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A Study on Gold as an Investable Commodity among Consumers

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Abstract: Among the various precious metals "Gold" is the most popular as an investment.Gold has been a significant investment commodity for centuries.Gold has long been considered a valuable asset and a preferred investment vehicle due to its intrinsic worth, stability, and historical significance. This study investigates the role of gold in investment portfolios and explores customer behavior, preferences, and decision-making processes. In the Indian context people purchase gold for their children's marriages for later period. Indians have traditionally invested in gold as a hedge against inflation and market volatility. The investment in gold can be in the form of physical gold, gold exchange-traded funds (ETFs), or gold mutual funds. One of the main advantages of investing in gold is its easy liquidity, which means it can be easily converted into cash. Additionally, gold is considered a low-risk investment, as its value tends to appreciate over time.
Key factors: Gold investment, customer behavior, inflation hedge, investment preferences.

I. INTRODUCTION

From thousands of years gold has been the structure of physical, storable and transportable property.Gold has been a symbol of wealth and financial security throughout history. Gold is a precious metal that has been prized by humans for centuries. It has been used for a variety of purposes throughout history, Including as a form of currency investment, anti decorative object. Gold is still a valuable commodity today, and it is likely to continue to be so for many years to come. of all the precious metals, gold is the most popular as an investment.

Investors generally buy gold as a way of diversifying risk, especially through the use of futures contracts and derivatives. The gold market is subject to speculation and volatility as are other markets. Compared to other precious metals used for investment, gold has been the most effective safe haven across a number of countries. India is the largest consumer in volume terms, accounting for 27% of demand in 2009, followed by China and the USA. There is a plethora of precious metals, but gold is placed in high regard as aninvestment.

Due to some influencing factors such as high liquidity and inflation-beating capacity, gold is one of the most preferred investments in India.Gold investment can be done in many forms like buying jewelry, coins, bars, gold exchange-traded funds, Gold funds, sovereign gold bond scheme, etc.Though there are times when markets see a fall in the prices of gold but usually it doesn't last for long and always makes a strong upturn.

II. OBJECTIVES OF THE STUDY

1) To study the various options available for investors in gold investment**.**
2) To identify gold as an investable commodity among customers
3) To analyze customer preference to invest in gold
4) To find customers opinion about gold is luxury or necessity.

III. REVIEW OF LITERATURE

1) Graham (2001) found the existence of short-term interaction and long-term Equilibrium gold prices and stock prices. Accordingly, there is no long run Relationship between the gold price and stock price but in short run stock price affect gold price.
2) Gidwani Devika(2002) in her paper titled "Branded Gold Jewellery Market in India" mentioned that there is definitely a market for branded jewellery especially if something is aimed at the younger generation, which wants to buy fashionable real jewellery. This is the right time to get into the market, as it has just started to take off.

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3) Bhandari, Vandana (2004) She reveals that India has multiple languages and multiple traditions of Indian customs, costumes, textiles and jewellery. She focused his theses in the state of Rajasthan which mostly celebrated all the traditional Indian festivals in Indian costumes his details study of the complex role played by clothing, wearing of ornaments and jewellery in Indian economy. She studied various aspects of jewellery and the various times the same is used by the people. She analyzed that jewellery is mostly used and warned at the time of marriage functions to show the status in the society.

4) Mathur, Asha Rani (2007) She identified the role of diamond and jewellery in creation of wealth diamond and jewellery play a major role in wealth creation as volume wise the same is very less but on the payment terms it is extremely on a higher side this helps to preserve wealth and if required offload and encased wealth in parts as required from time to time. Mathur's study reflects diamond and jewellery in India.

IV. RESEARCH METHODOLOGY

Research methodology is a way to systematically solve the research problem. The information was gathered from the primary and secondary sources. Primary data consists of structured questionnaire and secondary data consists of information sourced through various websites etc.

1) Research Design: Descriptive research approach using qualitative and quantitative data.

