

Investors Perception Towards Gold as an Investment

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Abstract: *Since ancient times, gold has been valued as a significant investment item and has been essential to financial markets and portfolios. This research investigates how investors view gold as an investment, focusing on the variables that affect their choices to incorporate gold into their investment plans. Utilising both quantitative and qualitative methodologies, the study uses a mixed-methods research design to collect its data. A thorough analysis of the literature is done to determine the historical importance of gold as a store of value and its function in diversifying investment portfolios. Additionally, the main ideas and empirical research on investor behaviour and the reasons people invest in gold are highlighted in this overview. A survey of a variety of investors, including individual investors, institutional investors, and financial specialists, is part of the research's quantitative phase. The poll tries to pinpoint the variables, such as risk tolerance, market sentiment, inflation expectations, geopolitical events, and global economic conditions, which affect investors' perceptions of gold. It also looks into the most popular gold exposure investments, including physical gold, gold-backed securities, gold exchange-traded funds (ETFs), and mining stocks..*

Keywords: Awareness, Perception, Gold investment, Portfolio diversification

I. INTRODUCTION

Indian society is built on the foundation of wealth and savings, which is gold. A longer-term increase in the demand for gold jewellery and investments is anticipated as consumers have adjusted their price expectations upward. This trend is expected to continue as local investors buy gold for wealth accumulation purposes. Due to its emotional appeal as well as its significant cultural and economic worth, gold is in high demand among all age groups. However, it is now evident that more and more Indians are realising that gold needs a position in their investment portfolio in addition to the bank safe or the cabinet at home. Up until recently, the foundation of international monetary systems was made up of gold reserves.

History of Gold:

Gold has held immense cultural and economic significance in India throughout history. It has been revered as a symbol of wealth, prosperity, and religious importance. Ancient civilizations like the Indus Valley traded in gold, and scriptures and epics mention its sacredness. Various dynasties issued gold coins, showcasing their power. During the medieval and colonial periods, gold jewellery and coins were used for trade and adornment. After independence, gold remained integral to Indian culture, particularly in weddings and festivals. India is one of the largest consumers of gold globally, with policies in place to regulate its import and sale. Gold continues to be cherished and valued as a precious metal in India.

VARIOUS AVENUES OF GOLD INVESTMENT AND RETURNS ON GOLD INVESTMENT

Gold in the form of jewellery is not only used as wearable but also works as a tool to tide over financial emergencies. So, buying gold has traditionally been a financial support system over the years. There are two ways of owning gold - a) paper and b) physical. You can buy it physically in the form of jewellery, coins, and gold bars. In the paper form, one can buy it as gold exchange-traded funds (ETFs) and sovereign gold bonds (SGBs). Then there are gold mutual funds

which further invest in gold ETFs. Some gold mutual funds invest in the shares of international gold mining companies. For buying physical gold, one may reach out to the neighborhood jewellers. However, after covid-19, many reputed jewellers have allowed customers to buy gold jewellery online via their websites. Even payment apps such as Paytm, PhonePe, Google Pay etc., have tied up with gold jewellers to sell gold coins. Indians certainly cherish possessing gold. But owning it in the form of jewellery has its own concerns about safety, high costs, and outdated designs. Then there are the 'making charges', which could prove to be a costly affair. The making charges on gold jewellery depends on the type of design and whether the ornament is handmade or machine-made. If the design on gold jewellery is intricate, then there will be high making charges. There is no denying the fixation us Indians have with gold. But the good news is that this is probably one fixation that doesn't need fixing! Gold returns can instead be used to benefit our investment portfolio, as it provides balance to an equity-and-debt portfolio. However, before adding gold to a portfolio, it is important to understand how gold returns have been in the past and the characteristics of gold returns. Not just that, given that there are many ways to invest in gold, using the right mode is essential to get the most out of gold returns. Gold prices move in response to changes in demand and supply. Retail gold jewellery buyers, investors in bars and coins, ETFs demand, central bank buying, those who hold gold and miners mining fresh gold are some of the key players in the gold demand and supply ecosystem. All of these players behave in different and even opposing ways, thereby impacting the demand-supply balance.

II. REVIEW OF LITERATURE :

Nagaramyakiran, D. C. (2022), the objective of this study is to know the socio-economic profile of other respondents and to analyse perception towards gold jewellery in Hyderabad. This study is both descriptive and analytical in nature which covers both primary and secondary data. Primary data is structured through questionnaire and secondary through magazines, journals etc. The suggestion regarding to this this research would be that, The Retailers must create awareness regarding the gold jewellery and try to attract the customers.

III. OBJECTIVES OF THE STUDY :

- To know the level of awareness of gold investment among Investors.
- To know the consumer behaviour towards gold investment.
- To study the factor influencing the choice of investment in gold.

