

**AN ANALYTICAL STUDY ON PERCEPTION OF INVESTORS  
TOWARDS GOLD AS AN INVESTMENT OPTION WITH REFERENCE  
TO ERNAKULAM CITY.**

**Dissertation**

**Submitted by**

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**Under the guidance of**

**SMT. MAYA P**

**In partial fulfillment of the requirement for the Degree of**

**MASTER OF COMMERCE**



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**CERTIFICATE**

**This is to certify that the project titled "An analytical study on perception of investors towards gold as an investment option with reference to Ernakulam City" submitted to Mahatma Gandhi University in partial fulfillment of the requirement for the award of Degree of Master of Commerce is a record of the original work done by Ms. Amrutha Muraleedharan, under my supervision and guidance during the academic year 2022-24.**

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## **DECLARATION**

**I, Amrutha Muraleedharan, final year M.Com student, Department of Commerce (SF), St. Teresa's College (Autonomous) do hereby declare that the project report entitled “An analytical study on perception of investors towards gold as an investment option with reference to Ernakulam City” submitted to Mahatma Gandhi University is a bonafide record of the work done under the supervision and guidance of Smt. Maya P, Assistant Professor of Department of Commerce (SF), St. Teresa's College (Autonomous) and this work has not previously formed the basis for the award of any academic qualification, fellowship, or other similar title of any other university or board.**

**PLACE: ERNAKULAM**

**AMRUTHA MURALEEDHARAN**

**DATE:**



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**AMRUTHA MURALEEDHARAN**



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**CHAPTER – I**  
**INTRODUCTION**



## **1. INTRODUCTION**

Gold is still the primary choice of investors, and their preferences and behavior are determined by factors such as their investment goals, expected returns, etc. However, investors primarily choose gold, and their preferences and behavior are shaped by factors such as their investment goals and expected returns. Each gold choice offers unique advantages and disadvantages, in particular since gold has a different value as an investment. It has a rich historical tradition and is widely believed to play a role in financial security. In the Indian context, gold is traditionally available as ceremonial and wedding ornaments. Historically, jewelery was the dominant form of gold investment, but today, there are many forms of gold investment, including gold equity, gold ETFs (currency exchange funds); , plus the national gold standard (SGB). Investments are often viewed as a way to protect investments, especially in times of economic crisis. It is considered a more reliable and trustworthy asset compared to government-issued funds, which lack intrinsic scarcity or value. But like any investment, it comes with risks. Therefore, good skills and knowledge of gold plating are essential. When considering investing in gold, it is important to understand its history, investment strategies, market dynamics and decision-making skills. Investors' preferences for different financing options vary based on their needs, expectations and returns. In the Indian context, often motivated by interest risk considerations, the middle class turns to gold for its unique properties. Historically, gold is seen as an ornament at festivals and weddings, of interest and a symbol of prosperity and a way to save money for generations. Jewelery was considered a safe and primary means of obtaining gold. It served as a way to save money for generations. Jewelery was considered a safe mainstream

Investing in gold can be a smart move to diversify your portfolio and protect against financial uncertainty. Gold has been a store of value for centuries and tends to hold its value over time, making it attractive to investors. There are several ways to invest in gold, such as buying gold like coins or bars, investing in exchange-traded funds (ETFs), or trading gold futures contracts. Understanding the various strategies and factors that affect gold prices is important for successful gold investing.

## **STATEMENT OF THE PROBLEM**

The objective of the project is to conduct a survey study on the perception of investors towards gold as an investment option. Specifically, it seeks to explore and analyze investors' attitudes, beliefs and preferences towards gold as an appropriate asset class in the portfolio. The study will delve into various factors affecting investors' perceptions, including historical performance, economic conditions, geopolitics, cultural influences and market trends. It is to provide individuals, financial institutions and policy makers with valuable guidance on the role of gold in investment management and its potential implications for wealth management and investment decisions.



## **SCOPE OF THE STUDY**

Investing in gold has remained strong over the years, providing investors with a reliable store of value and protection from financial uncertainty. In today's highly competitive economic environment, country and many private equity institutions offer multiple investment options, leaving individuals confused about where to allocate their money. This study mainly focuses on the level of awareness of investment opportunities offered by financial institutions. It attempts to identify the factors that individuals consider when making investment decisions and to analyze investor behavior. The study seeks to understand the key factors influencing investment behavior, its impact on risk tolerance, and the decision-making process. Furthermore, it examines how these factors vary across age groups, providing valuable insights into investor preferences and choices.

## **OBJECTIVES**

- To examine the factors and trends influencing investors' decision on gold investments.
- To study investors' perception towards various types and options available of gold investment.
- To study relationship between historical performance and future value of gold. To know investors' perceptions and challenges regarding the risks of investing in gold. □ To find out why not to invest in gold.

## **RESEARCH METHODOLOGY**

The methods used in this study are both descriptive and analytical in nature. Descriptive research 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.

## **SOURCES OF DATA**

Data required for the present study were collected from both primary and secondary sources. Primary data was collected directly from the respondents in the study area using a structured questionnaire. Secondary data was collected from journals, articles, newspapers, websites, research papers, brochures.



## **SAMPLING DESIGN**

sample : 102 respondents.

Type of sampling method: Convenience sampling.

Sampling area : All category of investors with reference to Ernakulam city

Research instruments : Structured close-ended questionnaire.

Method : The data were through mailed questionnaire.

## **HYPOTHESIS**

Null Hypothesis (H<sub>0</sub>):

"The future value of gold is not significantly influenced by the historical performance."

Alternative Hypothesis (H<sub>1</sub> or H<sub>a</sub>):

"The future value of gold is significantly influenced by the historical performance."

## **LIMITATION OF STUDY**

All the data collected for the study are on the basis of key information provided by the respondents.

It is possible to look at personal prejudice. So the accuracy is not true □ Due to time constraints and other limitations, the study targets specific population and not only respondents.

## **CONCLUSION**

The best option for an investor when it comes to gold is that it can treat it as a commodity like any other commodity when it comes to investing only Gold is a good investment as a hedge against a global financial crisis. Gold has always been considered as a reliable asset, a safe haven in times of economic uncertainty and a medium for various investments but individual views may vary depending on market conditions, personal finances objectivity and risk tolerance.



## **REVIEW OF LITERATURE**

**Ramesh Kumar(2024) investors buying behavior towards gold investment,** This descriptive study explores investor behavior and perceptions regarding gold investment, examining factors that influence investment decisions and future outlook. Data collected from 80 respondents in Hissar, Haryana city, reveals a high level of awareness among younger individuals and females. While traditional forms of gold investment, particularly physical gold, remain popular, there is a growing interest in modern options like Gold ETFs and derivatives. Factors such as protection against inflation, historical performance, and the perception of gold as a safe investment play pivotal roles in investment choices. Most respondents believe in the continued value of gold as an investment, emphasizing its enduring appeal. However, the hypothesis of a positive correlation between perceiving gold as a safe-haven asset and belief in its future value was not supported.

**Debidutta Pattnaik, M Kabir Hassan, Arun DSouza, Ali Ashraf (2023), Investment in gold: A bibliometric review and agenda for future research,** Significant surge in gold prices has attracted speculators, investors and intellectuals alike. Factors driving gold prices, the effectiveness of gold price predictions, the economic viability of gold mining, risk management using gold, and its comparisons against exchange rates and stock prices have been some of the consistent foci of researchers. Applying bibliometrics on 453 top articles published on gold between 1970 and 2021, we present a comprehensive overview of the academic discussions on one of the fast evolving research domains.

**Dewi Tamara Anita Maharani Pantry Heriyati Anom Bayu Romadian Seto and Kevin Nathanael (2023) Intention in Investing Digital Gold Through E-Commerce Platforms,**Gold can now be invested digitally through e-commerce platforms. However, Indonesian people generally invest in gold traditionally in physical form. This study aims to identify the intentions and behavior of investors in investing in gold on e-commerce platforms by proving the effect of Attitude, Subjective Norms, Perceived Behavioral Control, Perceived Usefulness, and Perceived Ease of Use variables on Intention to invest. The research uses quantitative methods with data collected through online surveys. The sample was selected using a purposive sampling method, with 261 respondents contained. The study's results prove that Attitude, Perceived Behavioral Control, and Perceived Usefulness are significantly and positively related to the Intention to Invest. Perceived Usefulness is also demonstrated to have a significant and positive relationship with Attitude. On the other hand, Subjective Norms and Perceived Ease of Use are not significant to Intention to Invest. Perceived Ease of Use also does not demonstrate a substantial Attitude. This study reveals that variables of attitude, perceptions of behavioral control, and perceptions of use value are proven to increase investor intentions in investing in gold digitally. This research can also add to the knowledge in the study of gold investment, especially those carried out digitally through e-commerce platforms.



**Nagaramyakiran, D. C. (2022), a study on perception of investors towards gold jewellery with reference to Hydrebad City,** The objective of this study is to know the socio-economic background of other respondents and to explore their perception of gold jewelry in Hyderabad. This study is descriptive and exploratory in nature with regard to primary and secondary issues so two ho. Primary data is structured through questionnaires and secondary through magazines, journals etc. Suggestion in this regard would be this study, The Retailers should create awareness about gold jewelry and try to attract customers .

**Paranjpye, R., & Raghuvanshi, A. A. B. (2020), Gold Investment - Perception & Preference of Consumers,** The objective is to study the various methods of gold plating and gauge the perception of consumers towards gold plating in India. Primary and secondary data have been collected in this study. For primary data, questionnaire was prepared to find out age, gender, savings level, knowledge of gold coins, and reasons for investment. In order to analyze data, various tools such as amount of money, . percentages, charts etc. are used for quantitative data analysis. The following analysis concluded that gold is a valuable commodity, is highly popular as an investment and has sentimental values in India, various options for gold investment and physical currency red, gold ETFs and e-gold, and government also announced various schemes such as gold coin injection scheme, gold sovereign bonds.

**Narinder Pal Singh ,Navneeth Joshi (2018) Investigating Gold Investment as an Inflationary Hedge,** Gold had a long association with Indian culture. India is one of the two largest consumers of gold. Gold is the most popular investment because of its ability to generate income. However, average monthly prices have increased by 1,588 percent for the entire period from 1979 to 2017 (June). In this article, we intend to examine gold as an investment hedge against inflation. The sample period to study the relationship between gold and commodity prices is 2011–2017 (March). Johansen's cointegration method has been used to analyze the long-run equilibrium between gold and consumer price index [CPI]). The short-run and long-run causality between gold and inflation have been studied using a vector error correction model (VECM) and a Wald test. The cointegration results indicate that the gold and CPI series cointegrate with a long-run equilibrium. Both the VECM and the Wald test show only long-term causality between the CPI and the gold price. In the short term, however, these changes show no causality. Thus, we think that gold investment can be used as a hedge against inflation. The findings of this study have direct implications for retail investors, fund managers, hedge fund managers, hedge fund managers, government and businesses

**Lahoti, J. H. (2017), An analytical study on perception of investors towards gold as an investment option,** The aim of the study is to study the factors affecting the selection of gold investments. To study the options available to an investor when investing in gold. To know why not to invest in gold. To learn about risk options for physical gold and other gold investment options. The methods used in this study are descriptive and exploratory in nature. The data



required for the predetermined analysis were collected from both primary and secondary sources. Primary data were collected directly from respondents at the study site using a structured interview schedule. Secondary data is collected from journals, journals, newsletters, brochures, brochures, etc. Research provides a better understanding of investor behavior and knowledge related to gold investment decisions

**Xavier, A. J., & Kamalam, G. (2016), A Study on Perception of Consumers towards Gold Jewellery in Tamil Nadu,** The study aims to identify the factors that affect consumers' retention of gold jewelry. The course is descriptive and analytical. It covers primary and secondary data. Analyzes using the chi square test, Garrett ranking, percentages are used throughout the analysis. This study concludes that among Sivakasi, practices played an important role in the purchase of gold jewellery. Gold tops the list of reserves and precious metals. Gold has a resale value so gold provides high returns and high asset value to the buyer. So, this makes gold jewelry a soft art in India.

