

# **Golden Shackles: A Cultural and Economic Paradox**

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# Gold: The *donnable* asset

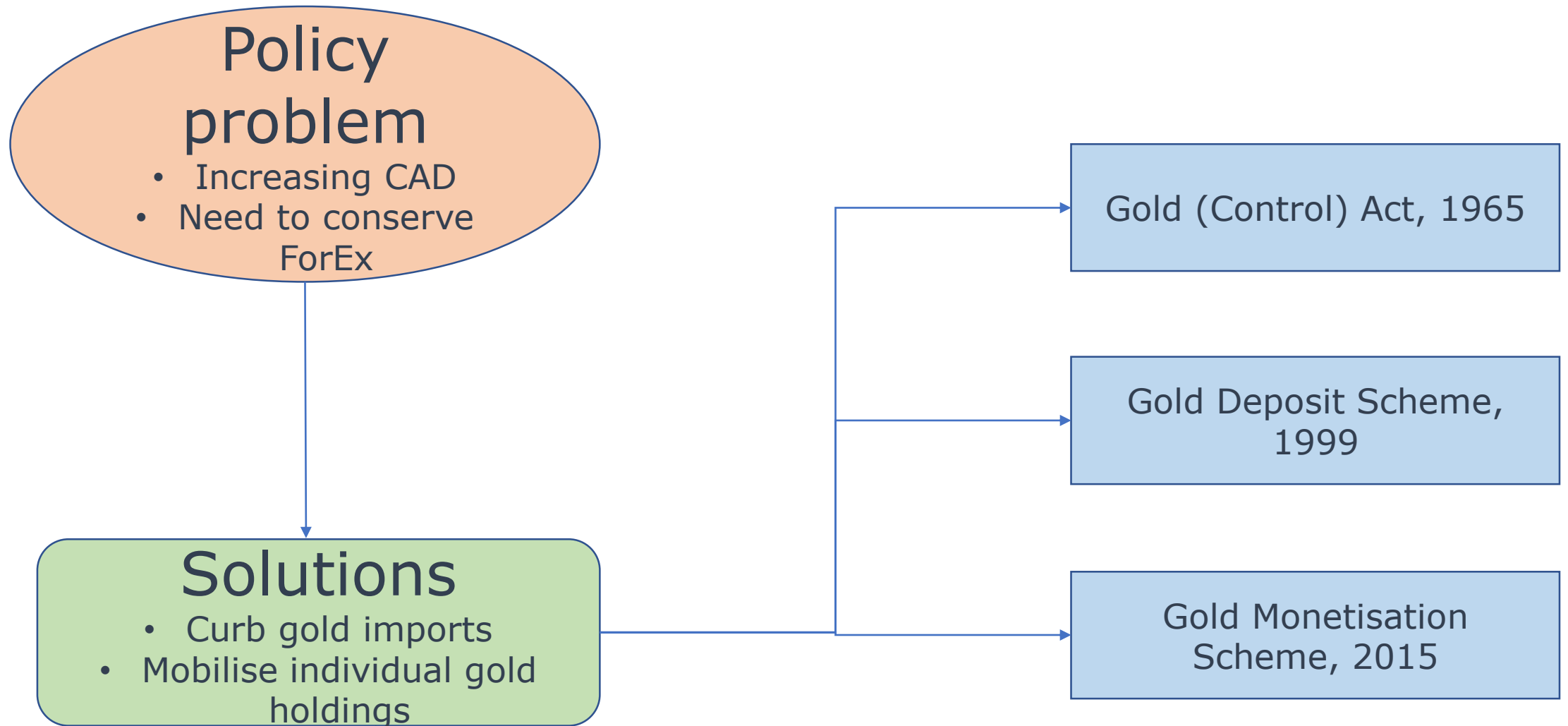
- A thing of value with a life of its own (Appadurai, 1986)
- Multifaced asset with extreme connotations – craze, hunger, fever, digger...
  - Agency of gold: women's property rights (Mehrotra, 2004)
- A cultural and strategic asset
  - Religious and traditional value
  - Ethnic and pride possession
  - Liquidation during times of need
  - Celebratory and gifting artefact
    - 22,000 tonnes of idle gold as of 2016 (Yadav and Shetty, 2016)

