

INVESTOR'S PERCEPTION TOWARDS GOLD AS AN INVESTMENT

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ABSTRACT

An investment involves allocating money to an asset with the goal of achieving financial gains through value appreciation or income generation. While saving money is essential, investing can significantly enhance your financial growth. Common investments include stocks, bonds, real estate, and commodities. Investments can be diversified to reduce risk, though this may reduce the amount of earning potential. Various types of investments are Mutual funds, Stocks, Certificate of Deposits, Bonds, Investing in real estates, Fixed Deposits, Public Provident fund, National pension System, National Savings certificate etc. Due to some influencing factors such as high liquidity and inflation-beating capacity, gold is one of the most preferred investments in India. Gold investment can be done in many forms like buying jewellery, coins, bars, gold exchange-traded funds, Gold funds, sovereign gold bond scheme, etc. In this paper, an attempt is made to study mainly the investment avenue preferred by the investors and we have tried to analyze the investor's preference towards investment in gold when other investment avenues are also available in the market.

KEYWORDS: Investment, Gold, Return, Risk.

INTRODUCTION

Gold is much more than an asset for Indian households. In addition to its significant cultural value, gold is often associated with financial wellbeing. The yellow metal has always been a part of Indian investment portfolios—earlier, as ornaments inherited by successive generations, and today, in the form of digital gold and ETFs alongside the physical metal. There are a plethora of precious metals, but gold is placed in high regard as an investment. Due to some influencing factors such as high liquidity and inflation-beating capacity, gold is one of the most preferred investments in India. Gold investment can be done in many forms like buying jewellery, coins, bars, gold exchange-traded funds, Gold funds, sovereign gold bond scheme, etc. Though there are times when markets see a fall in the prices of gold but usually it doesn't last for long and always makes a strong upturn. Once you have made your mind to invest in gold, you should decide the way of investing meticulously.

GOLD INVESTMENT PLANS

In conventional forms, it was just buying physical gold in the forms of jewelry, coins, billions, or artifacts. The scenario has changed nowadays and investors have more options to invest such as gold ETF and gold funds. Gold ETFs (Exchanged Traded Funds) is similar to buying physical gold but the only difference is you don't actually buy the physical gold. To overcome the limitations of physical gold, you can opt for the digital route which includes investments such as Digital Gold, Gold ETFs, Gold Mutual Funds, and Sovereign Gold Bonds. The following is a short description of each of these investment options:

1. **Digital Gold:** These can be purchased through various apps in denominations starting from 1 gram onwards.
2. **Gold ETFs:** Gold Exchange Traded Funds are traded on stock exchanges just like shares and primarily feature Physical Gold and stocks of Gold mining/refining as the primary underlying assets. A Demat (Dematerialised) Account is mandatory for investing in Gold ETFs.
3. **Gold Mutual Funds:** These are mutual funds managed by various asset management companies (AMCs) that follow a fund-of-fund structure and primarily invest in Gold ETFs.

4. **Sovereign Gold Bonds:** These bonds are periodically released by the Reserve Bank of India (RBI) and available for purchase through leading public and private sector banks. While returns are pegged to the price of gold and guaranteed by GOI, they actually do not have physical gold as an underlying asset.

REMEMBER BEFORE INVESTING IN GOLD

- **Choose the Type of Gold Investment Wisely**

As physical gold comes with risks related to theft and purity, one can opt for modern, secure alternatives (such as digital gold, ETFs, and SGBs).

- **Consider Your Investment Horizon**

Gold is best suited for medium to long-term plans, such as a 10-year investment plan. Keep in mind that it may not deliver quick returns (like stocks).

- **Market Timing**

While it is hard to time any investment perfectly, it is advisable to avoid buying gold when prices are unusually high (unless it is for long-term holding).

- **Ensure Purity**

If you are buying physical gold, always go for hallmarked items, as it will ensure quality and authenticity.

- **Costs and Charges**

Buying, storing, and selling gold may come with several charges, such as making charges, GST, and sometimes, locker fees. On the other hand, digital gold investment plans usually come with fewer charges.