**Nurul Asyikin Zainal, Zuriani Mustaffa (2015) A literature review on gold price techniques**

Since gold prices cannot be blindly accepted, forecasting future gold prices has long been a hot topic, extensively studied by researchers from fields such as finance, accounting and computer science and can reduce economics in the danger of. However, many questions remain unresolved and improvements can be made in these prediction methods. This is because there are no optimal models for all forecasting problems. A new question requires a new answer; Therefore, the researcher needs to conduct more experiments and sampling to enhance his findings. This paper aims to provide a critical literature review and updated literature on gold forecasting techniques worldwide. Various forecasting methods have been published on gold price forecasting including specialized forecasting methods such as artificial neural networks (ANN), hybrid forecasting methods, and swarm intelligence methods

**Verma, Smriti; Sharma, Meenal (2014) A study on factors affecting gold as an an investment,** Gold is becoming increasingly popular as an investment compared to furniture. As gold jewelry fell from 3,205 tonnes to 2,417 tonnes between 2000 and 2007, the demand for investment in the gold market in the form of coins or bars increased (The Economist, 2010) Gold is seen as the most popular investment option after traditional banks and modern mutual funds (Murthy, 2012). Domestic assets In terms of annual returns (2001-2013), gold is among the financial instrument the second highest yielding index after the House Price Index (RBI, NSE, A.T. Kearney survey). Although annual gold consumption has increased to over 500 tonnes from an estimated 65 tonnes in 1982, about 80% is now jewelry production (mainly above 22 carat purity) for the country needs, 15% for investor demand and nearly 5 % for industrial use (Bureau of Indian Standards, 2013).

**Tim Pullen, Karen Benson, Robert Faff (2014) A comparative analysis on investment characteristics of gold asset,** Using daily data for the period 1987–2010, we examine the composition, securities of gold coins, gold deposits, gold funds, and gold exchange-traded funds (ETFs). , and security. Let's do it. Second, our results reveal that gold reserves, gold mutual funds, and gold ETFs diversify. Third, gold bullion and gold ETFs show support for securities assets. However, gold reserves and gold mutual support show little evidence of safety in safe



havens. As a result, investors eager to acquire the safety of gold deposits generally cannot rely on gold deposits or mutual funds. Instead they should take direct positions in bullion or gold ETFs.

**Juan C. Reboredo Miguel A. Rivera-Castro (2014), Gold and exchange rates: Downside risk and hedging at different investment horizons** This paper examines the hedging advantages and downside risk advantages of using gold to manage currency risk in various investment strategies. Using wavelet multi-resolution analysis, we identified market correlations between gold and exchange rates at different time points, finding positive correlations between gold and the U.S. dollar. dollar value decline between several currencies in all periods from January 2000 to August 2013 The analysis of mixed gold–cash portfolios highlights the hedging advantages of gold and downside risk managed across a variety of investment strategies is emphasized, although return sizes vary by investment type, with circumscribed returns for specific types of funds, ie. they are shown to be of good weight.

**Santhi, M. (2013), Perception of investors towards gold in Madurai city,** To know the concept of investing in gold when investors invest in Avenue in Madurai. The present study is based on primary and secondary data. Primary data were collected from respondents and secondary data were collected from published sources. Both data were analyzed using percentage analysis and scores on a five-point scale. It is a well-known fact that gold is a barren asset. There is no way to truly measure gold except in comparison to other asset classes. The price of gold, in dollar terms has fallen by 12-15 percent in the last 6 months. This was the largest consistent decline in 16 years.

**Hundal, B. S., Grover, S., & Bhatia, J. K. (2013), Herd behavior and gold investment ,** The objective of the survey is the intention of retail investors to buy gold. The present study is mainly based on primary data collected from about 183 respondents in the state of Punjab. These respondents were interviewed by means of a pre-tested, structured questionnaire administered individually. Simple and judgmental sampling methods have been used because of socio-economic characteristics. The attitude of retail investors towards buying gold in the current scenario has been worked out in this study with the help of questionnaires. The results of the factor analysis showed that variables such as profitability, tax aversion, future prospects, when currency appreciation motivate the retail investor to purchase gold as an investment will be closed. Through the analysis, the purpose of buying gold has become clear.

**Nishad Nawaz, Sudindra VR (2013) A study on various forms of gold investment** In the current market environment with highly volatile, rapidly changing markets, investors are confused by the strategies of investing in gold. According to studies, Indian households have 16,000 tonnes of gold, which was mainly used for jewellery. There are various options available for investing in gold through various methods such as jewellery, cash, bullion, ETF, mutual fund, e-gold etc. The present study is “Study of different forms of gold investment” seeks to study the gold investments available investors . The aim of the study is to understand the various investment options available to investors, the factors necessary to know and be knowledgeable



about investing in gold , the advantages and disadvantages of it is available in various investment categories to help investors gain knowledge about gold investment strategies Primary data and secondary data have been collected for the study. Primary data are questionnaires and secondary data are through websites, research papers and journals. Based on the survey, it is found that many investors still prefer jewellery, gold coins, gold bullion bars as a form of investment and prefer to invest in ETFs and Futures are the more profitable options and in simple investments.



## **THEORITICAL FRAMEWORK**

Indian society is built on wealth and savings, in the form of gold. Prolonged growth is expected in the demand for gold jewelry and investments with changes in consumer price expectations, this trend is set to continue as local investors actively seek funding red to accumulate wealth. In addition to emotional and cultural significance, gold's high economic value drives its demand across all age groups. Notably, an increasing number of Indians are recognizing the importance of adding gold to their portfolios, going beyond the safe keeping of gold in banks or homes. Historically, gold reserves have also been a cornerstone of international monetary systems. There are plenty of precious metals, but gold is becoming increasingly important as an investment. Due to certain influencing factors like inflation and increase in price creation power, gold bullion is one of the most preferred investments in India .Gold can be invested in many different ways such as jewellery, gold, lumber, gold exchange sales, gold banks , . sovereign gold bond scheme, etc. Though there are times when the markets see a fall in the price of gold but usually it doesn't last long and always leads to a sharp rise. Once you decide to invest in gold then you have to carefully decide the method of investment .If you want to know more about Gold investment strategy and other facts like strategies how to buy and invest in gold, how to invest in gold online and what's more, you are in the right place .

### **How to Invest in Gold: 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. You don't have to go through the hassles of storing the physical gold, instead, the gold bought is stored in Demat (paper) format. On the other hand, gold funds deal with investing in gold mining companies.

Investing in gold can be a hedge against economic instability and inflation. Its value often rises when stock markets falter or currencies weaken. Gold can be purchased in various forms, including physical bullion, coins, or through exchange-traded funds (ETFs). While it offers a store of value, it doesn't generate income like stocks or bonds. Factors influencing its price include supply and demand dynamics, geopolitical tensions, and central bank policies. However, gold prices can be volatile, and timing is crucial. Diversifying a portfolio with gold can reduce overall risk, but it's essential to research and understand its role within a broader investment strategy.

## **HISTORY OF GOLD**



Gold has acquired great cultural and economic significance in India during different periods of history. Worshipped as a symbol of wealth, prosperity and religious importance, it was very important in the commerce of the ancient Indus Valley civilization. Ancient stories and epic poetry emphasized its sacred nature. Descendants gave gold as a symbol of power. In medieval and colonial times, gold jewelry and coins served commercial and decorative purposes, contributing to the enduring importance of India's heritage. After independence, gold played an important role in Indian culture, especially at weddings and festivals. India stands as one of the world's largest consumers of gold and has policies to curb its imports and sales. Gold continues to gain enduring appreciation as a precious metal, emphasizing its culture and value in the Indian context. India is one of the largest consumers of gold in the world and has policies governing the import and sale of currency. Gold remains prized and valuable, representing a lasting thread in the fabric of Indian heritage and society. The history of gold mining spans thousands of years and is intimately connected to the evolution of human civilization. Here is a brief summary:

**Ancient Civilizations:** The value and use of gold as currency and store of wealth dates back to ancient times. Civilizations such as the Egyptians, Greeks, Romans, and Mesopotamians minted gold for trade and commerce. Gold objects and treasures from ancient civilizations testify to its enduring value.

**Gold Standards:** Civilizations adopted gold standards to stabilize their economies and facilitate trade. For example the Byzantine Empire introduced a gold coin called the solidus which became the standard currency in medieval Europe. During the 19th and early 20th centuries, the gold standard became fixed, many countries pegged their currencies to a fixed amount of gold.

**Gold Rush:** History saw major investments in gold mining and exploration such as the 19th century California Gold Rush and the Witwatersrand Gold Rush in South Africa. These events stimulated and shaped economic growth community development.

**Financial Crisis:** Gold has often been a safe asset in times of financial crisis and economic uncertainty. Investors come to gold as a store of value, a hedge against inflation and devaluation. Major events such as the Great Depression, the world wars, and the recent financial crisis increased the demand for gold.

**Modern financial markets:** The establishment of financial markets and institutions in the 20th century provided new ways of investing in gold. Gold futures trading began on commodity exchanges, allowing investors to speculate on gold prices without the physical presence of the metal. Gold investment was democratized in the early 2000s with the creation of gold exchange funds (ETFs), which provide gold deposits with easy access to gold through banks on various types.

**Central bank reserves:** Central banks hold large gold reserves as part of their foreign exchange reserves. Gold provides stability and diversification to central bank reserves and acts as insurance against currency fluctuations and geopolitics.

**Digital Gold:** The rise of digital technology has led to the emergence of a digital gold platform, where investors can electronically buy and sell small amounts of gold. These channels provide convenience and access to creditors money enters the market seeking to expose gold.

## **GOLD INVESTMENT**



Gold plating is a time-tested strategy that transcends cultural and economic change. Investors often turn to gold for its role as a hedge against inflation and market volatility. Its intrinsic value and lack thereof contribute to its lasting appeal. Precious metals provide diversification to portfolios, balancing the risks associated with other assets. Central banks and private investors recognize the stability and visibility of gold. Whether in physical gold, such as cash and nuts, or through financial instruments such as exchange-traded funds (ETFs), investing in gold remains the easiest option in the world both an economic environment that provides security and the psychological security of long-term wealth in an ever-changing landscape.

## **TRADITIONAL VS MODERN GOLD INVESTMENT**

Traditional gold plating requires physical gold in the form of jewelry, gold, or bullion, sourced from reliable sources and stored safely. If respected this approach as a safe haven in uncertain economic environments relies on the historical value of gold as a store of wealth. However, the physical storage of gold raises concerns about safety and liquidity, and this option does not have cash or dividends. In contrast, modern gold investing involves investing in gold through financial instruments such as ETFs, gold funds, or gold mining funds. These methods allow for the determination of the value of gold without the need for physical ownership. Modern methods bring advantages such as ease of buying and selling, liquidity and the ability to diversify. Investors can easily trade gold electronically through merchant accounts. In addition, few modern gold embeddings result in cash or dividends that can be earned by hoarding gold or gaining on gold-related instruments, creating a dynamic liability component of modern gold techniques.

## **FACTORS INFLUENCING GOLD INVESTMENT**

Several factors influence gold investment, shaping its attractiveness to investors:

**Inflation Hedge:** Gold is often viewed as a hedge against inflation. When inflation rises, the purchasing power of currency declines, and investors turn to gold to preserve wealth.

**Economic Stability:** During times of economic uncertainty or instability, gold is considered a safe-haven asset. Investors seek its stability as a store of value when other investments may be volatile.

**Interest Rates:** Gold's appeal can be influenced by interest rates. When interest rates are low, the opportunity cost of holding gold (which doesn't yield interest or dividends) is lower, making gold relatively more attractive.

**Currency Strength:** The strength of a country's currency can impact gold prices. A weaker currency often leads to higher gold prices, as it takes more currency units to purchase the same amount of gold.



