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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.

Index Terms - 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.

On the demand side, the following factors are key influencers: Customers looking to buy ornaments would put off purchases in a high gold price environment but line up to do so when gold prices drop. Investors in coins, bars and ETFs may step up purchases when gold starts moving up or when gold returns begin improving. As a consequence of higher investor demand, gold ETFs too tend to step up purchases. Central Banks around the world hold gold as reserves. According to the World Gold Council, Central Banks accumulated 463 tons of gold in 2021, 82% higher than the 2020 total, lifting global reserves to a near 30-year high. Gold also has several uses in industrial and medical devices, but is a smaller demand factor and thus does not affect gold returns much.

On the supply side, the factors below are major influencers: Owners holding gold and looking to sell (recycle old gold) who may want to make the most of a high gold price environment Gold miners too will look to tune supply based on gold returns, prices, and demand. It is worth noting that new gold will likely get progressively harder, more expensive and hazardous to mine, possibly placing restrictions on supply over the very long term. But quite apart from demand and supply, the primary driver of gold prices and thus returns are the state of global equity markets. Geopolitical and other macro concerns can nudge investors into a risk-off mode, which pushes them into the safety of gold. Throwback to 2020, when the pandemic first raised its head and sent stock markets all over the world into a tizzy - at this time, gold returns moved in the opposite direction hitting a high in August 2020.

TRADITIONAL VS MODERN GOLD INVESTMENT.

Traditional gold investment refers to the age-old practice of physically owning gold in the form of jewellery, coins, or bullion. This form of investment involves purchasing gold from trusted sources and storing it securely. Traditional gold investment is often seen as a safe haven during uncertain economic times, as gold has historically retained its value and is considered a store of wealth. However, it does require physical storage, which can be a concern in terms of safety and liquidity. Additionally, traditional gold investment does not offer any income or dividends.

On the other hand, modern gold investment refers to investing in gold through financial instruments such as exchange-traded funds (ETFs), gold mutual funds, or gold mining stocks. These investment vehicles provide exposure to the price of gold without the need for physical ownership. Modern gold investment offers advantages such as ease of buying and selling, liquidity, and the potential for diversification. Investors can also benefit from the convenience of trading gold electronically through brokerage accounts. Furthermore, some modern gold investments offer the potential for income or dividends through mining stocks or interest earned on gold-related instruments.

II. REVIEW OF LITERATURE

- **Menon, A. (2020)**, the primary objective of the study is to identify investor preference for different assets during normal market conditions and during or after black swan, events and to identify the preference of investor amongst various gold instruments. The methodology used for research is analytical which is based on primary as well as secondary data, the primary data was collected from 105 respondents residing in India. A structured questionnaire was prepared by Google forms and circulated. Secondary research is carried out based on secondary sources of data collected from reliable sources such as the world Global Council reports and from the website of Bloomberg, economic times and Live Mint. The ranking technique of Garrett has been utilised in this study. This study on review of the existing literature on the subject suggested that investor preference for various asset classes during normal market conditions and black swan event like covid-19. The finding shows that during normal market conditions a majority of investors preferred to invest in high risk and high return

instruments like stocks and mutual funds. While during black swan events majority of investors refer to invest in low-risk instruments like Bank deposits and gold. This leads to conclusion that majority of investors have a risk averse attitude during difficult market conditions.