ADVANTAGES OF INVESTING IN GOLD

- **Safe Haven:** Gold is known for holding its value during economic uncertainty and geopolitical crises when other markets, like stocks, may crash.
- **Inflation Hedge:** It often performs well during periods of high inflation, helping to preserve purchasing power.
- **Diversification:** Gold has a low or inverse correlation with stocks and bonds, meaning it tends to move in the opposite direction, which helps reduce overall portfolio risk.
- **High Liquidity:** It is globally recognized and can be easily converted into cash worldwide.
- **Tangible Value:** Unlike paper assets, physical gold is a tangible asset with intrinsic value that has been recognized for thousands of years.

OBJECTIVES OF THE STUDY:

- To study Investors perception towards gold as an investment.
- To study the factors influencing Investors to invest in gold.
- To know about the risk option in physical gold and other gold investment Options.
- To identify the satisfaction level of investor in gold investment.

LIMITATIONS OF THE STUDY

- The analysis of the present study has been carried out based on the information has collected from investors.
- Open ended questions are not used.
- Due to time constrict only 30 numbers of respondents were considered.
- The result fully depends on the information given by the respondents which may be based.

STATEMENT OF THE PROBLEM

In the dynamic and competitive environment, marketing of financial services and other investment avenues are to be understood for purpose of realizing the attitude of the investors. Though a variety of investment options are available, majority of them still depend on the banking system to invest their savings using the surplus liquidity on the banking system. Banks have reduced the interest payable on deposits. There is a steady decline in the interest rates offered by the banks in spite of huge cry raised but retired people and depositors. Hence it would be more useful to study the various

other options available for getting better returns on ones' hard-earned saving from the organized system. So, in the present study an attempt has been made by the researcher to know, how far investors are aware of various gold investment avenues and investors attitude towards investments.

RESEARCH METHODOLOGY

RESEARCH DESIGN

A research design is considered as the framework or plan for a study that guides as well as helps the data collections and analysis of data.

DESCRIPTIVE RESEARCH DESIGN

Descriptive research design is a study designed to depict the participants in an accurate way. More simply put, descriptive research is all about describing people who take part in the study.

Convenience sampling method A Convenience sample is one of the main types of non-probability sampling methods. This method is used when the part of the population is close to hand. Convenient sampling method is used to select sample and collect the data needed.

SOURCE OF DATA

There are two different types of data that are adopted for a project. They are primary and secondary data.

PRIMARY DATA

- Primary data which is collected by using structured questionnaire.

SECONDARY DATA

- Secondary data are collected from magazines, journals, Articles, Newspapers, books and other data that are available online.

STRUCTURE OF QUESTIONNAIRE

The Questionnaire basically has two main types of questions and they are open ended or open questions and closed ended or closed questions. Open ended questions are answered as respondents' willingness to answer as they wish. Closed ended questions are answered with a provided list of options. In this study, most of the closed ended questions are with likert scale type of options.

SAMPLE SIZE

The sample size of a study is the total number of samples that are selected from the sample unit using which the data are collected. The sample size of the study is 30.

TOOLS USED

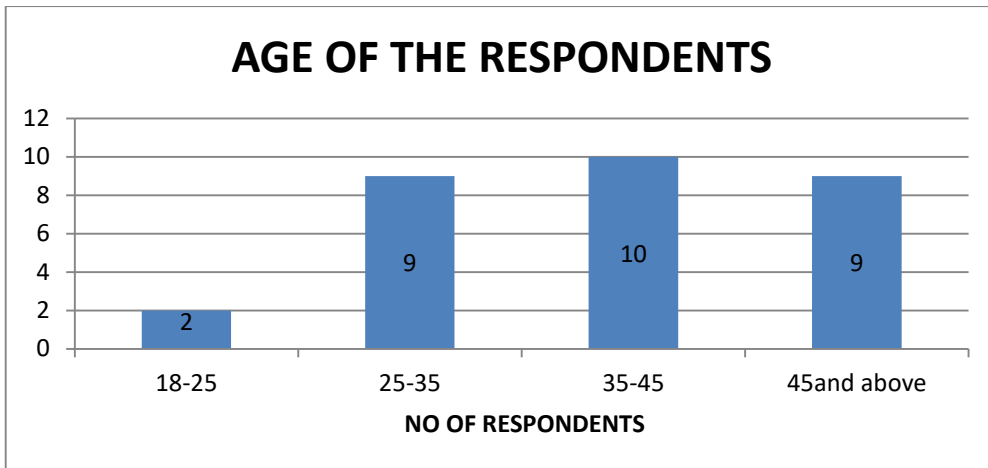
The analytical tools used are percentage analysis, chart and diagram,

