

A STUDY ON INVESTOR PERCEPTION TOWARDS GOLD AS AN INVESTMENT

Submitted in partial fulfillment of the requirements for the award of

Master of Business Administration

by

Indhumathi L

Register No.39410070



SCHOOL OF BUSINESS ADMINISTRATION

SATHYABAMA

**INSTITUTE OF SCIENCE AND TECHNOLOGY
(DEEMED TO BE UNIVERSITY)**

**Accredited with Grade "A" by NAAC | 12B Status by UGC | Approved by AICTE
Jeppiaar Nagar, Rajiv Gandhi Salai, Chennai - 600 119**

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BONAFIDE CERTIFICATE

This is to certify that this Project Report is the bonafide work of Ms. Indhumathi L (39410070) who has done the Project work entitled ,"**A Study On Investor Perception Towards Gold As An Investment**" under my supervision from December 2020 to February 2021.

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DECLARATION

I, **Indhumathi L , (39410070)** hereby declare that the Project Report entitled, **“A Study On Investor Perception Towards Gold As An Investment ”** done by me under the guidance of Dr. A. Palani, is submitted in partial fulfillment of the requirements for the award of Master of Business Administration degree.

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Abstract

Investment ensures one's dreams turn real and enjoy life to the fullest without actually worrying about the future. Though there are various investment portfolios available to the investors, investment in Gold is considered as a safe investment because of its high profitability and liquidity. The data was collected by convenience sampling method. Primary data which is collected by using structured questionnaire from a sample of 110 respondents.

Hence an attempt is made to identify the factors which influence the investors to invest in gold investment, investor perception on risk in gold investment and to identify the investors satisfaction level in various motivating factor. This study revealed that the investors are preferred to buy jewellery because they are not aware of other investment options in gold like gold ETF, gold mutual fund, gold account etc. Chi Square test is used to analyse the data. It is found that there is a significant relationship between purpose of investment in gold and respondents perception on risk in buying gold.

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CHAPTER 1

INTRODUCTION

1.1 GOLD INVESTMENT

Gold is a precious metal that has been valued by people since ancient times. People use gold for coins, jewellery, ornaments, and many industrial purposes. Until recently, gold reserves formed the basis of world monetary systems. Gold plays an important role in providing the best possible protection against the fluctuations of both political and economic scenario, mainly in Asia, the Middle east countries and also in India.

In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at a higher price. Investment ensures one's dreams turn real and enjoy life to the fullest without actually worrying about the future. It controls an individual's spending pattern. It decides how and what amount one should spend so that he has sufficient money for future.

There are various avenues for investment for an individual, namely, Bank deposits, Real estate, Securities, Mutual funds, Commodity exchange and Gold investment. Though there are different areas for investment, Gold has been a traditional favourite for Indian investors. Gold has always come out as a trusted pillar to fall back on. During the recent upheavals in the global markets, including the US downgrading and the Euro zone issues, investors started ploughing money into gold. Consequently, the demand for the gold went up. In addition, as there were no other comparably safe assets to invest in, the price of gold skyrocketed. The pricier the gold gets, the more desirable it becomes, with many a woman yearning for the precious metal. The higher gold price has added to gold jeweller's desirability despite these challenging economic times. According to World Gold Council, India is the largest investors of gold in the world followed by China.

The perception about gold in India has come a long way from the days when its main function was to merely adorn and act as a status symbol. The emotional investment in the metal was so huge that parting with it seemed unthinkable.

People use gold for coins, jewellery, ornaments, and many industrial purposes. Now, however, it is becoming clear that an increasing number of Indians are realizing that gold deserves a place not just in the cupboard at home or the bank locker, but also in their investment portfolio. Until recently, gold reserves formed the basis of world monetary systems. Gold plays an important role in providing the best possible protection against the fluctuations of both political and economic scenario, mainly in India.

Investment is a planned method of safely putting ones savings into different outlets to get a good return. The essential quality of an investment is that it involves waiting for a reward. Gold as an asset plays a very important role in an investor's portfolio as it not only provides stability for returns but also gives an opportunity to maximize the wealth of the investor .Investors generally buy gold as a way of diversifying risk. Price of gold is determined by the market force of demand and supply. Gold is a hedging tool against inflation.

1.1.1 Facts About Gold

Gold, like no other metal, has a fascinating history and a special place in the world. Gold is a very soft metal when it is pure (24 Kt. is pure gold). Gold's many unique properties have secured it a central role in history and human development. Gold is a remarkable, rare metal, with an unparalleled combination of chemical and physical properties. It is the only yellow metal and bears its name from the Old English word for yellow, 'geolu'. It is also the only metal that forms no oxide film on its surface in air at normal temperatures, meaning that it will never rust or tarnish.

From the ancient time, gold has been in use as decorative ornaments for kings and also a currency and standard for global transactions. It has a wrinkle role in a wide range of electronic devices and medical applications, recently. Even through gold was mainly used to wear it as an ornament, thus acting as a status symbol in India, the perception about gold has taken different dimensions, making a long journey from those days. Increase of belief in gold among the Indians, not only deserves a place in home cupboard or bank locket, but also in the Indians investment portfolio. Reserve Bank of India makes changes in policy, according to the gold store in the Indian treasury.

1.2 History of Gold Investment

Gold is perhaps the most popular commodity of all history. Since it was used in early civilizations as a form of status and to honour the gods to being used as currency, gold has been a constant shadow of the evolution of human cultures from the ancient to the modern world.

Gold has been highly valued for its unique and attractive properties since as far back as 4000 BC. The oldest gold treasure in the world dates from 4,600 BC to 4,200 BC and was discovered at a Bulgarian burial site in Varna.

There is no culture or era where gold cannot be seen to have a high value. From ancient Egypt to the Aztecs, China's many dynasties and the Grecian and Roman treasure hoards gold is synonymous with power and wealth. Both a form of currency as well as a standard of wealth, gold was the basis upon which the global economy as we know it stands today. Without gold, a monetary standard would not have been possible and the prosperity of trade that depended upon it.

Throughout history, gold has often been used as a tool for bartering or trading. It was first used as a form of currency back in 500 BC, when Darius the Great, ruler of the Persian Empire, minted the very first gold coin, known as the "daric," in order to help fund the expansion of his army into foreign territories. Up until the last century, many countries around the world used gold and silver coins as a form of currency. It wasn't until the 1930s during the worldwide depression, that countries ceased to use the gold standard.

The United States Congress passed the Mint and Coinage Act in 1792. This act put in place a fixed price of gold with parity to the US Dollar. The act had a far-reaching impact on the modern history of gold as a precious metal. As per the new legislation, gold and silver coins were considered legal tender in the US. Gold, which is today 75 times the price of silver, was only 15 times dearer than silver at the time. The US mint therefore bought and sold silver and gold at a ratio of 15:1. However, the coming of the American Civil War changed that ratio. Since the US was unable to meet its debts using gold and silver, paper currency was introduced

for the first time in the US in 1862. The paper currency was known as a fiat currency, or one which is not convertible on demand at the existing fixed rate.

Eventually, in 1873, silver was removed altogether from the US mint's fixed rate system and a bill called the Coinage Act of 1873 was passed to officialise the removal of silver dollars from the US monetary system.

The 1800s witnessed a spate of gold rushes, as speculative adventurers rushed off to uninhabitable areas in search of the precious metal, in the hope of becoming millionaires if they struck gold. The notable gold rushes across North America at the time were North Carolina in 1799, San Francisco in 1848 and Klondike in Canada, 1896. Australia too witnessed a number of gold rushes in the latter half of the 19th century from 1850. Infact, the gold rushes helped populate areas of the great Australian outback, which had not been occupied by humans earlier. Today, these places are burgeoning cities and they owe their existence to the coming of the speculators in the 1800s.

Another important point in the modern history of gold is the Bretton Woods agreement. The two world wars had devastated the international financial markets and at the end of World War II, the global leaders came together to create a gold exchange standard for the world, linking it to the US Dollar. At the end of the war, the US emerged as the strongest nation, both militarily as well as economically. So, the US Dollar was chosen under the Bretton Woods agreement and this made the US extremely powerful on the international markets. The move is one of the most important points for the price of gold and for the US economy, as it paved the way for the US to become a global superpower.

As a commodity and a currency, the history of gold investment is a complex one and is relatively modern. Whilst accumulating wealth (and investing) is not a new human proclivity, the mechanisms for a standard benchmark of gold pricing relative to paper currency only emerged in the last few centuries. Europe was the first continent to implement gold standards at the end of the 19th century with the US following suit after WWII. All nations have since adopted a fiat currency system though most hold gold as central reserves or as commodity money.

After the second world war, the US dollar became the main currency to hold by other governments as it was the only currency still backed by gold. This continued up until 1973 when America became the last country to cease using the gold standard. The reason for this was that the country required additional funds to pay for the Vietnam war.

Gold purchased as an investment really only took off after the 1970's when The United States once again made it legal to own and trade in physical gold. Up until 1975, the Gold Reserve Act Of 1934 had made the possession of gold illegal.

Gold is a popular investment among a diverse range of investors who wish to diversify their portfolio outside of traditional stocks and shares and in doing so reduce their risk. Over a long period of time gold has consistently held its value against other asset classes and in the last 45 years has been shown to have outperformed stocks and shares.

Today gold is typically purchased as a hedge against inflation and its price has often been known to rise during times of economic crisis. The main reason for this is that during times of economic uncertainty, people often turn to tangible assets in which to store their wealth in case of a market crash. A great example of this occurred after the 2009 financial crisis when the price of gold rose to its highest peak in history.

Due to ever increasing geopolitical tensions and a growing mistrust of the current financial system, the popularity of gold investments has grown significantly in the past two decades. As Britain moves towards an uncertain future outside of the European Union, it is likely that investor demand for physical gold will continue to increase.

1.3.1 Gold A Good Investment

Investing money in gold is worth because it is hedge against inflation. Over a period of time, the return on gold investment is in line with rate of inflation. It is worth investing in gold for a one more valid reason. That is gold is negatively correlated to equity investments, the equity markets started performing poorly whereas the gold has performed well.

Benefits:

Risk

The real risk with buying gold is in the opportunity cost of investing in the other avenues that can actually give higher returns.

Liquidity

Gold scores the highest in terms of liquidity, compared to all other investments.

Tax treatment

Gold suffers capital gains tax as per the IT act. So the tax payable will not be much. Gold does not have any other tax benefits.

Convenience

Gold scores very high here. But with the per gram price rising, the smallest single investment is becoming higher.

1.3.2 Three reasons investors hold gold

Scarcity

Gold is scarce, durable, versatile and tangible. As such, it maintains its value and is considered a safe haven investment.

Protect global purchasing power

Gold is seen as a store of value during times of persistent deflation or extreme inflation. To some, it is considered to be a highly-valued global currency, a reputation earned in the gold standard period.

To diversify

The price of gold often behaves differently to stock and bond markets. It is possible that when a portfolio is suffering because of shocks for shares or bonds, that the gold price can rise, or vice versa.

1.3.3 Four reasons investors might sell gold

Rising interest rates

Rising interest rates damage demand for gold, particularly if central banks are trying to control inflation. Gold is perceived as offering protection from inflation so central bank success in controlling it might hold back the price.

Strong US dollar

Gold is valued predominantly in dollars. If the dollar is strong it costs more for international investors to buy therefore demand might fall.

Pace of gold production

Oversupply can dilute the price of gold, just like any other commodity.

A growing need for income

During periods when interest rates are low investors will look for alternative higher yielding investments such as shares. Gold provides no income and may fall out of favour. This factor may have contributed to falls in the price in recent years.

1.3.4 Various forms of investment in gold:

- Jewellery.
- Gold bullion bars.
- Gold coins.
- Gold certifications or deposit scheme.
- ETF.
- Gold mutual funds.
- E- Gold.
- Futures and options.

Gold futures contracts are binding commitments to make or take delivery of a specified quantity and purity of gold, on a prescribed date, at an agreed price. The initial margin or cash deposit paid to the broker is only a fraction of the price of the gold underlying the contract.

Exchange Traded Funds (ETFs): Buying Gold ETF is purchasing gold in electronic form. You buy them just like you buy stock of any company from your broker. Gold ETF makes it easier for you to invest in gold. Each Gold ETF unit that you buy is roughly equal to the price of 1 gm of gold.

Gold Coins And Gold Bars: You can invest in gold coins and bars, by buying them from your jeweller or from the bank. Gold coins are mass produced; they are available at very competitive prices compared with similar size bars. Gold coins are almost universally recognized, they are also easy to resell.

Gold Accumulation Plans : Gold Accumulation Plans (GAPs) are similar to conventional savings plans in that they are based on the principle of putting aside a fixed sum of money every month. At any time during the contract term or when the account is closed, investors can get their gold in the form of bullion bars, coins, jewellery or cash.

Gold Funds: Gold fund of funds is a solution meant for investors who wish to invest in gold but do not have a demat account. It aims to generate returns by investing in units of gold ETF. It works like any other open-ended mutual fund scheme.

E-Gold: You can invest in e-gold just as you invest in shares. The e-gold is held in electronic form or demat form, just like shares. One unit of e-gold is equal to 1 gram of gold.

1.3.5 Advantages of gold investment

- Liquidity.
- Holds its value.
- Diversification.
- Universally desired investment.
- Gold is used as input in products.

1.3.6 Disadvantages of gold investment

- A lot of market experts suggest that it is really not suggested to buy gold jewellery as an investment.
- No steady income.

- Price set by international markets.
- Issue with storage.

1.4 NEED FOR THE STUDY

There are various investment portfolios available to the investors, investment in Gold is considered as a safe investment because of its high profitability and liquidity. Moreover, gold is the most popular investment in the country. This study is based on the investor perception towards gold as an investment.

1.5 SCOPE OF THE STUDY

- To understand the investor perception towards gold as an investment.
- The research measures the experience of the investors.
- To know investors perception on risk in gold investment.
- To identify the satisfaction level of investors and their preferred way of gold investment.

1.6 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 investors perception on risk in gold investment.
- To identify the satisfaction level of investor in gold investment.

1.7 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 110 numbers of respondents were considered.
- The result fully depends on the information given by the respondents which may be based.

CHAPTER 2

REVIEW OF LITERATURE

Gold is considered by many, to be the best investment for protection during stock market declines and inflation (**Nawaz and Sudindra, 2013**).

Gold is one of the oldest and the most preferred form of investment in India. This is because gold is considered as the best possible protection against upheaval, both political and economic (**Benny and John, 2014**).

A report published by World Gold Council (**WGC (2010)**), mentions that Gold is the best commodity to invest in an asset, which is largely unrelated to the fluctuations and speculations in the different market conditions.

Investors generally buy gold as a way of diversifying risk such as a hedge against inflation if perceived economically. The person who wishes to invest must know all the investment choices/avenues and the ways of choosing this (**Geetha and Ramesh, 2011**)

Sindhu (2013) stated that in India, gold was one of the foundation assets for households in the form of Investments. It was viewed as secure, liquid investments.

