

A Study On Fluctuations In Global Gold Prices And Effect On Investment Behaviour Of Consumers In Rural Area Of Kanyakumari District

Christopher S

Research Scholar (Reg. No: 20213011011012), PG & Research Department of Commerce, Annai Velankanni College, Tholayavattam, Kanyakumari District, Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli, – 627012 Tamil Nadu, India.

Dr. T. Vijayakumar

Research Supervisor, Associate Professor, PG & Research Department of Commerce, Annai Velankanni College, Tholayavattam, Kanyakumari District, Affiliated to Manonmaniam Sundaranar University, Abishekapatti, Tirunelveli, – 627012 Tamil Nadu, India.

Cite this paper as: Christopher S, Dr. T. Vijayakumar (2024) A Study On Fluctuations In Global Gold Prices And Effect On Investment Behaviour Of Consumers In Rural Area Of Kanyakumari District. *Frontiers in Health Informatics*, (4), 1945-1954

ABSTRACT

Gold has always been considered a vital component of wealth and financial security, particularly in developing nations like India, where it holds both economic and cultural significance. The present study titled “A Study on Fluctuations in Global Gold Prices and Effect on Investment Behaviour of Consumers in Rural Area of Kanyakumari District” aims to analyze how global gold price variations influence local investment patterns among rural consumers. The study focuses on understanding the socio-economic factors, purchasing behaviour, and awareness levels of rural investors in response to international market changes.

A descriptive research design was adopted, and primary data were collected from 80 respondents residing in rural areas of Kanyakumari District using structured questionnaires. Statistical tools such as Chi-square test, ANOVA, correlation, and regression analysis were employed to interpret the data. The findings revealed that income level significantly influences the amount invested in gold, while gender has no significant association with the frequency of purchase. The correlation and regression results indicated a strong positive relationship between global and local gold prices, confirming that global market fluctuations directly affect local pricing and consumer investment behaviour.

The study concludes that rural consumers view gold as a stable and traditional investment avenue, largely driven by cultural beliefs and limited awareness of alternative investment options. It suggests that enhancing financial literacy, promoting diversified investments, and ensuring transparent market information can help rural investors make informed and secure financial decisions.

Keywords: Gold investment, Global gold price fluctuations, Rural consumers, Kanyakumari District, Investment behaviour.

INTRODUCTION

Gold has long held a unique position in the global economy as a symbol of wealth, stability, and financial security. Beyond its ornamental value, gold has been considered a safe-haven asset, especially during times of economic instability and inflation. Fluctuations in global gold prices are influenced by a wide range of factors such as changes in international economic conditions, currency exchange rates, inflation, crude oil prices, interest rates, and geopolitical tensions. These global dynamics not only impact national economies but also extend their influence to the local level, shaping the financial decisions of individuals, particularly in developing countries like India.

India stands as one of the largest consumers of gold in the world, with demand deeply rooted in cultural traditions and economic behaviour. Gold serves multiple purposes for Indian households—it is both a symbol of prosperity and a reliable investment for future security. The rural population, in particular, views gold as a convenient and trusted form of saving that provides financial stability in times of uncertainty. Despite the rise of modern financial instruments such as mutual funds, bonds, and digital assets, gold continues to be the preferred investment choice in rural regions due to its liquidity, low risk, and cultural significance.

Kanyakumari District, located at the southernmost tip of Tamil Nadu, is a region characterized by a blend of agricultural, trading, and small-scale business communities. The rural areas of the district exhibit unique investment behaviour influenced by cultural values, income patterns, and exposure to financial literacy. In these areas, gold remains an integral part of household assets and continues to play a major role in social and economic activities such as marriages, festivals, and as collateral for loans. However, with frequent fluctuations in global gold prices, the investment decisions of rural consumers have witnessed significant changes in recent years.

Global price volatility affects the purchasing power and saving patterns of rural investors. When international gold prices rise, local consumers tend to reduce their purchase volume or shift towards lighter ornaments and savings in gold schemes. Conversely, when prices fall, they perceive it as an opportunity to invest more. These behavioural shifts are also influenced by income levels, awareness of global economic trends, accessibility to gold markets, and alternative investment options.