- **Santhi, M. (2013)**, to know the perception on investment towards gold as the investors invest the avenue in Madurai city. The present study is based on both primary and secondary data. The primary data was collected from respondents and the secondary data from published resources. Both the data were analysed by employing the percentile analysis and mean scores of five-point scale. It is a well-known fact that gold is an unproductive asset. There is no way to actually value gold other than to compare it with other asset classes. The price of gold, in dollar terms has fallen 12-15 percent in last 6 months. This is the largest period of continuous decline in 16 years.
- **Lahoti, J. H. (2017)**, the purpose of the study is. To study the factors influencing the choice of investment in gold. To study about the various options available to investor while investing in gold. To identify the reasons for not to invest in gold. To know about the risk options in physical gold and other gold investment options. The methods used in this study are both descriptive and analytical in nature. The data required for the preset study were collected both from the primary as well as from the secondary source. The primary data had been collected from the respondents in the study area directly by using a well-designed interview schedule. The secondary data are collected from magazine, journals, articles, newspapers, booklets etc. The research gives better understanding of investor's attitude and awareness regarding gold investment decisions and shows where currently physical gold's position among the other gold investment instruments is Investor's go through an information search and market analysis before making the gold investment decision.
- **Paranjpye, R., & Raghuvanshi, A. A. B. (2020)**, the goal is to study various modes of investment in gold and evaluate the perception of consumers for investing in gold in India. In this research primary and secondary data has been collected. For primary data questionnaire was prepared to know about the age, gender, saving ratio, awareness about gold funds, and reason for investment. To analyse the data various tools are used such as sums, percentage, charts for the quantitative data analysis. The following research conclude that gold is a precious commodity, most popular as an investment and it has sentimental values in India, various options in gold investment are physical gold, gold ETFs and e-gold, and government also announced various schemes such as gold monetization scheme, gold sovereign bonds etc.
- **Nagarmyakiran, 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.

- **Xavier, A. J., & Kamalam, G. (2016)**, the aim of research is to identify the factors influencing consumer's perception towards gold jewellery. The study is both descriptive and analytical in nature. It covers both primary and secondary data. The research analysed through chi square test, Garrett ranking, percentage is used throughout the research. This research concludes that the behaviour on gold jewellery purchase in Sivakasi played a significant role. Gold is leading on the list of investments and value. Gold has resale value and this creates gold a great benefit and great asset value to the buyer. So, this makes gold jewellery a gentle of art in India.
- **Joseph, J. K. (2014)**, the goal of research is to analyse the consumer behaviour towards branded Jewellers, small dealers, reputation, shop Ambiance and evaluate the influence of purity of gold, price of gold, influence of advertisement in Kerala. The study was conducted through primary data. It was collected from people living in the Northern, Central, Southern parts of the state, to analyse the data various Statistical Techniques are used such as percentage, ranking, arithmetic mean, standard error of mean etc., is used. This research analyses the difference between small and branded jewellers and it suggest to small dealers to bring professionalism in their business and try to identify, offer those facilities to attract customers through improve its premises, customer service, try to earn more reputation among the customer by adopting appropriate strategies.
- **Hundal, B. S., Grover, S., & Bhatia, J. K. (2013)**, the objective of the study the perception of retail investors towards purchase of gold. The present study is mainly based on primary data collected from around 183 respondents from Punjab Region. These respondents were interviewed through a pretested, well-structured questionnaire which was administered personally. Convenient and judgmental sampling method has been used keeping in view the socio-economic characteristic. The perception of retail investors towards purchase of gold in the present scenario has been worked out with the help of questionnaire in this study. The results of factor analysis revealed that variables like profitability, tax aversion, future prospect, time value of money etc. motivates a retail investor to purchase gold as an investment. The purpose for buying gold has clearly come out through the survey.

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 decision-making 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.