Shobhana and Jayalakhmi (2009) revealed that real estate, bank deposit and jewellery were the preferred investment for Indians.

Lewellen et.al. (1977) found that age, gender, income and education affected investors' preferences and attitudes towards investment decision based on their investment objectives.

Ghosh, et.al (2004) had pointed that people buy gold for two purposes. The first is the "Use Demand", where gold is used directly in the production of jewellery, medals, coins, electrical components and so on. The second is "asset demand" for gold, where it is used by governments, fund managers and individuals as an investment. The asset demand for gold is traditionally associated with the view that gold provides an effective "hedge" against inflation and other uncertainty.

Gurunathan and Muniraj (2012) revealed that jewellery investment is an unstabilizing activity and it also showed that gold jewellery is the prime avenue for investment followed by Silver, Diamond and other platinum jewellery.

SenthilRaghavan, A., Ahmed, N. Nisar(2012), explains that The Indian households are investing more than any other country because they have a strong desire to save. India remains the cornerstone of the global gold physical market.

Gurgun, Gozde, et.al.(2014), state that gold has the hedge and safe haven properties in advanced economies, financial markets . The results of the study also hold in the post-2008 crisis period. During times of extreme losses in equity markets, gold acts as a safe haven in more countries for both domestic and foreign investors.

Dr. Sindhu (2014) mentioned that gold is preferred as one of the major investment option especially by the Indian investors. In India, gold is one of the foundation assets for Indian households in the form of investment. It is viewed as secure, liquid investment.

Eric Sepanek (2014), stated factors influencing gold prices World events often have an impact on the price of gold because gold is viewed as a source of safety amid economic or geopolitical tumult. Because gold prices tend to rise when people lack confidence in governments or financial markets, it often gets called a 'crisis commodity'.

Baber, Preranaet.al. (2013) stated that the gold prices during last decade have been increased by nearly 900%. "Gold has been mesmerizing humankind ever since its discovery. It is one of the most precious metals found till date and also the most liquid asset too. Gold is backbone of all economies since its inception.

Bapna, Ira, et.al.(2012), concluded that In contemporary scenario, increase in oil demand depicts increased imports, and stronger inflation which, in turn, requires gold conservation. Volatilities and changes in macroeconomic variables are likely to have an impact on gold prices and vice-versa.

David, Hillier et.al.(2006), states that precious metals have low correlations with stock index returns, which suggest that these metals may provide diversification

within broad investment portfolios. All three precious metals, gold, silver and platinum, have some hedging capability, particularly during periods of "abnormal" stock market volatility. Financial portfolios that contain precious metals perform significantly better than standard equity portfolios.

Umakalyani, B. (2016) states that Saving of the individual are invested in assets depending on their risk and return demands, safety money, liquidity, the various alternatives available for investment in gold through options like jewelry, coins, bullions, ETF, mutual funds, E-gold etc. Many investors still prefer jewelry, gold coins and gold bullion bars forms of investment and prefer to invest in ETF and Futures and options which gives more profit and easy form of investment.

Singh, P. K. (2016), found that according to investor's perception risk level is different in case of investment in gold and equity. Investor's preference level is different for gold and equity. People prefer to invest in gold either at the time of marriage or for gift purpose or if they don't have knowledge about equity and they adopt traditional mode of investment.

Shanthi, G., Murugesan, R.(2016), states that The investors expect more returns with relatively lesser risks. Investors are investing their money with the different objectives such as profit, security, appreciation and Income stability. Salaried women employees considered the safety as well as high return on investment on regular basis. Most of the investors have made their investment in Gold followed by bank deposits.

Lokhande, Murlidhar(2015) concluded that Most of the investors, particularly rural investors are found unaware about investment avenues and rules and regulations. The investment preference order of the respondents indicated towards secured investment attitude. Bank deposits, gold and jewelry, real estate were popular investment avenues for majority of the investors. Rural investors emphasize more on safety and liquidity rather than returns. The study concluded that majority of the rural investors were somewhat conservative.

Adhana, Deepak Kumar (2015) stated that India has toppled China to become world's largest buyer of the gold in 2015. Gold is sensitively attached with the Indians and they prefer buying gold in the form of jewelry. The Central

Government has come up with three gold schemes on 5th November, 2015 i.e., Gold Monetization scheme, Sovereign Gold Bond scheme and India Gold Coin scheme to reduce the requirements of gold through imports. The accomplishment of economically stable gold investment schemes can bring changes in our economy. Indians buy about 300 tonnes of gold bars every year purely as investment assets. So for them the 3 schemes may be a better option.

Jayanthi, M.et.al. (2014) stated that In India, there are many forms of investment like deposits in banks, bonds, stock, mutual funds, real estate's etc. but gold is an important form of investment. There are different ways of investment in Gold i.e. Gold ETFs, E-Gold, and Gold on accounts. Physical gold has many problems and it is not convenient but still people prefer the Physical Gold because of the traditional value. Nawaz, investing in gold is jewellery, gold bullions and gold coins, and a very few investors are aware of gold certificate and futures and options, gold mutual fund, e gold and ETF and even these are very marginally preferred form of investment.

M Nishad (2013) intrigued various options available for investors in gold. investors preferred option of investing in gold is jewellery, gold bullions and gold coins, and a very few 21 investors are aware of gold certificate and futures and options, gold mutual fund, e gold and ETF and even these are very marginally preferred form of investment.

Bernadette, D'Silva, et.al.(2012) stated that Indian investors, irrespective of various financial products that have been introduced in markets, have always retained certain part of their savings in the form of gold investment. Majority of investors regarded gold as safest haven for investment especially during recession periods. There exists high difference in preference and attitudes of males and females for making investment in gold. The results also indicated that dollar, pound and yen have inverse relationship while euro had direct relationship with gold prices.

Worstell, Tim (2016) contributed, gold isn't exactly the most productive of investments, offers no ongoing return, and it's a positive drag on the economy as a whole. And yet real estate and gold do make up two thirds of household savings in India. The underlying Indian culture is an extremely long lasting one. Life out in the

villages hasn't changed all that much, so standard behavior is based on some very old historical roots. The market in physical gold is extremely liquid having mass appeal. It is entirely possible to pawn or sell a small piece of gold if any need arises. Gold, or gold jewellery, is a useful form of saving.

Rncos (2006) in his study entitled "Indian Investors Interest in gold found that jewellery market in India possess tremendous potential for future growth. It has an added advantage of low production cost and highly skilled labor that separate it from its competitors. It is projected that the overall gold market will grow at a CAGR (Compound Annual Growth Rate) of around 14% during 2009-2012.

Alok Kala (2010) in his study entitled "GOLDworld" stated that Jaipur offers great potential in the gem and jewellery industry. These GOLD are in great demand in India and worldwide. The author stated that the jewellery market in Sitapur alone accounts for turnover of Rs 450 crore, which includes Rs 300 crore of the exports.

Shah Vipul (2012) in his study entitled "Change in Leadership of Gem and jewellery" stated that as the gold market came into trend, the number of gold retailers in the country increased sharply. Traditional gold also began to bring out lightweight jewellery, and some of them even launched their in-house brands. However, the share of branded jewellery in the total jewellery market is still small (about Rs. 10 billion of the Rs. 400 billion per annum jewellery market in 2002), though growing at a pace of 20 to 30 percent annually.

Zaveri Samrat (2003) in his study entitled "Branded and Gold market in India" found that since the late 1990s, there was a shift in investors demand and as a result women were increasingly opting for gold. There was a rise in demand gold especially for investorss in the 16 to 25 age group, who regarded jewellery as an accessory and not an investment. Jewellers should understand the shifting needs, motivations and aspirations of investorss in the gold market, and to identify new trends and opportunities.

Parimalakanthi, K. and Kumar, M. Ashok (2015), studied that the major factors behind an investment are the safety of principal amount, liquidity, income stability, and appreciation. Investors cannot avoid risks but they can minimize the risk by investing their money in safe investments so that they can get a moderate profit.

Most of the investors of Coimbatore city prefer bank deposits followed by investments in gold and silver.

Jain, Rajeshwari (2014) determined that majority of women preferred to invest their savings in fixed deposits with banks for the safety of a volatile future followed by investing in gold. Major reasons for investing in fixed deposits with banks were: Safety, Regular Income and Saved tax.

G.velmurugan, v. Selvam, N. Abdul Nazar (2015) The economic liberalization and globalization have brought a fervent environment for the common and small investors who are willing to participate in the various investment avenues available in India. There are large number of small investors, who have the ability to save and make an investment in share market, gold, real estate, insurance and post office. In recent years, numerous researches have been conducted on investors' perception towards various investments from various perspectives.

Dr. Anita Raman, Mrs. N. Sakthi selvarohin (2020) An efficient financial sector mobilizes savings and allocates it to those investments which yield the highest rate of return. Savings are the difference between income and consumption of an individual. An increase in the volume of real domestic savings means that resources that would have been used for consumption are released for investment. India has high level of saving rate because of high level of saving motives of individuals. Every individual seems to understand the basic principle of investment. Investment means the purchase made by an individual of a financial or real asset that produces a return proportion to the risk assumed over some future investment period and for achieving this investor decides on how and where to deploy his/her saving. Saving motive is thus, a desire to reserve certain mixture of income for future.

Chaitras.b, suman chakra borty (2020) Behavioural Finance combines psychology with financial theory to comprehend the associations between markets, emotions, personality and reason. Nowadays the financial services sector has turn out to be extremely diversified offering the investor with a widespread variety of investment opportunities. Investors have dissimilar outlook when they decide about investing in a specific avenue. With proper investment strategies and financial planning investor can increase personal wealth which will

contribute to higher economic growth. Economic growth is among the most vital factors affecting the quality of life that people lead in a country. Three variables that measure the growth of an economy are Income, Saving and Investment.

Worawit Udompaibunsuk, (2003) compared their study into three money saving methods – gold bar holdings, investment in general fixed income fund, and fixed deposit investment To study the return rates and the risks of savings in low-risk assets in the form of single securities. Low-risk assets include fixed deposit, general fixed income fund, and gold bars. The period of the research covered from January 1, 2002 to December 31, 2002, during which the deposit interest rates of commercial banks were very low. They found savings in the form of single securities in gold bars yielded higher return rates and risks than any other types of savings. Savings by depositing money with commercial banks gave the lowest return rates but no risks, which corresponded with the principle of “a high return rate has a high risk and a low return rate has a low risk.” The investment in general fixed income fund was more suitable to other types of savings because of lower risk per unit of return rate.

Levin and Wright (2006), they said that the amount of gold supplied from extraction in any period is positively related to the gold price in an earlier period. This is because there may be a substantial time lag before mines react to a price change. The quantity of gold supplied from extraction is also negatively related to the amount of extracted gold that is diverted to repay central banks for the gold leased in the previous period incremented by a physical interest rate in those cases where the central bank opts for interest to be repaid in gold.

Jay Desai, Jairaj Tailor and Rohan Shahi, et.al. (2009) found that buying behavior of gold with regards to Tanishq stated that people are more price conscious and they feel that the price in Tanishq are more than what the normal retailers have. Investors also found that the patterns available are lesser than what they get in the normal retail store. Tanishq is one of the service oriented jewellery shop so investors are more attracted because of their service People are not affected with the ambiance of the shop.

Kulkanya Napompech, Amonsri Tanpipat and Nidpa Ueatrakunkamol, (2010) studied various factors influencing gold consumption for savings and investments

by people in Bangkok Metropolitan area and suggested that investors give importance to the ups and downs of oil prices, which rise and fall in relation to the price of gold.

Ananthapadmanabha Achar, (2012) analysed that saving and investment behaviour on teacher's states that individual characteristics of teachers such as age, gender, marital status, and lifestyle determined the savings and investment behaviour of teaching community. She also identified that their family characteristics such as monthly family income, stage of family life cycle, and upbringing status emerged as determinants of their savings and investment behaviour. This study was confined that different categories of teachers working in various educational institutions in Udupi District of Karnataka State with a special emphasis on their attitude and behaviour towards consumption, savings and investments.

K. Balanaga Gurunathan and S. Muniraj (2012), evaluated the impacts of Investor awareness and buyer Behavior on Buying Jewellery Products—Special Reference to Tamil Nadu State and concluded that jewellery investment is a unstabilizing activity, the result shows gold jewellery with mean of 4.60 in the first priority, the silver jewellery with mean of 2.30 in the second priority, diamond jewellery item with of 1.12 in the third priority, new methods of investment like Platinum jewellery with mean of 0.62 in forth priority of investor buying behaviour and awareness of jewellery in Tamil Nadu state.

Rohna 'O Connel (2006) stated that gold has an emotional feeling in Indian context, as it is called as "Streedhan" The Indian bride wealth which she takes with her when she marries and which remains hers. This helps to give gold an important role in empowerment of women. According to another study conducted on shopping for gold a ritual experience. This study went through reutilization of gold buying activities keeping three propositions when Indian Women Purchase gold, why they buy gold and actions and behaviour during purchase. In depth interviews were done. "Why, when and How women purchase jewellery". They concluded with saying gold is artefact within Indian investors society and gold buying is ritual activity. Women's primarily purchased gold for Jewellery, few were supporting Investment and financial security for family and future.

Mike Caggese (2008), talked about Money Morning an online investment guide was suggested various ways of investing in gold. Some are gold coins, gold ETF, gold mining companies gold futures, bullion gold but the most popular is gold jewellery in Indian market.

Hillier, Draper, and Faff (2006), they categorized studies into five different approaches. The first approach studies the investment and diversification properties of precious metals when combined with stock market investments in financial portfolios. The second approach concentrates on the role of gold as a potential hedging variable in intertemporal asset-pricing models. The third approach studies the properties of the return distribution and the possibilities for earning excess returns in the gold and silver markets, i.e. the efficiency of these markets. The fourth approach studies the relationships of gold (and silver) to macroeconomic variables and government policy. The final approach concentrates on the particular features and characteristics of gold (and silver) production and market processes.

Chua et al. (1990) and Jaffe (1998) found the benefits of diversifying investment portfolios with gold stocks and generally observed a diversifying effect for gold. Chua et al. found, that the beta of gold bullion remained virtually indistinguishable from zero thru 1970's and 1980's and gold was a meaningful investment for diversification for both long-run and short-run. By using data from 1971 to 1987, Jaffe constructed 4 portfolios mirroring allocations of typical large institutional portfolios with each being different in risk and return. He found that adding 5% gold into all of these portfolios reduced the risk and increased the return of these portfolios and with 10% gold, the benefits increased even more.