**Geopolitical Events:** Political and geopolitical tensions can drive investors to seek safety in gold. Events such as conflicts, trade tensions, or global uncertainties often result in increased demand for gold.

**Central Bank Policies:** Actions taken by central banks, such as gold reserves adjustments or changes in monetary policy, can influence gold prices. Central bank purchases or sales of gold can impact the overall market sentiment.

**Market Sentiment:** Investor sentiment and perception of risk play a significant role. Positive or negative sentiment in financial markets can drive fluctuations in gold prices.

**Industrial Demand:** Gold is used in various industries, including electronics and healthcare. Changes in industrial demand can impact the overall supply and demand dynamics for gold.

## **ADVANTAGES OF GOLD INVESTMENT**

Gold investment offers several advantages, including a hedge against inflation, stability in times of economic uncertainty, and a tangible asset that tends to retain its value over time. Additionally, gold can serve as a diversification strategy within an investment portfolio.

**Inflation Hedge:** Gold is often considered a reliable hedge against inflation, as its value tends to rise when the purchasing power of currency declines.

**Safe Haven Asset:** During times of economic uncertainty or geopolitical instability, investors often turn to gold as a safe haven, seeking stability and preserving wealth.

**Diversification:** Including gold in an investment portfolio can provide diversification benefits, reducing overall risk by not solely relying on traditional assets like stocks and bonds.

**Store of Value:** Gold has maintained its intrinsic value over centuries, making it a durable store of wealth and a potential safeguard against currency fluctuations.

**Liquidity:** Gold is a highly liquid asset, meaning it can be easily bought or sold in various forms, such as coins or bars, making it accessible for investors.

**Global Acceptance:** Gold is recognized and valued worldwide, providing a universal appeal that transcends geographical boundaries and economic systems.

**Portfolio Insurance:** Gold can act as insurance within a portfolio, helping to mitigate losses during economic downturns or financial crises.

**Limited Supply:** The limited and relatively constant supply of gold contributes to its perceived value, as increased mining is challenging, helping to maintain its scarcity.



**Tangible Asset:** Unlike stocks or bonds, gold is a physical asset, providing investors with a tangible presence in their investment portfolio.

**Historical Significance:** Gold has a long history as a valuable commodity and currency, instilling confidence in its enduring worth over time.

## **DISADVANTAGES OF GOLD INVESTMENT**

**No Income Generation:** Unlike dividend-paying stocks or interest-bearing bonds, gold doesn't generate income, making it less attractive for investors seeking regular cash flow.

**No Interest or Dividends:** Gold doesn't pay interest or dividends, which means investors miss out on potential income streams that other investments may provide.

**Volatility:** While often considered a safe haven, gold prices can be volatile, experiencing fluctuations that may impact short-term returns and create uncertainty for investors.

**Storage Costs:** Storing physical gold, such as coins or bars, can incur costs for secure storage facilities or safety deposit boxes, reducing overall returns.

**No Intrinsic Value:** Unlike productive assets such as real estate or businesses, gold lacks intrinsic value beyond its desirability as a precious metal, which could affect long-term growth potential.

**Market Speculation:** Gold prices are influenced by market speculation and investor sentiment, which can lead to unpredictable and sometimes irrational price movements.

**No Yield:** Gold doesn't provide a yield or interest, making it less attractive for income-focused investors, especially in a low-interest-rate environment.

**Limited Industrial Use:** While gold is prized for its aesthetic and industrial applications, its demand is not as diversified as some other commodities, potentially limiting its long-term growth prospects.

**Economic Stability Dependence:** Gold's performance can be closely tied to perceptions of economic stability, and if confidence in the economy increases, investors might shift away from gold.

**Lack of Cash Flow:** Investing in gold doesn't generate regular cash flow, which may be a disadvantage for those seeking income or relying on investments for living expenses.

## **DIFFERENT TYPES OF GOLD INVESTMENT SCHEMES**

**Physical Gold:**



**Bullion:** Investing in physical gold bars or coins.

**Jewelry:** Purchasing gold jewelry for both aesthetic and investment purposes.

**Gold Coins:** Investing in government-issued gold coins like American Eagles or South African Krugerrand.

**Gold Exchange-Traded Funds (ETFs):**

**Paper Gold:** ETFs allow investors to buy shares representing physical gold without owning the actual metal.

**Gold Mining Stocks:**

**Equity Investment:** Investing in shares of gold mining companies, providing exposure to the potential profits of successful mining operations.

**Gold Mutual Funds:**

**Managed Funds:** Mutual funds that pool investments from various investors to buy a diversified portfolio of gold-related assets.

**Gold Certificates:**

**Ownership Documents:** Certificates issued by banks or financial institutions representing ownership of a certain amount of gold.

**Gold Futures and Options:**

**Derivative Contracts:** Involves contracts to buy or sell gold at a future date, allowing investors to speculate on price movements without owning the physical metal.

**Gold Savings Schemes:**

**Systematic Investment Plans (SIPs):** Periodic investments in Gold, often facilitated by banks or financial institutions.

**Digital Gold:**

**Online Platforms:** Investing in gold through digital platforms that allow users to buy, sell, and hold gold electronically.

**Gold IRAs (Individual Retirement Accounts):**

**Retirement Investment:** Specialized accounts that allow individuals to include gold and other precious metals in their retirement portfolios.



## **Gold-backed Crypto currencies:**

**Digital Representation:** Some crypto currencies are backed by physical gold, providing a block chain-based alternative for gold investment.

It's important to carefully assess the risks and benefits associated with each type of gold investment scheme and align them with individual financial goals and risk tolerance.

## **Digital Gold Vs Physical Gold**

Digital gold, or e-gold, is the virtual process of investing and owning precious metals. But it doesn't come with the hassle of physical gold, such as theft. The investment doesn't lose its value due to making charges, as is common in the case of physical gold jewellery. Moreover, there is no risk or hassle of storing digital gold as the ownership is virtual.

**Below is a comparative study of the two types of gold investment to provide a much clearer idea.**

Aspect	Digital Gold	Physical Gold
Form	Electronic representation of gold ownership (e.g., ETFs, tokens, digital certificates)	Physical bars, coins, jewellery, or bullion
Accessibility	Easily accessible through online platforms and apps	Requires purchasing, storage, and safekeeping



Liquidity	High liquidity, can be bought and sold quickly	Lower liquidity, may require finding a buyer
Storage	No physical storage required	Secure storage required (e.g., safe or vault)
Transaction	Lower transaction costs, minimal spreads	Higher transaction costs (buying/selling)
Ownership verification	Transparent, easily verifiable through blockchain	Relies on physical inspection or certificates
Divisibility	Easily divisible into smaller units	Physical gold may need to be melted for division
Portability	Highly portable, can be traded 24/7	Bulkier, may be challenging for large amounts
Price discovery	Reflects real-time market prices	May have variations based on local markets
Volatility	Subject to price fluctuations in real-time	Less susceptible to short-term fluctuations
Investment strategies	Suitable for trading, short-term, and long-term investments	Often used for long-term wealth preservation

### **Is digital gold safe?**

Although digital gold may seem like the obvious choice from the above table, it is crucial to know some of the cons of this investment type.

So, let's answer the question, 'Is digital gold safe?'



There is no regulatory body for digital or virtual gold. This makes it a little less trustworthy for many investors.

Even though there is no need for physical storage for the investors, digital golds hold physical gold of equal value somewhere. So, the storage limit does exist and has an expiry date. Beyond this time limit, investors must withdraw or sell their digital gold. You can only buy up to ₹2 lakhs worth of digital gold on any platform.

### **How Does Gold Investment Affect Indian Economy?**

The decline in the value of gold in the recent past has been so rapid that one could be forgiven for comparing it with the recession in Greece. However, Indians' lust for gold is no secret, but it has now reached a point where the nation's economy and its currency are being sacrificed in the bargain as the precious metal has fallen for three straight years.

The purchase of gold from foreign dealers for billions of dollars has resulted in Indian cash being sent overseas and a disruption in the balance funds coming in and going out of the nation, thus bringing down the rupee's value. As a result of the fiasco, key imports have become more expensive and business are beginning to find it increasingly hard to repay international loans.

### **Gold imports and Current Account Deficit (CAD)**

Gold imports directly affect the current account deficit (CAD) of India. As a thumb rule, the larger the CAD with respect to GDP, the riskier it is for the overall economy. The country is presently the largest importer of gold on the planet, consuming one-third of the planet's supply on an annual basis. In fact gold is the second-most purchased overseas commodity after oil. Imports went to such high levels that during the UPA government, then-Finance Minister P. Chidambaram had appealed to Indian consumers to try and resist the temptation to purchase gold as it would have a positive impact on more aspects of the nation's economy than could be emphasised.

While the current account deficit of India has been controlled to some extent by the present NDA government, the main question on the minds of financial and economic experts is whether or not sufficient funds are flowing into the economy to compromise for the difference.

### **Gold as a means of saving;**

Gold is looked upon as one of the best options when it comes to security and savings for a good percentage of the 1.24 billion people that reside in India. There may be various reasons as to why gold is treated in high regard in comparison with other investment instruments, but the fact that India is home to around 6,50,000 villages and only around 36,000 of those have a bank branch



tells a whole story altogether. With a large portion of peoples' savings going into gold which they are likely to keep idle until they need the money, the economy is left wanting. This gold doesn't flow in the overall economy and as such does not contribute toward it.

### **Gold jewellery and the Indian economy;**

In addition, the cultural importance of gold makes it instrumental in ceremonies such as weddings. And it's not just the villagers who offer gold the amount of significance they do. Even lawyers, bankers, politicians and others purchase gold jewellery during festivals or special occasions. They consider it a fool-proof financial strategy, and since the real estate and capital markets are losing promise off late, the wealthy section of Indian society is now a new class of gold investors on its own. Though the demand for gold has always been high, the past four years have seen the demand turn into an investment and everyone who has the money goes in for gold, thereby adversely affecting the Indian economy.



## **DATA ANALYSIS AND INTERPRETATION**

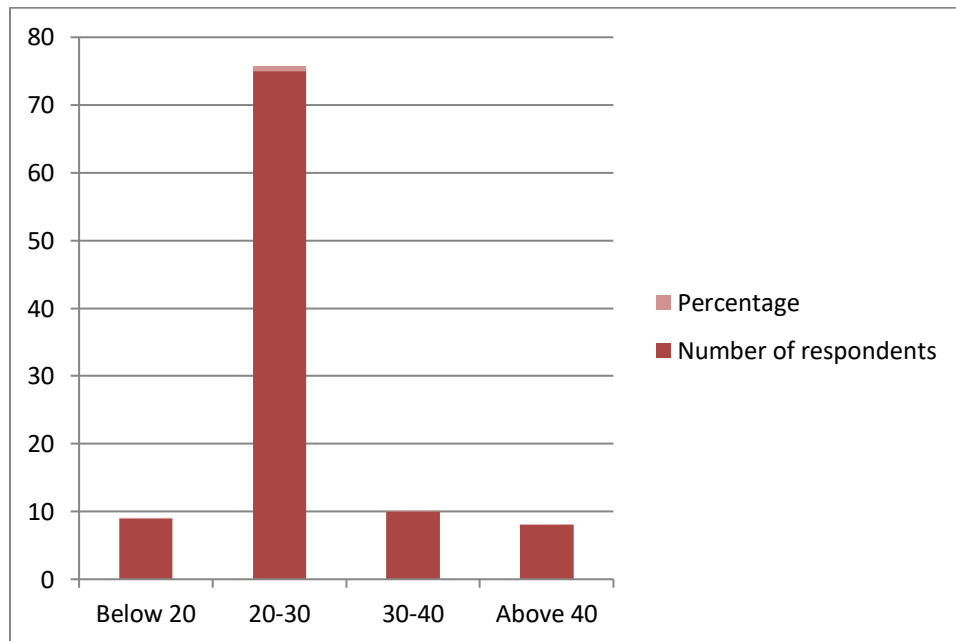
### **2. DATA ANALYSIS**

Data are represented in tables and charts, collected through primary and secondary data.

