

**AN ETUDE ON GOLD AS AN INVESTMENT PATTERN WITH SPECIAL REFERENCE TO
COIMBATORE CITY**

Dr.J.Vijimol

Professor & Head, Department of Commerce
Sri Krishna Arts and Science College.

INTRODUCTION:

In finance, a venture could be a financial resource obtained with the idea that the resource will give salary within the future or appreciate and be sold at a better price. Speculation ensures one's dreams turn genuine and appreciate life to the fullest without actually stressing around long-standing time. It controls an individual's investing design. It chooses how and what sum one should spend so that he has sufficient cash for future. There are different roads for venture for a person, namely, Bank stores, genuine domain, Securities, Common reserves, Commodity trade and Gold investment. Though there are distinctive zones for venture, Gold has been a conventional favorite for Indian speculators. Gold has continuously come out as a trusted column to drop back on. Amid the later changes in the worldwide markets, counting the US minimizing and the Euro zone issues, financial specialists begun furrowing cash into gold. Consequently, the request for the gold went up.

In addition, as there were no other comparably secure resources to contribute in, the cost of gold skyrocketed. The pricier the gold gets, the more alluring it gets to be, with numerous a lady longing for the valuable metal. The higher gold cost has included to gold jeweler's all are in spite of these challenging financial times. According to World Gold Committee, India is the biggest consumer of gold within the world taken after by Chin a Monetary framework comprises of money related educate, advertise, administrations and rebellious that are closely related with each other. The part money related educate, administrations and markets have huge increment in these days compared to the past decade; the as it were reason for this was clients are mindful approximately this. There are so numerous educate that are conducting coaching classes for the money related framework, for case Tata Founded in Bombay may be a driving institute conducting coaching classes for actuarial course within the field of protections.

India has continuously been known as elephant of the venture world. It moves gradually but unquestionably. Venture may be a arranged strategy of safely putting ones investment funds into distinctive outlets to urge a great return. The fundamental quality of an venture is that it involves waiting for a remunerate. Speculation includes long term commitment Speculation could be a commitment of a person's support to determine future pay within the shape of profit, lease, interest...etc. There's a positive relationship between ventures and hazard. The victory of each venture action depends upon the capacity and information of an investor to venture in right plot at a right time without any misfortune. Gold as an resource plays a really vital part in an investor's portfolio because it not as it were gives steadiness for returnsbut moreover gives an opportunity to maximize the riches of the speculator .Speculators for the most part purchase gold as a way of expanding chance. Cost of gold is decided by the advertise drive of request and supply. Investors across the world buy gold as an investment. The demand for gold has risen over last few years. It is mainly a safe and sound form of investment from the point of view of large global investors who aim at protecting their investment in the current global economic uncertainty. A growing range of methods now allows investors to either buy gold or simply gain experience to gold price movement. From gold coins online accounts, exchange traded funds and complex financial products to mining stocks the most appropriate gold investment will depend upon the investor's specific requirement and outlook.

There are so many ways to invest in gold such as:

1. Coins and bars,
2. Futures and options,
3. Gold Accumulation Plans (GAP)
4. Exchange Traded Funds (ETF)
5. Gold Funds
6. E gold

LITERATURE REVIEW:

Times of India-2018 March 7: India have always been crazy about gold. Many people look for the safest avenue for investing their money. Till today gold has had a good run and most of the people buy it, which act as an physical asset and given them some mental safety.

Times of India- 2019Jan 25:Gold is a form of asset passing it on from one generation to other generation but the gold has the risk of depreciation (making charges, level of gold purity) so investor can invest in gold is through gold ETFS and fund to fund (FOFS)

Economic Times 2019Oct 21: The person who doesn't have trust in the financial system chooses gold as an investment. From the beginning of 2019,gold is up by about 20% . They say that gold is not a very good investment and there are always better things to do with your savings. As an investment like any other it must be judged according to the returns with liquidity, stability and other such factors being additional parameters. Unlike you invest in equity or brand or bank deposit, the money you invest in gold does not contribute the economic growth, the same amount you can invest in business activity will increase the economic growth.