# The paper

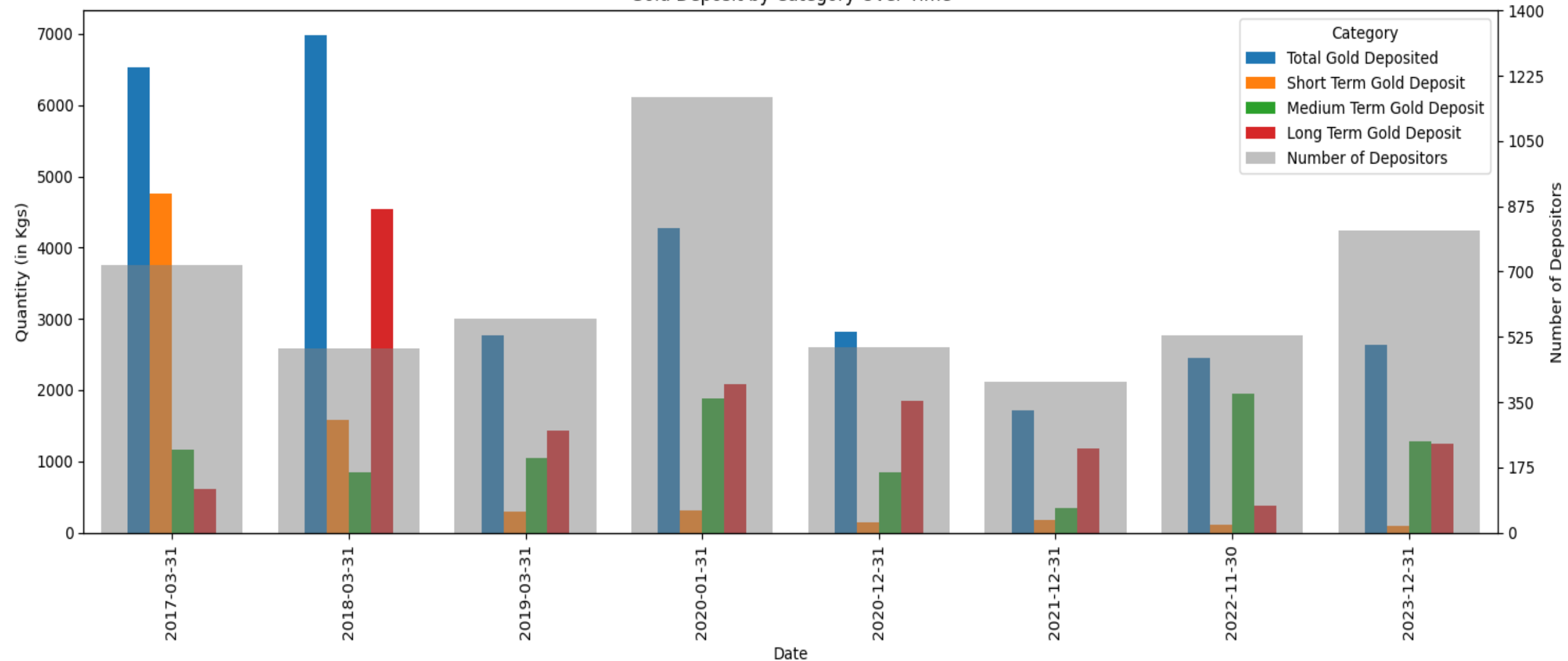
- Multi-actor study to understand the policy process behind India's gold mobilisation policies
- Objectives:
  - To comprehend the role of physical gold in India
  - To analyse the policy process behind the three major gold mobilisation schemes
  - To recognise the policy outcomes
- Research questions:
  - How have India's gold mobilisation policies evolved over time?
  - What are the policy outcomes of the gold mobilisation schemes?