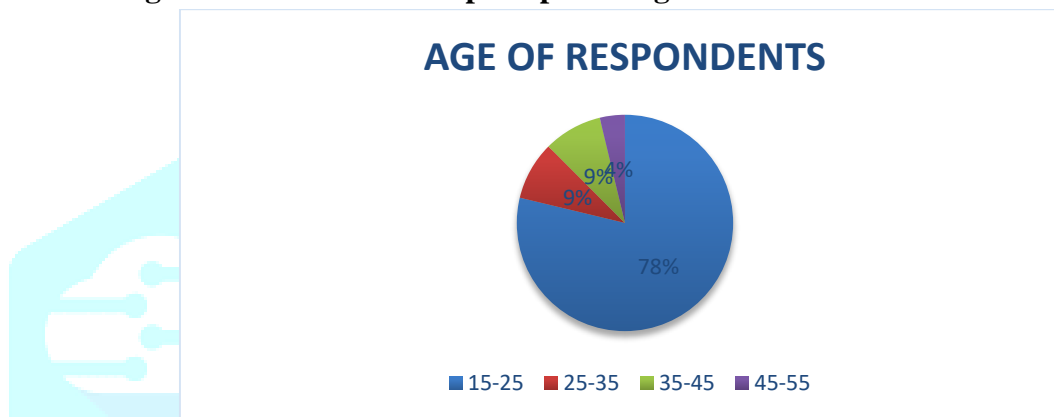
V. RESEARCH METHODOLOGY

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.

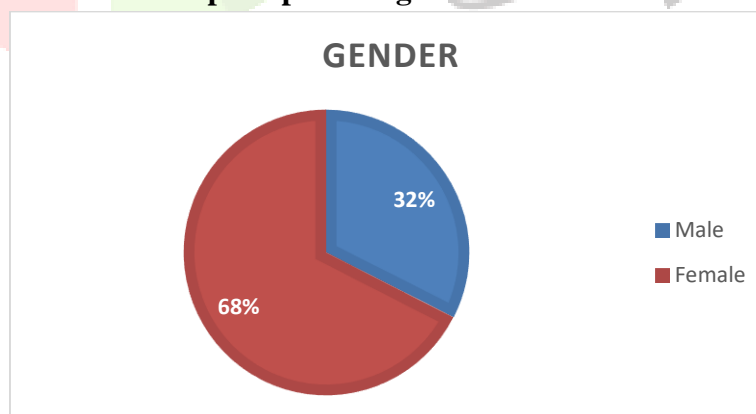
Figure 1: Awareness and perception of gold investment on the basis of age.



Interpretation:

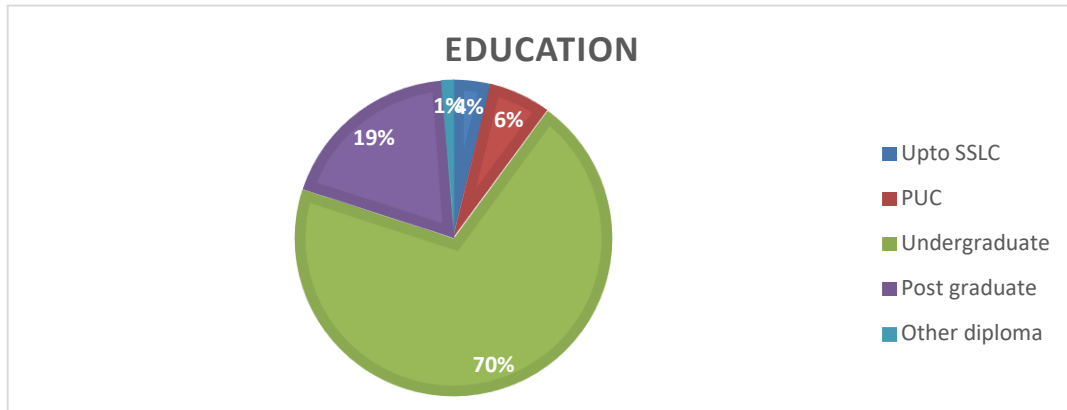
The data was collected from various age groups. From the above table it is concluded that among all the respondents the level of awareness about gold investment is 78.75% are 15-25 years of age group, 8.75% are from age group of 25-35, 8.75% respondents belong to 35-45 age group and remaining 3.75% respondents belong to age group of 45-55.