Hillier et al. (2006) examined the diversification benefits of gold in the US markets and international markets. They used data from period 1976-2004 for SandP 500 and EAFE and found that gold was especially useful diversifier in periods with high volatility and poor performance. When comparing buy-and-hold strategy against switching strategy with gold they found that the former was superior and over the last 25 years, holding 9.5% gold in portfolio was the optimal allocation.

Capie et al. (2004) examined one aspect of the second role of gold, gold as a hedge against US dollar. Using data from 1971 to 2002, they applied a variety of

statistical techniques to explore the relationships between gold and the exchange rates of various currencies against the US dollar, with particular attention paid to the hedging properties of gold in episodes of economic or political turmoil. The US dollar gold price was found to move in opposition to the US dollar and the movement was essentially contemporaneous. For each exchange rate considered, a typical weekly movement against the dollar generated a movement in the gold price of just under one dollar.

Levin and Wright (2006) found that the price level and the price of gold moved together in a statistically significant long-run relationship supporting the view that a one percent increase in the general price level leads to a one percent increase in the price of gold. However, they found that there are short-run deviations from the longrun relationship between the price of gold caused by short-run changes in the inflation rate, inflation volatility, credit risk, the trade-weighted exchange rate and the gold lease rate.

Ghosh et al. (2002), Gorton and Rouwenhorst (2006), Kolluri (1981) and Ranson and Wainwright (2005). Pindyck (1993) found the futures price data to test the ability of the present value model to explain the prices of four commodities; copper, lumber, heating oil, and gold. He was found that the present value model did a poor job in modeling the price of gold. This was partly because gold does not have the same level of convenience yield like many other commodities.

Diba and Grossman (1984) studied whether the rational bubbles exist, that is if the time series of the relative price of gold obtained by differencing a finite number of times is non stationary. They found a close correspondence between the time series of the relative price of gold and the time series properties of real interest rates, which the theory relates to the time series properties of the fundamental component of the relative price of gold. Their evidence is consistent with the conclusion that the relative price of gold corresponds to market fundamentals and the process generating first differences of market fundamentals is stationary, therefore actual price movements do not involve rational bubbles.

Chappell and Dowd (1997), made a model for the gold standard which modeled technology and preferences explicitly and account was also taken of both the

durability of gold and the exhaustibility of gold ore. They examined the steady state and its associated dynamics, and showed how the steady-state price level responds to changes in exogenous factors. Provided they had an interior solution with unminted gold in the steady state, this price level rises with technological progress in gold mining, and falls with increases in real income and the discount rate.

Ghosh et al. (2004) analyzed monthly gold price data from 1976 to 1999 using co integration regression techniques. Their study provides empirical confirmation that gold can be regarded as a long-run inflation hedge and that the movements in the nominal price of gold are dominated by short run influences.

Chua, Sick and Woodward (1990) said that gold moves against the stock markets, especially in periods where stock markets perform badly and that raise the asset demand for gold. If the beta of gold (β_g) rises for a period of time, the asset demand will fall during that period, but rises when the beta reverts to its lower value. Therefore the asset demand for gold is negatively related to the current beta and positively related to the lagged values of beta.

Levin and Wright, (2007) said that when an investor is holding gold, he is giving up on earning interest on holding another interest bearing asset. This is the cost for holding gold. The price of gold moves inline or against the real interest rate, depending on the causes that move the real interest rate. If the interest rate rises because of fear of rising inflation, the gold moves in line with the real interest rate.

CHAPTER 3

RESEARCH METHODOLOGY

3.1 RESEARCH DESIGN

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

3.1.1 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.

3.2 SAMPLING TECHNIQUES

3.2.1 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.

3.3 SOURCE OF DATA

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

3.3.1 Primary data

Primary data which is collected by using structured questionnaire.

3.3.2 Secondary data

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

3.4 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.

3.5 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 110.

3.6 PERIOD OF THE STUDY

This period of study describing the period, that is, the date of beginning of the study and the date of ending of the study. Period of study is from January 2021 to March 2021 which is a three months of study.

3.7 TOOLS USED

The analytical tools used are percentage analysis, bar diagram, chi square test in spss.

CHAPTER 4

DATA ANALYSIS AND INTERPRETATION

4.1 PERCENTAGE ANALYSIS

Table 4.1.1: Age of the Respondents

Particulars	No. of Respondents	Percentage
18-25	15	14
25-35	39	36
35-45	33	30
45 and above	23	21
Total	110	100

Source: primary data

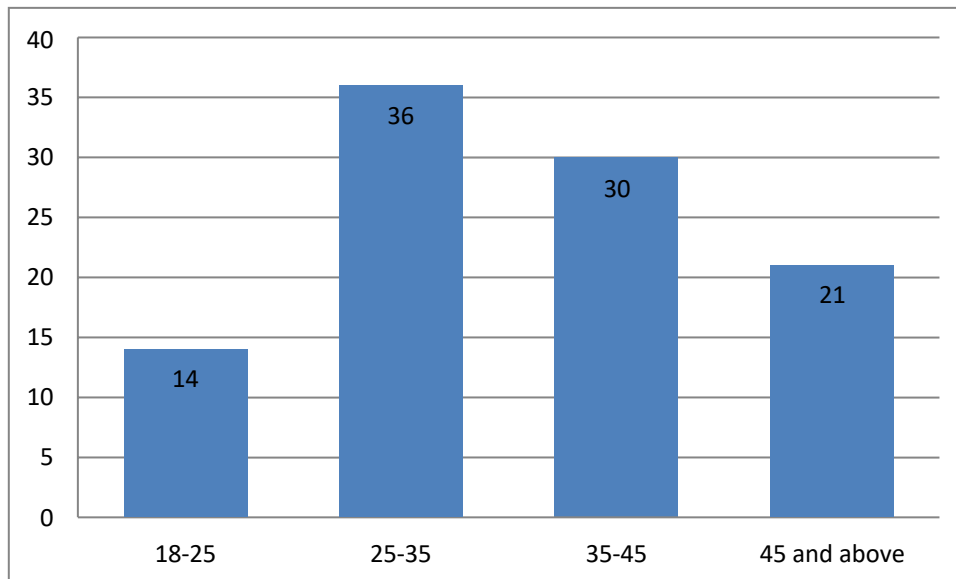


Chart 4.1.1: Age of the Respondents

Interpretation

From the above table it is interpreted that the number of respondents between 18-25 is 14%, 25-35 is 36%, 35-45 is 30%, 45 and above is 21%.

Inference

Majority (36%) of the respondents fall in the age category of 25-35 years.

Table 4.1.2: Marital Status of the Respondents

Particulars	No. of Respondents	Percentage
Married	93	85
Unmarried	17	15
Total	110	100

Source: Primary data.

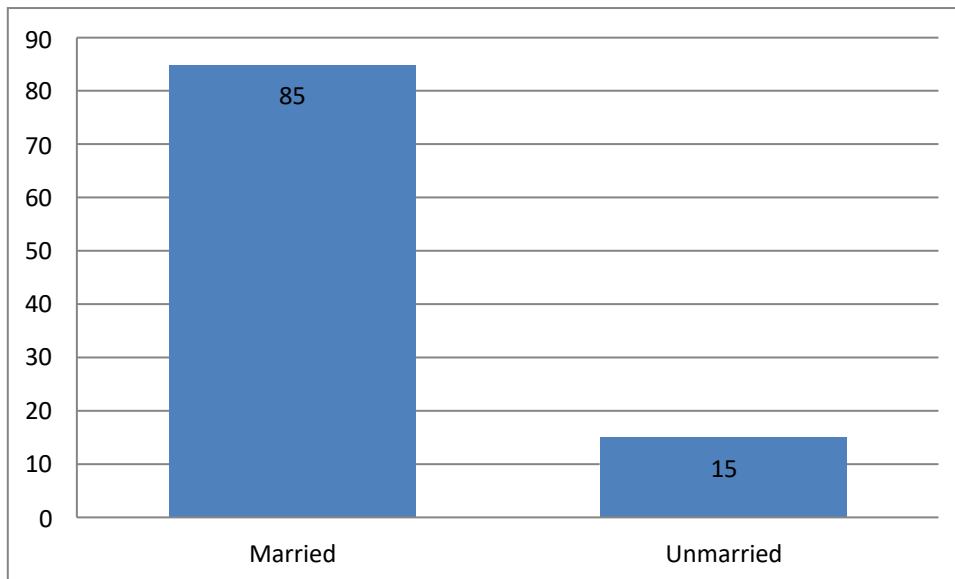


Chart 4.1.2: Marital Status of the Respondents

Interpretation

From the above table it is interpreted that the number of respondents were 85% in married, 15% in unmarried.

Inference

Majority (85%) of the respondents are married.

Table 4.1.3: Gender of the Respondents

Particulars	No. of Respondents	Percentage
Female	85	77
Male	25	23
Total	110	100

Source: Primary data

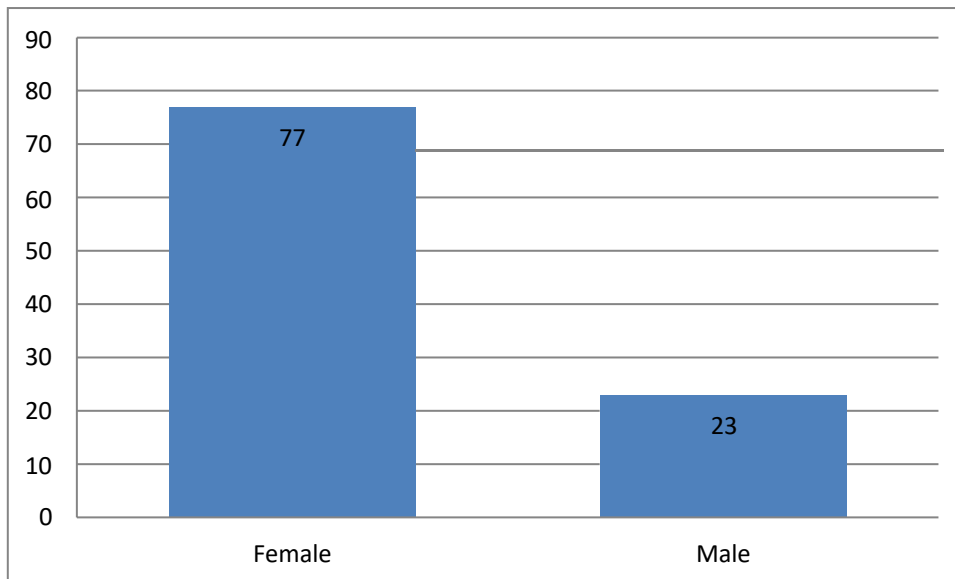


Chart 4.1.3: Gender of the Respondents

Interpretation

From the above table it is interpreted that the number of female respondent is 77% and male respondent is 23%.

Inference

Majority (77%) of the respondents are female.

Table 4.1.4: Qualification of the Respondents

Particulars	No. of Respondents	Percentage
High School	43	39
Graduated	37	34
Post Graduated	20	18
Phd and Above	10	9
Total	110	100

Source: Primary data

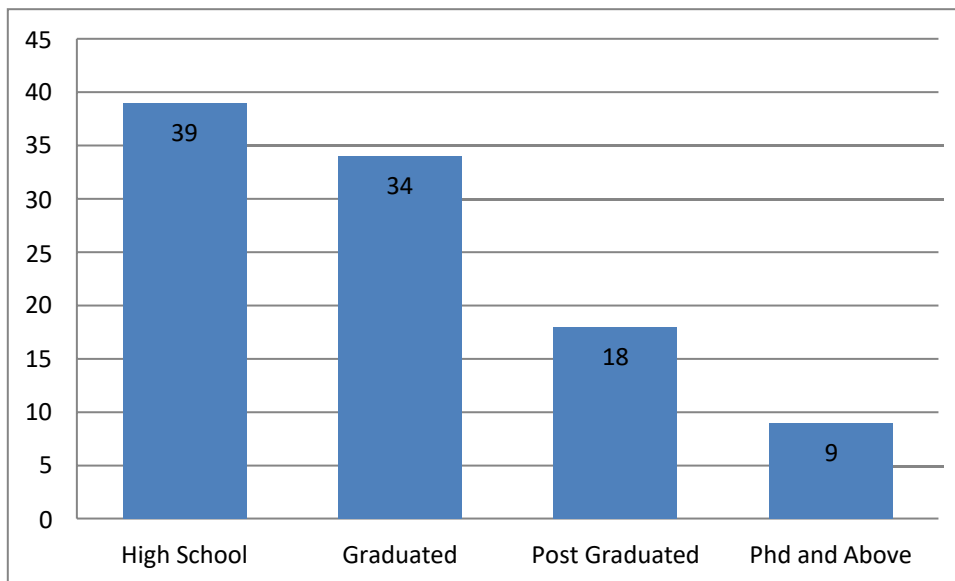


Chart 4.1.4: Qualification of the Respondents

Interpretation

From the above table it is interpreted that the number of respondents graduated is 34%, high school is 39%, phd and above is 6%, other is 3%.

Inference

Majority (39%) of the respondents are high school.

Table 4.1.5: Occupation of the Respondents

Particulars	No. of Respondents	Percentage
Business	17	16
Employee	41	37
Self Employed	9	8
Student	12	11
Home Maker	7	22
Unemployed	24	6
Total	110	100

Source: Primary data

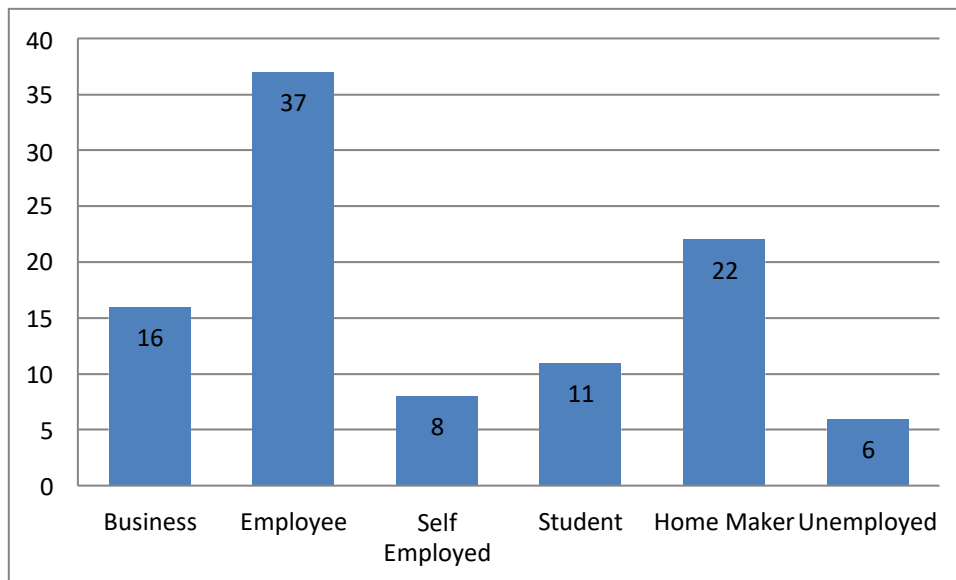


Chart 4.1.5: Occupation of the Respondents

Interpretation

From the above table it is interpreted that the number of respondents were 16% is business, 37% is employee, 8% is self employee, 11% is student, 22% is homemaker, 6% is unemployed.