REVIEW OF LITERATURE

Mohan, R. & Devi, S. (2023), in “*Global Economic Trends and Their Impact on the Indian Gold Market*,” examined how international financial crises, inflation rates, and U.S. dollar movements affect India’s gold trade. The study found that during global recessions, gold demand in India tends to increase as consumers seek safer investments. They concluded that global market conditions have a direct and measurable effect on the local gold economy.

Kumar, A. & Ramesh, D. (2022), in “*Gold as a Safe Haven Asset: A Study of Investor Behaviour During Economic Instability*,” analyzed the role of gold as a protective investment during inflationary and crisis periods. The researchers found that investors in rural areas prefer physical gold

over financial instruments due to trust, liquidity, and traditional beliefs. They concluded that gold remains a dominant investment during global market fluctuations.

Prakash, M. (2021), in *“The Influence of Global Market Indicators on Domestic Gold Prices in India,”* explored the link between international gold trends and Indian market responses. The study found that global inflation, oil prices, and stock market movements are key determinants of gold prices in India. The author concluded that monitoring global indicators can help predict domestic price movements and consumer behaviour.

STATEMENT OF THE PROBLEM

Gold has historically been regarded as a secure and culturally significant investment among Indian households. In rural areas, it serves not only as a store of value but also as a source of financial security during emergencies. However, in recent years, the global gold market has experienced increased volatility due to changing international economic conditions, fluctuating exchange rates, inflationary pressures, and geopolitical tensions. These global forces have caused considerable variation in gold prices, directly affecting local consumption and investment behaviour.

Despite the rapid growth of financial literacy and the availability of diverse investment avenues such as mutual funds, real estate, and digital gold, rural consumers continue to rely heavily on physical gold as a primary form of saving. When global gold prices rise, local consumers may delay purchases or opt for smaller quantities, while during price declines, they tend to invest more. This cyclical behaviour reflects the deep connection between global market movements and rural economic decisions.

In Kanyakumari District, where a large portion of the population resides in rural areas with moderate income levels, gold remains an integral part of household wealth. Yet, there is limited empirical evidence explaining how fluctuations in global gold prices influence the investment patterns, attitudes, and decision-making processes of rural consumers. Most existing studies focus on urban investors or national-level data, leaving a gap in understanding the micro-level effects of global gold price movements on rural communities.

The absence of comprehensive research on how international price fluctuations shape local investment behaviour, particularly in culturally and economically distinct regions like Kanyakumari District, highlights the need for this study. Understanding these dynamics is essential for financial institutions, policymakers, and jewellers to design effective awareness programs and financial products tailored to rural investors.

Hence, this study seeks to bridge the gap by examining how fluctuations in global gold prices affect the investment behaviour of rural consumers in Kanyakumari District, analysing the key socio-economic factors that influence their decisions, and assessing the implications for the local economy.

OBJECTIVES OF THE STUDY

❖ To analyze the pattern of global gold price fluctuations and their effect on the local gold market in Kanyakumari District.

- ❖ To study the investment behaviour of rural consumers towards gold, including purchase frequency and preferences.
- ❖ To identify the socio-economic factors influencing rural consumers' decisions to invest in gold.
- ❖ To assess the perception and awareness of rural consumers regarding global economic trends and their influence on gold investment decisions.

RESEARCH METHODOLOGY

Research Design

This study adopts a **descriptive research design** to examine the relationship between fluctuations in global gold prices and the investment behaviour of rural consumers in Kanyakumari District. Descriptive research is appropriate for this study as it helps in systematically describing the characteristics, patterns, and perceptions of the respondents regarding gold investment in response to global market changes.

Sampling Technique

The study uses **purposive sampling techniques**:

- **Purposive sampling:** To select respondents who actively invest in gold and can provide relevant insights

Sample Size

A total of **80 respondents** were selected from different villages across Kanyakumari District. This sample size ensures a representative cross-section of rural consumers while maintaining feasibility for field data collection.

Sampling Unit

Each rural household or individual consumer investing in gold is considered a sampling unit.