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

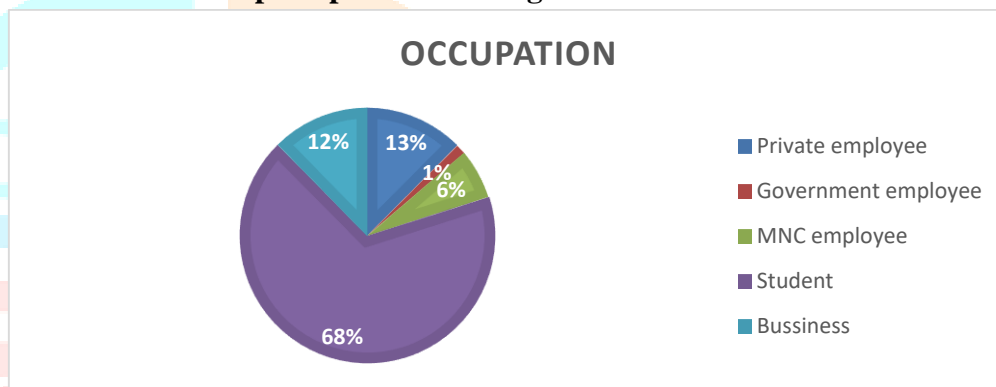


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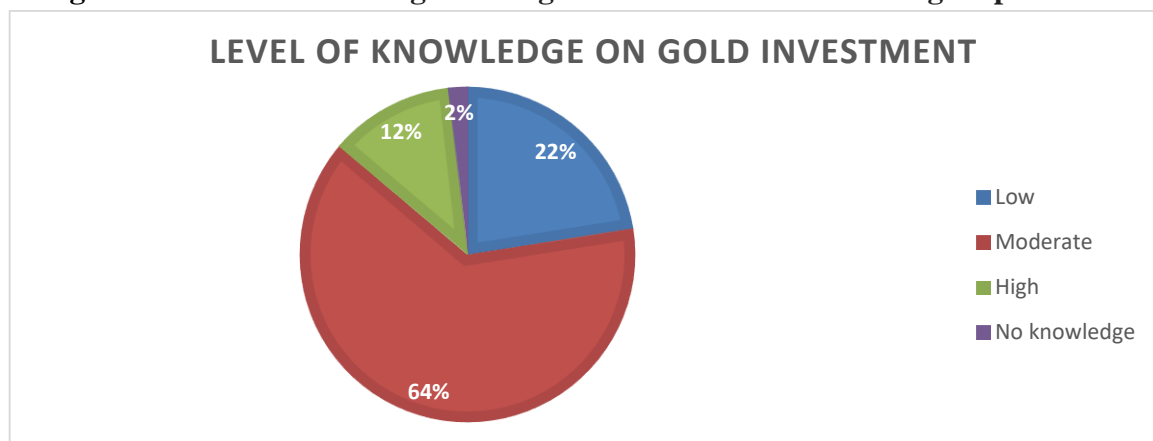
As per the above figure, it can be observed that, among all the respondents the level of awareness about gold investment is 63.7% respondents are female and 36.3% respondents are male.

Figure 3: Awareness and perception towards gold investment on the basis of Education.**Interpretation:**