Inference

Majority (37%) of the respondents are employee.

Table 4.1.6: Annual Income of the Respondents

Particulars	No. of Respondents	Percentage
2-4 Lakhs p.a	45	41
4-6 Lakhs p.a	22	20
6-10 Lakhs p.a	11	10
10 Lakhs and Above	7	6
No Income	25	23
Total	110	100

Source: Primary data

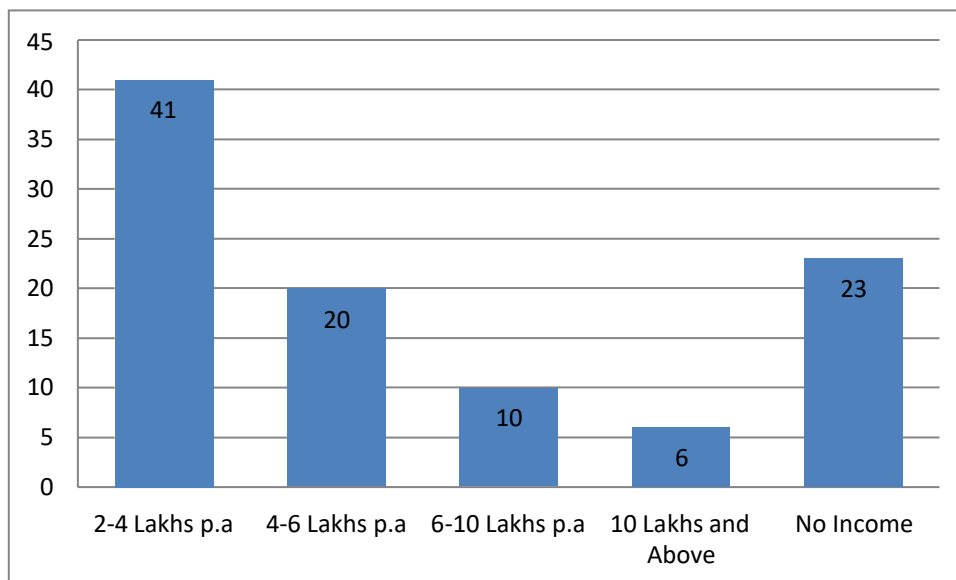


Chart 4.1.6: Annual Income of the Respondents

Interpretation

From the above table it is interpreted that the number of respondent 2-4 lakhs p.a is 41%, 4-6 lakhs p.a is 20%, 6-10 lakhs p.a is 10%, 10 lakhs and above is 6%, no income is 23%

Inference

Majority (41%) of the respondents are in 2-4 lakhs p. a.

Table 4.1.7: Number of Respondents Invested in Gold

Particulars	No. of Respondents	Percentage
Yes	94	86
No	16	14
Total	110	100

Source: Primary data

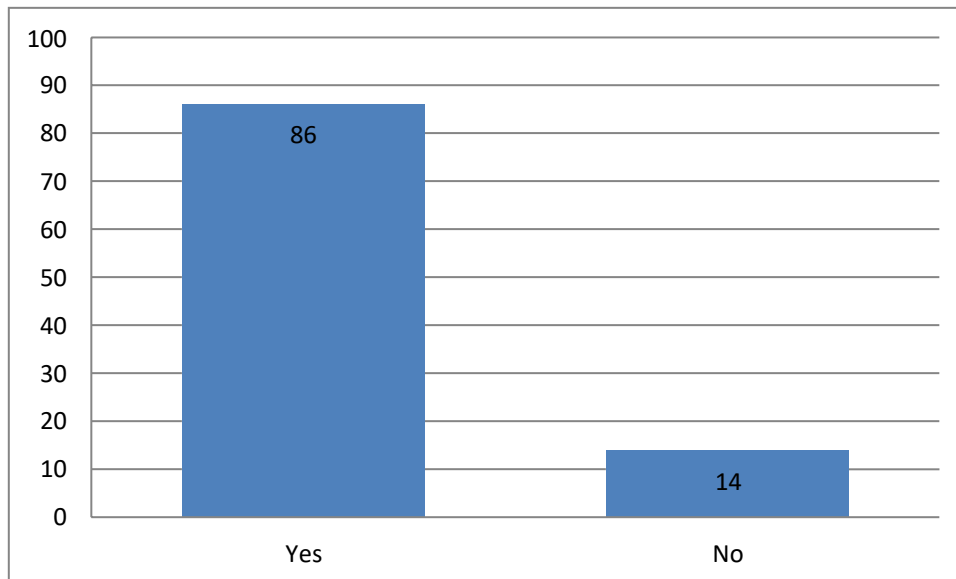


Chart 4.1.7: Number of Respondents Invested in Gold

Interpretation

From the above table it is interpreted that the 86% of respondent says yes,14% says No.

Inference

Majority (86%) of the respondents invested in gold.

Table 4.1.8: Purpose of Gold Investment

Particulars	No. of Respondents	Percentage
For Future	22	20
To Wear Jewellery	15	14
Children's Education	27	25
Marriage	11	10
For Gifting	22	20
Children's Future	13	11
Total	110	100

Source: Primary data

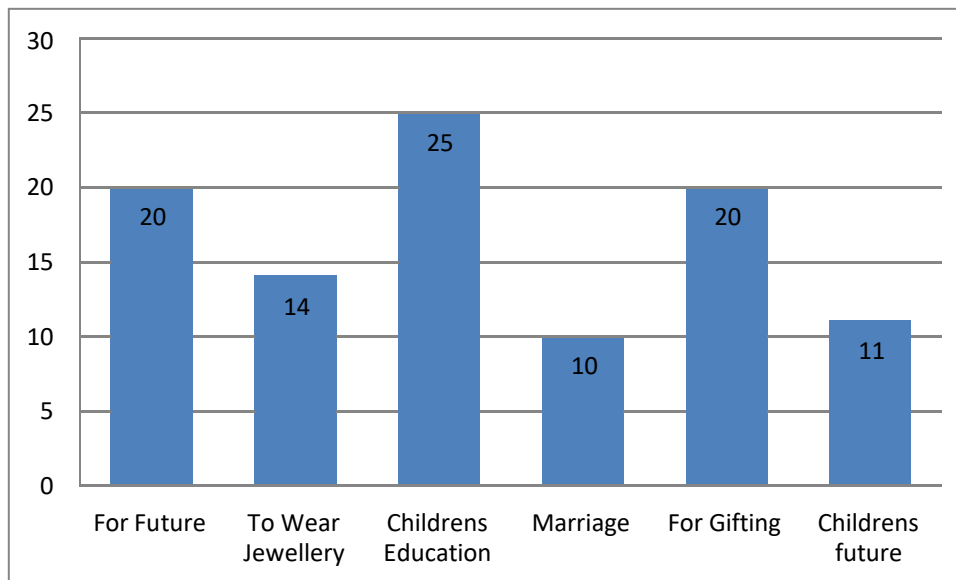


Chart 4.1.8: Purpose of Gold Investment

Interpretation

From the above table it is interpreted that the 20% of respondents says for future, 14% of respondent says to wear jewellery, 25% of respondent says children's education, 10% of respondent says marriage, 20% of respondent says for gifting, 11% of respondent says other.

Inference

Majority (25%) of the respondents says gold investment for future purpose.

Table 4.1.9: Respondents Investment Experience

Particulars	No. of Respondents	Percentage
Less than 3 years	22	20
3-6 years	42	38
6-10 years	38	35
Above 10 years	8	7
Total	110	100

Source: Primary data

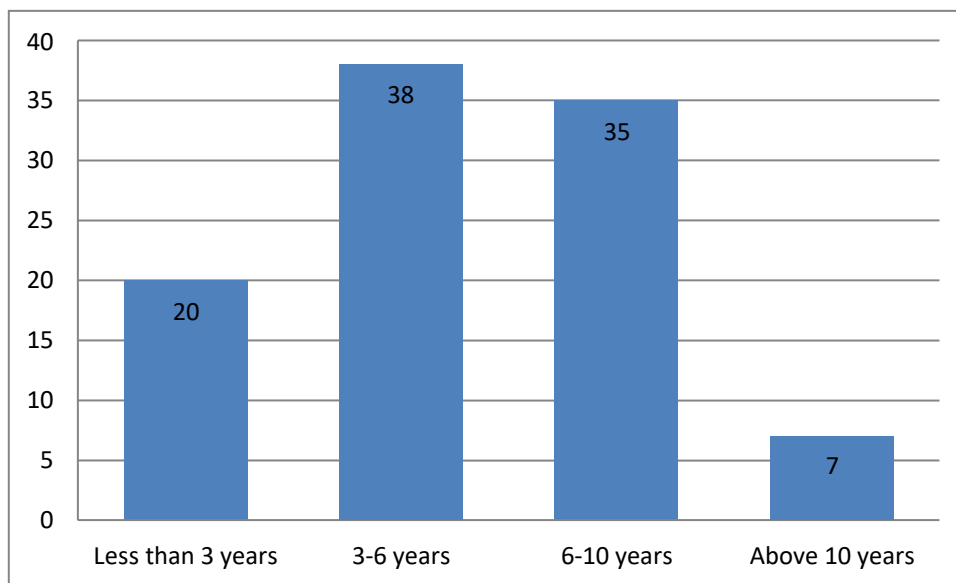


Chart 4.1.9: Respondents Investment Experience

Interpretation

From the above table it is interpreted that the number of respondents experience is less than 3 years is 20%, 3-6 years is 38%, 6-10 years is 35%, above 10 years is 7%.

Inference

Majority (38%) of the respondents are in 3-6 years experience.

Table 4.1.10: Respondents preferred way of investment in gold

Particulars	No. of Respondents	Percentage
Jewellery	55	50
Gold ETF	14	10
Gold Coin Scheme	22	20
Gold Saving Scheme	13	11
Gold Mutual Fund	6	9
Total	110	100

Source: Primary data

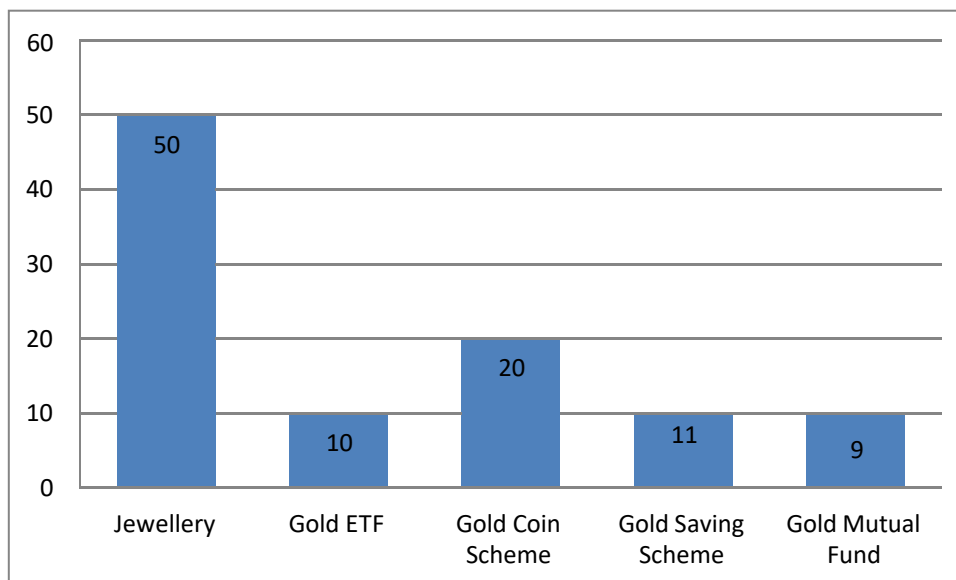


Chart 4.1.10: Respondents preferred way of investment in gold

Interpretation

From the above table it is interpreted that the 50% of respondent says jewellery, 10% says gold EFT, 20% says gold coin scheme, 11% says gold scheme saving, 9% says gold mutual fund.

Inference

Majority (50%) of the respondent preffer in jewellery.

Table 4.1.11: Source of awareness of the Respondents

Particulars	No. of Respondents	Percentage
Family members	55	50
Friends	14	13
Media	32	29
Colleagues	9	8
Total	110	100

Source: Primary data

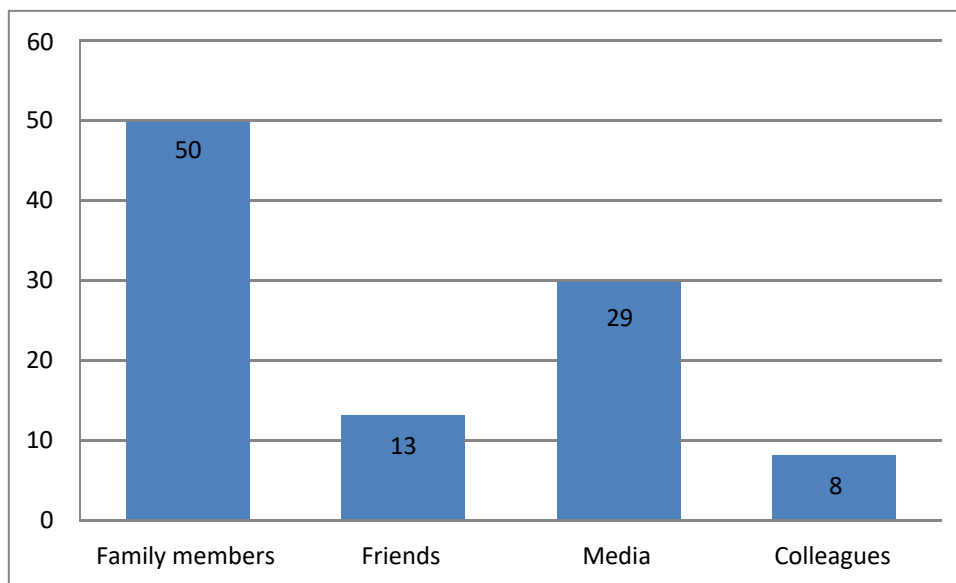


Chart 4.1.11: Source of awareness of the Respondents

Interpretation

From the above table it is interpreted that the 50% of the respondent says family members, 13% says friends, 29% says media, 8% says colleagues.

Inference

Majority (50%) of the respondent says family members.

