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## PUBLIC OPINION ON THE ADVANTAGES OF INVESTING IN GOLD

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### ABSTRACT:

An investment is an asset or item acquired with the goal of generating income or appreciation. Appreciation refers to an increase in the value of an asset over time. When an individual purchases a good as an investment, the intent is not to consume the good but rather to use it in the future to create wealth. An investment always concerns the outlay of some asset today—time, money, or effort—in hopes of a greater payoff in the future than what was originally put in.

In this modern time, the money plays an important role in everybody's life. Every individual saved from current consumption for the benefits of future requirement. Investment is the commitment of funds which have been saved from current consumption with the hope that some benefits will be received in the future. Though there are many forms of investments people choose gold as one of the best investment. The various alternatives available for investment in gold through options like jewellery, coins, bullions, ETF, mutual funds, E-gold etc. The present study "PUBLIC OPINION ON THE ADVANTAGES OF INVESTING IN GOLD" tries to study about the public opinion on advantages of investment in gold and the factors that influence them to invest and the various forms of investment in gold. For the purpose of study the Primary data and Secondary data has been collected. Primary data consists of questionnaire and Secondary data through website, research papers and magazine.

## 1. INTRODUCTION

In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at a higher price. Investment ensures one's dreams turn real and enjoy life to the fullest without actually worrying about the future. It controls an individual's spending pattern. It decides how and what amount one should spend so that he has sufficient money for future. There are various avenues for investment for an individual, namely, Bank deposits, Real estate, Securities, Mutual funds, Commodity exchange and Gold investment. Though there are different areas for investment, Gold has been a traditional favourite for Indian investors. Gold has always come out as a trusted pillar to fall back on. During the recent upheavals in the global markets, investors started ploughing money into gold. Consequently, the demand for the gold went up. In addition, as there were no other comparably safe assets to invest in, the price of gold skyrocketed. The pricier the gold gets, the more desirable it becomes, with many a woman yearning for the precious metal. The higher gold price has added to gold jeweller's desirability despite these challenging economic times. According to World Gold Council, India is the largest consumer of gold in the world followed by China.

Gold is a comparatively dense, shiny, yellow metal. As an element, gold is quite resistant to corrosion (by oxygen, but also many other chemicals).

"Gold is a chemical element with the symbol Au and an atomic number of 79. Gold is a dense, soft, shiny metal and the most malleable and ductile metal known."

In ancient times the value of gold had already been discovered. People took gold to make jewellery and currency. It is a symbol of wealth, beauty and heritage carrying memories and cultures. However, besides these, gold also makes significant contributions to a wide range of technologies. Due to its physical features as corrosion resistance and highly malleable and ductile, gold is being applied in space exploration, nanoparticle technology, and medicine. Moreover it is also used as the bonding wire at the core of an iPhone.

Gold is considered by many, to be the best investment you can make to protect yourself during stock market declines and inflation. In fact, history shows that the performance of gold goes up in times of high inflation. However, the price of gold also has its highs and lows and you could just as easily lose money investing in gold as with any other investment.

## 2. REVIEW OF LITERATURE

- Lal and Sharma Seema (1992) identified that, the household sector's share in the Indian domestic savings increased from 73.6 percent in 1950-51 to 83.6 percent in 1988-89. The share of financial assets increased from 56 percent in 1970-71 to over 60 percent in 1989-90 bringing out a tremendous impact on all the constituents of the financial market.

- The World Gold Council (2008) argues that gold also plays strategic diversification investment role. The investment allocation on gold depends on the level of risk. Small allocation adds diversification benefit to the portfolio with a low level of risk (1%-3%). Helmersson, Kang and Scold (2008) conclude that by including gold to the portfolio, it could improve an investor performance by increasing return or minimize in risks. That makes it more attractive especially in times of recession. Shafiee and Topal (2010) and McCown and Zimmerman (2006) describe gold investment as an insurance against stock market losses.
- Baur and McDermott (2010) examine gold as strong “safe haven” for most developing markets during market turmoil. During the stock market crash in 1987, gold showed a strong “safe haven” for the major Eurozone market, but not "safe haven" for Asian and Australian emerging markets. They also pointed out ability gold be “safe haven” for stocks but not for bonds.
- Baur (2013) pointed out that over the historical period from 1980 to 2010 gold prices showed significant positive returns especially in the months between September and November according to the season anomaly called the “autumn effect”. The extreme periods of gold prices for investors occurred: Stock markets crashed (October, 1987), Asian Financial Crises (October, 1997), Global Financial Crises (September and October, 2008).
- Goodboy (2013) argues that in recent year’s gold and silver have been the favourite precious metals of most investors. Moreover, they are the most enduring form of currency and investment in the world. They serve as a medium of monetary exchange and store of value. Despite their differences and similarities as a commodity, investors prefer to own gold than silver. The reason is that silver is used mostly for industrial purposes, whereas gold is used for investment and jewellery.

### 3. RESEARCH OBJECTIVE

The primary objective of this research study is to identify the public opinion on the advantages of investing in gold.