DATA ANALYSIS AND INTERPRETATION

AGE OF THE RESPONDENTS

Particulars	No. of Respondents	Percentage
18-25	2	7
25-35	9	30
35-45	10	33
45and above	9	30
Total	30	100

Source:Primarydata



Interpretation

From the above table it is interpreted that the number of respondents between 18-25 is 7%, 25-35 is 30%, 35-45 is 33%, 45 and above is 30%.

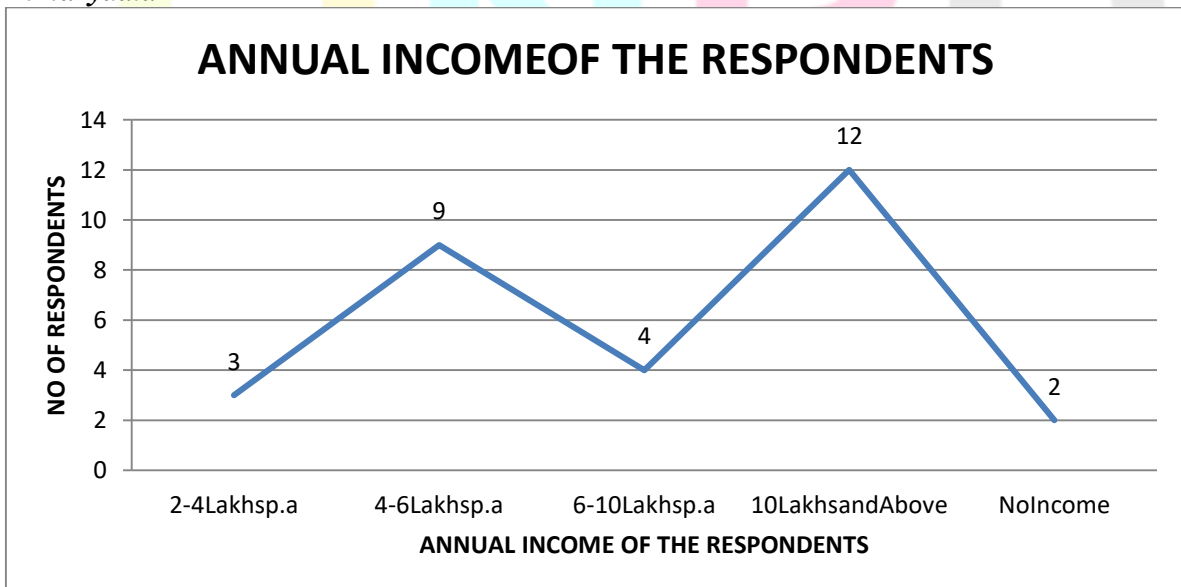
Inference

Majority (33%) of the respondents fall in the age category of 35-45 years.

ANNUAL INCOME OF THE RESPONDENTS

Particulars	No. of Respondents	Percentage
2-4Lakhs p.a	3	10
4-6Lakhs p.a	9	30
6-10Lakhs p.a	4	13
10Lakhs and Above	12	40
No Income	2	7
Total	30	100

Source: Primary data



Interpretation

From the above table it is interpreted that the number of respondent 2-4 lakhs p.a is 10%, 4-6 lakhs p.a is 30%, 6-10 lakhs p.a is 13%, 10 lakhs and above is 40 %, no income is 7%.