**Table 4.1 showing age wise classification of respondents**

Age	Number of respondents	Percentage
Below 20	9	8.8%
20-30	75	73.5%
30-40	10	9.8%
Above 40	8	7.8%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.1 showing age wise classification of respondents**



**Interpretation:** From the above survey we found that 8.38% of the respondents belong to age category below 20 , 73.5% b/w 20-30, 9.8% b/w 30-40 ,7.8% above 40yrs.



**Table 4.2 showing the gender of respondents**

Gender	Number of respondents	Percentage
Male	57	55.9%
Female	45	44.1%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.2 showing the gender of respondents**



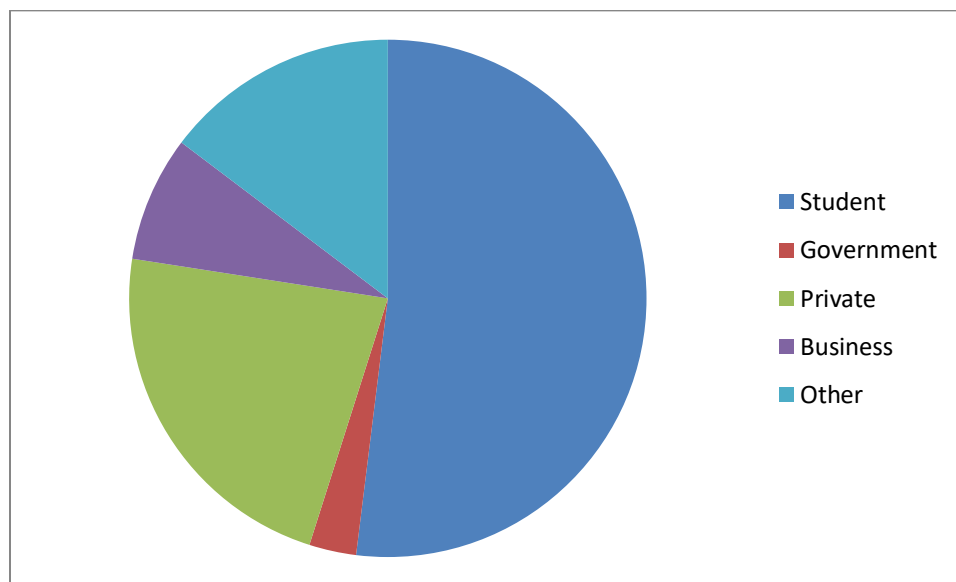
**Interpretation;** From the following survey it is clear that 55.9% of the respondents are males and rest 44.1% are females.



**Table 4.3 showing the occupation of respondents**

Occupation	Number of respondents	Percentage
Student	53	52%
Government	3	2.9%
Private	23	22.5%
Business	8	7.8%
Other	15	14.7%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.3 showing the occupation of respondents**



**Interpretation:**

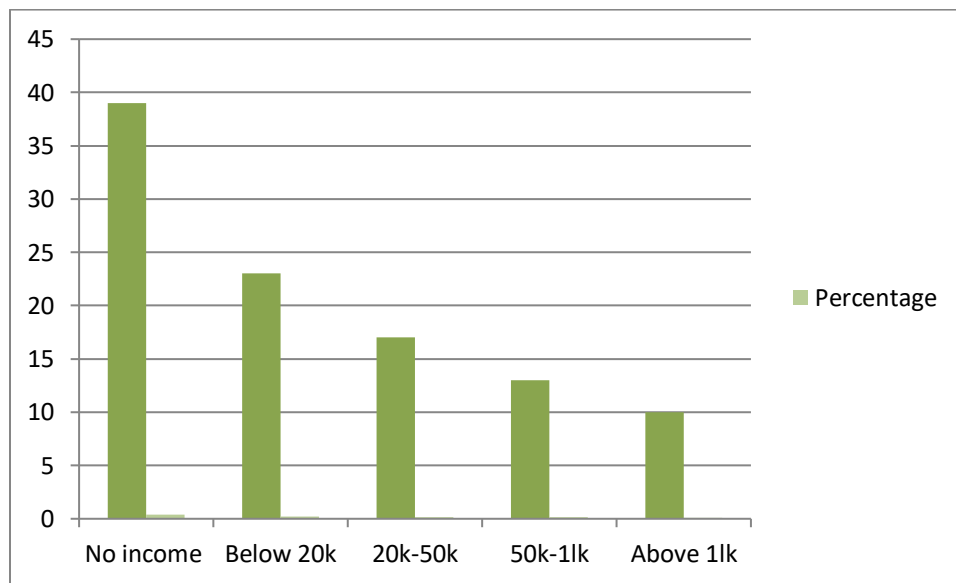
The above table and figure shows that 52% of the respondents are students 2.9% are employed in government sector 22.5% in private sector 7.8% in Business and 14.7% in other category of employment.



**Table 4.4 showing the annual income of the respondents**

Annual income	Number of respondents	Percentage
No income	39	38.2%
Below 20k	23	22.5%
20k-50k	17	16.7%
50k-1lk	13	12.7%
Above 1lk	10	9.8%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.4 showing the annual income of respondents**



**Interpretation;**

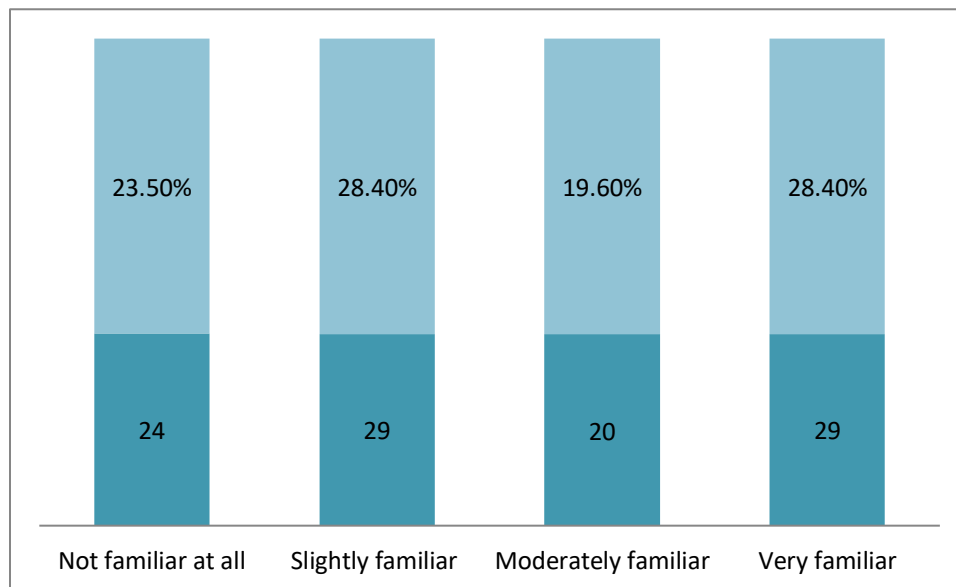
We found that 38.2% of the respondents belong to no income category 22.5% income below 20k 16.7% having income b/w 20k-50k 12.7% 50k-1lk 9.8% above 1lk .



**Table 4.5 showing how familiar are the respondents with gold as an investment option**

	Number of respondents	Percentage
Not familiar at all	24	23.5%
Slightly familiar	29	28.4%
Moderately familiar	20	19.6%
Very familiar	29	28.4%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.5 showing how familiar are the respondents with gold as an investment option**



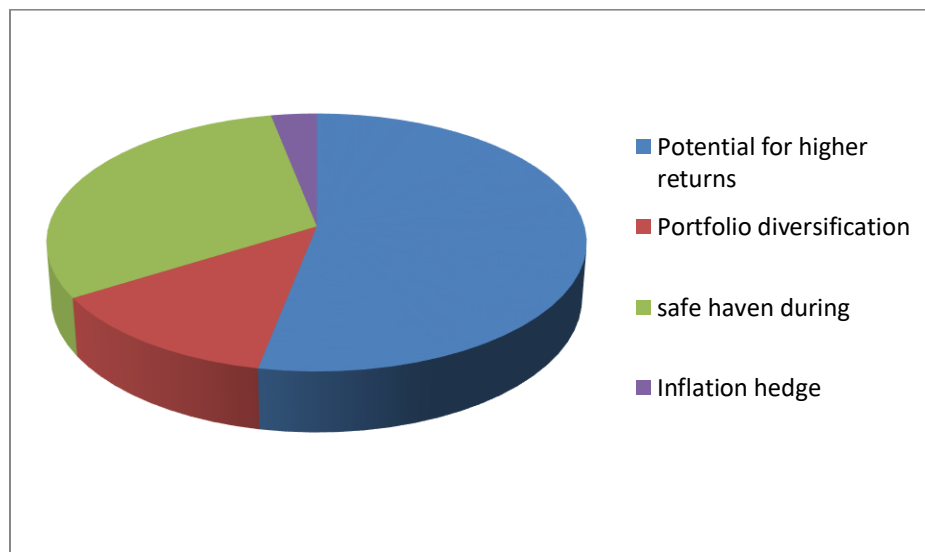
**Interpretation;** From the above study we found that 23.5% of the total respondents are not at all familiar about gold investment schemes 28.4% are slightly familiar 19.6% of them are moderately familiar and rest 28.4% are very familiar about gold investment schemes.



**Table 4.6 showing factors influenced respondents decision to invest in gold**

	Number of respondents	Percentage
Potential for higher return	69	67.6%
Portfolio diversification	17	16.7%
safe haven during	40	39.2%
Inflation hedge	4	3.9%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.6 showing factors influenced respondents decision to invest in gold**



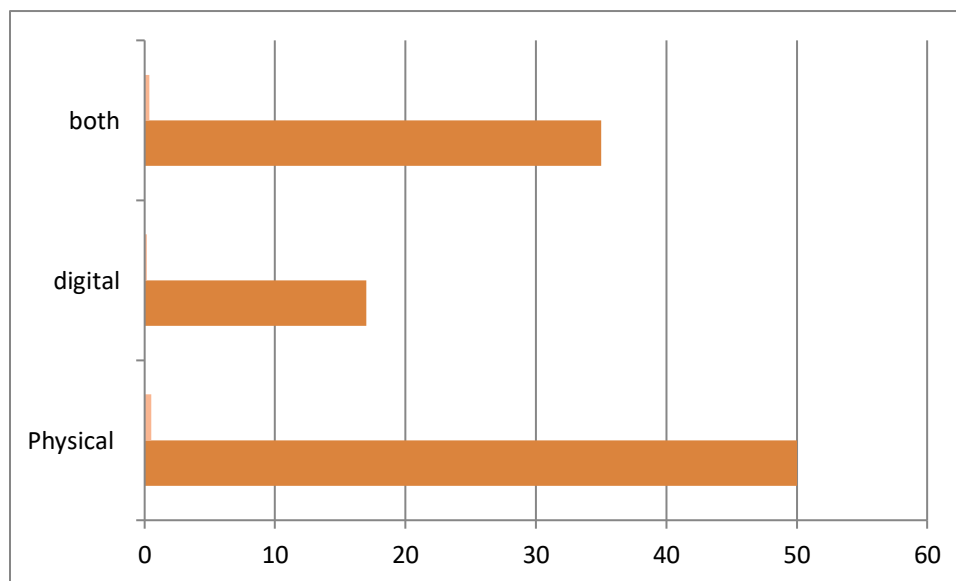
**Interpretation:** From the above study we found that 67.65 of the respondents consider higher returns as a factor for taking decision in investing in gold 16.7% consider portfolio diversification 39.2% consider a safe haven during economic crisis and the others 3.9% consider inflation hedge as a factor.