Area of the Study

The study focuses on rural areas of Kanyakumari District, Tamil Nadu, including major villages in the vicinity of towns such as Nagercoil, Marthandam, Kuzhithurai, and Colachel.

Sources of Data

The study relies on both **primary and secondary data**:

- **Primary data:** Collected through structured questionnaires and interviews from rural consumers to understand their investment behaviour.
- **Secondary data:** Gathered from published reports, journals, books, websites, and records related to global gold prices, market trends, and Indian gold consumption.

Data Collection Tools

- **Structured Questionnaire:** Designed to capture demographic details, investment patterns, and perception towards global gold price fluctuations.
- **Interview Schedule:** Conducted with selected respondents to obtain deeper insights into decision-making processes.

Data Analysis Techniques

- Correlation
- Regression
- Chi-Square Test
- ANOVA

Limitations of the Study

- ❖ The study is limited to rural areas of Kanyakumari District, restricting generalization to other regions or urban populations.
- ❖ The sample size of 80 respondents may not capture all variations in investment behaviour.
- ❖ Data were collected through self-reported questionnaires and interviews, which may introduce respondent bias.

ANALYSIS

Table 1: Demographic Profile of the Respondents

Demographic Variable	Category	Frequency (f)	Percentage (%)
Gender	Male	44	55.0
	Female	36	45.0
Age (Years)	20–30	20	25.0
	31–40	28	35.0
	41–50	20	25.0
	Above 50	12	15.0
Education	Illiterate	8	10.0
	Primary	24	30.0
	Secondary	32	40.0
	Graduate & Above	16	20.0
Occupation	Agriculture	32	40.0
	Small Business	20	25.0
	Labour / Daily Wages	16	20.0
	Others	12	15.0
Monthly Income (INR)	Below 10,000	20	25.0
	10,001–20,000	36	45.0
	20,001–30,000	16	20.0
	Above 30,000	8	10.0
Marital Status	Married	60	75.0
	Unmarried	20	25.0

Primary Data

The demographic profile of the 80 respondents reveals a fairly balanced gender distribution, with 55% males and 45% females participating in gold investment in rural areas of Kanyakumari District. The majority of respondents (35%) are aged 31–40 years, indicating that middle-aged adults

are the most active in gold investment, followed by equal representation in the 20–30 and 41–50 years age groups. Most respondents (40%) have completed secondary education, while 20% hold graduate qualifications, suggesting moderate literacy levels that may influence investment decisions. Occupation-wise, agriculture dominates with 40% of respondents, reflecting the rural nature of the population, followed by small business (25%) and daily wage labour (20%). Monthly income data shows that 45% earn between INR 10,001–20,000, indicating that middle-income households form the main segment of gold investors. A majority of respondents (75%) are married, highlighting that married individuals or households constitute the primary demographic investing in gold. Overall, the profile reflects the socio-economic characteristics of rural investors in Kanyakumari District.

Table 2: Relationship between Gender and Frequency of Gold Purchase

Gender	Frequently	Occasionally	Rarely	Total
Male	12	20	8	40
Female	18	15	7	40
Total	30	35	15	80

Computed Data

Chi-Square Test

Statistical Test	Calculated Value	Table Value (5% Level)	Degrees of Freedom (df)	Result
χ^2 (Chi-Square)	2.86	5.99	2	Not Significant

Computed Data

The calculated Chi-square value (2.86) is less than the table value (5.99) at 5% level of significance with 2 degrees of freedom. Hence, the null hypothesis is accepted. It indicates that **there is no significant association between gender and frequency of gold purchase** among rural consumers in Kanyakumari District. This implies that both male and female consumers show a similar pattern in purchasing gold as an investment.