Economics time 2019 Oct 21: India's love affair with gold is no secret. We own it in the form of jewellery, gold coins, and even gold bars. Nowadays, you can buy it even on e-commerce websites such as Amazon, Snapdeal, and Flipkart too. Owning the yellow metal in the paper form like gold exchange traded funds (ETFs) or sovereign gold bonds is also fast catching up. It is believed by some economists that gold is a highly effective portfolio diversifier due to its slow to negative correlation with all other major asset classes. Still, as a rule, gold shows no statistically significant correlation with mainstream asset classes. When shares are falling rapidly in value, an inverse correlation can develop between gold and equities. Gold protects one's portfolio from volatility because the factors, both at the macro-economic and micro- economic fronts that affect the returns of most asset classes do not significantly influence the price of gold. For a given level of returns from a portfolio, the risk or volatility can be reduced by adding gold to it. Gold protects one's portfolio from volatility because the factors, both at the macro-economic and micro-economic fronts that affect the returns of most asset classes do not significantly influence the price of gold. For a given level of returns from a portfolio, the risk or volatility can be reduced by adding gold to it.

Dr. Shefali Dani and RiddhiAmbavale, in their study found that Gold and Silver are the most popular metals in India. Investors do invest in Gold and Silver with their other investment alternatives like stocks, mutual funds, real estate property and the like. The research is that before the year 2006, investors regularly make investment in Gold and Silver but they reduce their investment in such metals as the prices of Gold and Silver are at hike peak for the year 2007 and they have choose other options from the investment. In Silver, coins of silver are most popular among the investors. For giving bonus or appreciation on gift to the employees of the organization on special days. From their study of the investors' preference on investment in Gold and Silver by conducting research through questionnaire, we came to know that investors do invest in gold and silver depend on their income and savings with them.

Solt, Michael E. and Paul J. Swanson Several studies focus on the relationship between gold and silver prices. Solt and Swanson studied the efficiency of both gold and silver markets and found some positive dependence in their price series.

Ma, Christopher considered gold and silver as close substitutes and conjectures the equilibrium parity between gold and silver prices in the long run. He showed that significant trading profits are possible when gold and silver prices are far away from their equilibrium parity. In turn, he provided evidence against the weak-form efficiency in the relative pricing between these two markets.

Dr. Shefali Dani and RiddhiAmbavale (2015), "A Study Of Investor's Preference And Risk & Return Analysis Of Precious Metals (Gold And Silver In India)", International Journal of Advanced Research in Management and Social Sciences, February 2015, Vol.4, Issue No.2, pp.51-60

Solt, Michael E. and Paul J. Swanson, On the efficiency of the markets for gold and silver, 1981, Journal of Business, 54(3), 453-478.

Ma, Christopher, 1985, Spreading between the gold and silver markets: Is there a parity? Journal of Futures Markets, 5(4), 579-594.

OBJECTIVES OF THE STUDY

1. To study the investment pattern of gold.
2. To know the attitude and behavioral investment.
3. To analyze the purpose of investment.
4. To investigate the various gold investment pattern.
5. To perceive whether the gold investment pattern contribute to economic growth.

METHODOLOGY OF RESEARCH

AREA OF THE STUDY

The area of the study was confined to Coimbatore city only. The respondents of the present study are employed people

SAMPLING PROCEDURE

120 people are chosen under “Judgement Sampling ” method for the purpose for the study. Judgement Sampling is the Non- random sampling technique wherein the choice of sampling items depends exclusively on the investigator’s knowledge and professional judgement.