**Table 4.7 showing which type of gold investment respondents prefer**

	Number of respondents	Percentage
Physical	50	49%
Digital	17	16.7%
Both	35	34.3%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.7 showing which type of gold investment respondents prefer**



**Interpretation;**

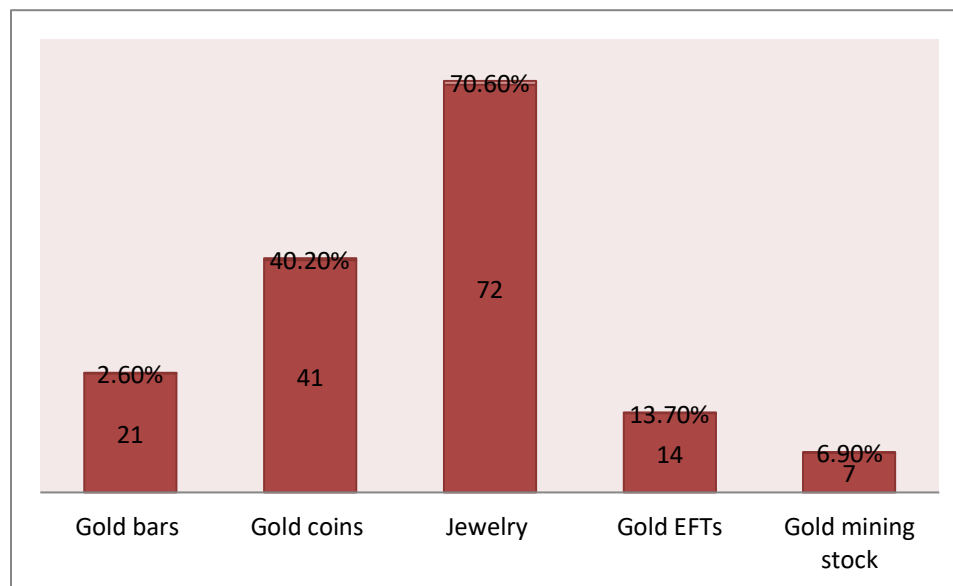
From the above survey we found that majority of the respondents about 49% of them prefer physical gold investment 16.7% prefer digital one and 34.3% of them prefer investing in both.



**Table 4.8 showing what forms of gold investment respondents prefer**

	Number of respondents	Percentage
Gold bars	21	2.6%
Gold coins	41	40.2%
Jewelry	72	70.6%
Gold EFTs	14	13.7%
Gold mining stock	7	6.9%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure showing what forms of gold investment respondents prefer**



**Interpretation;**

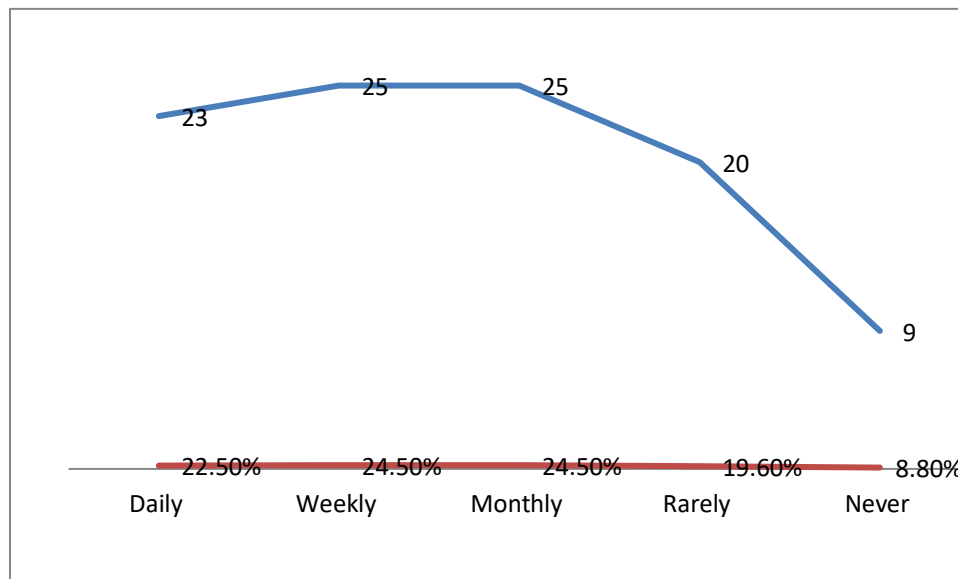
From the above study minority of respondents only prefer investing in gold bars (2.6%) 40.2% prefer gold coins majority of respondents invest in jewelry 13.7% in gold EFTs and the rest 6.9% in gold mining stock.



**Table 4.9 showing how often the respondents monitor the gold price**

	Number of respondents	Percentage
Daily	23	22.5%
Weekly	25	24.5%
Monthly	25	24.5%
Rarely	20	19.6%
Never	9	8.8%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.9 showing how often the respondents monitor the gold price**



**Interpretation;**

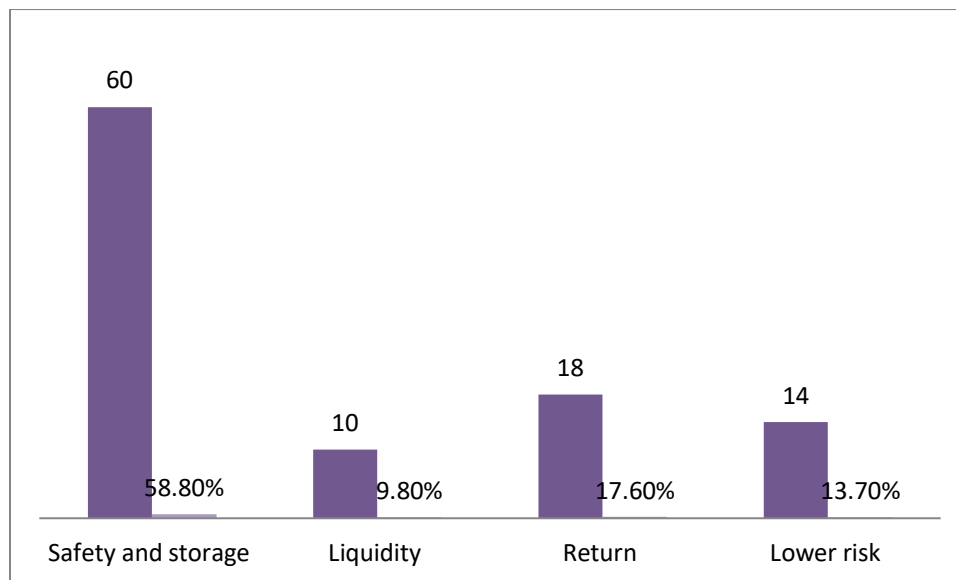
From the above table and figure we found 22.5% of the respondents monitor the price of gold on a daily basis 24.5% on a weekly basis and other 24.5% on a monthly basis 19.6% of them rarely and the rest 8.8% doesn't check the price.



**Table 4.10 showing respondents concern and objective about investing in gold**

	Number of respondents	Percentage
Safety and storage	60	58.8%
Liquidity	10	9.8%
Return	18	17.6%
Lower risk	14	13.7%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.10 showing respondents concern and objective about investing in gold**



**Interpretation;**

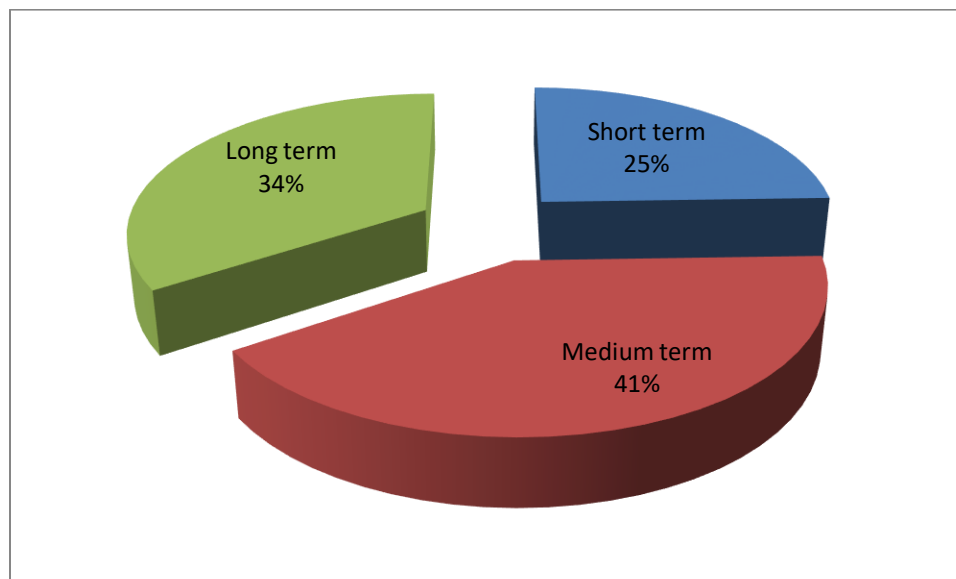
from the above study we found that 58.8% of the respondents take the objective of having safety and storage in investing in gold, 9.8% consider liquidity, 17.6% take return as a objective and the rest 13.7% concern about risk



**Table 4.11 showing the investment horizon of gold**

	Number of respondents	Percentage
Short term	25	24.5%
Medium term	42	41.2%
Long term	35	34.3%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.11 showing the investment horizon of gold**



**Interpretation;**

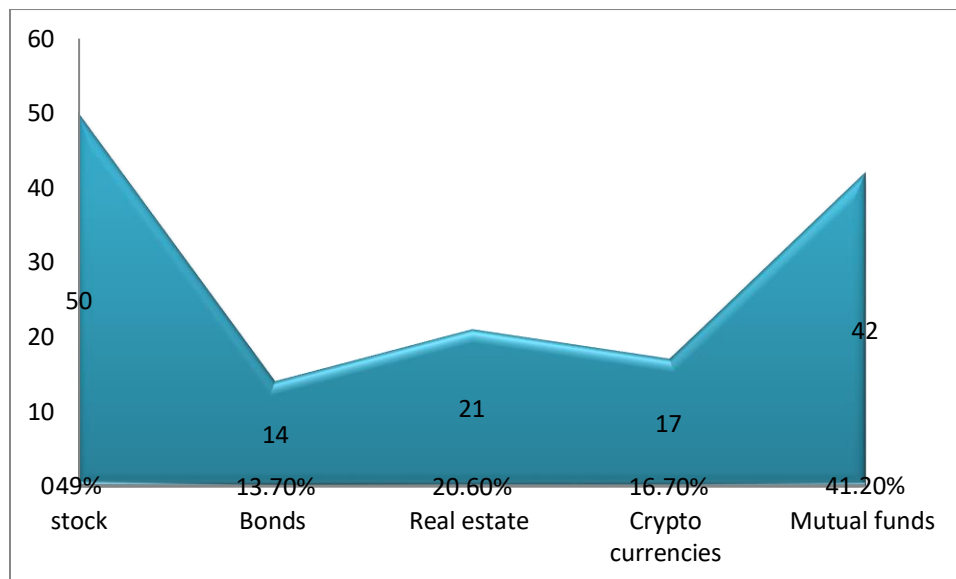
From the above study 24.5% of the respondents prefer short term investment horizon 41.2% of them prefer medium term and the rest 34.3% prefer long term investment.