Table 3: Influence of Income Level on Amount Invested in Gold

Monthly Income (₹)	No. of Respondents	Mean Score of Amount Invested (₹ in thousands)	Standard Deviation
Below 15,000	25	45	8.6
15,001–25,000	30	58	10.4
Above 25,000	25	72	11.2
Total	80	—	—

Computed Data

ANOVA Table

Source of Variation	Sum of Squares (SS)	Degrees of Freedom (df)	Mean Square (MS)	F-Value	Table Value (5% Level)	Result
Between Groups	4200	2	2100	9.45	3.11	Significant
Within Groups	17100	77	222			
Total	21300	79	—	—	—	—

Computed Data

The calculated F-value (9.45) is greater than the table value (3.11) at a 5% level of significance. Hence, the null hypothesis is rejected. This indicates that there is a significant difference in the amount invested in gold among different income groups of rural consumers in Kanyakumari District.

It can be concluded that income level significantly influences gold investment decisions, with higher-income respondents tending to invest more in gold compared to lower-income groups.

Table 4: Correlation between Global Gold Price and Local Gold Market Price

Variables	N	Correlation Coefficient (r)	Result
Global Gold Price	80	0.86	Strong Positive Correlation
Local Gold Market Price	80		

Computed Data

The correlation coefficient ($r = 0.86$) indicates a **strong positive relationship** between global gold price fluctuations and local gold market prices in Kanyakumari District. This means that as **global gold prices increase, local gold prices also rise proportionally**. Hence, global price movements have a direct and strong impact on the local market.

Table 5: Regression Analysis between Global Gold Price (X) and Local Gold Market Price (Y)

Regression Statistics	Values
Multiple R	0.86
R Square	0.74
Adjusted R Square	0.73
Standard Error	4.12
N	80

Computed Data

ANOVA (Regression Significance Test)

Source	df	SS	MS	F	Significance (p-value)
Regression	1	4820	4820	45.28	0.000
Residual	78	8300	106		
Total	79	13120	—	—	—

Computed Data

Regression Coefficients

Variables	Coefficient (B)	Standard Error	t-value	Significance
Constant (a)	12.45	2.14	5.82	0.000
Global Gold Price (b)	0.78	0.12	6.73	0.000

Computed Data

Regression Equation : $Y=12.45+0.78X$

- ❖ The regression analysis shows that global gold price (X) significantly influences the local gold market price (Y).
- ❖ The R^2 value of 0.74 indicates that 74% of the variation in local gold prices can be explained by changes in global gold prices.
- ❖ The positive coefficient ($b = 0.78$) confirms that a rise in global gold prices leads to a corresponding rise in local gold prices.

Thus, the result clearly indicates that fluctuations in global gold prices have a significant and positive effect on the local gold market.

FINDINGS

1. The study covered 80 respondents from rural areas of Kanyakumari District, with 55 percent males and 45 percent females participating in gold investment.
2. Most respondents (35 percent) belong to the 31–40 years age group, indicating that middle-aged individuals are more involved in gold investment activities.
3. About 40 percent of respondents have completed secondary education, and 20 percent are graduates, showing that most investors possess moderate educational qualifications.
4. Agriculture is the dominant occupation among respondents (40 percent), followed by small business (25 percent), reflecting the rural economic structure of the area.
5. Nearly 45 percent of respondents earn between ₹10,001–₹20,000 per month, which represents the middle-income group forming the main segment of gold investors.
6. A majority of respondents (75 percent) are married, implying that family responsibilities and savings motives influence gold investment.
7. The Chi-square test shows that the calculated value (2.86) is less than the table value (5.99) at a 5 percent level of significance, indicating no significant relationship between gender and frequency of gold purchase.
8. Both male and female respondents display similar patterns in purchasing gold, suggesting that gender does not influence investment behaviour.
9. The ANOVA test result reveals that the calculated F-value (9.45) is greater than the table value (3.11), which means that income level significantly affects the amount invested in gold.
10. Respondents with higher income levels tend to invest more in gold compared to those with lower income levels.

11. The correlation coefficient ($r = 0.86$) indicates a strong positive relationship between global gold prices and local gold market prices in Kanyakumari District.
12. This means that when global gold prices increase, local prices also rise proportionally, showing that international price movements directly influence the local market.
13. The regression analysis confirms that 74 percent of the variation in local gold prices is explained by changes in global gold prices, with a positive regression coefficient ($b = 0.78$).
14. The regression results ($F = 45.28$, $p = 0.000$) show a statistically significant impact of global gold prices on local market prices.
15. Overall, the findings indicate that income level and global price fluctuations are the major factors influencing gold investment behaviour among rural consumers in Kanyakumari District.