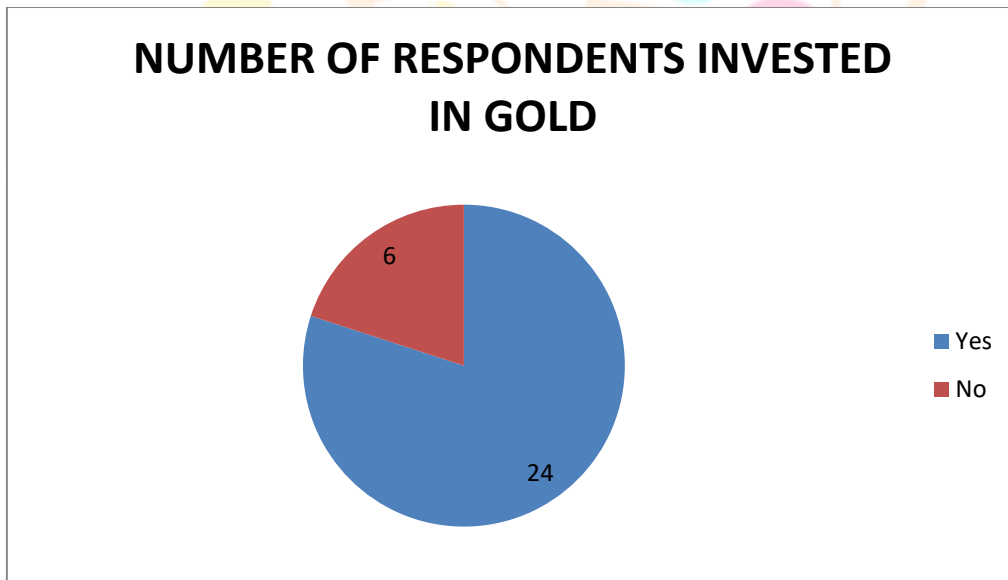
Inference

Majority (40%) of the respondents are in 10 lakhs and above.

NUMBER OF RESPONDENTS INVESTED IN GOLD

Particulars	No. of Respondents	Percentage
Yes	24	80
No	6	20
Total	30	100

Source:Primarydata



Interpretation

From the above table it is interpreted that the 80% of respondent says yes, 20% says No.

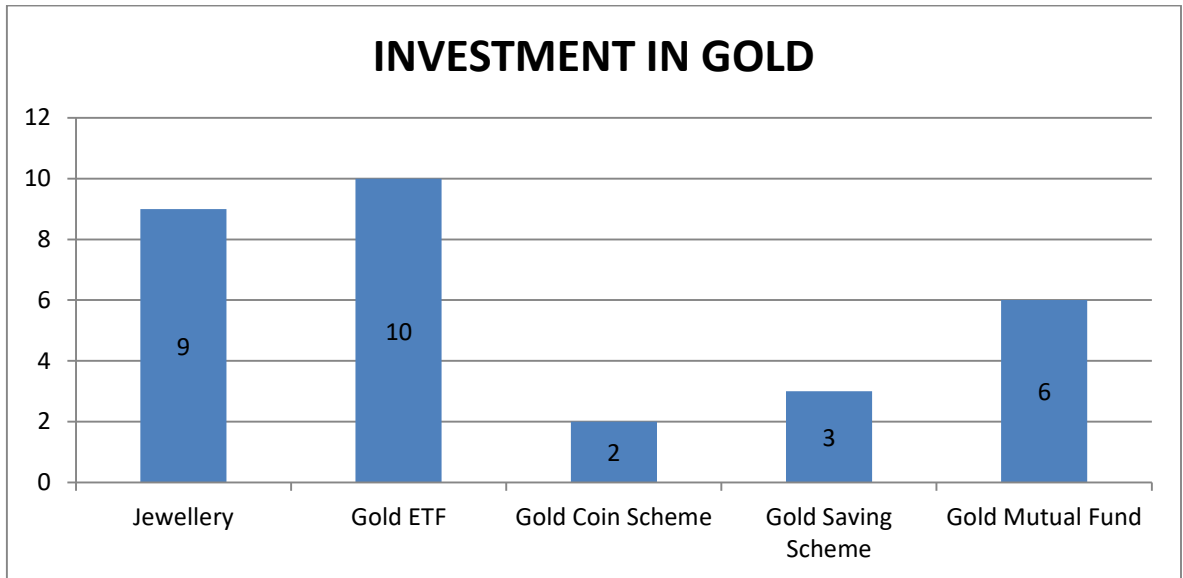
Inference

Majority (80%) of the respondents invested in gold.