Table 4.1.12: Factors influencing Respondents to invest in gold [Liquidity]

Particulars	No. of Respondents	Percentage
Strongly Agree	66	60
Agree	31	28
Neutral	13	12
Disagree	0	0
Strongly Disagree	0	0
Total	110	100

Source: Primary data

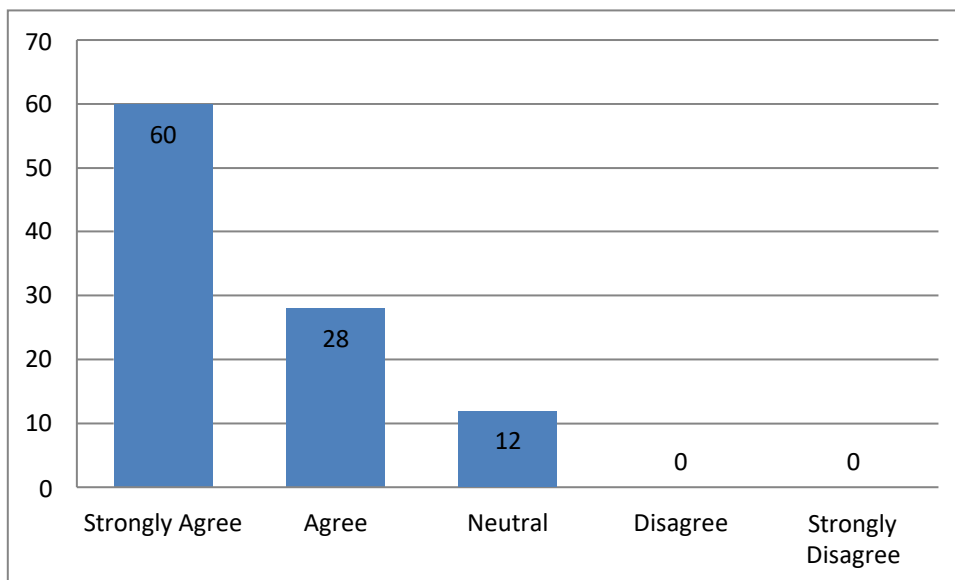


Chart 4.1.12: Factors influencing Respondents to invest in gold [Liquidity]

Interpretation

From the above table it is interpreted that the number of respondents strongly agree is 60%, agree is 28%, neutral is 12%.

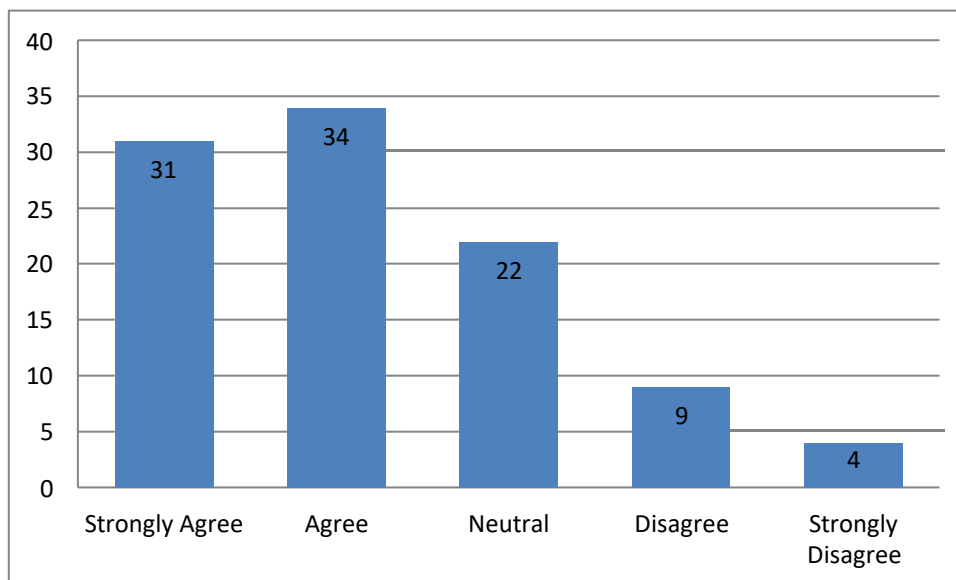
Inference

Majority (60%) of the respondents are strongly agree with Liquidity.

**Table 4.1.13: Factors influencing Respondents to invest in gold.
[Appreciation]**

Particulars	No. of Respondents	Percentage
Strongly Agree	34	31
Agree	37	34
Neutral	24	22
Disagree	11	9
Strongly Disagree	4	4
Total	110	100

Source: Primary data



**Chart 4.1.13: Factors influencing Respondents to invest in gold.
[Appreciation]**

Interpretation

From the above table it is interpreted that the 31% of the respondent strongly agree, 34% is agree, 22% is neutral, 9% is disagree, 4% is strongly disagree.

Inference

Majority (34%) of the respondents are agree with appreciation

Table 4.1.14: Factors influencing Respondents to invest in gold. [Safety]

Particulars	No. of Respondents	Percentage
Strongly Agree	39	36
Agree	26	24
Neutral	27	25
Disagree	12	9
Strongly Disagree	6	6
Total	110	100

Source: Primary data

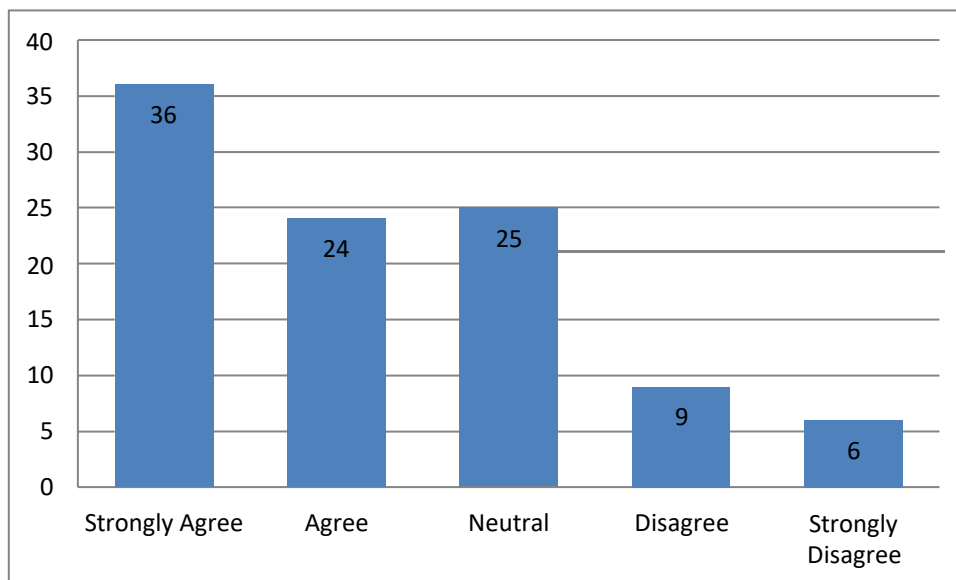


Chart 4.1.14: Factors influencing Respondents to invest in gold. [Safety]

Interpretation

From the above table it is interpreted that the number of respondents strongly agree is 36%, agree is 24%, neutral is 25%, disagree is 9%, strongly disagree is 6%.

Inference

Majority (36%) of the respondents are strongly agree with safety.

Table 4.1.15: Factors influencing Respondents to invest in gold. [Universal Exchange]

Particulars	No. of Respondents	Percentage
Strongly Agree	33	30
Agree	18	16
Neutral	35	32
Disagree	20	18
Strongly Disagree	4	4
Total	110	100

Source: Primary data

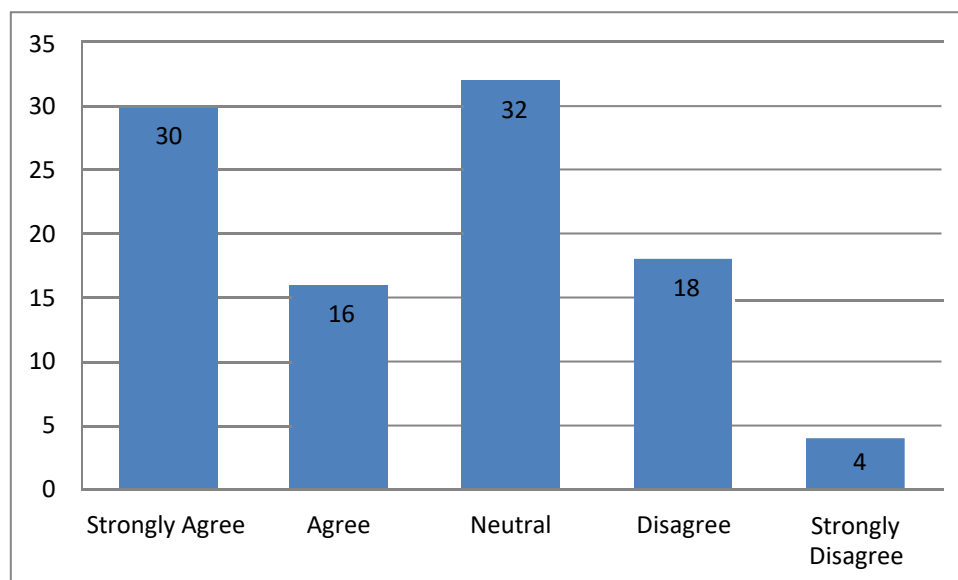


Chart 4.1.15: Factors influencing Respondents to invest in gold. [Universal Exchange]

Interpretation

From the above table it is interpreted that the number of respondents strongly agree is 30%, agree is 16%, neutral is 32%, disagree is 18%, strongly disagree is 4%.

Inference

Majority (32%) of the respondents says neutral with universal exchange.

Table 4.1.16: Respondents awareness of risk in gold investment.

Particulars	No. of Respondents	Percentage
Yes	106	96
No	4	4
Total	110	100

Source: Primary data

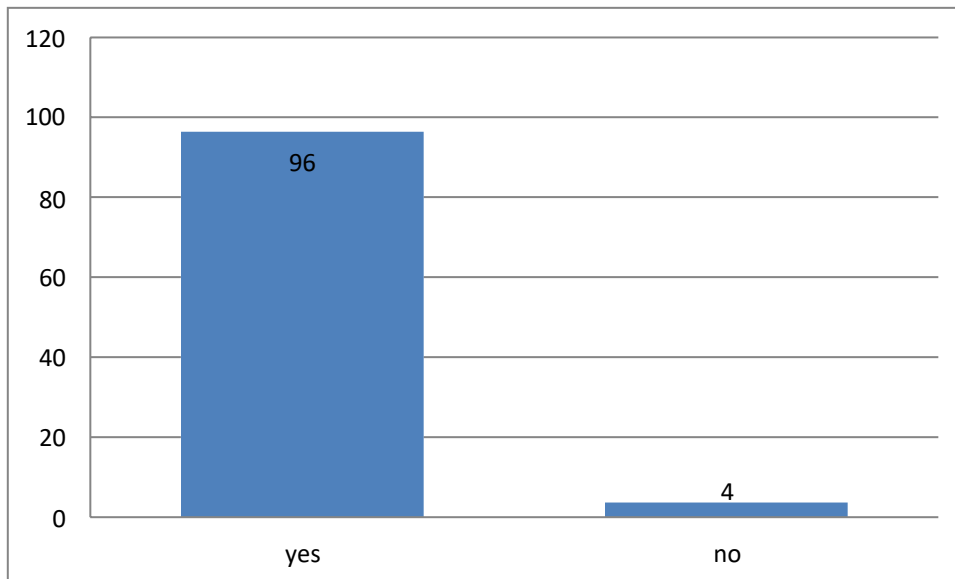


Chart 4.1.16: Respondents awareness of risk in gold investment.

Interpretation

From the above table it is interpreted that the number of respondents says yes is 96%, no is 4%.

Inference

Majority (96%) of the respondents says yes for awareness of risk in gold investment.

Table 4.1.17: Respondent perception on Risk in buying gold.

Particulars	No. of Respondents	Percentage
Fear of theft	28	26
Fluctuation in Price	33	30
High Making Charges	24	22
Storage Cost	11	9
No Regular Returns	11	10
impurity	3	3
Total	110	100

Source: Primary data

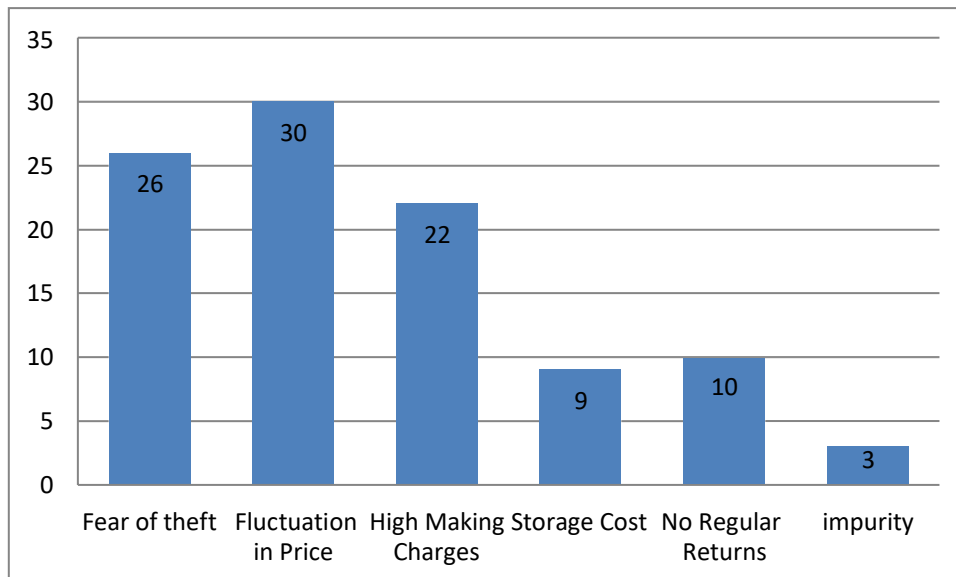


Chart 4.1.17: Respondent perception on Risk in buying gold.

Interpretation

From the above table it is interpreted that the fear of theft is 26%, fluctuation in price is 30%, high making charges is 22%, impurity is 9%, no regular returns is 10%, impurity is 3%.

Inference

Majority (30%) of the respondents are says risk in gold investment is fluctuation in price.

