gold purchases, especially among lower-middle-income groups. Credit terms for non-essential consumption could be tightened by the government and affordable alternatives for wedding financing or dowry substitutes could be offered.

Financial education: A central implication of this research is the urgent need for targeted financial literacy programs, especially for the aspirational middle class. Proper education on the subject can mold behaviour. Many households purchase gold without fully understanding the opportunity costs, price volatility risks involved, or alternative sources of investment available. Education programs should aim to broaden perspectives around investment by initiating and explaining concepts such as portfolio diversification, inflation-adjusted returns, liquidity planning, and digital investment channels. The institutions are also tasked with reaching out and spreading awareness of these ideas and schemes to the masses. Including them in school and college curriculums could be a potent tool. Also involving targeted programs and education in seminars and activities conducted at the community levels using RWAS, panchayat baithaks in community centres could be helpful. India has a very large banking network and these branch centers could be used for promoting awareness of these schemes. India has a very well developed mobile network and a very high penetration for the targeted middle class. Messages and schemes in culturally relevant formats and regional languages could be transmitted through this very effective network. This mode also offers a very distinct advantage in story telling by use of influencers and videos. The messages could be disseminated through short videos highlighting planning effectiveness, alternative sources of investment and coming out of the social compulsion of acquiring gold with borrowed funds.

The spine of the middle class household is the lady of the house and she plays a pivotal role in the management of the social and cultural functions. The management of Gold assets within the household and its dissemination and gifting during social functions is led by the lady of the household. Hence, their education in understanding the various financial implications becomes paramount and cannot be ignored or be less stressed upon. Awareness and education to women about gold bonds, digital gold savings, gold units and risk-reward trade-offs becomes very important. If understood and adapted well it can boost household-level financial resilience and balancing of assets.

Market innovation: Financial institutions can play a major and useful role in bringing about innovations in this field, there is a need to balance the emotional cultural needs on one hand with the financial needs on the other side. The financial institutions need to come up with and design low-cost gold investment products which are easy to acquire and have the same value in cultural and social relevance. For example, a Gold SIP as in a small-ticket, recurring digital gold savings monthly plan can allow customers to build their gold asset over time without the stress having to go through large one time purchases. Linking these products to celebratory events like festivals or weddings (Akshaya Tritiya Gold Plans) can further enhance cultural satisfaction and propensity to buy in these programs as they are linked to social and cultural events making the purchase both prudent and emotionally satisfying.

India is fast adapting to the digital age with the penetration of mobile banking and digitization of financial transactions. It lends real time transparency to the middle class investor on how and where his assets are placed and are valued. The middle class in the semi urban and rural areas has accessibility to mobile wallets, digital banks and lockers, and microfinance platforms which boosts their inclusiveness in the financial sector and brings about changes in their investment behavior. By aligning product design with the emotional and financial needs of the middle class, market players can convert behaviour and bring about integration of cultural sensitivity into sustainable financial engagement.

6. Conclusion

Gold is a dominant but complex and multifaceted asset for middle-class households, especially in developing and emerging economies. It holds value as a financial instrument. It also enjoys immense dominance in the cultural fabric of society. It is the most potent of investment and asset to be managed in the hands of the women of the middle class household. Gold price volatility has large repercussions on the middle class and affects their savings patterns and investment choices. Changes in prices leading to changes in asset valuations for households impacts their mindset and even their status both real and perceived. In case of rising prices the asset value of existing holdings gets enhanced leading to a feel good factor. But on the flip side for the lower income households and new younger incumbents it makes this yellow metal far less accessible leading to further financial inequalities in society.
Addressing these challenges requires coordinated efforts by government and financial institutions. They can take up designing innovative financial instruments and educate the middle class about the same. Governments should also encourage non-physical gold investments through tax incentives and awareness campaigns, while discouraging excessive consumption driven by social pressures. Financial literacy programs highlighting the benefits of their schemes must target the middle class using schools, colleges, community baithaks and congregations in a culturally relevant context. The benefits of informed investment and diversification of portfolio need to be communicated in an emotional and socially relevant context and this story telling can be done very effectively through the use of mobile networks. Meanwhile, financial institutions should create affordable in small units, flexible, and culturally aligned gold investment products to suit evolving household needs. Smaller units that could be acquired regularly without much financial stress and an asset build for the long run. The need of the hour is to have a balanced approach. The socio-economic effects of gold price volatility need to be managed. A balance between cultural and social status needs on one hand and financial prudence on the other. This balance of the two can ensure gold continues to serve as a tool for social status and cultural empowerment without becoming a burden contributing to financial stress.

7. Limitations and Future Directions

While this study offers valuable insights into the multifaceted impact of gold price volatility on middle-class households, it is not without its limitations. First, much of the available literature is region-specific—primarily focused on South Asia mostly India and limiting the ability to generalize the findings and relate and extend to other cultural or economic contexts. India is a land of varied cultures and responses could widely vary between cultures on how they perceive gold spending. A generalization of all cultural habits is likely to be inaccurate. Second, data on informal gold holdings and household- level behavioural responses are often self-reported or anecdotal leading to potential biases and limiting empirical precision. Self-reported data could be exaggerated or severely downplayed leading to inaccurate findings or conclusions. Additionally, there is not much research on the women of the household for their gold ownership as responses are very reserved due to their sensitive nature of this topic in a patriarchal society.
Future research should adopt a more comparative, cross-country approach to examine how gold functions across diverse middle-class populations in Africa, Southeast Asia, and Latin America. Longitudinal studies tracking household responses to sustained gold price fluctuations could offer deeper insights into long-term financial planning and intergenerational wealth dynamics. Moreover, integrating behavioural economics with cultural anthropology could yield richer understandings of

how tradition and finance interact. There is also scope for evaluating the effectiveness of government schemes like Sovereign Gold Bonds and digital gold platforms in improving financial inclusion. By addressing these gaps and opportunities, future studies can better inform policy and product development to ensure gold-related financial behaviour aligns with broader goals of economic stability and social equity.

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