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Investors' Preference towards Gold Investment: A Survey-Based Study of Investors in Chalakudy, Kerala, India

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Abstract

This study examines investors' preference for gold as an investment avenue, focusing on investment motives, risk perceptions, preferred forms of gold investment, and demographic characteristics. The study collected primary data from 50 investors in Chalakudy, Thrissur district, Kerala, using a structured questionnaire measured on a five-point Likert scale, and analysed it using descriptive statistics. The findings indicate that gold remains a widely held asset: 74 % of respondents agreed or strongly agreed that they currently invest in gold. Respondents most strongly endorsed gold's liquidity (80%) and its reliability during economic uncertainty (80%), and 70% agreed that gold yields better long-term returns than other avenues. By contrast, only 20% regarded gold primarily as a cultural or traditional investment, and half of respondents said the prevailing market price influences their decision. The results suggest that, in this sample, perceived safety, liquidity, and hedging value matter more than tradition

Keywords: Gold, Investment; Investor preference; Portfolio, Diversification

Introduction

In financial terms, an investment is a monetary asset acquired with the expectation that it will generate income or appreciate in value and can later be sold at a higher price. Individual investors may choose among several avenues, including bank deposits, real estate, securities, mutual funds, commodity exchanges and gold. Among these, gold has long held a prominent place in Indian households' portfolios and is widely regarded as a trusted store of value. Increased investment flows into gold raise demand and, where comparably safe alternatives are scarce, can put upward pressure on its price. Gold is commonly seen as a safe investment because of its liquidity and ability to retain purchasing power. Like currency, it has intrinsic value and maintains stable purchasing power for goods and services. However, demand for gold has fluctuated over time, rising in some periods and declining in others. It is therefore pertinent to assess whether gold remains a preferred investment avenue for investors today.

Rising price expectations among consumers are expected to sustain demand for both gold jewellery and gold as an investment over the long run, as local investors continue to purchase gold for wealth accumulation. Against this background, this study analyses investors' preference for gold investment and identifies the key factors that shape it: investment motives, risk perceptions, preferred forms of gold investment, and demographic influences. The empirical setting is Chalakudy in Thrissur district, Kerala.

Prior research identifies behavioural, economic and cultural determinants of gold investment. On the behavioural side, Apanovych et al. (2024) using content analysis, found that investors' needs, return expectations, herding behaviour, and fear of financial collapse significantly influence the decision to invest in gold, and that during crises such as the COVID-19 pandemic, investors came to regard gold as a safe haven, which increased purchases. Similarly, Kumar et al. (2026) suggest that psychological factors significantly shape investor preferences, as gold represents stability and security, particularly during political or economic crises; gold's tangible nature reinforces this perception and distinguishes it from stocks and bonds. Economic and market-related determinants have also been documented. Thapa and Shah (2020) evaluated factors influencing decisions to invest in gold and identified gold prices, investment security, liquidity needs, social status, advertising, and other external influences as relevant considerations. Dr Alan Greenspan, former chairman of the United States Federal Reserve, expressed concern about the developed world's economic prospects, assessed gold's long-term value, and argued that a significant rise in inflation would ultimately raise its price, characterising gold holdings as a form of insurance (Shishmanian 2017).

Cutinha and Mokshagundam (2025) argues that such factors strongly shape individual investment behaviour in countries such as India, China, and the Middle East, where gold carries deep traditional value, is regarded as a symbol of wealth and prosperity, and serves as a means of preserving family assets. In the Indian context, Rathnam (2009) examines gold's mythological and cultural significance and offers a logical, cultural explanation for Indians' affinity for it. Finally, regarding the forms in which gold is held, a recent study (2026) speaks about various forms of gold investment; the need to encourage investment in newer gold alternatives was highlighted so gold becomes tradable and generates returns rather than remaining idle as an unproductive asset. This study complements the literature by examining these determinants among investors in a single locality in Kerala.

Materials and Methods

The study adopted a descriptive, survey-based design to examine investors' preference towards gold investment. It was conducted among investors in Chalakudy, Thrissur district, Kerala. The investigation focused on four dimensions: investment motives, risk perceptions, preferred forms of gold investment and the influence of demographic characteristics. The study collected primary data from 50 respondents. Respondents were classified by age, occupation, and annual family income, allowing the study to examine preferences across savings and investment categories. In addition to these background variables, the survey collected information on factors that restrict investment, people who influence investment decisions, and investment tenure. The survey used a structured questionnaire with demographic items and attitudinal statements. Responses to the statements were recorded on a five-point Likert scale (5 = strongly agree, 4 = agree, 3 = neutral, 2 = disagree, 1 = strongly disagree). The statements addressed current investment in gold, preference for gold-backed products (exchange-traded funds, mutual funds and digital gold), the influence of the prevailing market price, long-term returns relative to other avenues, reliability during economic uncertainty, cultural or traditional significance, liquidity, and the effect of global market performance on investment interest.

Male respondents constituted 62% of the sample, and female respondents 38%. The largest age group was 31–40 years (38 %), followed by 41–50 years (32 %), 20–30 years (18 %) and 51 years

and above (12 %). Half of the respondents (50%) were self-employed, and 40% were employed, while students and other occupations accounted for 4% and 6%, respectively. Nearly two-thirds of respondents (64 %) reported an annual family income above ₹2,00,000. The study tabulated and analysed responses using descriptive statistics, frequencies and percentages, and presented them in a table. As a descriptive analysis, it characterises the distribution of responses and does not test causal relationships between variables.

Results and Discussions

A clear majority of respondents (74 %) agreed or strongly agreed that they currently invest in gold, with 60 % strongly agreeing; 16 % disagreed. Preferences for gold-backed instruments such as exchange-traded funds, mutual funds, and digital gold were divided: 50% agreed, 20% were neutral, and 30% disagreed. Attitudes towards financial forms of gold therefore appear less settled than attitudes towards gold itself. Market price. Table 1 summarises responses to the eight attitudinal statements.