Table 4.1.18: Respondent Satisfaction level of various motivating factors in gold investment. [Safety]

Particulars	No. of Respondents	Percentage
Highly Satisfied	44	40
Satisfied	34	31
Neutral	23	20
Dissatisfied	6	6
Highly Dissatisfied	3	3
Total	110	100

Source: Primary data

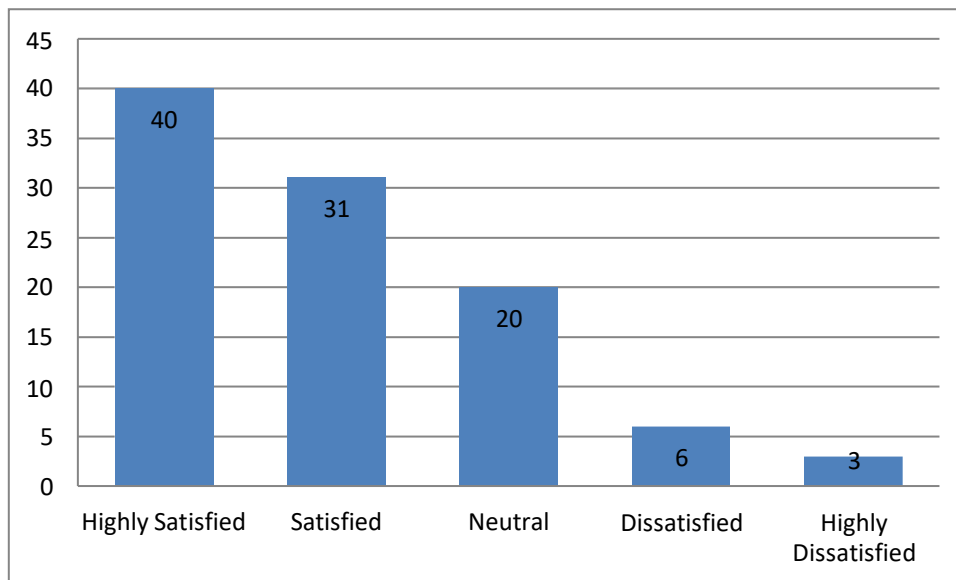


Chart 4.1.18: Respondent Satisfaction level of various motivating factors in gold investment. [Safety]

Interpretation

From the above table it is interpreted that the number of respondents highly satisfied is 40%, satisfied is 31%, neutral is 20%, dissatisfied is 6%, highly dissatisfied is 3%.

Inference

Majority (40%) of the respondents are highly satisfied with safety.

Table 4.1.19: Respondent Satisfaction level of various motivating factors in gold investment. [Liquidity]

Particulars	No. of Respondents	Percentage
Highly Satisfied	57	52
Satisfied	41	37
Neutral	12	11
Dissatisfied	0	0
Highly Dissatisfied	0	0
Total	110	100

Source: Primary data

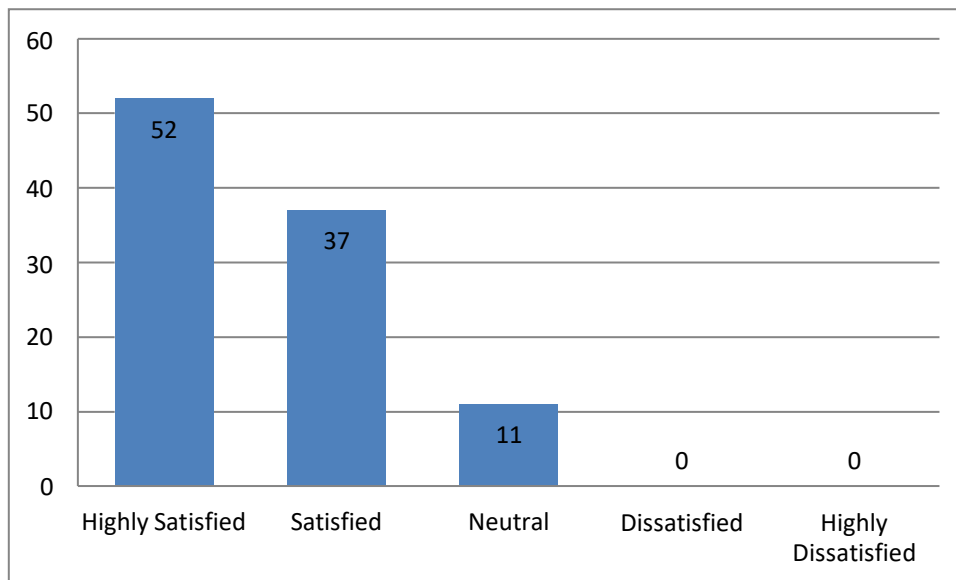


Chart 4.1.19: Respondent Satisfaction level of various motivating factors in gold investment. [Liquidity]

Interpretation

From the above table it is interpreted that the number of respondents highly satisfied is 52%, satisfied is 37%, neutral is 11%.

Inference

Majority (52%) of the respondents are highly satisfied with liquidity.

Table 4.1.20: Respondent Satisfaction level of various motivating factors in gold investment. [High Return]

Particulars	No. of Respondents	Percentage
Highly Satisfied	36	32
Satisfied	34	31
Neutral	33	30
Dissatisfied	6	6
Highly Dissatisfied	1	1
Total	110	100

Source: Primary data

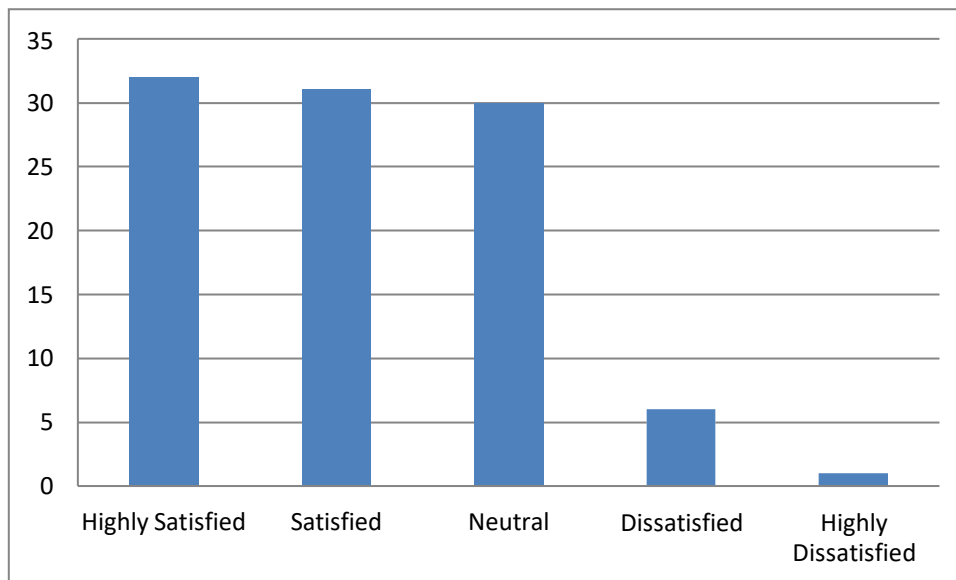


Chart 4.1.20: Respondent Satisfaction level of various motivating factors in gold investment. [High Return]

Interpretation

From the above table it is interpreted that the number of respondents highly satisfied is 32%, satisfied is 31%, neutral is 30%, dissatisfied is 6%, highly dissatisfied is 1%.

Inference

Majority (32%) of the respondents are highly satisfied with high return.

Table 4.1.21: Respondent Satisfaction level of various motivating factors in gold investment. [Diversification]

Particulars	No. of Respondents	Percentage
Highly Satisfied	30	27
Satisfied	35	32
Neutral	34	31
Dissatisfied	11	10
Highly Dissatisfied	0	0
Total	110	100

Source: Primary data

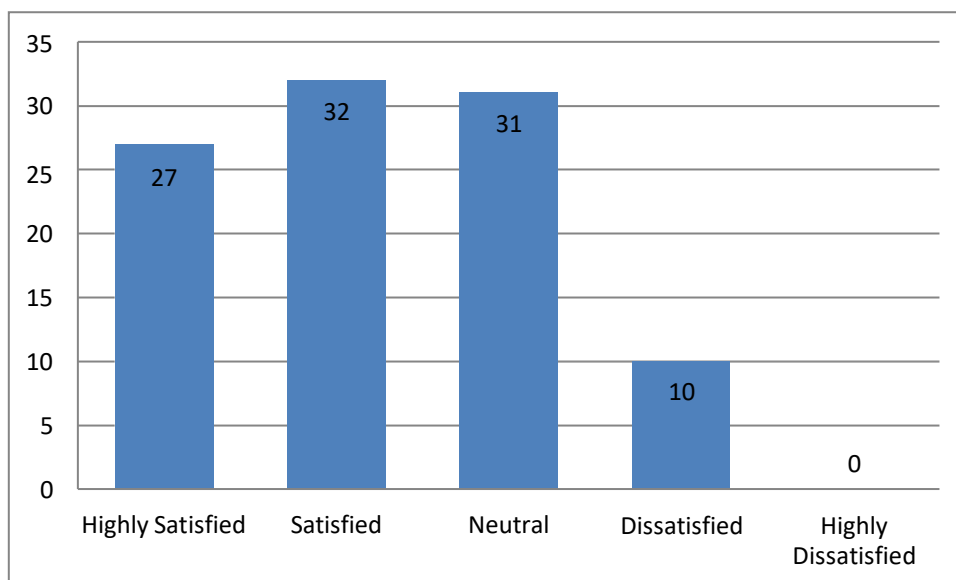


Chart 4.1.21: Respondent Satisfaction level of various motivating factors in gold investment. [Diversification]

Interpretation

From the above table it is interpreted that the number of respondents highly satisfied is 27%, satisfied is 32%, neutral is 31%, dissatisfied is 10%.

Inference

Majority (32%) of the respondents are satisfied with diversification.

Table 4.1.22: Respondent Satisfaction level of various motivating factors in gold investment. [Appreciation]

Particulars	No. of Respondents	Percentage
Highly Satisfied	38	35
Satisfied	27	25
Neutral	30	27
Dissatisfied	11	10
Highly Dissatisfied	4	3
Total	110	100

Source: Primary data

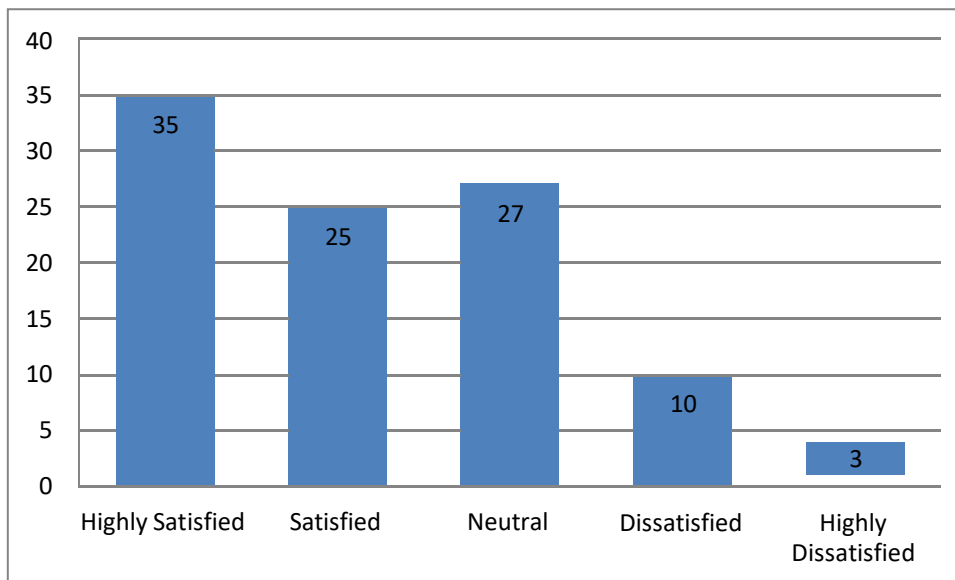


Chart 4.1.22: Respondent Satisfaction level of various motivating factors in gold investment. [Appreciation]

Interpretation

From the above table it is interpreted that the number of respondent highly satisfied is 35%, satisfied is 25%, neutral is 27%, dissatisfied is 10%, highly dissatisfied is 3%.

Inference

Majority (35%) of the respondents are highly satisfied with appreciation.

Table 4.1.23: Respondent expectations in gold investment.

Particulars	No.of Respondents	Percentage
Preserving worth or Return above inflation	30	27
Protection against negative events in future	29	26
Return Up to 20% on yearly basis	25	23
Return 20-50% on yearly basis	14	17
Return Over 50% on yearly basis	8	7
Total	110	100

Source: Primary data

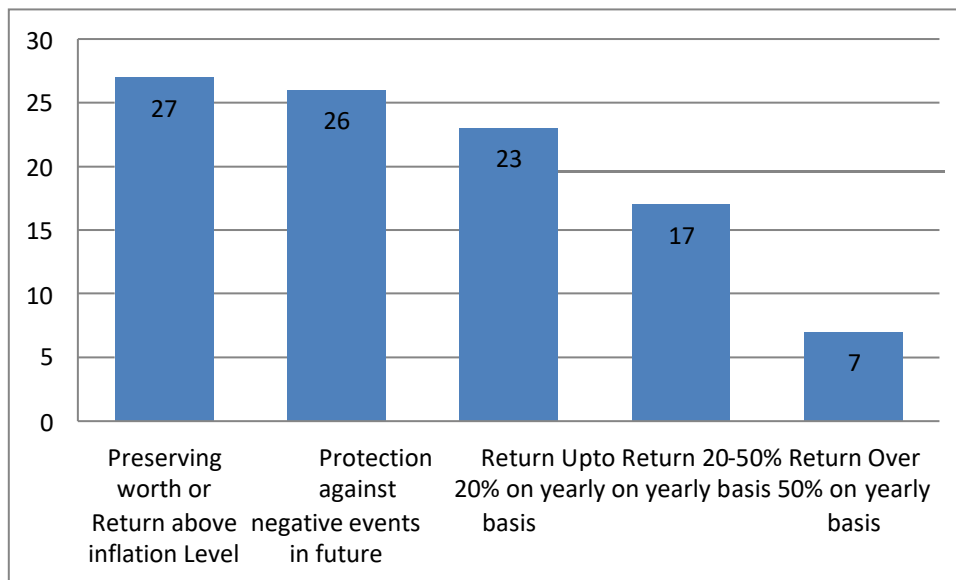


Chart 4.1.23: Respondent expectations in gold investment.

Interpretation

From the above table it is interpreted that the 27% of the respondent says preserving worth or return above inflation level , 26% says protection against negative events in future, 23% says return upto 20% on yearly basis, 17% says return 20-50% on yearly basis, 7% says return over 50% on yearly basis

Inference

Majority (27%) of the respondents expect preserving worth or return above inflation level.