# The policy process

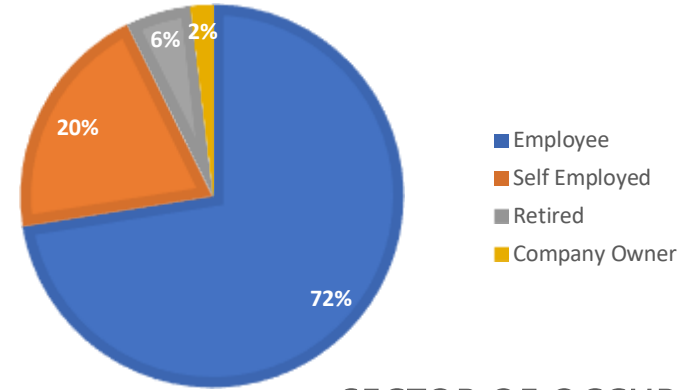


### Gold Deposit by Category Over Time

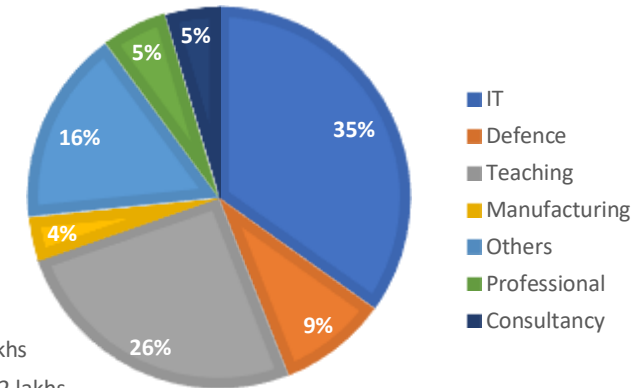


# The Indian scenario?

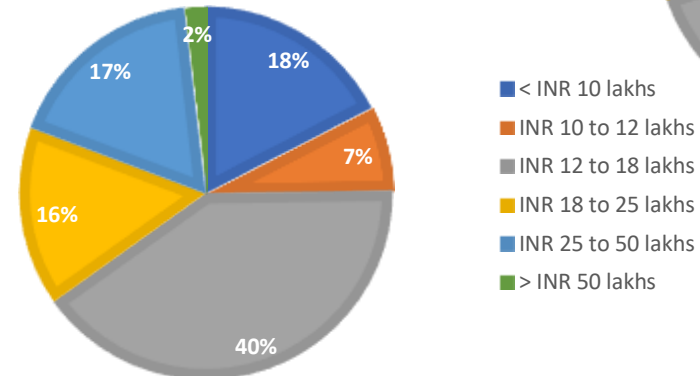
TYPE OF OCCUPATION



SECTOR OF OCCUPATION



INCOME LEVELS



- Survey

- Number of responses received: 109
- Response rate: 12%

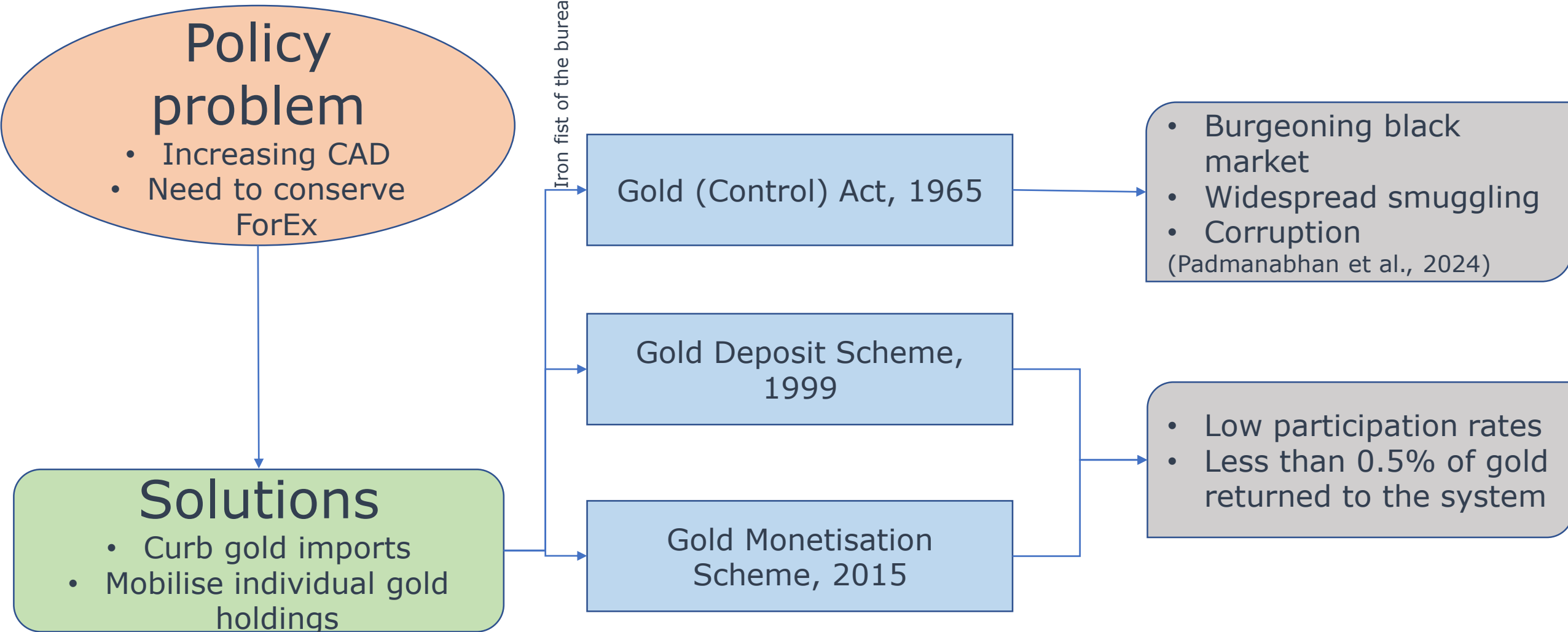
- Categories of questions

- Profile of assets
- Knowledge of markets
- Investment patterns

# Major findings

- Knowledge of financial markets:
  - Highest (in the age group of 31 – 50 years): 64%
    - Investments in gold instruments: 72%
- Preference to gold:
  - Gold ETFs: 37%
  - Physical gold: 89%
    - Liquidity
    - Cultural and sentimental values
    - Appreciating asset
- Gold monetisation/ deposit schemes:
  - Awareness: 14%
  - Vague recollection: 21%
- Preference to any gold scheme:
  - None: 91%
    - Concerns over wealth tax
    - Fear of prosecution
    - Loss of liquidity
    - Sentimental attachment
    - Low rate of interest

# The outcomes





# Policy performance

- Gold Monetisation Schemes: Low Uptake Despite High Potential
  - Key barriers
    - **Liquidity concerns** – Households prefer gold in physical form for emergencies.
    - **Wealth tax and prosecution fears** – Many perceive gold deposits as attracting scrutiny from tax authorities implying distrust in the institutions