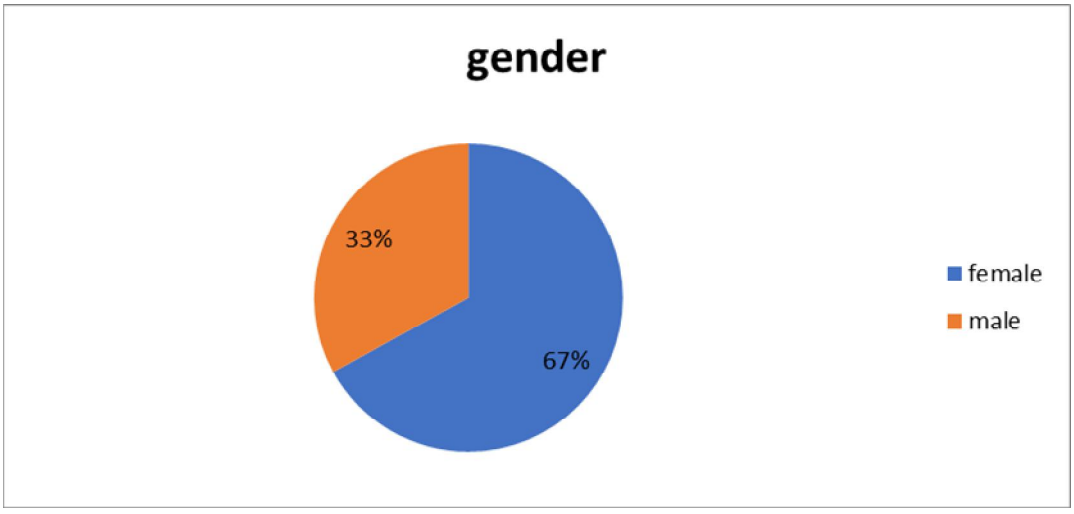
2) Data Collection:

Primary Data: A questionnaire-based survey will be conducted to collect primary data from people who invest in gold.
Secondary Data: Secondary data are those which have already been collected by someone else and which already had been passed through web sites ,analysis of historical gold price trends and market reports.
Sample Size: 78 respondents.

V. DATA ANALYSIS

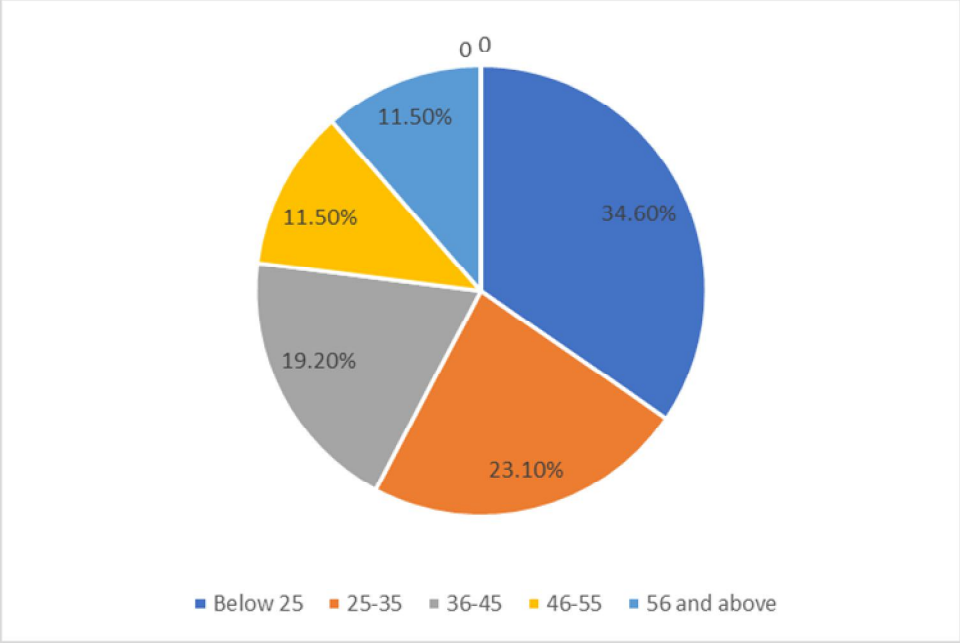
The following consist of the data analysis and interpretation of my questionnaire:

1) Gender wise classification of the respondents



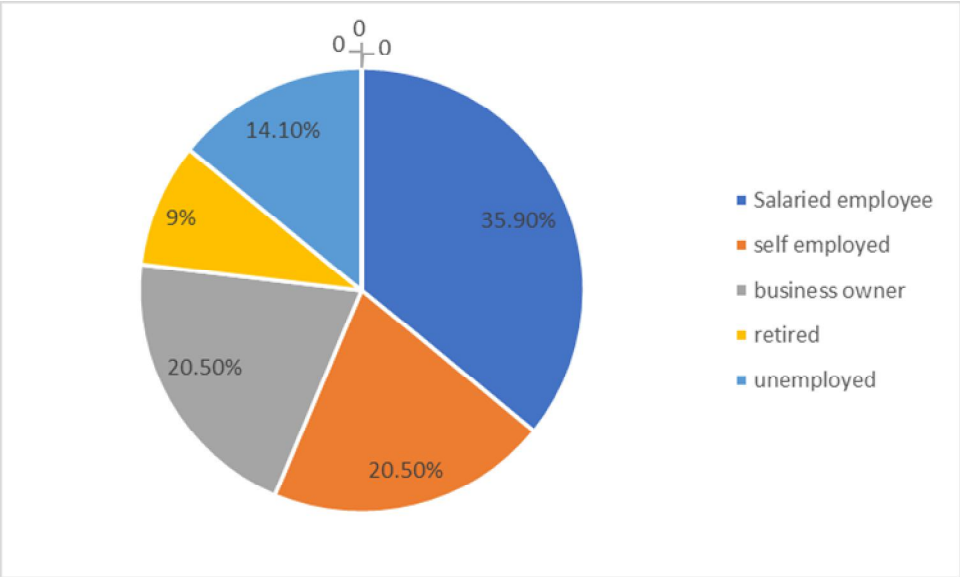
Interpretation: The pie chart above represents the gender distribution of employees based on the data collected.67% of customers are female and 33% of customers are male.
Inference: Majority 67% of the respondents of my questionnaire belong to female.

2) Age wise classification of the respondent's



Interpretation: From the above pie chart, it is interpreted that 34.60% of respondents are below 25 years, 23.10% of them belong to age group 25-35, 19.20% of them belong to age group 36-45, 11.50% of them belong to age group 46-55, 11.50% above 56 and above years.
Inference: Majority 34.60 % of the respondents of my questionnaire belong to age group of below 25 years.

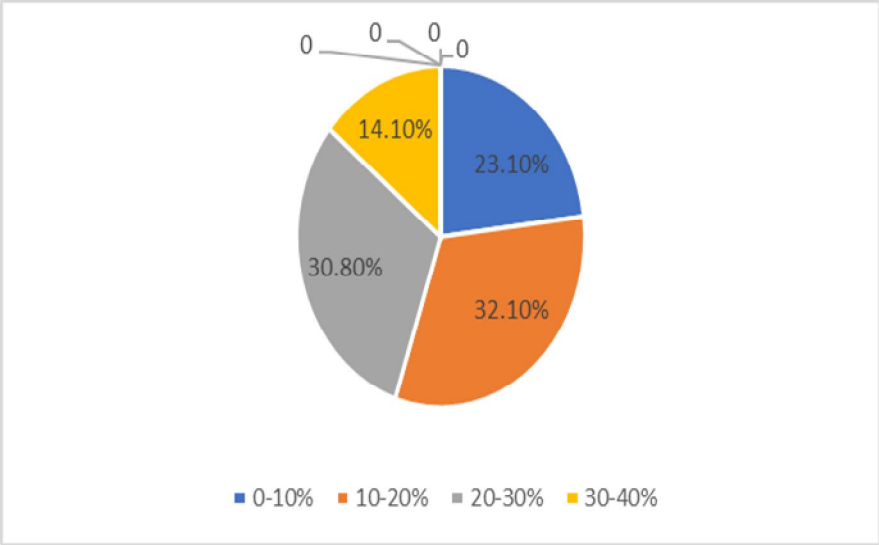
3) Employment status



Interpretation: From the above pie chart, it is interpreted that 35.90% of respondents are salaried employed, 20.50% of respondents are self-employed, 14.10% of respondents are unemployed, and 9% of respondents are retired.
Inference: Majority 35.90 % of the respondents of my questionnaire belong to the salaried employed.