**Table 4.12 showing other investment activity respondents participate in**

	Number of respondents	Percentage
stock	50	49%
Bonds	14	13.7%
Real estate	21	20.6%
Crypto currencies	17	16.7%
Mutual funds	42	41.2%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.12 showing other investment activity respondents participate in**



**Interpretation;**

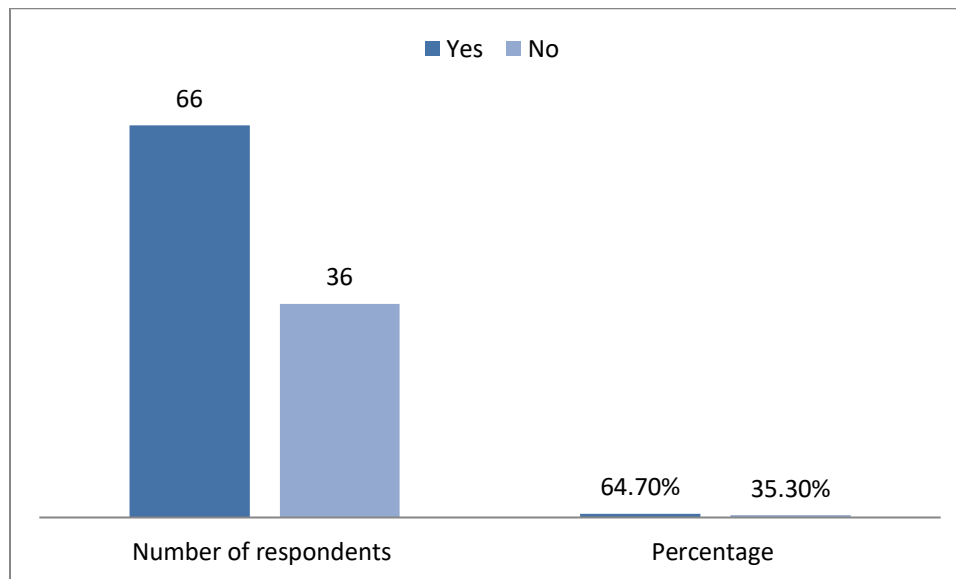
From the above study we found that 49% of the respondents invest in stock 13.7% in bonds 20.6% in real estate 16.7% in crypto currencies and 41.2% in mutual funds other than investing in gold.



**Table 4.13 showing are respondents aware with the tax regulation associated with investing in gold**

Response	Number of respondents	Percentage
Yes	66	64.7%
No	36	35.3%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.13 showing are respondents aware with the tax regulation associated with investing in gold**



**Interpretation:**

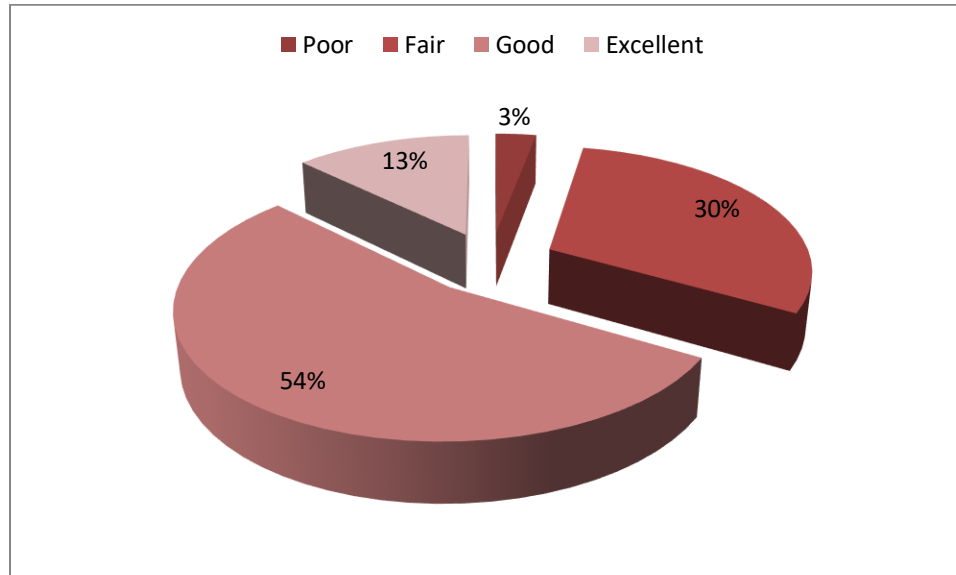
From the above data it is clear that 64.7% of the respondents are aware of the tax regulations relating to gold investment and the rest 35.3% are not.



**Table 4.14 showing historical performance of gold**

	Number of respondents	Percentage
Poor	3	2.9%
Fair	31	30.4%
Good	55	53.9%
Excellent	13	12.7%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.14 showing historical performance of gold**



**Interpretation;**

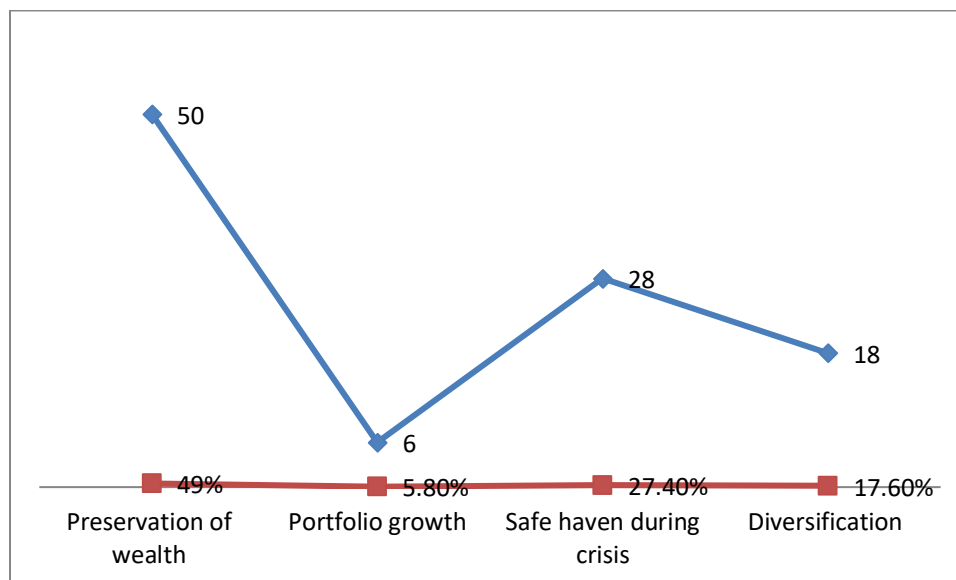
From the above data it is clear that 2.9% of the respondents only says the performance of gold as poor 30.4% of them says fair 53.9% of them view the performance as good and the rest 12.7% says excellent.



**Table 4.15 showing investors primary motivation in investing in gold**

	Number of respondents	Percentage
Preservation of wealth	50	49%
Portfolio growth	6	5.8%
Safe haven during crisis	28	27.4%
Diversification	18	17.6%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure 4.15 showing investors primary motivation in investing in gold**



**Interpretation;**

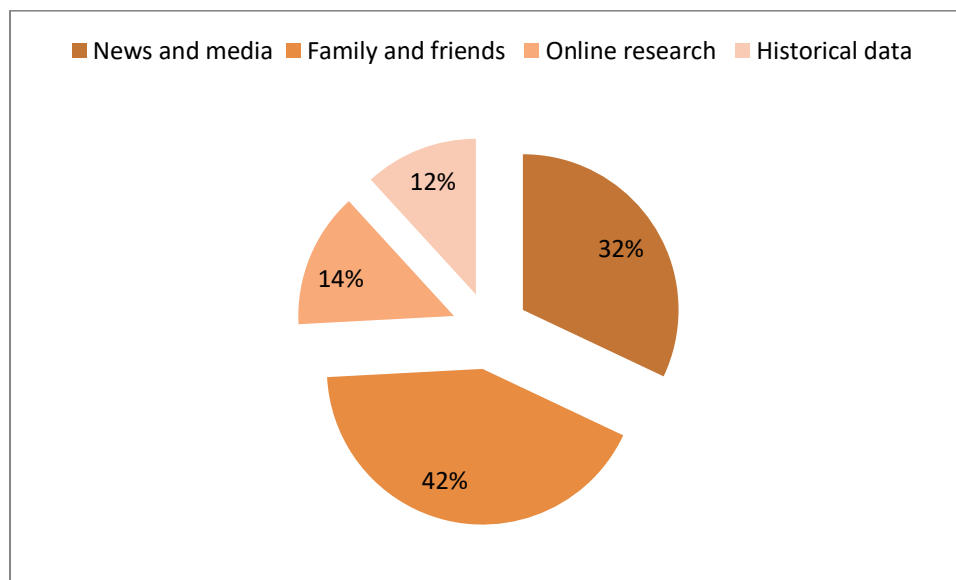
From the above study 49% of the respondents consider preservation of wealth as a primary motivation to invest in gold a small percentage of(5.8%) consider portfolio growth 27.4% of the investors consider safe haven during crisis and the rest 17.6% consider diversification.



**Table4.16 showing the factors influencing decision to buy gold**

	Number of respondents	Percentage
News and media	57	55.9%
Family and friends	75	73.5%
Online research	25	24.5%
Historical data	21	20.6%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure4.16 showing the factors influencing decision to buy gold**



**Interpretation;**

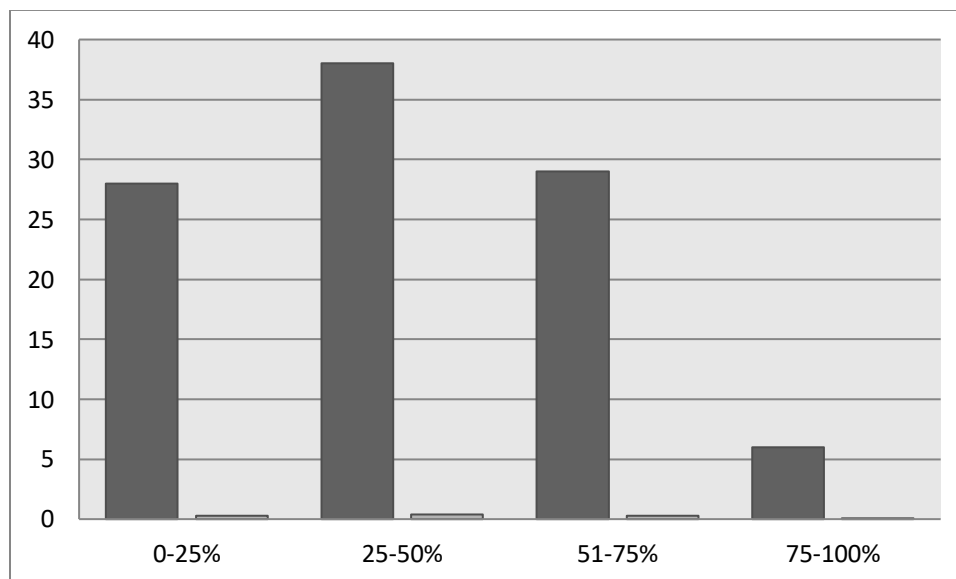
From the above survey we found that the factors influencing decision to buy gold are news and media (55.9%) family and friends (73.5%) online research (24.5%) Historical data (20.6%).