IV. SCOPE OF THE STUDY

The study on investors' perception towards gold as an investment aims to examine various aspects related to how investors view gold as a financial asset. The scope of the study includes analysing investor demographics, investment motives, risk perception, return expectations, market information sources, investment decisionmaking processes, comparative analysis with other assets, and geographical considerations. By exploring these factors, the research paper seeks to provide insights into investors' attitudes, behaviours and preferences regarding gold as an investment option.

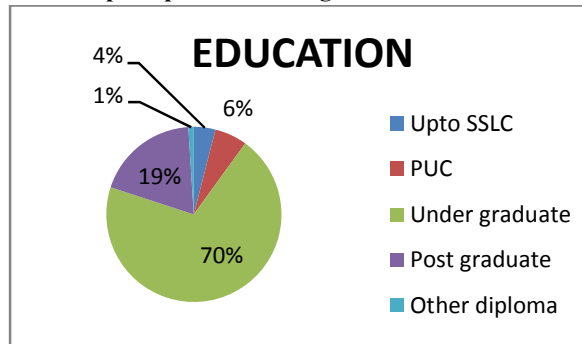
V. RESEARCH METHODOLOGY

The research design employed in this study is descriptive, aimed at gathering comprehensive information about a specific group or phenomenon to provide an accurate representation of its characteristics and behaviours. Data collected from both primary and secondary data. Primary data was collected through questionnaire method. Well-structured questioner was used to collect data from respondents. Secondary data is collected from various articles, books, magazines, websites, and journal. A total number of 80 sample respondents has been selected for the purpose of the present study from Bengaluru city. This research includes certain tools such as percentage, graph and frequency to collect the individual's data.

VI. DATA ANALYSIS AND INTERPRETATION

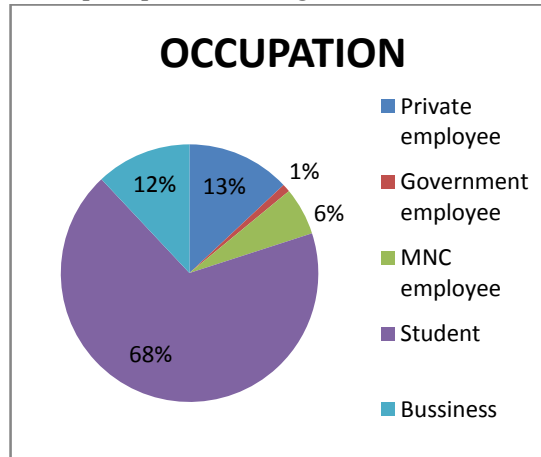
The data collected is represented in the form of table and pie chart. A brief description of analysis and interpretation is given below.

Figure 1: Awareness and perception towards gold investment on the basis of Education.



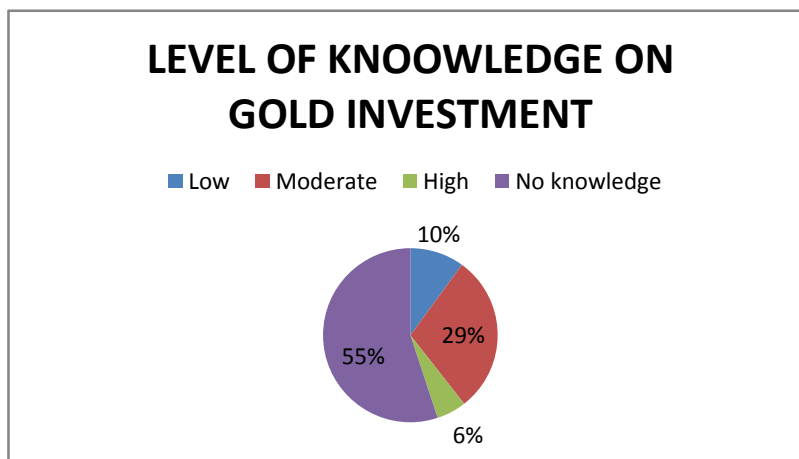
Interpretation: From the above data we can find that. 4% respondents have completed SSLC, 6% respondents are qualified up to PUC, 70% of the respondents have completed under graduation, around 19% respondents are qualified as post graduates and remaining 1% respondent have specialisation in other diploma, are aware of various gold investments.

Figure 2: Awareness and perception towards gold investment on the basis of occupation.