SOURCE FOR COLLECTING DATA

The study is based on information attained from both primary and secondary data and due care was taken to see that the sample were unbiased. The primary data will be collected to questionnaire special designed for the survey. It is obtained by designed fulfil the data are original in aspects and are also generated in large number of survey conducted mostly by government and also by institution and research bodies. The secondary data are those which have already been collected for some purpose other than the problem in hand and passed through the statically process. It gathered from related websites, booklets and other source.

The questionnaire has been designed to study the investment behaviour, including objectives of investment and outlook towards gold as an investment avenue for people with varied demographics (age, gender, profession, educational qualification).

To understand the objectives of investment in gold vs. other opportunities (various platform of investing in the gold for various demographics, the following three aspects were considered.

STRATEGY OF INVESTMENT:

- Estimation from investment (Returns)
- Time/ style of investment.
- To study the buying behaviour of investors in gold, the following aspects were considered:
- Reasons for investments in gold.
- What investments in gold?
- Purpose of buying gold

FRAMEWORK AND TOOL OF THE ANALYSIS

For analysis of the data, various statistical tools are used. For statistical analysis the tool that have applied are:

- Percentage Analysis
- Rank
- Chis – square

ABBREVIATION:

GOLD ETFs - Gold Exchange Traded Funds. GOLD FOFs - Gold Fund Of Funds.
E-GOLD - Electronic Gold

3.INTERPRETATION OF DATA:

Percentage analysis is one of the basic statistical tools which is widely used in analysis and interpretation of primary data.

Table Investment pattern on gold:

S.NO	INVESTMENT	Respondant	%
1	Physical Gold	31	28.1818
2	Gold Coins	47	42.7273
3	Gold Stock	30	27.2727
4	Gold Bars	7	6.36364
		110	100

Interpretation :

The above table represent the Investment pattern on gold of the respondent. Majority of them invest in Gold Coins – 47 respondent (42.7 %) followed by Physical Gold - 31 respondents(28.18%) and followed by Gold Stock – 30 respondents (27.27%). Hence it is concluded that maximum number of investment is in Gold Coin, Physical Gold and Gold Stock.

Table Intention of investment:

S.NO	PURPOSE	RESPONDANT	%
1	Wealth Creation	37	30.8333
2	Tax Saving	21	17.5
3	Earn Returns	29	24.1667
4	Future Expenses	33	27.5
		120	100

Interpretation :

The Data shows the Intention of Investment of 120 respondents in which 37 (30.83%) respondents have the purpose of their investment is to create Wealth along with 29 (24.16%) respondents chosen as to Earn Return and 21 (17.5%) of them have purpose of their investment as Tax savings. So the majority of the respondents have to intention to purchase gold for Wealth Creation, Earn returns and Tax savings.

Table Purchase of gold:

S.NO	PURCHASE	RESPONDANT	%
1	Investment	51	42.5
2	Fashion	28	23.3333
3	Occasion	32	26.6667
4	Status	9	7.5
		120	100

Interpretation :

The above data depicts that, out of 120 respondents 51 (42.5%) of respondents purchase gold for their Investment, 32 (26.66%) of respondents for Occasion and 28 (23.33%) of respondents for Fashion. Therefore it is concluded that majority of them purchase gold for investment, occasion and fashion.

Objectives behind investment on gold:

S.NO	OBJECTIVES	RESPONDANT	%
1	It is more secure	40	33.3333
2	More value than Financial Instruments	62	51.6667
3	The investment is not affected by market Phase	18	15
		120	100

Interpretation :

The table shows the objectives behind the investment on gold by the investors. Out of 120 respondents 62 (51.66%) of respondents main objective is that Gold is more value than Financial Instrument and others few respondents choose It is more secure – 40(33.33%). Hence preponderance of them choose that Gold have more value than Financial Instrument and it is more secure.