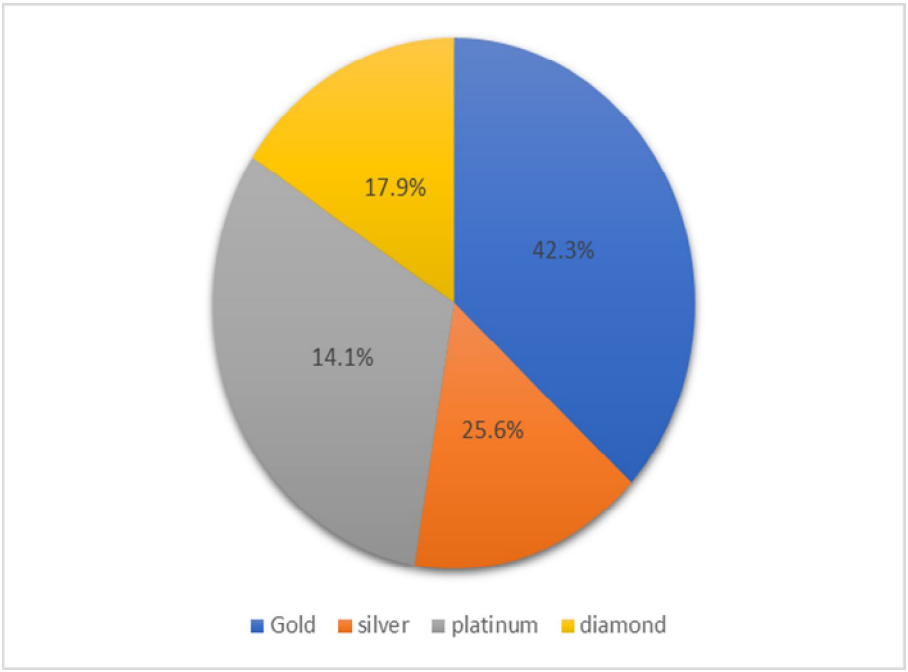
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4) Saving the income to purchase gold



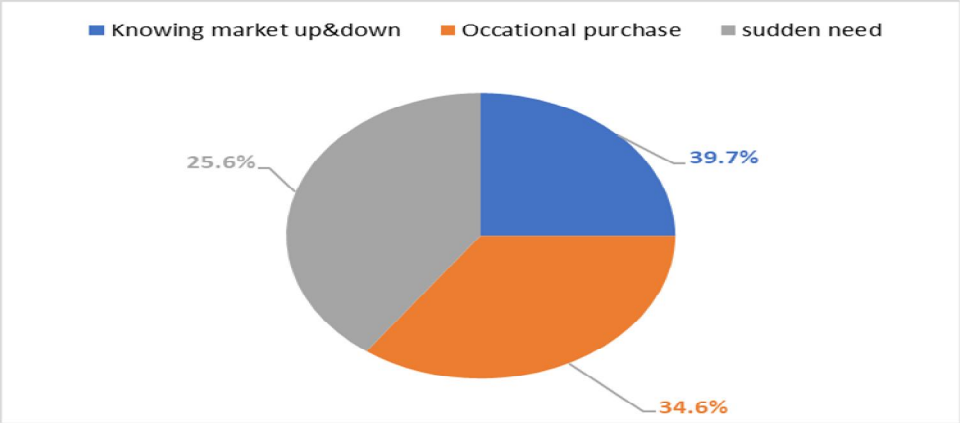
Interpretation: From the above pie chart, it is interpreted that 23.10% of respondents are less than 10,000, 32.10% of respondents are 10,000 to 20,000, 30.80% of respondents are 20,000 to 30,000, 14.10% of respondents are 30,000 to 40,000.
Inference: Majority 32.10% of the respondents of my questionnaire belong to the 10,000 to 20,000.

5) What is the most preferred investments among customers?



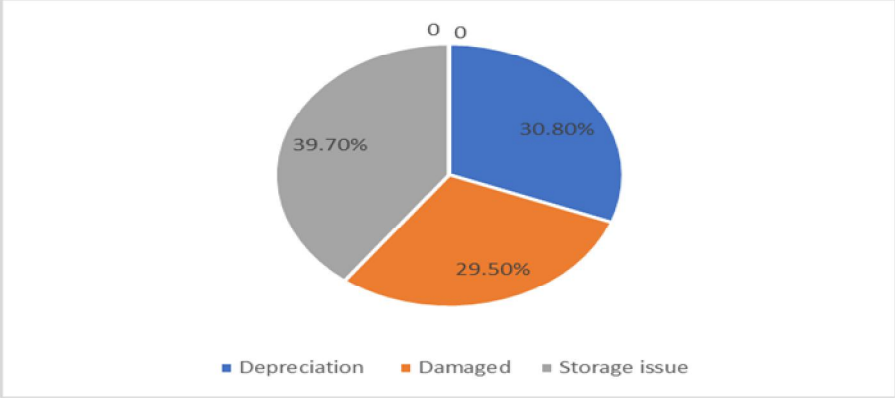
Interpretation: From the above pie chart, it is interpreted that 42.3% of respondents are gold, 25.6% of respondents are silver, 14.1% of respondents are platinum, and 17.9% of respondents are diamond.
Inference: Majority 42.3% of the respondents of my questionnaire belong to the gold.