RESPONDENTS PREFERRED WAY OF INVESTMENT IN GOLD

Particulars	No. of Respondents	Percentage
Jewellery	9	30
Gold ETF	10	33
Gold Coin Scheme	2	7
Gold Saving Scheme	3	10
Gold Mutual Fund	6	20
Total	30	100

Source:Primarydata



Interpretation

From the above table it is interpreted that the 30% of respondent says jewellery, 33% says gold EFT, 7% says gold coin scheme, 10% says gold scheme saving, 20% says gold mutual fund.

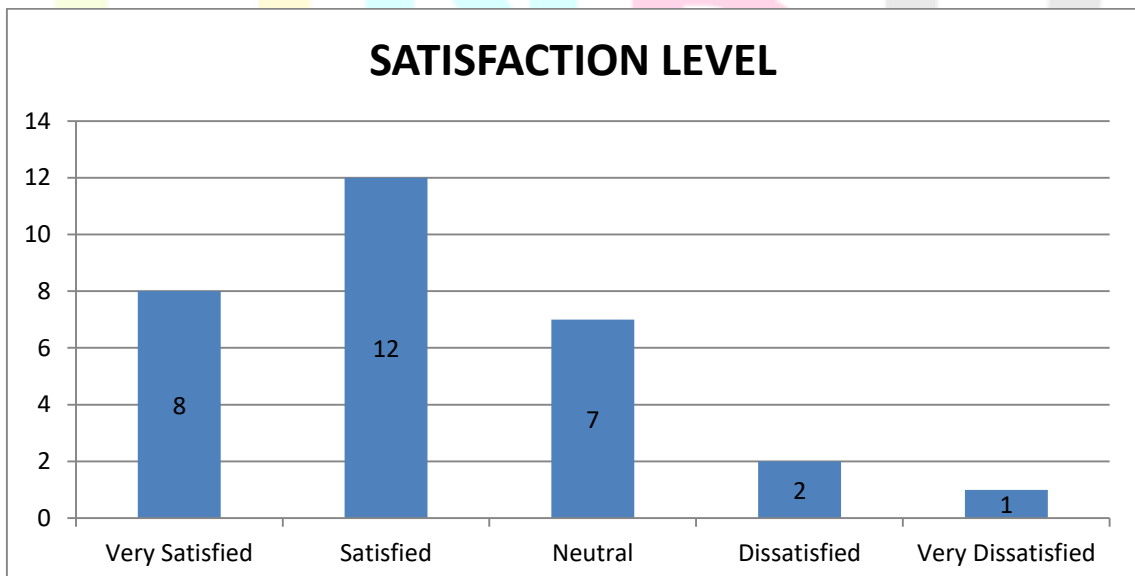
Inference

Majority (33%) of the respondent prefer in gold EFT.

RESPONDENTS SATISFACTION LEVEL BY INVESTING IN GOLD

Particulars	No. of Respondents	Percentage
Very Satisfied	8	27
Satisfied	12	40
Neutral	7	23
Dissatisfied	2	7
Very Dissatisfied	1	3
Total	30	100

Source: Primary data



Interpretation

From the above table it is interpreted that the number of respondents very satisfied is 27%, satisfied is 40%, neutral is 23%, dissatisfied is 7%, very dissatisfied is 3%.

Inference

Majority (40%) of the respondents are satisfied with gold investment.

FINDINGS

- 33% of the respondents fall in the age category of 35-45 years.
- 40 % of the respondents are in above 10 lakhs p. a.
- 80 % of the respondents invested in gold.
- 33% of the respondent prefer in gold ETF.
- 40 % of the respondents are satisfied with high return.

CONCLUSIONS

There are various investment options available to the investors namely securities, real estate, bank deposits, commodity exchange and mutual funds, Gold has been considered as the most preferred investments due to its high liquidity and profitability. Investors are now looking beyond gold as merely a commodity for consumption and are realizing its worth as an investment avenue too. Investments in gold have yielded consistent and assured returns, especially in volatile times. The research gives better understanding of investors perception, factors influencing investors to invest in gold and awareness regarding risk involved in gold investment. Hence awareness should be created to investors to invest in digital gold rather than physical gold for security and safety purposes.

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