Table 4.1.24: Level of agreement. [gold can be profitable investment when all others fails]

Particulars	No. of Respondents	Percentage
Strongly Agree	40	36
Agree	44	40
Neutral	22	20
Disagree	3	3
Strongly Disagree	1	1
Total	110	100

Source: Primary data

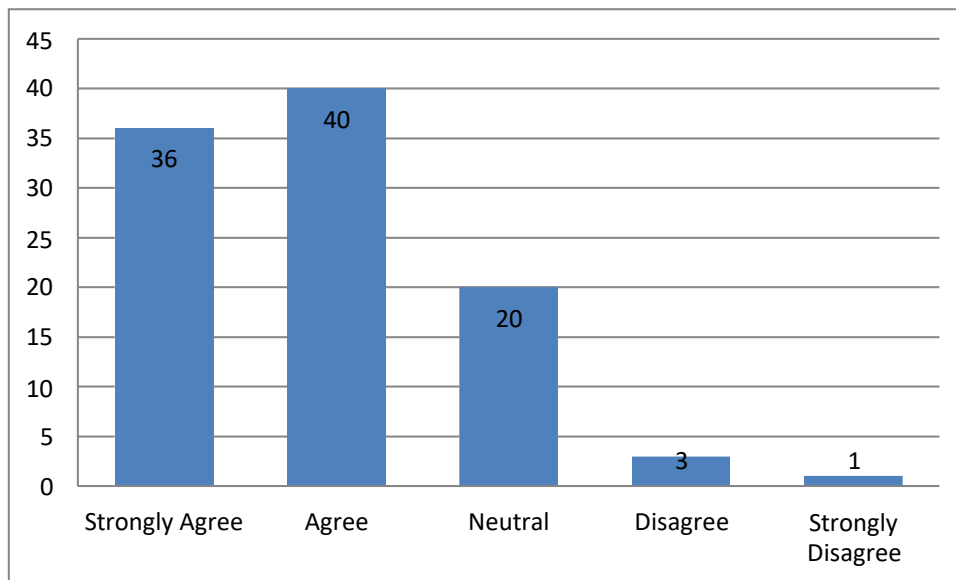


Chart 4.1.24: Level of agreement.[gold can be profitable investment when all others Fails]

Interpretation

From the above table it is interpreted that the number of respondent strongly agree is 36%, agree is 40%, neutral is 20%, disagree is 3%, strongly disagree is 1%.

Inference

Majority (40%) of the respondents are agree with that gold can be profitable investment when all others fails.

Table 4.1.25: Level of agreement. [Gold pricing is not volatile so it remains stable]

Particulars	No. of Respondents	Percentage
Strongly Agree	34	31
Agree	32	29
Neutral	40	36
Disagree	3	3
Strongly Disagree	1	1
Total	110	100

Source: Primary data

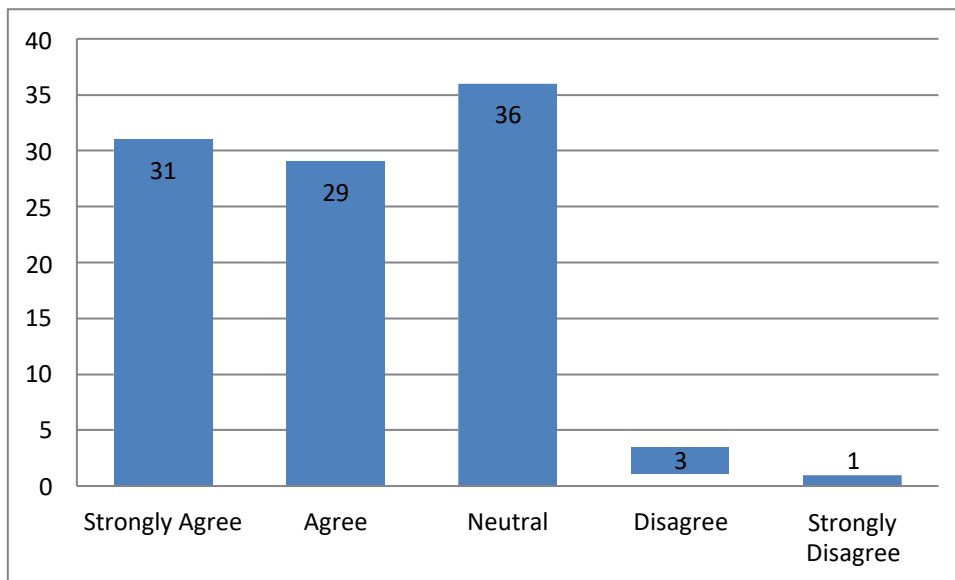


Chart 4.1.25: Level of agreement. [Gold pricing is not volatile so it remains stable]

Interpretation

From the above table it is interpreted that the number of respondent strongly agree is 31%, agree is 29%, neutral is 36%, disagree is 3%, strongly disagree is 1%.

Inference

Majority (36%) of the respondent says neutral for Gold pricing is not volatile so it remains stable.

Table 4.1.26: Respondents ratings for overall gold investment.

Particulars	No. of Respondents	Percentage
1-very low	3	2
2	4	3
3	37	35
4	51	46
5-very high	15	14
Total	110	100

Source: Primary data

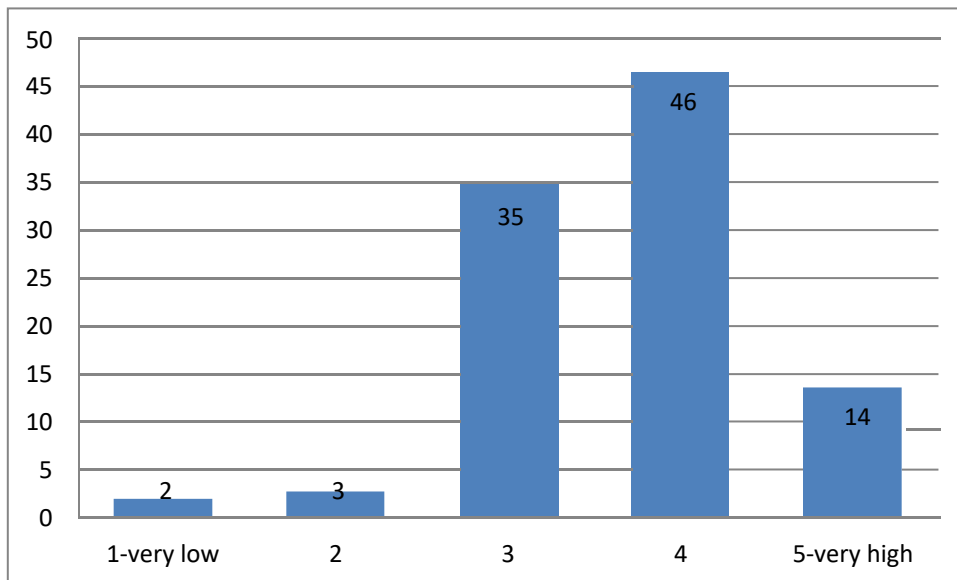


Chart 4.1.26: Respondents ratings for overall gold investment.

Interpretation

From the above table it is interpreted that the 2% of respondents rates 1-very low, 3% rates 2, 35% rates 3, 46% rates 4, 14% rates 5-very high.

Inference

Majority (46%) of the respondents rates 4 for overall investment in gold.

Table 4.1.27: Respondents awareness level about gold ETF'S.

Particulars	No. of Respondents	Percentage
Very High	18	16
High	19	17
Moderate	29	26
Low	28	25
Very Low	16	15
Total	110	100

Source: Primary data

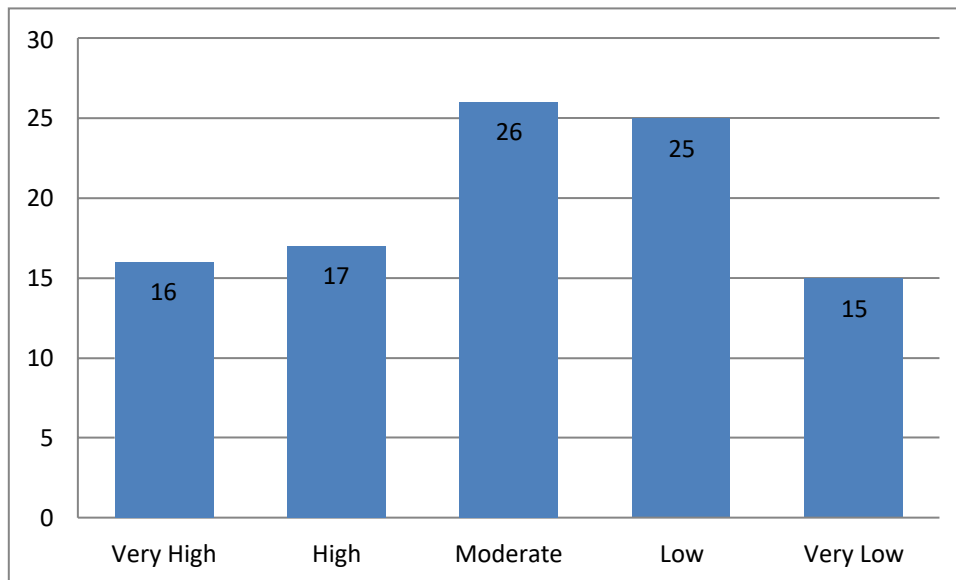


Chart 4.1.27: Respondents awareness level about gold ETF'S.

Interpretation

From the above table it is interpreted that the 16% is very high, 17% is high, 26% is moderate, 25% is low, 15% is very low.

Inference

Majority (26%) of the respondent says moderate for awareness level about gold ETF'S.

Table 4.1.28: Level of agreement. [Gold is a good way to save money for future]

Particulars	No. of Respondents	Percentage
Strongly Agree	32	29
Agree	43	39
Neutral	26	24
Disagree	9	8
Strongly Disagree	0	0
Total	110	100

Source: Primary data

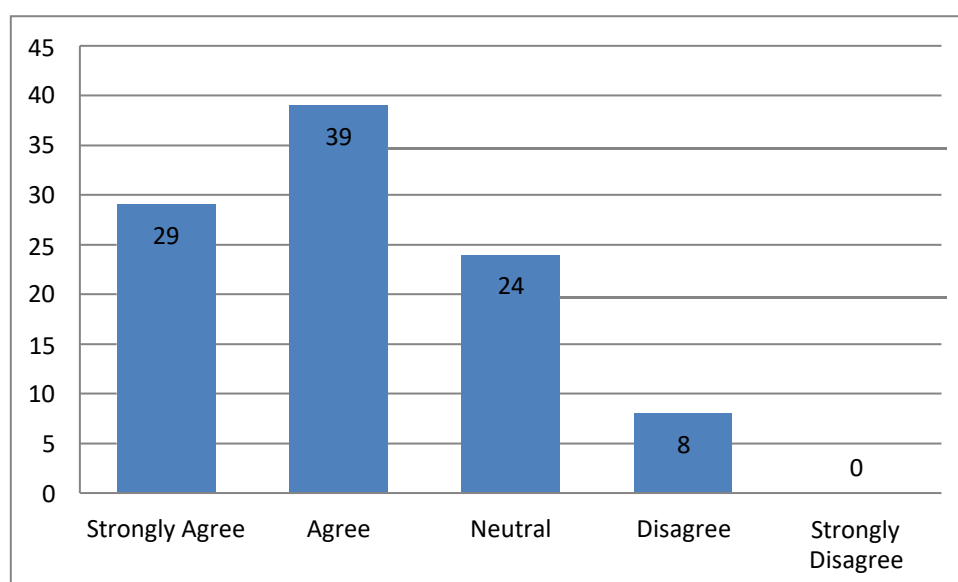


Chart 4.1.28: Level of agreement. [Gold is a good way to save money for future]

Interpretation

From the above table it is interpreted that the number of respondents strongly agree is 29%, agree is 39%, neutral is 24%, disagree is 8%.

Inference

Majority (39%) of the respondents are agree that gold is good way to save money for future.

Table 4.1.29: Respondents satisfaction level by investing in gold.

Particulars	No. of Respondents	Percentage
Very Satisfied	32	29
Satisfied	36	33
Neutral	35	32
Dissatisfied	5	5
Very Dissatisfied	2	1
Total	110	100

Source: Primary data

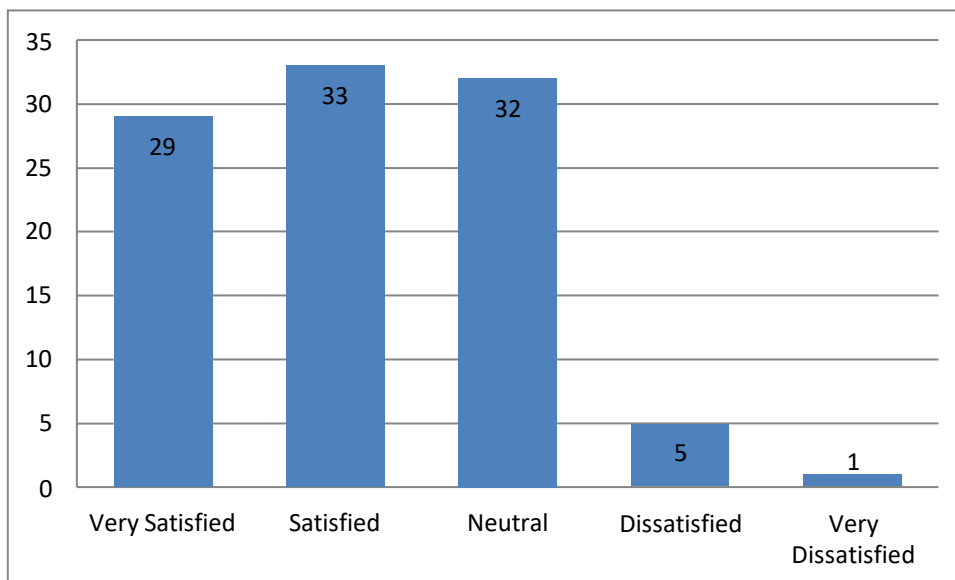


Chart 4.1.29: Respondents satisfaction level by investing in gold.

Interpretation

From the above table it is interpreted that the number of respondent very satisfied is 29%, satisfied is 33%, neutral is 32%, dissatisfied is 5%, very dissatisfied is 1%.

Inference

Majority (33%) of the respondents are satisfied with gold investment.

4.2 Chi – Square

Table 4.2.1: Table showing the association between purpose of investment in gold and respondents perception on risk in buying gold.

Null hypothesis (H₀) - There is no association between purpose of investment in gold and respondents perception on risk in buying gold.

Alternative hypothesis (H₁) - There is association between purpose of investment in gold and respondents perception on risk in buying gold.

Crosstab

For what purpose you invest in gold * perception on risk in buying gold.	valid		Case missing		Total	
	N	Percent	N	Percent	N	Percent
	110	100.00%	0	0.00%	110	100.00%

Chi-Square Test

	Value	df	Asymptotic Significance(2-sided)
Pearson Chi-Square	66.174 ^a	35	0.001
Likelihood Ratio	59.869	35	0.006
N of Valid Cases	110		

a. 41 cells (85.4%) have expected count less than 5. The minimum expected count is .03.

since p value is less than 0.05, we accept the alternate hypothesis and reject the null hypothesis. Therefore there is an association between purpose of investment in gold and respondents perception on risk in buying gold.

Table 4.2.2: Table showing the association between gender and satisfaction level of investment

Null hypothesis (H₀) - There is no association between gender and satisfaction level of investment.

Alternative hypothesis (H₁) - There is association between gender and satisfaction level of investment.