6) When can customers buy gold?



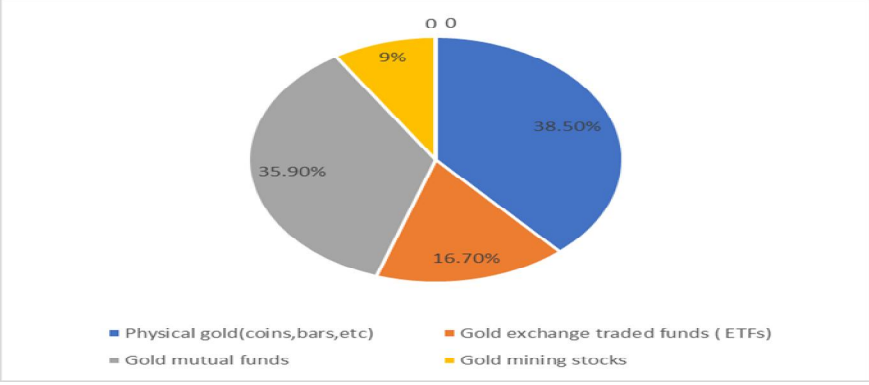
Interpretation: From the above pie chart, it is interpreted that 39.7% of respondents are by knowing market up and downs, 34.6% of respondents are occasion purchase, 25.6% of respondents are sudden need.
Inference: Majority 39.7% of the respondents of my questionnaire belong to the by knowing market up and downs.

7) What are the drawbacks and risks of physical gold?



Interpretation: From the above pie chart, it is interpreted that 30.80% of respondents are depreciation, 29.50% of respondents are damaged, and 39.70% of respondents are storage issue.
Inference: Majority 39.70% of the respondents of my questionnaire belong to the storage issue.

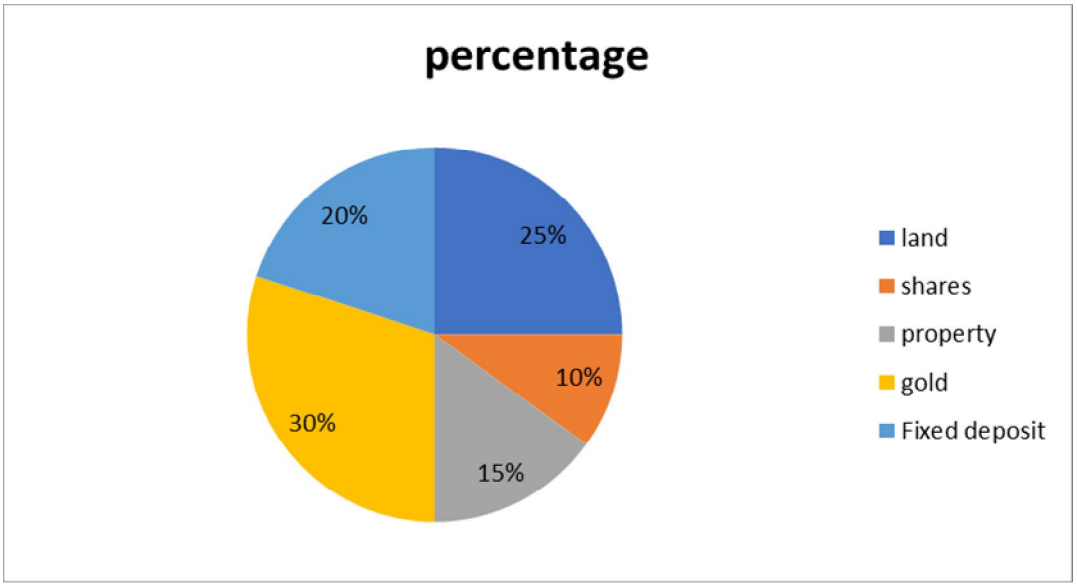
8) Which of the following gold investment options do you prefer?