Table Reaction of the respondent when there is rise in price gold:

S.NO	REACTION	RESPONDANT	%
1	I React depending on my financial position	24	20
2	Does not matter, much may buy faster	12	10
3	I wont buy	52	43.3333
4	I would delay my purchase and wait for a fall in price	20	16.6667
5	If the increase is reasonable and increase can also be seen in the future then I don't change decision.	12	10
		120	100

Interpretation :

The above depicts that, out of 120 respondents 52(43.33%) of respondents reaction is that they won't buy if there is rise in price of gold. 24 (20%) of respondents react according to the financial position. So to conclude that majority won't buy gold if there is rise in price of gold.

3.FINDINGS

The objective of the study was to identify the factors that influence in gold investment pattern among the age group of 25-55. Finding in a project reveal the outcome that is to be indicated. The study has been analysed using the technique of percentage analysis, rank analysis, Chi- square.

PERCENTAGE ANALYSIS:

- Majority of the respondents were female and of the age group between 25-50 years.
- 35% of the respondents have their academic qualification as Graduate.
- Majority of the respondents (i.e. 75%) have made investment in gold
- A key portion of the respondents (i.e. 42.7 %) invest in gold in the form of Gold coins and much equal proportion of respondents invest in Physical gold.
- A major portion of the respondents (i.e. 42.7 %) stated that they invest in gold as Gold coins . (28.18%) invest in Physical gold.
- 30% of the respondents stated that they have purchase gold for wealth creation and 27% of them have intention to use it for future expenses.
- Chief segments of respondent's state that they are unaware about new gold investment alternatives.
- Majority of the respondents saves about 25% of gold for future savings.
- A chief segments of respondent's state that they are aware only about Gold savings schemes and not about other different schemes of investment in gold.
- Majority of the respondent (i.e. 31%) choose the characteristics of gold of gold as 22K and much equal of respondents choose 24K.
- Majority of the respondents have objective behinds investment on gold is that they have more financial value than other instruments and much equal respondents invest in gold because it is more secure.

RANK ANALYSIS:

- Considering the ranking done by respondents on gold and other investment assets with risk, return and liquidity as the criteria and analysing the data therefrom, it was found that other assets like fixed deposit have higher liquidity, real-estate have higher return, shares have higher risk while gold have higher return and lower risk.
- Examine the ranking done by the respondents on gold with source of investment like Brochures, Newspaper, Direct mailer, Friends & family, Internet, Advertisements as the criteria observed that Brochures, Direct mailer , Friends and family stands as the majority investment source followed by Advertisements and Internet.

CHI-SQUARE:

- There is significant relation between Gender and the respondents prefers gold the most.
- There is significant relationship between Income of the respondents and the Purchase of Gold in India
- There is significant relationship between age of the respondents and the investment in gold boom the economy.
- There is significant relationship between the age factors and the awareness of different investing pattern in gold.

SUGGESTIONS:

- Gold ETFS, E-gold, Gold funds etc are the avenues of gold investments in India. But these instruments are largely unknown to the respondents. Efforts must be taken to make people aware about the benefits and the risk of investing in the avenues. Thereby, individual can put their savings into more productive utilisation.
- A major portion of the respondents who were willing to invest are investing only in Physical gold and Gold Coins not in other schemes. It is necessary for the people to know about Savings schemes etc.

RECOMMENDATION:

CONCLUSION:

In the current market scenario of high volatile, rapidly changing market place, various avenues for investment in gold are creating the confusion among investors. As per various studies 16,000 tons of gold is there in Indian households predominantly in the form of jewellery. There are various alternatives available for investment in gold through options like jewellery, coins, bullions, ETF, mutual funds ,e-gold etc. The present study “A Etude on Gold as an Investment Pattern with special reference Coimbatore” tries to study forms of gold investment, reason behind the purchase, characteristics of gold, economic growth, creating awareness about various schemes of investment in gold. For this purpose of study the primary data and secondary data has been collected. Primary data consists of questionnaire and secondary data through website, research paper and magazines. Based on the research it is found that many investors still prefer jewellery, gold coins, gold billion bars forms of investment.