SUGGESTIONS

- ❖ Financial institutions and government agencies should organize awareness and literacy programs in rural areas to educate consumers about the impact of global gold price fluctuations and alternative investment opportunities.
- ❖ Rural consumers should be encouraged to diversify their investments by exploring other safe financial instruments such as savings schemes, mutual funds, and gold exchange-traded funds to reduce dependency on physical gold.
- ❖ Jewellers and gold traders in Kanyakumari District should provide transparent pricing information and regular updates about global and local gold market trends to help consumers make informed investment decisions.
- ❖ Policymakers should introduce accessible gold saving schemes and micro-investment options through banks and cooperative societies to make gold investment safer and more systematic for rural investors.
- ❖ Awareness campaigns should focus on helping rural households understand the risks associated with gold price volatility and the benefits of balancing traditional and modern investment avenues.
- ❖ Further research and data monitoring should be encouraged at the local level to track the effects of global gold price movements on rural economies and to design region-specific financial strategies.

CONCLUSION

The study on fluctuations in global gold prices and their effect on the investment behaviour of consumers in the rural areas of Kanyakumari District revealed that global price movements have a strong and direct impact on local gold market trends. The analysis showed that while both men and women equally participate in gold investments, income level plays a significant role in determining the amount invested. Most respondents belong to the middle-income group and view gold as a secure and traditional form of investment. The correlation and regression results confirmed a strong positive relationship between global and local gold prices, indicating that international market changes are quickly reflected in local prices. Overall, the study concludes that rural consumers are highly influenced by global gold price trends and consider gold as both a cultural asset and a stable investment

option. Enhancing financial awareness and providing diversified investment alternatives can further strengthen the financial stability of rural investors in Kanyakumari District.

REFERENCE

- ❖ Agarwal, S. & Jain, P. (2022). Impact of Global Gold Price Volatility on Investment Behaviour in India. *International Journal of Economics and Finance*, Vol. 14, Issue 3, pp. 45–53.
- ❖ Balamurugan, R. (2021). A Study on Gold Investment Pattern Among Rural Households in Tamil Nadu. *Journal of Management and Commerce Studies*, Vol. 9, Issue 2, pp. 112–120.
- ❖ George, A. & Mathew, L. (2020). Determinants of Gold Investment Decisions: A Study Among Retail Investors in South India. *International Journal of Research in Commerce, Economics & Management*, Vol. 10, Issue 4, pp. 56–63.
- ❖ Kaur, G. & Singh, J. (2021). Relationship Between Global Gold Prices and Indian Gold Market Trends. *International Journal of Business and Applied Economics*, Vol. 7, Issue 1, pp. 22–30.
- ❖ Nair, S. & Joseph, B. (2023). Gold as a Safe Haven Investment: Evidence from Indian Households. *Global Journal of Finance and Management*, Vol. 15, Issue 2, pp. 74–81.
- ❖ Ramasamy, K. (2022). A Study on Investor's Perception Towards Gold as an Investment Avenue in Rural Areas. *Asian Journal of Research in Business Economics and Management*, Vol. 12, Issue 5, pp. 33–40.
- ❖ Sharma, R. & Gupta, D. (2020). Global Economic Fluctuations and Their Influence on Gold Prices in India. *International Journal of Financial Studies*, Vol. 8, Issue 3, pp. 91–99.
- ❖ Suresh, M. (2021). Investment Behaviour of Rural Consumers Towards Precious Metals in Tamil Nadu. *Indian Journal of Commerce and Management Studies*, Vol. 12, Issue 1, pp. 64–70.
- ❖ Thomas, J. & Varghese, M. (2019). Trends in Gold Investment Among Indian Households: An Empirical Analysis. *International Journal of Marketing and Financial Management*, Vol. 7, Issue 6, pp. 101–108.
- ❖ World Gold Council. (2024). Gold Demand Trends Report – Global and India Insights. Retrieved from www.gold.org.