

ABSTRACT

India is one of the biggest consumers of gold. This study intends to do an inspection into the pattern of asset and debt against gold consumption across Indian households. To understand the asset distribution and to get a clear idea about the wealth status of households, an asset index was created. Probit model was used by considering gold consumption as dependent variable with the socio-economic variables which were found to be noteworthy after the preliminary analysis. It was found that the major factors affecting gold consumption are age of the female head of the female headed household, income of the household, outstanding household debt, consumption expenditure of the household, religion, wealth status, area of residence, education level, debt holding, marriage occurrences, gold being given or received as a wedding gift and the investments made by households in gold and jewelry. The results of the study emphasizes on the fact that socio economic factors influences Indian households to purchase gold and thus poorer families are forced to take up loans to buy gold for marriage which leads them to the vicious circle of poverty. A liberal gold policy will also be beneficial for the consumers and the society as a whole if it leads to better pricing of gold in the domestic market.