**Table4.17 showing percentage of gold investment is physical gold (bars, coins, jewelry)**

	Number of respondents	Percentage
0-25%	28	27.7%
25-50%	38	37.6%
51-75%	29	28.7%
75-100%	6	5.9%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure4.17 showing percentage of gold investment is physical gold (bars, coins, jewelry)**



**Interpretation;**

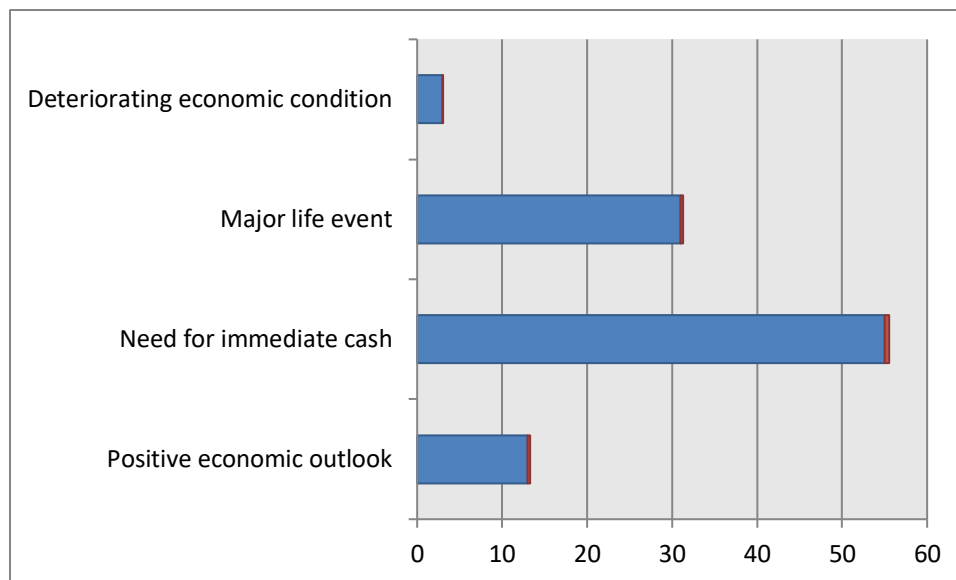
It is clear out of the study that 27.7% of respondents have a 0-25% of investment in physical gold 37.65 of them have a percentage in between 25-50% 28.7% have in between 51-75% and rest 5.9% have a percentage of 75-100%



**Table4.18 showing factors make investors consider selling their gold investment**

	Number of respondents	Percentage
Positive economic outlook	13	27%
Need for immediate cash	55	53.9%
Major life event	31	30.4%
Deteriorating economic condition	3	2.9%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure4.18 showing factors make you consider selling your gold investment**



**Interpretation;**

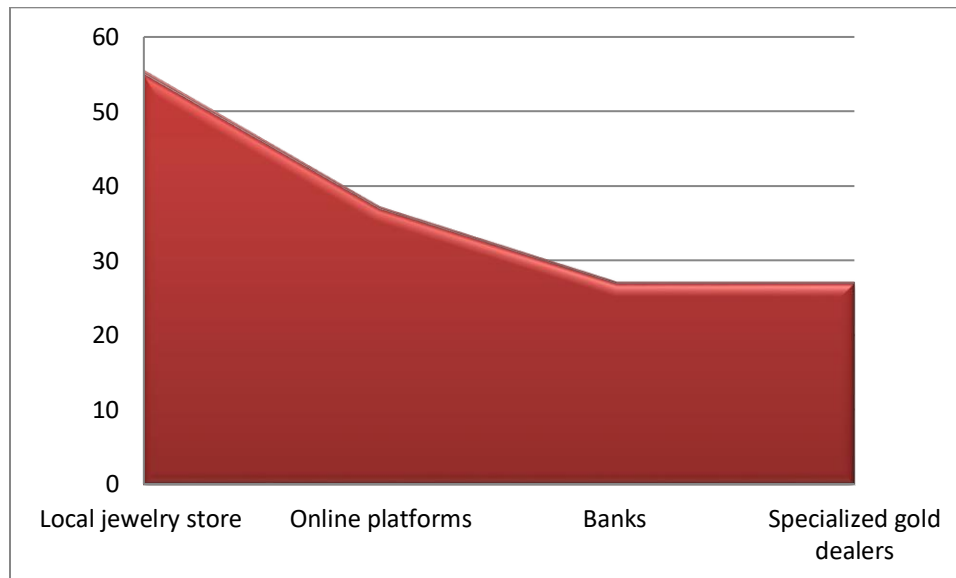
It is evident from the study that 27% of the respondents sell gold positive economic outlook 53.9% of the for need of immediate cash 30.4% sells because of major life events and rest 2.9% because of deteriorating economic condition.



**Table4.19 showing preferred methods of buying gold by respondents**

	Number of respondents	Percentage
Local jewelry store	55	53.9%
Online platforms	37	36.3%
Banks	27	26.5%
Specialized gold dealers	27	26.5%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure4.19 showing preferred methods of buying gold by respondents**



**Interpretation;**

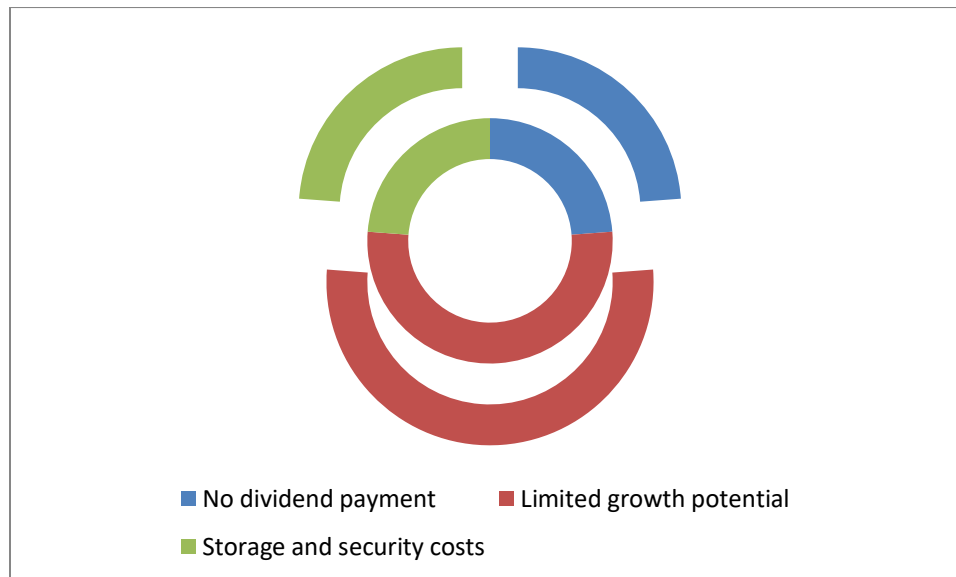
From the Study 53.9% of the respondents prefer local jewelry store as a method for buying gold 36.3% use online platforms 26.5% use banks and rest 26.5% uses specialized gold dealers.



**Table4.20 showing disadvantages of investing in gold**

	Number of respondents	Percentage
No dividend payment	25	24.5%
Limited growth potential	55	53.9%
Storage and security costs	25	24.5%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure4.20 showing disadvantages of investing in gold**



**Interpretation:**

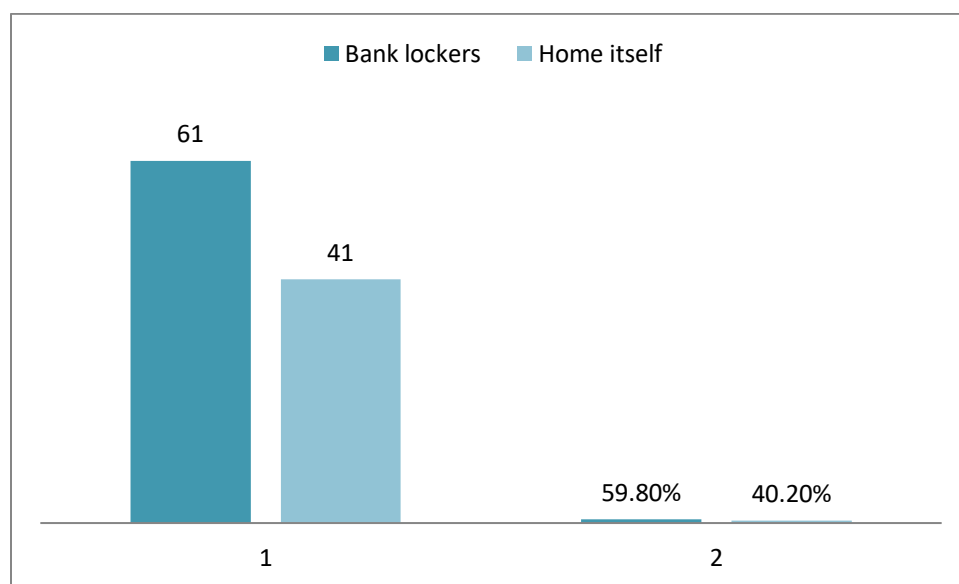
Out of 102 respondents, 24.5% of them say no dividend payment as a disadvantage of gold investment 53.9% of them says limited growth potential as a point and rest 24.5% brings storage and security cost as a concern.



**Table4.21 showing where do the respondents store the purchased gold**

	Number of respondents	Percentage
Bank lockers	61	59.8%
Home itself	41	40.2%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure4.21 showing where do the respondents store the purchased gold**



**Interpretation;**

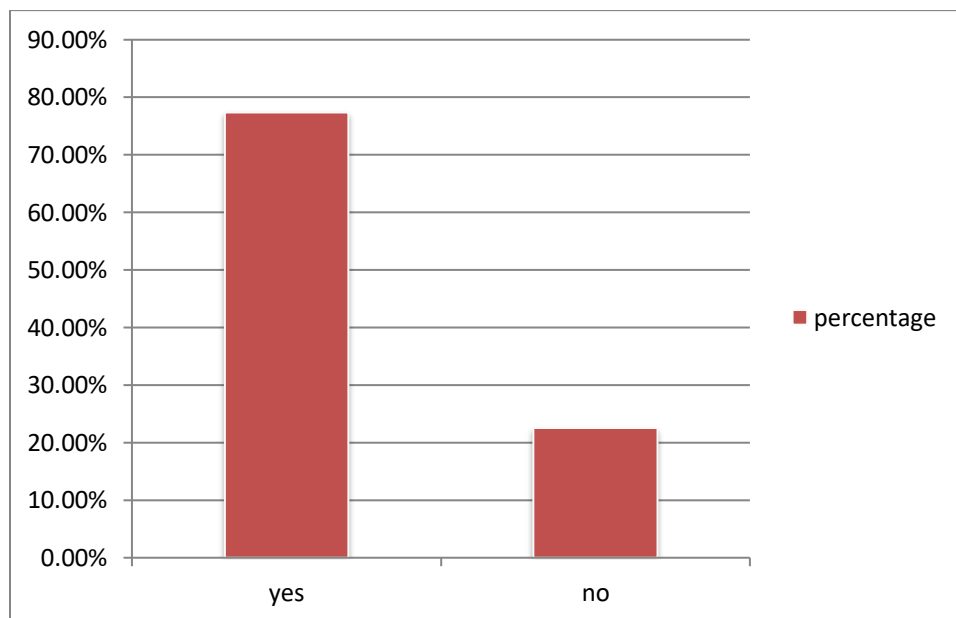
The study shows a percentage of 59.8 of the respondents keep their purchased gold in bank lockers and the other 40.2% in home itself.



**Table4.22 showing does gold will hold its value in future**

	Number of respondents	Percentage
Yes	79	77.4%
No	23	22.5%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure4.22 showing does gold will hold its value in future**



**Interpretation;**

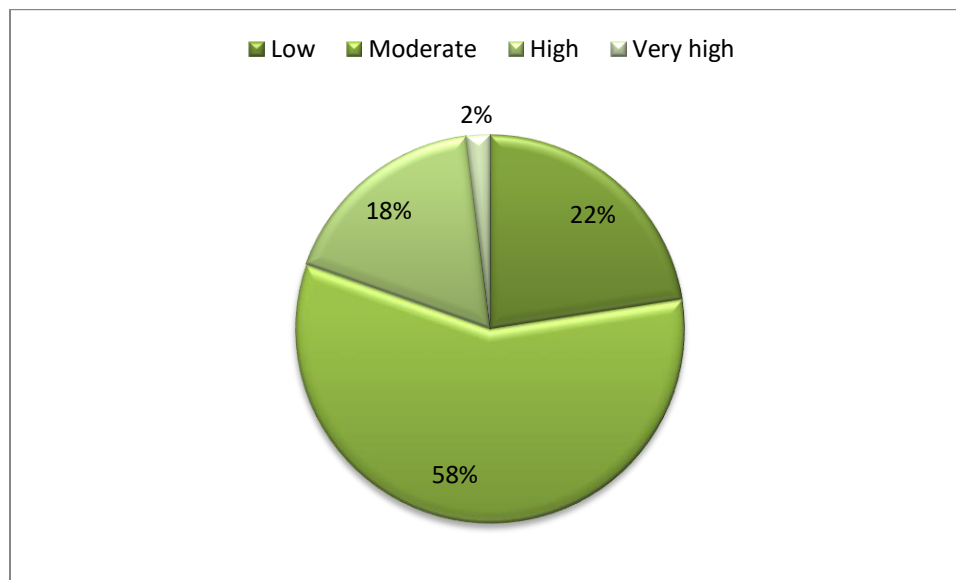
From the above details majority of 77.4% of the respondents says gold will hold its value in future and 22.5% says will not.