Table 1. Distribution of responses to attitudinal statements (% of respondents, N = 50)

Statement	SA	A	N	D	SD	SA + A	D + SD
I currently invest in gold	60	14	10	10	6	74	16
I prefer gold-backed products (ETFs, mutual funds, digital gold)	40	10	20	20	10	50	30
Current market price of gold influences my decision to invest	20	30	40	6	4	50	10
Gold provides better long-term returns than other investment options	50	20	10	20	0	70	20
Gold is a reliable investment during economic uncertainty	38	42	6	4	2	80	6
Gold is a cultural or traditional investment	10	10	40	20	20	20	40
Gold's high liquidity is an important factor in my decision to invest	60	20	10	10	0	80	10
Gold's global market performance (price trends, demand) affects my interest in investing	40	20	20	10	10	60	20

SA = strongly agree; A = agree; N = neutral; D = disagree; SD = strongly disagree.

Half of the respondents (50%) agreed that the current market price influences their investment decisions, while 40% were neutral and 10% disagreed. The large neutral share suggests that a substantial proportion of investors do not time their purchases primarily by price. Long-term returns. 70% of respondents agreed that gold provides better long-term returns than other investment options, including 50% who strongly agreed; 20% disagreed, and none strongly disagreed. Reliability under uncertainty. This was among the most strongly endorsed attributes:

80% agreed or strongly agreed that gold is a reliable investment during economic uncertainty (38% strongly agreed and 42% agreed), while only 6% disagreed. This is consistent with the safe-haven perception reported by Apanovych et al. (2024) and Kumar et al (2026).

Cultural or traditional character. Responses were markedly less favourable: only 20 % agreed that gold is a cultural or traditional investment, 40 % were neutral, and 40 % disagreed. This in contrasts with the emphasis of Rathnam (2009) and "How Gold ETFs and EGRs Can Turn India's Household Gold into Productive Assets" (2026) place on cultural factors. One possible interpretation is that respondents, most of whom already invest in gold, regard it chiefly as a financial asset; this inference should be tested in further research. 80% of respondents agreed that gold's high liquidity is an important consideration (60% strongly agreed), and none strongly disagreed, consistent with the liquidity needs noted by Thapa and Shah (2020). Global market performance. 60% agreed that gold's global market performance, in terms of price trends and demand, affects their interest in investing, while 20% were neutral and 20% disagreed. Taken together, the results indicate that gold remains a preferred investment avenue among the surveyed investors, mainly because of its perceived safety, liquidity, and reliability in uncertain economic conditions, along with a widely held belief in its superior long-term returns. These findings accord with the safe-haven and inflation-hedge arguments advanced in the literature reviewed above.

The results also bear on portfolio management. A prudent investor typically holds a variety of investment vehicles to safeguard the portfolio against economic fluctuations and uncertainty. Researchers have studied gold extensively for its ability to protect investors' wealth against global financial crises and economic uncertainty. Because assets of a similar kind tend to react similarly to changes in the economic and financial environment, diversification across dissimilar assets reduces portfolio risk. Beyond conventional instruments such as company shares, bonds, and mutual funds, gold offers investors another way to diversify their portfolios. Two cautions are warranted. First, the survey evidence does not support the draft characterisation of gold as risk-free, since half of respondents reported price sensitivity, and fluctuations in gold prices may discourage some investors. Second, the divided attitudes towards gold-backed products suggest that awareness and acceptance of non-physical forms of gold remain uneven.

For individual investors, the findings suggest the following practices: examining the tax and making charges stated in the bill; never purchasing gold without a bill; considering advance booking, since prices may change; monitoring the prevailing gold rate so that purchases are made at a reasonable price; and developing an understanding of the different gold investment options and schemes. Exposure to the shares of gold mining companies offers potentially higher returns but carries correspondingly higher risk, as returns depend on the performance of the companies concerned. For policymakers and market institutions, the results point to the value of measures that promote awareness of, and participation in, gold investment, particularly in financial forms such as gold-backed funds, and of interventions that address the concerns of investors who are discouraged by price volatility.

Conclusion

The principal attributes associated with gold were liquidity, reliability and return. 80% of respondents agreed that gold's liquidity is an important consideration, and an equal proportion regarded it as reliable during economic uncertainty. 70% agreed that gold provides better long-term returns than other investment options. These findings align with the literature that characterises gold as a safe haven and an inflation hedge, and they reinforce its role as a diversifying asset in a prudently

constructed portfolio. Market conditions also shaped investor attitudes. Half of respondents agreed that gold's current price influences their investment decisions, and 60 % reported that gold's global market performance affects their interest. The substantial neutral responses on price sensitivity suggest, however, that many investors do not time their purchases primarily by price. Cultural significance, which features prominently in earlier studies of Indian gold demand, was endorsed by only 20% of respondents, with 40% neutral and 40% in disagreement. In this sample, therefore, financial considerations appear to outweigh tradition, although this interpretation requires further testing. Attitudes towards gold-backed products such as exchange-traded funds, mutual funds, and digital gold were divided, with 50% in favour and 30% opposed, indicating scope for greater awareness of non-physical forms of gold.

The study is subject to limitations. The sample is small and drawn from a single locality, and the analysis is descriptive; the findings therefore cannot be generalised to the wider investor population, nor do they establish causal relationships. Future research should use larger, more diverse samples and apply inferential techniques to examine how demographic characteristics relate to investment preferences. In practice, investors should verify taxes and making charges, insist on proper billing, and monitor prevailing prices, while policymakers and market institutions can promote awareness of financial gold products.

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