    - **Mirage of low returns** – Interest rates on gold deposits remain uncompetitive compared to other financial instruments
  - Operational inefficiencies
    - Engaging with Collection and Purity Testing Centres (CPTCs), and
    - Long valuation delays have further discouraged participation

# Reimagining the Policy

- ***Awareness: The Missing Link in Gold Monetisation***

- Nationwide Financial Literacy Campaigns – Use digital media, banks, and jewellery outlets to educate people on gold's financial potential
- Celebrity & Influencer Endorsements – Culturally resonant figures can help shift perceptions.
- Simplified Messaging – Promote the idea that gold deposits are safe, tax-efficient, and profitable.

- ***Policy Penetration: Breaking Through Structural Barriers***

- Limited Bank Engagement – Banks see gold monetisation as operationally expensive and financially unviable.
  - Government Incentives for Banks & NBFCs – Offer refining cost subsidies, tax benefits, or risk-sharing mechanisms.
  - Integration with Digital Finance Apps – Enable gold monetisation via UPI and fintech platforms.
  - Jewellers as Financial Partners – Leverage trust in jewellers to educate customers on gold deposits.

YOU'LL BE SORRY  
WHEN THE WORLD  
ECONOMY COLLAPSES.



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BUT I'LL BE OKAY  
BECAUSE I HOARDED  
GOLD AT MY HOUSE.



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ON DAY  
TWO, YOU'LL  
TRADE ALL  
OF IT FOR A  
SANDWICH.



ONLY  
IF I'M  
HUNGRY.