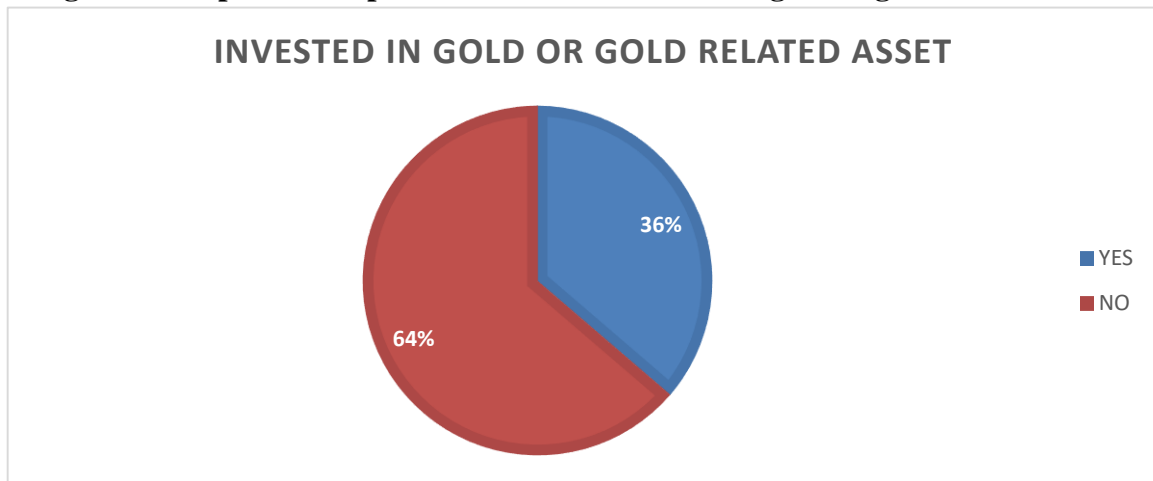
From the above data we can find that, 4% respondents have completed SSLC, 6% respondents are qualified up to PUC, 70% of the respondents have completed under graduation, around 19% respondents are qualified as post graduates and remaining 1% respondent have specialisation in other diploma, are aware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

Figure 4: Awareness and perception towards gold investment on the basis of occupation.**Interpretation:**

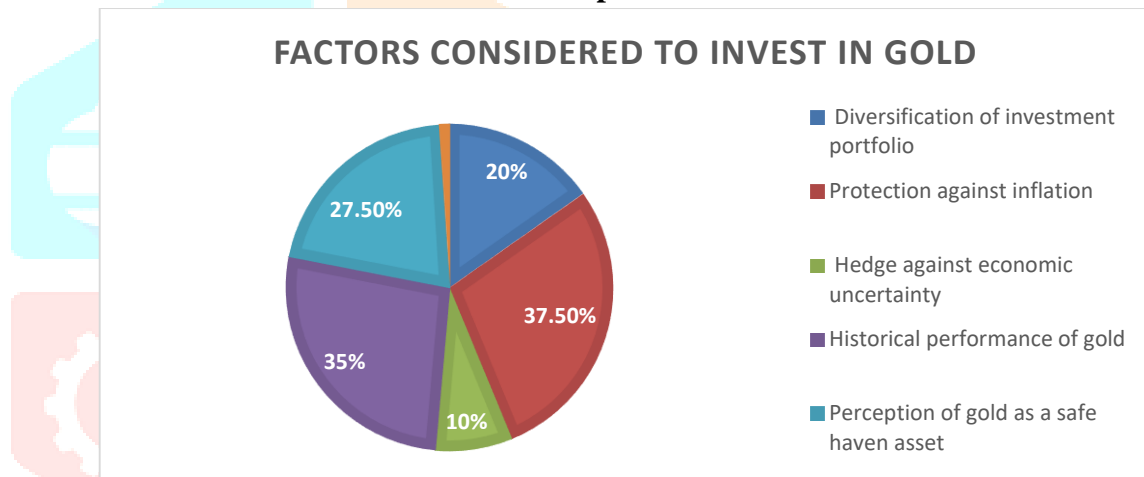
From the above chart, it is observed that among all the respondents level of awarness about gold investments is 13% respondents are employed in private organisation, 1% are government employee group, 6% work in MNC companies, 68% respondents are students and remaining 12% respondents are involved in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

Figure 5: Level of knowledge about gold as an investment among respondents.**Interpretation:**

