



Research Remit of India Gold Policy Centre

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- India Gold Policy Center (IGPC) at Indian Institute of Management Ahmedabad sponsored by World Gold Council
- Center of excellence, conducting cutting edge multi-disciplinary, thematic, applied research on the Gold Industry in India and internationally
- Several key areas relating to the use of gold as a fungible financial asset in India

Research projects at IGPC (since 2015)

Title	Faculty/ Researcher	Status
Influence of reference prices on purchase intentions and hedonic valuation of gold in India	Prof. Arvind Sahay and Dr. Sumitava Mukherjee (IIMA)	Completed and Published 2015-16
Viability of a Gold Exchange in India	Prof. Jayanth Varma and Prof. Joshy Jacob (IIMA)	Completed and Published 2015-16
Gold as a Financial inclusion tool	Institute for Financial Management and Research (IFMR) Lead (Misha Sharma, Govind Singh & Shambhavi)	Completed & Published 2017-18
Gold Monetization in India as a Transformative Policy: A Mixed Method Analysis (WP)	Priya Narayanan, Balagopal Gopalakrishnan, Prof. Arvind Sahay (IIMA)	Completed & Published 2016-17. Also presented at 3rd International Conference on Public Policy, National Univ. of Singapore
Global Risk and Demand for Gold by Central Banks (WP)	Balagopal Gopalakrishnan Prof. Sanket Mohapatra (IIMA)	Completed & Published 2016-17
Turning Over a Golden Leaf? Global Liquidity and Emerging Market Central Banks' Demand for Gold after the Financial Crisis (WP)	Balagopal Gopalakrishnan Prof. Sanket Mohapatra (IIMA)	Completed & Published 2017-18. Also presented at Infiniti Conference on International Finance, Valencia, Spain.



- **Gold as a Financial inclusion tool** – Conducted by researchers Misha Sharma, Shambhavi Srivastava and Govind Singh from IFMR Lead, Funded by IGPC
- **Research objectives:**
 - **Gold Portfolio**
 - Source and use of gold based on survey of 1000 households across 4 districts (Coimbatore (Tamil Nadu), Kolhapur (Maharashtra), Hooghly (West Bengal) and Saharanpur (UP)); Emotional attachment/gauging the sentimental value of gold
 - **Access and Use of Various Gold-Backed Products**
 - Access to different gold-backed loans, savings, and investment products
 - Key features of these gold-backed products in terms of preferences and usage
 - **Awareness, Perception and Uptake of Government initiated Gold Schemes**
 - Gold Monetization Scheme, Sovereign Gold Bond Scheme, Indian Gold Coin Scheme



- **Gold as a Financial inclusion tool** – Conducted by researchers Misha Sharma, Shambhavi Srivastava and Govind Singh from IFMR Lead, Funded by IGPC
- **Main findings:**
 - **Gold is an important Financial Inclusion Tool**
 - Households across all four regions do use gold for debt repayment, household expenses and consumption smoothing during shocks
 - Gold loans the most popular financial gold based product due to thriving gold loan market
 - **Segmentation of Gold Loan Market**
 - Higher presence of informal gold loan market in Saharanpur and Hooghly and formal gold loan market in Coimbatore and Kolhapur
 - Formal sources provide higher loans at lower interest in comparison with informal sources
 - **Government Sponsored Gold Schemes**
 - Little or no awareness and uptake of Government sponsored gold schemes
 - If marketed well, the schemes have the potential for higher uptake, especially the Gold Monetization Scheme



- **Gold Monetization in India as a Transformative Policy: A Mixed Method Analysis –** Conducted by Priya Narayanan, Balagopal Gopalakrishnan & Prof. Arvind Sahay (IIMA)
- **Research methodology:**
 - **Consumers**
 - Survey of about 1170 households in top 10 states in India in gold consumption on associations with gold, gold purchase and consumption habits, savings-related habits
 - Econometric analysis of all 640 districts in India using existing national sample survey data
 - **Bankers and refiners**
 - In-depth interviews of top management of banks on approach to the Gold Policy and incentives required (6 leading public & private banks)
 - In-depth interviews of top management of refineries on their viewpoint on the Gold Policy (5 leading gold refineries)