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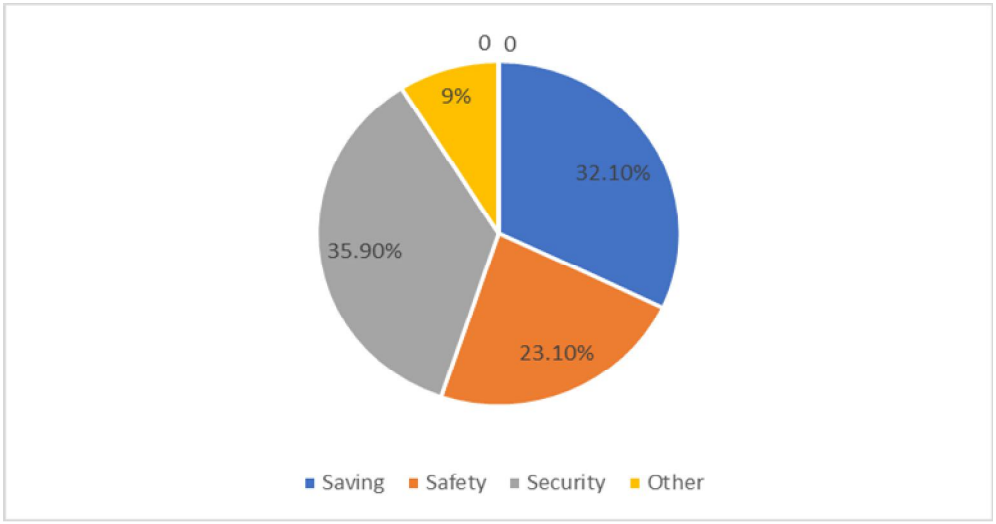
Interpretation: From the above pie chart, it is interpreted that 38.50% of respondents are physical gold (coins, bars, etc), 16.70% of respondents are gold exchange traded funds (EFTs), 35.90% of respondents are gold mutual funds, and 9% of respondents are gold mining stocks.
Inference: Majority 38.50% of the respondents of my questionnaire belong to the physical gold (coins, bars, etc).

9) What are your saving objectives?



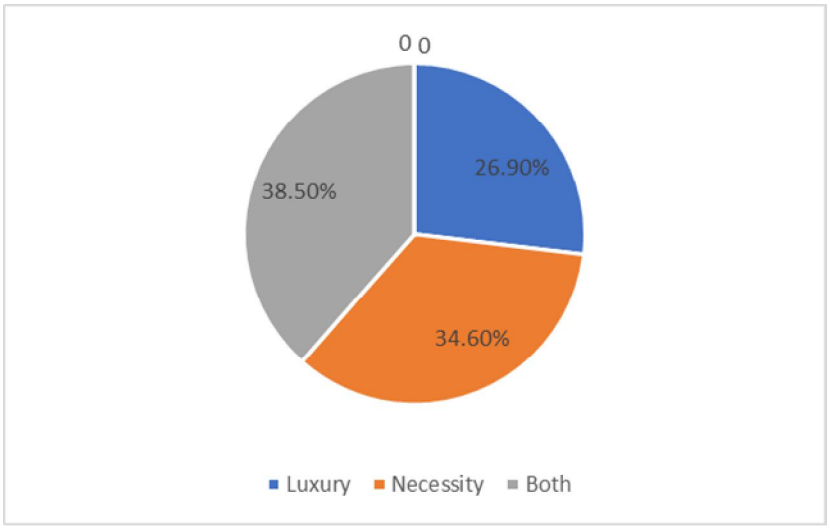
Interpretation: From the above pie chart, it is interpreted that 25% of respondents are land, 10% of respondents are shares, 15% of respondents are property, 30% of respondents are gold, and 20% of respondents are fixed deposit.
Inference: Majority 30% of the respondents of my questionnaire belong to the gold.

10) What is your reason for investing in gold?