Crosstab

Gender * How satisfied are you by investing in gold	valid		Case Missing		Total	
	N	Percent	N	Percent	N	Percent
	110	100.00 %	0	0.00%	110	100.00 %

Chi-Square Test

	Value	df	Asymptotic Significance(2-sided)
Pearson chi-square	3.178	4	.528
likelihood ratio	3.195	4	.526
N of valid cases	110		

a.4 cells (40.0%) have expected count less than 5. The minimum expected count is .45

Since p value is greater than 0.05 , we accept the null hypothesis and reject the alternate hypothesis. Therefore there is no association between gender and satisfaction level of investment.

CHAPTER 5

FINDINGS, SUGGESTIONS AND CONCLUSION

5.1 FINDINGS

36% of the respondents fall in the age category of 25-35 years.

85% of the respondents are married.

77% of the respondents are female.

39% of the respondents are high school.

37% of the respondents are employee.

41% of the respondents are in 2-4 lakhs p. a.

86% of the respondents invested in gold.

25% of the respondents says gold investment for future purpose.

38% of the respondents are in 3-6 years experience.

50% of the respondent preffer in jewellery.

50% of the respondent says family members to get information about investment.

60% of the respondents are strongly agree with Liquidity.

34% of the respondents are agree with appreciation

36% of the respondents are strongly agree with safety.

32% of the respondents says neutral with universal exchange.

96% of the respondents says yes for awareness of risk in gold.

30% of the respondents are says risk in gold investment is fluctuation in price.

40% of the respondents are highly satisfied with safety.

52% of the respondents are highly satisfied with liquidity.

32% of the respondents are highly satisfied with high return.

32% of the respondents are satisfied with diversification.

35% of the respondents are highly satisfied with appreciation.

27% of the respondents expect preserving worth or return above inflation level.

40% of the respondents are agree with that gold can be profitable investment when all others fails.

36% of the respondent says neutral for Gold pricing is not volatile so it remains stable.

47% of the respondents says 25-50% of investment in gold future.

46% of the respondents rates 4 for overall investment in gold.

26% of the respondent says moderate for awareness level about gold ETF'S.

39% of the respondents are agree that buying gold is good way to save money for future.

33% of the respondents are satisfied with gold investment.

Findings of Chi Square

- Therefore there is a significance difference between purpose of investment in gold and respondents perception on risk in buying gold.
- Therefore there is no significance difference between gender and satisfaction level of investment.

5.2 SUGGESTIONS

- The investors are not aware of various forms of gold namely gold accounts, EFT's, gold bullion which yields a high amount of return comparatively to that of physical form of gold. Hence awareness should be created.
- It is suggested for investors to purchase gold jewellery with the known jewellery makers or the standard retail outlets where making charges are comparatively lower.
- Purchasing gold bullion or gold coins attracts service tax and at the time of selling will not get good returns. It is suggested for investors not to purchase gold coins or gold bullions for shorter period. Holding gold coin or bullion for longer period is suggestible.
- It is suggestible for investors to invest in gold ETF where possibilities of loss are limited. EFT's are available at easy and it does not need to high knowledge as it is very easy trading mechanism.
- It is suggestible for investors to go through offer documents, scheme objectives, Performance analysis through experts before investing in gold mutual funds.

5.3 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. Research showed that the investors are not aware of various forms of gold namely gold accounts, EFT's, gold bullion which yields a high amount of return comparatively to that of physical form of gold. Hence awareness should be created.

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QUESTIONNAIRE

1. Name

2. Age

(a) 18-25

(b) 25-35

(c) 35-45

(d) 45 and above

3. Marital status

(a) Married.

(b) Unmarried.

4. Gender

(a) Male

(b) Female

5. Educational qualification.

(a) High School

(b) Graduated

(c) Post Graduated

(d) Phd and above

(e) Other: _____

6. Profession

(a) Employee

(b) Business

(c) Student

(d) Other specify -----

7. Annual income

(a) 2-4 lakhs p.a.

(b) 4-6 lakhs p.a.

(c) 6-10 lakhs p.a.

(d) 10 lakhs and above

8. Have you invest in gold?

(a) Yes.

(b) No.

9. For what purpose you invest in gold?

(a) For my future.

(b) To wear as jewellery.

(c) For gifting.

(d) Childrens education

(e) Other specify _____

10. Investment experience in gold.

(a) less than 3 years.

(b) 3-6 years.

(c) 6-10 years.

(d) above 10 years.

11. Most preferred way of investment in gold.

(a) Jewellery.

(b) Gold ETF.

(c) Gold Coin Scheme.

(d) Gold Saving Scheme.

(e) Other specify _____

12. Source of awareness of gold investment.

(a) Media.

(b) Family members.

(c) Friends.

(d) Colleagues.

13. Factors influencing investors to invest in gold

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Liquidity					
Appreciation					
Safety					
Universal Exchange					

14. Awareness of risk involved in gold investment.

(a) Yes.

(b) No.

15. What is the higher risk in your opinion?

(a) High making charges.

(b) Fear of Theft.

(c) Fluctuation in Price.

(d) No Regular Returns.

(e) Impurity.

(f) Storage Cost.

16. Investors satisfaction level of various motivating factor.

	Highly Satisfied	Satisfied	Neutral	Dissatisfied	Highly Dissatisfied
Safety					
Liquidity					
High Return					
Diversification					
Appreciation					

17. What do / would you expect from gold investment, if you would have one?

(a) Preserving worth or return above inflation level.

(b) Protection against negative events in future.

(c) Return upto 20% on yearly basis.

(d) Return 20-50% on yearly basis.

(e) Return over 50% on yearly basis.

18. Level of agreement.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Gold can be a profitable investment when all others fails.					
Gold pricing is not volatile so it remains stable					

19. How would you rate the gold investment?

Very low - 1 2 3 4 5 – very high

20. What is your awareness level about gold ETF?

(a) Very high.

(b) High.

(c) Moderate.

(d) Low.

(e) Very low.

21. Level of agreement.

	Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree
Gold is a good way to save money for future					

22. How Satisfied are you by Investing in gold?

(a) Very satisfied.

(b) Satisfied.

(c) Neutral.

(d) Dissatisfied.

(e) Very dissatisfied.

JOURNAL

A OBSERVE ON INVESTOR'S NOTION IN THE DIRECTION OF INVESTMENT IN GOLD

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ABSTRACT

Investing makes one's dreams real and enjoy life without worrying about the future. Various investment portfolios are available for investors but investing in gold is considered a safe investment due to its high profitability and liquidity. The data was collected by sampling method. Primary data that is collected using a structured questionnaire from a sample of 110 respondents. An attempt is therefore made to identify the factors that influence the investors to invest in gold investment, identify the perception of investors on the risk in investing in gold and the level of investor satisfaction in various motivational factors. This study showed that investors are preferred to buy jewelry as they are not aware of other investment options in gold such as gold ETFs, gold mutual funds, gold accounts etc. The chi square test is used to analyze the data. It has been found that there is a significant relationship between the purpose of investing in gold and the perception of the respondents on the risk in purchasing gold.

I . INTRODUCTION

Gold is a precious metal, which has been valued by a person since ancient times. People use gold for coins, jewelry, and a lot of industrial works. Until recently, gold reserves had shaped the idea of world financial systems. Gold also plays an important role in providing the most effective potential protection against the ups and downs of each political and economic situation, mainly in countries in Asia, the Middle East, and also in India. In Asset Nance, an investment is a monetary asset that is bought with

the idea that the asset will provide future income or be sold at a higher value. Investing makes one's dreams real and enjoy life without worrying about the future. It controls a person's spending pattern.

NEED FOR THE STUDY

Various investment portfolios are available for investors but investing in gold is considered a safe investment due to its high profitability and liquidity. In addition, gold is the hottest investment within the country. The main objective of this study is to analyze the perception of investors towards gold as an investment. This study is also meant to know and understand investors' perception on risk in gold investment and satisfaction level in various motivational factors.

SCOPE OF THE STUDY

- ❖ Investment research understands investor perception of gold as an investment.
- ❖ The research measures the experience of investors.
- ❖ To know the perception of investors on risk in gold investment.
- ❖ Identifying the satisfaction level of the investors and their preferred mode of gold investment.

OBJECTIVES OF THE STUDY

- ❖ To study the perception of investors towards gold as an investment.
- ❖ To study the factors influencing investors to invest in gold.
- ❖ To know the perception of investors on risk in gold investment.
- ❖ Identifying investor satisfaction level in gold investment.

LIMITATIONS OF THE STUDY

- ❖ The present study has been analyzed based on the information gathered from the study investors.
- ❖ End Open-ended queries are not used.
- ❖ 110 Due to time constraints only 110 numbers of respondents were considered.
- ❖ The respond result depends entirely on the information given by the respondents

which may be based.

II . RESEARCH METHODOLOGY

RESEARCH DESIGN

A research design is considered as a framework or arrangement for a study that guides in addition to data collection and analysis of data.

DESCRIPTIVE RESEARCH

Descriptive analysis is a study designed to illustrate participants in a correct approach. Simply put, descriptive analysis is concerned with describing all those who participate in the study.

SAMPLING TECHNIQUES

A convenience sample is one of the main types of non-probability sampling. This method is used when part of the population is close to hand. The convenient sampling method is used to select the sample and collect the necessary data.

SOURCE OF DATA

Primary data

Primary data are those that are new and were collected for the first time, and are therefore unique in nature. Direct personal interviews were used to gather primary data (open-ended and close-ended questionnaires)

Secondary data

Secondary data collected from journals, articles, newspapers, books and varying knowledge that measure the class on-line.

SAMPLE SIZE

The sample size of a study is the total range of the sample class that is specified by the sample unit exploitation that the information class measurement has collected. The sample size of the study is 110.

PERIOD OF THE STUDY

The period of study is from January 2021 to March 2021 which is three months of study.

TOOLS USED

The analytical tools used square measure share analysis, bar diagram, chi sq. take a look at in spss.

Chi – Square

Table showing the association between purpose of investment in gold and respondents perception on risk in buying gold.

Null hypothesis (H0) - There is no association between purpose of investment in gold and respondents perception on risk in buying gold.

Alternative hypothesis (H1) - There is association between purpose of investment in gold and respondents perception on risk in buying gold.

Crosstab

For what purpose you invest in gold * perception on risk in buying gold.	valid		Case missing		Total	
	N	Percent	N	Percent	N	Percent
	110	100.00%	0	0.00%	110	100.00%

Chi-Square Test

	Value	df	Asymptotic Significance(2-sided)
Pearson Chi-Square	66.174 ^a	35	0.001
Likelihood Ratio	59.869	35	0.006
N of Valid Cases	110		

a. 41 cells (85.4%) have expected count less than 5. The minimum expected count is .03.

Interpretation

Since the p value is less than 0.05, we accept the alternative hypothesis and reject the null hypothesis. Hence there is a relation between the purpose of investing in gold and the perception of the respondents on the risk in purchasing gold.

Table showing the association between gender and satisfaction level of investment

Null hypothesis (H0) - There is no association between gender and satisfaction level of investment.

Alternative hypothesis (H1) - There is association between gender and satisfaction level of investment.

Crosstab

Gender * How satisfied are you by investing in gold	valid		Case Missing		Total	
	N	Percent	N	Percent	N	Percent
	110	100.00 %	0	0.00%	110	100.00 %

Chi-Square Test

	Value	df	Asymptotic Significance(2-sided)
Pearson chi-square	3.178	4	.528
likelihood ratio	3.195	4	.526
N of valid cases	110		

- a. 4 cells (40.0%) have expected count less than 5. The minimum expected count is .45

Interpretation

Since the p value is greater than 0.05, we accept the null hypothesis and reject the alternative hypothesis. Therefore there is no relationship between the gender and satisfaction level of investment.

III . FINDINGS AND SUGGESTIONS

Findings

36% of the respondents fall in the age group of 25–35 years.

85% of the respondents are married.

77% of the respondents are women.

39% of the respondents are high school.

37% of the respondents are employees.

41% of the respondents are in 2-4 lakhs p. a.

86% of the respondents invested in gold.

25% of the respondents say investment of gold for future purpose.

38% of the respondents are in 3-6 years of experience.

50% of the respondent prefers in jewelry.

50% of the respondents ask family members to obtain information about the investment.

60% of respondents strongly agree with liquidity.

34% of respondents agree with praise

36% of the respondents strongly agree with the protection.

32% of respondents say neutral with universal exchange.

96% of respondents say yes to awareness of risk in sleep.

30% of the respondents say that the risk in gold investment is price fluctuation.

40% of the respondents are highly satisfied with the security.

52% of the respondents are highly satisfied with liquidity.

32% of the respondents are satisfied with high returns.

32% of the respondents are satisfied with the diversification.

35% of the respondents are highly satisfied with the praise.

27% of respondents expect the preservation or return of value above the level of inflation.

40% of the respondents agree that gold can be a profitable investment when all else fails.

36% of the respondents state that neutral for gold pricing is not volatile, so it remains constant.

47% of the respondents say that 25-50% investment in the future of gold.

46% of respondents rate 4 for overall investment in gold.

26% of respondents say that the medium for the level of awareness of Gold ETF's.

39% of the respondents agree that buying gold is a good way to save money for the future.

33% of the respondents are satisfied with gold investment.

Findings of Chi Square

➤ Hence there is a significant difference between the purpose of investing in gold and the perception of the respondents on the risk in purchasing gold.

➤ Hence there is no significant difference between the gender and satisfaction level of the investment.

Suggestions

➤ Namely investors are not aware of various forms of gold, such as gold account, EFT, gold bullion which gives comparatively higher amounts of gold physically. Therefore awareness should be created.

➤ It is suggested to buy gold jewelry with known jewelry manufacturers or standard retail outlets, where making the fee is comparatively low.

➤ Tax service tax is levied on buying gold bullion or gold coins and will not get good returns at the time of selling. It has been suggested that investors do not buy gold coins or gold bullion for short periods. It is expedient to hold a gold coin or bullion for a long period.

➤ It is suggest to investors that they invest in Gold ETFs where the possibilities of loss are limited. EFTs are available on easy and do not require high knowledge as it is a very easy trading mechanism.

➤ Before investing in gold mutual funds, it is possible for investors to go through proposal documents, plan objectives, performance analysis through experts.

IV. CONCLUSION

Various investment options are available to investors such as securities, real estate, bank deposits, commodity exchanges and mutual funds, Gold is considered the most preferred investment due to its high liquidity and profitability. Investors are now looking beyond gold as a commodity of consumption and realizing its value as an investment

avenue. This research gives a better understanding of investor perception, factors influencing investors to invest in gold, and awareness of risk in gold investment. Research showed that investors are not aware of the various forms of gold, ie EFT, gold bullion, which gives higher amounts of returns than the physical form of gold. Therefore awareness should be created.

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