### 4. RESEARCH METHODOLOGY

The present study is descriptive study in nature. Descriptive research is usually defined as a type of quantitative research. It aims to accurately and systematically describe a population, situation or phenomenon. A descriptive research design can use a wide variety of research methods to investigate one or more variables. The sampling method used is Convenience sampling. Convenience sampling method is a type of non-probability sampling. This method is used when the part of population is close to hand. It is used to select sample and collect the data needed. In order

to get required information, the information was gathered from two different sources they are Primary and Secondary sources. Primary data consists of questionnaire. Secondary data consists of information sourced through various websites, research articles. The sample size of a study is the total number of samples. The sample size is 150.

## 5. HYPOTHESIS

Hypothesis 1:

Null Hypothesis ( $H_0$ ) – There is no association between Annual Income and % of Investment in Gold.

Alternate Hypothesis ( $H_1$ ) – There is association between Annual Income and % of Investment in Gold.

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Annual Income * How much % of your investments deal in gold?	157	100.0%	0	0.0%	157	100.0%

Annual Income * How much % of your investments deal in gold? Cross tabulation								
			How much % of your investments deal in gold?					Total
				25-50%	50-75%	Less than 25%	More than 75%	
Annual Income	2,00,000 – 5,00,000	Count	0	7	2	24	1	34
		Expected Count	.2	8.9	2.4	21.7	.9	34.0
	5,00,000 – 10,00,000	Count	0	4	1	6	0	11
		Expected Count	.1	2.9	.8	7.0	.3	11.0
	Above 10,00,000	Count	0	1	2	8	1	12
		Expected Count	.1	3.1	.8	7.6	.3	12.0
	Less than 2,00,000	Count	1	29	6	62	2	100
		Expected Count	.6	26.1	7.0	63.7	2.5	100.0
Total	Count	1	41	11	100	4	157	
	Expected Count	1.0	41.0	11.0	100.0	4.0	157.0	

Chi-Square Tests			
	Value	Df	Asymptotic Significance (2-sided)
Pearson Chi-Square	7.509 <sup>a</sup>	12	.822
Likelihood Ratio	7.591	12	.816
N of Valid Cases	157		

a. 13 cells (65.0%) have expected count less than 5. The minimum expected count is .07.

Interpretation:

Since p value is lesser than 0.05, we accept Alternate Hypothesis and reject Null Hypothesis. Therefore, there is association between Annual Income and % of Investment in Gold.

Hypothesis 2:

Null Hypothesis ( $H_0$ ) – There is no association between Age and Current Trend in prices of Gold will affect your decision in Gold Investment.

Alternate Hypothesis ( $H_1$ ) – There is association between Age and Current Trend in prices of Gold will affect your decision in Gold Investment.

Case Processing Summary						
	Cases					
	Valid		Missing		Total	
	N	Percent	N	Percent	N	Percent
Age (in years) * Do you agree that the current trend in prices of gold will affect your decision in gold investment?	157	100.0%	0	0.0%	157	100.0%

Age (in years) * Do you agree that the current trend in prices of gold will affect your decision in gold investment?								
Crosstabulation								
		Do you agree that the current trend in prices of gold will affect your decision in gold investment?						
		Agree	Disagree	Neutral	Strongly Agree	Strongly Disagree	Total	
Age (in years)	20 – 25	Count	29	4	18	13	3	67
		Expected Count	29.4	6.4	14.9	14.5	1.7	67.0
	25 – 35	Count	17	7	9	8	0	41
		Expected Count	18.0	3.9	9.1	8.9	1.0	41.0
	35 – 45	Count	14	3	7	7	1	32
		Expected Count	14.1	3.1	7.1	6.9	.8	32.0
	45 – 55	Count	7	0	1	2	0	10
		Expected Count	4.4	1.0	2.2	2.2	.3	10.0
	Above 55	Count	2	1	0	4	0	7
		Expected Count	3.1	.7	1.6	1.5	.2	7.0
	Total	Count	69	15	35	34	4	157
		Expected Count	69.0	15.0	35.0	34.0	4.0	157.0

Chi-Square Tests			
	Value	df	Asymptotic Significance (2-sided)
Pearson Chi-Square	16.131 <sup>a</sup>	16	.444
Likelihood Ratio	18.282	16	.308
N of Valid Cases	157		

a. 15 cells (60.0%) have expected count less than 5. The minimum expected count is .18.

Interpretation:

Since p value is greater than 0.05, we accept Null Hypothesis and reject Alternate Hypothesis. Therefore, there is no association between Age and Current Trend in prices of Gold will affect your decision in Gold Investment.

## 6. CONCLUSION

Though there are various investment options available to the investors namely securities, real estate, bank deposits, commodity exchange and mutual funds, Gold has been considered as the most preferred investments due to its high liquidity and profitability. Investors are now looking beyond gold as merely a commodity for consumption and are realizing its worth as an investment avenue too. Investments in gold have yielded consistent and assured returns, especially in volatile times. In the current market scenario of high volatile, rapidly changing market place, various avenues for investment in gold are creating the confusion among the Investors. As per the study gold is there in Indian households predominantly in the form of jewellery. However, results clearly indicate that among respondents of this study, jewellery continues to be predominant form of investment in gold.

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