- **Gold Monetization in India as a Transformative Policy: A Mixed Method Analysis –** Conducted by Priya Narayanan, Balagopal Gopalakrishnan & Prof. Arvind Sahay (IIMA)
- **Research findings**
 - **Consumers**
 - Associations with gold: purity, symbolic value
 - Main “triggers” for gold purchase: family function and festivals
 - Reasons for accumulation: marriage of child or self
 - Low willingness to sell gold, higher willingness to pledge (especially among rural consumers)
 - Tendency to hold gold is more at higher income levels
 - Higher propensity to consume gold among households with higher number of women and/or girls



- **Gold Monetization in India as a Transformative Policy: A Mixed Method Analysis – Conducted by Priya Narayanan, Balagopal Gopalakrishnan & Prof. Arvind Sahay (IIMA)**
- **Research findings**
 - **Bankers**
 - Current process does not hold sufficient incentive for banks to participate wholeheartedly
 - Internal systems in banks might not be adequate
 - Banks have neither the specialization nor the motivation (given other more attractive businesses)
 - Bankers do not expect to be able to satisfy consumer expectations of a very short turnaround time
 - Refiners are willing to take purity risk only if sufficient volumes are available



- **Global Risk and Demand for Gold by Central Banks** – Conducted by Balagopal Gopalakrishnan & Prof. Sanket Mohapatra (IIMA)
- **Research methodology**
 - Empirical analysis of determinants of gold holdings of central banks using data from 100 countries for 25 years during the period 1990-2015
 - Importance of gold as a hedge against potential external vulnerabilities faced by an economy



- **Global Risk and Demand for Gold by Central Banks** – Conducted by Balagopal Gopalakrishnan & Prof. Sanket Mohapatra (IIMA)
- **Research findings**
 - Consistent with **portfolio diversification** and **perception of gold as a safe asset**, the gold holdings of central banks as a share of overall reserves increase in response to higher global risk. A **6 units increase in VIX global risk measure** (equiv. to one standard deviation increase) **increases the share of gold reserves by 4.2%**
 - Evidence that **high-income countries** have a relatively **higher sensitivity of gold reserves to global risk** than developing countries, possibly due to **better reserve risk management by high-income countries' central banks**
 - **Greater capital account openness** is associated with a **stronger response of central banks' gold holding to global risk**, while **higher reserve coverage of imports** (an indicator of external vulnerability) is associated with a **weaker response**