**Table4.23 showing overall risk associated with investing in gold**

	Number of respondents	Percentage
Low	23	22.5%
Moderate	59	57.8%
High	18	17.6%
Very high	2	2%
<b>Total</b>	<b>102</b>	<b>100</b>

**Figure4.23 showing overall risk associated with investing in gold**



**Interpretation;**

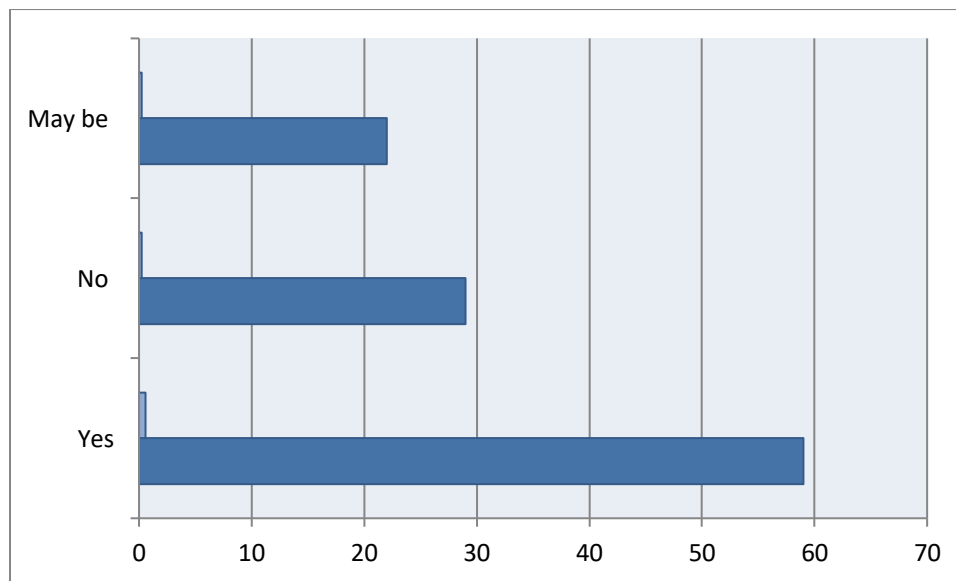
From the above survey 22.5% of the respondents says there is low level of risk in investing in gold 57.85% says moderate level of risk 17.6% says high level of risk 2% says there will be very high level of risk



**Table4.24 showing long term stability of gold in its price**

	Number of respondents	Percentage
Yes	59	57.8%
No	29	20.6%
May be	22	21.6%
<b>Total</b>	<b>100</b>	<b>102</b>

**Figure4.24 showing long term stability of gold in its price**



**Interpretation;**

The above table and figure shows that 57.8% of the respondents says gold has a long term stability in its price 20.6% says there will be no stability and the rest 21.6% says sometimes will be.



**Chi-Square Test is conducted and then analyzed for the Hypothesis 1 and 2:**

**Case Processing Summary**

	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
How would you rate the historical performance of gold as an investment? * Do you believe gold will continue to hold its value in the future?	100	100.0%	0	0.0%	100	100.0%

**How would you rate the historical performance of gold as an investment? \* Do you believe gold will continue to hold its value in the future? Crosstabulation**

Count

		Do you believe gold will continue to hold its value in the future?				Total
		no	No	yes	Yes	
How would you rate the historical performance of gold as an investment?	Excellent	0	3	0	10	13
	Fair	1	15	2	13	31
	Good	0	12	1	40	53
	Poor	0	0	0	3	3
Total		1	30	3	66	100



### Chi-Square Tests

	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	13.915 <sup>a</sup>	9	.125
Likelihood Ratio	14.984	9	.091
N of Valid Cases	100		

a. 11 cells (68.8%) have expected count less than 5.

The minimum expected count is .03.

Reject null hypothesis and alternative hypothesis is accepted.



### **3. FINDINGS, SUGGESTIONS AND CONCLUSION**

#### **FINDINGS;**

This chapter presents the major finding of the study and makes some suggestions based on the findings on "*An Analytical Study on Perception of investors towards Gold as an Investment Option*". They are based on Data analysis( chapter4). The chapter also presents the conclusion and scope for future research. The following section explains the findings, suggestions and conclusions.

#### **1. To study how the factors and trends influencing the investors decision in investing gold.**

From the above study we found that 23.5% of the total respondents are not at all familiar about gold investment schemes 28.4% are slightly familiar 19.6% of them are moderately familiar and rest 28.4% are very familiar about gold investment schemes.

From the above study we found that 67.65 of the respondents consider higher returns as a factor for taking decision in investing in gold 16.7% consider portfolio diversification 39.2% consider a safe haven during economic crisis and the others 3.9% consider inflation hedge as a factor.

From the above study we found that 58.8% of the respondents take the objective of having safety and storage in investing in gold,9.8% consider liquidity,17.6% take return as a objective and the rest 13.7% concern about risk.

From the above study 49% of the respondents consider preservation of wealth as a primary motivation to invest in gold a small percentage of(5.8%) consider portfolio growth 27.4% of the investors consider safe haven during crisis and the rest 17.6% consider diversification.

From the above survey we found that the factors influencing decision to buy gold are news and media (55.9%) family and friends (73.5%) online research (24.5%) Historical data (20.6%).

From the Study 53.9% of the respondents prefer local jewelry store as a method for buying gold 36.3% use online platforms 26.5% use banks and rest 26.5% uses specialized gold dealers.

#### **2. To study investors perception towards various types and options available of gold investment.**

From the study minority of respondents only prefer investing in gold bars (2.6%) 40.2% prefer gold coins majority of respondents invest in jewelry (13.7%) in gold EFTs and the rest 6.9% in gold mining stock.



It is clear out of the study that 27.7% of respondents have a 0-25% of investment in physical gold 37.65 of them have a percentage in between 25-50% 28.7% have in between 51-75% and rest 5.9% have a percentage of 75-100%.

From the survey we found that majority of the respondents about 49% of them prefer physical gold investment 16.7% prefer digital one and 34.3% of them prefer investing in both.

### 3. To study relationship between historical performance and future value of gold.

From the data it is clear that 2.9% of the respondents only says the performance of gold as poor 30.4% of them says fair 53.9% of them view the performance as good and the rest 12.7% says excellent.

From the details majority of the respondents (77.4%) says gold will hold its value in future and 22.5% says it will not.

The study shows that 57.8% of the respondents says gold has a long term stability in its price 20.6% says there will be no stability and the rest 21.6% says sometimes will be.

### 4. To find out the investors perception towards risk and challenges faced by investors in gold investment.

From the survey 22.5% of the respondents says there is low level of risk in investing in gold 57.85% says moderate level of risk 17.6% says high level of risk 2% says there will be very high level of risk

It is evident from the study that 27% of the respondents sell gold positive economic outlook 53.9% of the for need of immediate cash 30.4% sells because of major life events and rest 2.9% because of deteriorating economic condition.

### 5. To identify the reasons for not to invest in gold

Out of 102 respondents, 24.5% of them say no dividend payment as a disadvantage of gold investment 53.9% of them says limited growth potential as a point and rest 24.5% brings storage and security cost as a concern.



### **Other general findings;**

From the study we found that 22.5% of the respondents monitor the price of gold on a daily basis 24.5% on a weekly basis and other 24.5% on a monthly basis 19.6% of them rarely and the rest 8.8% doesn't check the price.

From the study 24.5% of the respondents prefer short term investment horizon 41.2% of them prefer medium term and the rest 34.3% prefer long term investment.

From the above study we found that 49% of the respondents invest in stock 13.7% in bonds 20.6% in real estate 16.7% in crypto currencies and 41.2% in mutual funds other than investing in gold.

From the data it is clear that 64.7% of the respondents are aware of the tax regulations relating to gold investment and the rest 35.3% are not.

The study shows a percentage of 59.8 of the respondents keep their purchased gold in bank lockers and the other 40.2% in home itself.



## **SUGGESTIONS:**

1. Investors are advised to buy gold jewelery from known jewelery manufacturers or retail outlets that offer the lowest cost.
2. Buying gold bullion or gold coins attracts service tax and will not earn good returns at the time of sale. Investors are advised to buy gold or gold coins for a short period of time. Gold or gold coins should be stored for a long time.
3. .Investors are advised to invest in gold ETFs where there is a possibility of loss or little. The ETF's are readily available and do not require advanced knowledge, as it is a very simple trading strategy.
4. Investors are advised to go through design documents, policy objectives and performance analysis by experts before investing in mutual funds.
- 5 .Small investors are advised not to enter into futures and options without adequate knowledge of trading and risk management. Although futures and options provide a great deal for traders, they also carry a lot of risk.



## **CONCLUSION:**

In this research paper, I have done an in-depth analysis of investors' perceptions of gold as an investment. The research included data collection by conducting surveys and searching existing literature on the topic. Throughout the analysis, it became clear that gold occupies a unique place in the financial landscape, both for its traditional role as a store of value that attracts private and institutional investors, and for its tangible nature has contributed to its lasting interest in culture and industry.

The study provides a better understanding of investor behavior and knowledge related to gold investment decisions and shows where gold currently stands among other gold investment instruments. Investors research information and analyze the market before making gold investment decisions. The survey found that gold is already recognized and valued by the people due to its long tradition of profitability and most of all the respondents have either invested or made money in gold plans to buy more gold. The study sheds light on the lack of knowledge about the innovations in gold investment strategies ie. Gold ETFs, e-Gold and Gold Funds as well as tax laws.



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- 1) Age
- 2) Gender
- 3) Occupation
- 4) Annual Income
- 5) How familiar are you with gold as an investment option?

Not familiar at all

Slightly familiar

Moderately familiar

Very familiar

- 6) Which factors influenced your decision to invest in gold?

Potential for higher returns

Portfolio diversification

Safe haven during economic uncertainties

Inflation hedge

- 7) Which type of gold investment do you prefer the most?

Physical Gold Investment

Digital Gold Investment

- 8) What forms of gold investment do you prefer?

Gold bars

Gold coins

Gold jewelry



Gold ETFs

Gold mining stocks

9) How often do you monitor the price of gold?

Daily

Weekly

Monthly

Rarely

Never

10) What are your concerns and objectives about investing in gold?

Safety and Storage

Liquidity

Return

Low risk

11) What is your investment horizon for gold?

Short-term (less than 1 year)

Medium-term (1-5 years)

Long-term (more than 5 years)

12) What other investments do you actively participate in?

Stocks

Bonds

Real estate

Crypto currencies

Mutual funds



13) Are you aware of any regulations or taxes associated with investing in gold in your country?

Yes

No

14) How would you rate the historical performance of gold as an investment?

Poor

Fair

Good

Excellent

15) What is your primary motivation for investing in gold?

Preservation of wealth

Portfolio growth

Safe haven during crises

Diversification

16) Which of the following influences your decision to buy gold?

News and media

Friends and family

Online research

Historical data

17) What percentage of your gold investment is physical gold (bars, coins, jewelry)?

0-25%

26-50%

51-75%

76-100%

18) What factors would make you consider selling your gold investment?

Positive economic outlook



Need for immediate cash

Major life event

Deteriorating economic conditions

19) What is your preferred method for buying gold?

Local jewelry stores

Online platforms

Banks

Specialized gold dealers

20) Which of the following do you perceive as disadvantages of investing in gold?

No dividend payments

Limited growth potential

Storage and security costs

21) Where do you store purchased Gold?

Bank Lockers

Home itself

22) Do you believe gold will continue to hold its value in the future?

Yes

No

Not sure

23) How would you rate the overall risk associated with investing in gold?

Low

Moderate

High

Very high



24) Do you think Gold has long term stability in its price?

Yes

No