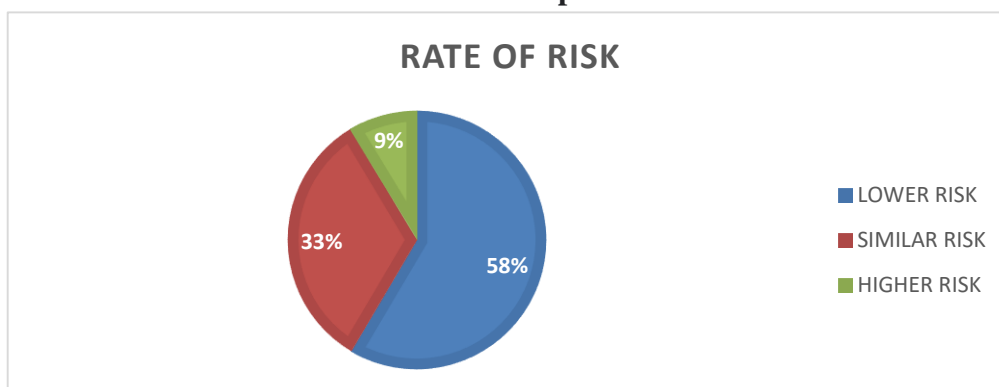
Respondents were asked about their level of knowledge on gold investment to which, 22% had least knowledge, 64% were well aware of gold investments, 12% were fully aware of gold investments and 2% had no idea about gold investment.

Figure 6: 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 7: Factors considered by the respondents for choosing gold or gold related assets as investment option.**Interpretation:**

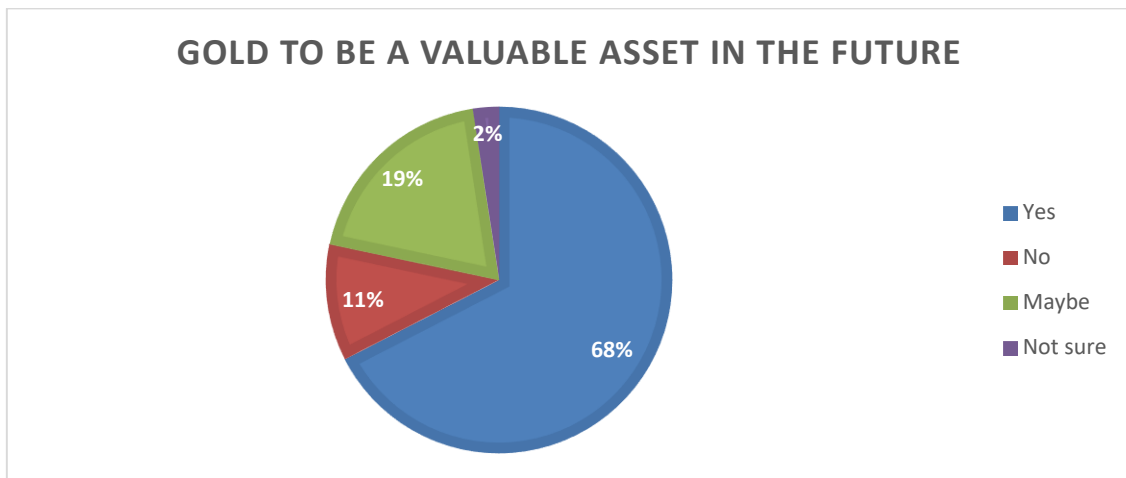
From the above it indicates that diversification of investment portfolio is considered in order to invest in gold (i.e.,15%). Protection against inflation (i.e.,28%) can be considered as a factor for investing in gold and gold related assets. Hedge against economic uncertainty (i.e,8%) is also one of 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.

Figure 8: Investors opinion on rate of risk associated with investing in gold compared to other investment options

Interpretation:

As per the figure it is observed that 58% of them consider that risk associated with investing in gold compared to other investment options is less, 33% of them consider that the risk is similar and 9% of them consider that risk associated with investing in gold compared to other investment option is more.