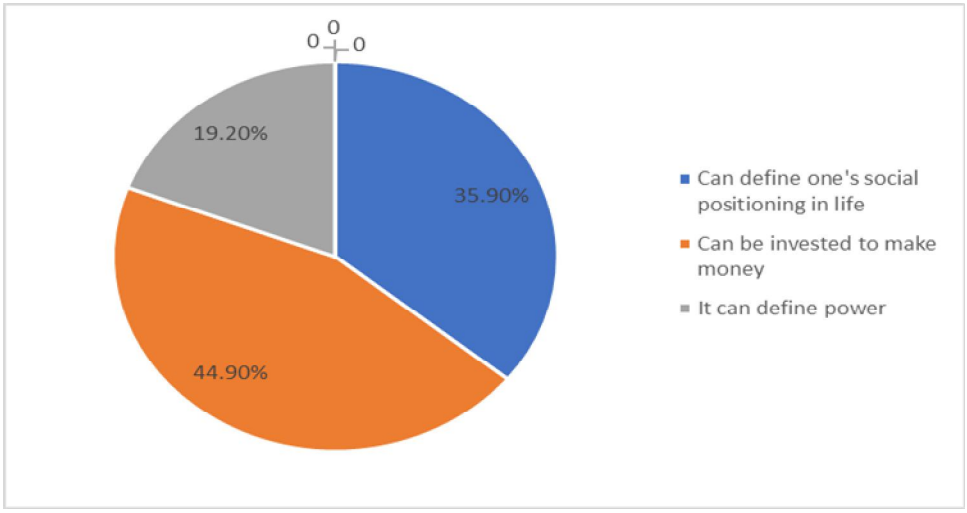
Interpretation: From the above pie chart, it is interpreted that 32.10% of respondents are saving, 23.10% of respondents are safety, 35.90% of respondents are security, and 9% of respondents are other factor.
Inference: Majority 45% of the respondents of my questionnaire belong to the saving.

11) What is your opinion about gold? Is it luxury or necessity?



Interpretation: From the above pie chart, it is interpreted that 26.90% of respondents are luxury, 34.60% of respondents are necessity, and 38.50% of respondents are both.
Inference: Majority 38.50% of the respondents of my questionnaire belong to the both luxury and necessity.

12) Identify gold as an investable commodity



Interpretation: From the above pie chart, it is interpreted that 35.90% of respondents are can define ones social positioning in life, 44.90% of respondents are can be invested to make money 19.20% of respondents are it can define power.
Inference: Majority 44.90% of the respondents of my questionnaire belong to the can be invested to make money.

VI. FINDINGS

A. Investment Preferences

1) Preferred Investment: The majority of respondents (42.3%) prefer investing in gold, followed by silver (25.6%), platinum (14.1%), and diamond (17.9%).

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2) Gold Investment Options: The majority of respondents (38.50%) prefer physical gold (coins, bars, etc.), followed by gold mutual funds (35.90%) and gold exchange-traded funds (EFTs) (16.70%).

B. Savings and Investment Objectives

1) Saving Objectives: The majority of respondents (30%) save for gold, followed by fixed deposits (20%), property (15%), shares (10%), and land (25%).

2) Reasons for Investing in Gold: The majority of respondents (35.90%) invest in gold for security, followed by saving (32.10%) and safety (23.10%) reasons.

C. Perceptions of Gold

1) Opinion about Gold: The majority of respondents (38.50%) consider gold as both a luxury and a necessity.

2) The majority of respondents (44.90%) define gold as an investable commodity to make money, followed by a symbol of social positioning (35.90%) and power (19.20%).

D. Investment Behavior

1) Timing of Gold Purchase: The majority of respondents (39.7%) buy gold by knowing market ups and downs, followed by occasion purchase (34.6%) and sudden need (25.6%).

2) Drawbacks and Risks of Physical Gold: The majority of respondents (39.70%) consider storage issues as the primary drawback, followed by depreciation (30.80%) and damage (29.50%).

E. Suggestions

1) Use Gold Savings Plans: Introduce simple, monthly gold savings schemes to help people invest small amounts regularly and reach their goals.

2) Provide Safe Storage Options: Banks and jewelers can offer lockers or safe-keeping services to address storage concerns for physical gold.