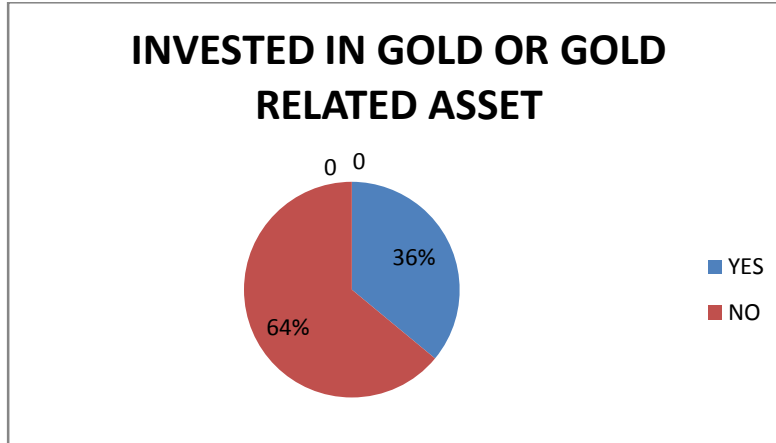
Interpretation: From the above chart, it is observed that among all the respondents level of awarness about gold investments is 13% respondents are employed in private organisation, 1% are government employee group, 6% work in MNC companies, 68% respondents are students and remaining 12% respondents are involved in various bussiness.

Figure 3: Level of knowledge about gold as an investment among respondents.



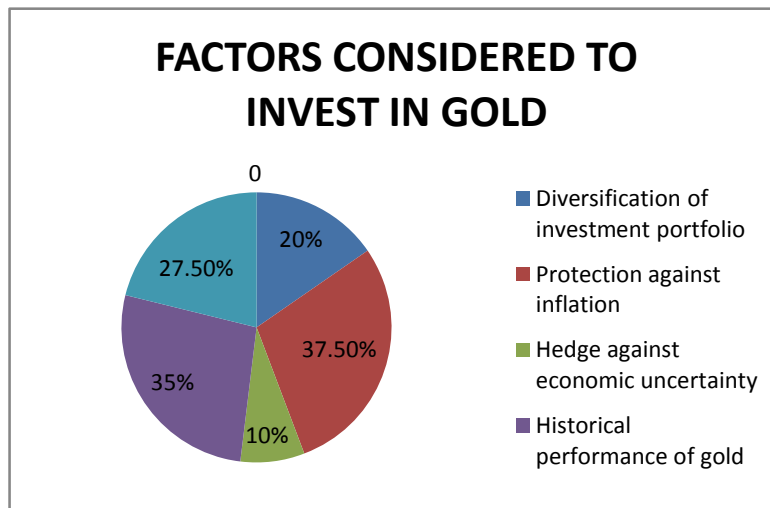
Interpretation: Respondents were asked about their level of knowledge on gold investment to which, 22% had least knowledge, 64% were well aware of gold investments, 12% were fully aware of gold investments and 2% had no idea about gold investment.

Figure 4: Respondents opinion on their investment of gold or gold related assets.



Interpretation: From the above data we could find that 36% of them have invested in gold or gold related assets 64% of them have not invested in gold or gold related assets.

Figure 5: Factors considered by the respondents for choosing gold or gold related assets as investment option.



Interpretation: From the above it indicates that diversification of investment portfolio is considered in order to invest in gold (i.e., 15%). Protection against inflation (i.e., 28%) can be considered as a factor for investing in gold and gold related assets. Hedge against economic uncertainty (i.e., 8%) is also one of the factors to be considered. Historical performance of gold (i.e., 27%) have influenced on individual to invest in gold. Perception of gold as a safe haven asset (i.e., 27.5%) is also one of the factors for investors.

VII. FINDINGS OF THE STUDY.

- The study highlights that a significant portion (70%) of individuals with an undergraduate education level are aware of various gold investment options. This suggests that education plays a role in creating awareness about investment opportunities, including gold.

- Among the respondents, 68% of students, 13% of private organization employees, 6% of individuals in MNC companies, and a smaller proportion from other occupational groups demonstrated awareness of gold investments. This suggests that awareness might be higher among students and individuals in the corporate sector.
- The survey showed that people knew different amounts about investing in gold: 22% didn't know much, 64% knew well, 12% knew a lot, and 2% had no idea. A few (2%) needing basic money education. We need simple info to help people decide about investing in gold.
- The study reveals that 36% of respondents have invested in gold or gold-related assets, while the remaining 64% have not. This indicates that a considerable portion of the respondents have considered gold as an investment option.
- When considering gold or gold-related assets, respondents indicated various factors that influence their investment decisions. Diversification of the investment portfolio (15%), protection against inflation (28%), historical performance (27%), and perception of gold as a safe haven asset (27.5%) were identified as key motivating factors

These findings collectively provide insights into investors' awareness, perceptions, and preferences related to gold as an investment in Bengaluru city. The data illustrates that various factor, such as age, gender, education, occupation, and risk assessment, influence how investors perceive gold as part of their investment strategy.

VIII. CONCLUSION

In this research paper, we conducted an in-depth analysis of investors' perceptions towards gold as an investment. The study involved gathering data through surveys and examining existing literature on the subject. Throughout the research, it became evident that gold holds a unique place in the investment landscape, attracting both individual and institutional investors. Its traditional role as a store of value and its tangible nature have contributed to its enduring appeal across different cultures and regions. One of the key findings was that during periods of economic uncertainty, gold tends to gain Favor as investors seek safe-haven assets to protect their wealth.

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