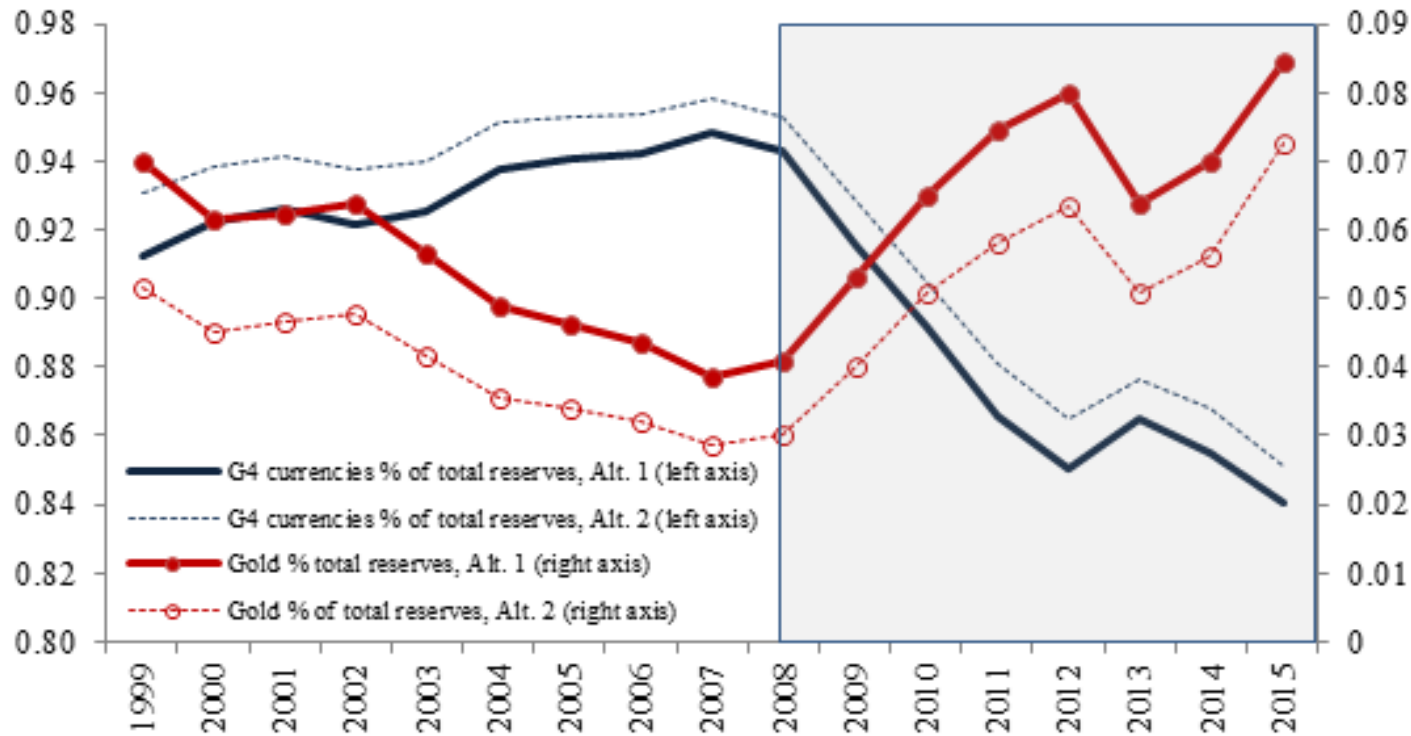


- **Turning Over a Golden Leaf? Global Liquidity and Emerging Market Central Banks' Demand for Gold after the Financial Crisis** – Conducted by Balagopal Gopalakrishnan & Prof. Sanket Mohapatra (IIMA)
- **Research methodology:**
 - Empirical analysis of factors driving holding of gold by central banks in 50 Emerging Markets and Developing Economies (EMDEs)
 - Focus on post-2008 financial crisis developments, characterized by extraordinary monetary expansion in advanced economies
 - Study shift in EMDE central bank reserve asset holding strategy pre- and post-crisis



- **Turning Over a Golden Leaf? Global Liquidity and Emerging Market Central Banks' Demand for Gold after the Financial Crisis** – Conducted by Balagopal Gopalakrishnan & Prof. Sanket Mohapatra (IIMA)
- **Research findings:**
 - Quantity of gold reserve held by central banks in EMDEs has risen sharply following the global financial crisis in 2008
 - Foreign exchange held by central banks in EMDEs in the form of G4 (dollar, yen, pound and Euro) decreased from 94% (pre-crisis) to 84% in 2015, with much of that decrease being compensated for by an increase in the holding of gold
 - Large increases in gold holding were seen in Russia, China and Brazil, but not India
 - Increase in EMDE gold holdings in the post-crisis period was strongly associated with the large expansion in liquidity and increase in central bank balance sheets in the advanced economies. This post-crisis effect holds even after controlling for a range of country-specific factors, international gold prices, and global risk indicator

Research Remit – IIMA India Gold Policy Centre



Research work in progress at IGPC:

Title	Faculty/ Researcher	Status
<i>Managing B2B Marketing in Gold Supply Chain-Brinks Global (Case Development)</i>	Prof. Arvind Sahay (IIMA)	Underway, WIP (Work in Progress)
<i>Challenges in Scaling Gold Retailing-Tanishq (Case Study)</i>	Prof. Arvind Sahay (IIMA)	Underway, WIP
<i>Financing & Risk Management Practices in Gold</i>	Prof. Joshy Jacob (IIMA)	Underway, WIP
<i>Role of Gold accumulation in Wealth Dynamics across generations in India</i>	Prof. Anindya Chakrabarty (IIMA)	Underway, WIP



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