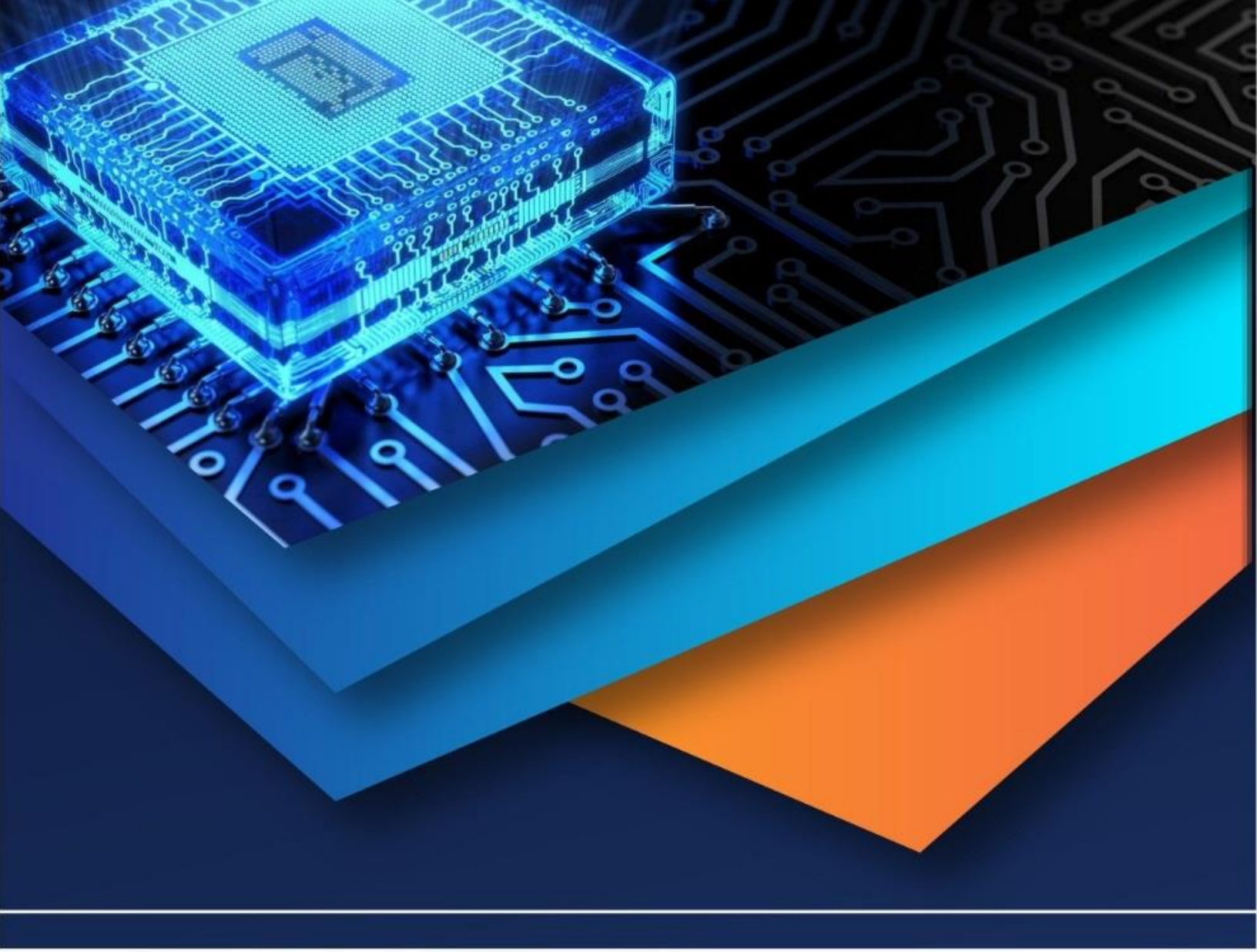
3) Make Gold Loans Accessible: Highlight how people can use gold as collateral to get loans for emergencies or personal needs.

VII. CONCLUSION

Gold has maintained its position as a preferred investment asset for centuries, reflecting its intrinsic value, cultural significance, and role as a hedge against economic uncertainty. This study reveals key insights into customer behavior, preferences, and perceptions regarding gold investments, particularly in the Indian context. Though there are various investment options available investors namely securities, real estate, bank deposits, commodity exchange and mutual funds, Gold has been considered as the most preferred investments due to its high liquidity and profitability. The findings reveal that gold continues to be a popular asset, with most respondents favoring it over other investment options such as silver, platinum, and diamonds. This study looked at how people in India invest in gold. We found that most people prefer to invest in gold because it makes them feel secure and safe. They also think gold is a good way to save money. The study also underscores challenges related to physical gold, such as storage issues, risk of damage, and depreciation. However, the easy liquidity and steady appreciation of gold continue to outweigh these drawbacks, making it a reliable choice for investors. Timing plays a crucial role in gold purchases, with many respondents preferring to buy during favorable market conditions or special occasions. Gold remains a significant investment asset due to its versatility and ability to meet both financial and social objectives. This ensures that gold will continue to hold its position as a valued and trusted investment option.

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