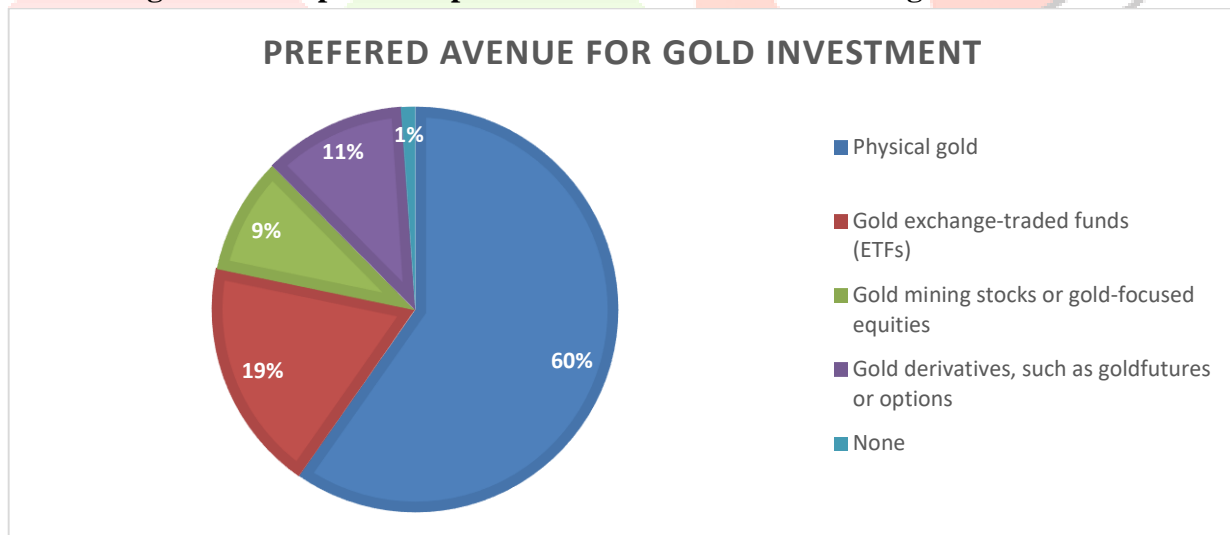
Figure 9: Respondents consideration on continuation of gold to be a valuable investment in the future.



Interpretation:

From above data which was collected from 80 members the responses were like this 68% of them believed that the gold will continue to be a valuable investment in future, 11% of them did not believe, 19% of them predicted that gold might continue to become valuable instrument in future and 2% of them were not sure about this.

Figure 10: Respondents preference on various avenues of gold investment.



Interpretation:

The above data was collected from 80 members and henceforth the responses were 60% of them preferred to invest in physical gold, 19% of them preferred to invest in gold exchange- traded funds, 9% of them chose to invest in gold mining stocks or gold focused equities. 11% preferred to invest in gold Derivatives and 1% of them did not have any idea regarding this.

VII. FINDINGS OF THE STUDY.

- The study found that the highest level of awareness about gold investment is among individuals aged 15-25, accounting for 78.75% of respondents. This suggests that younger individuals are more informed about gold as an investment option compared to other age groups.
- The data indicates that 63.7% of the respondents who are aware of gold investments are female, while 36.3% are male. This suggests that a slightly higher proportion of females have knowledge about gold investment.
- 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.
- The findings show that 58% of respondents believe that the risk associated with investing in gold is less compared to other investment options. This suggests that a majority of participants perceive gold as a relatively safe investment, especially in comparison to other assets.
- A significant portion (68%) of respondents believe that gold will continue to be a valuable investment in the future. This indicates a positive perception of gold's long-term value and role in investment portfolios.
- The study found that 60% of respondents prefer investing in physical gold, 19% in gold exchange-traded funds (ETFs), and 9% in gold mining stocks or gold-focused equities. This suggests a preference for tangible forms of gold investments.

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. Additionally, perceptions of gold as a hedge against inflation and currency devaluation were also prevalent among the participants. However, it's essential to acknowledge that the perception of gold as an investment is not uniform across all investor groups. Some respondents expressed reservations about gold's lack of income generation, while others highlighted the impact of changing market dynamics and global geopolitical factors on their investment decisions.

In conclusion, the research provides valuable insights into the multifaceted nature of investors' perceptions towards gold as an investment. The findings have implications for financial advisors, policymakers, and investors seeking to understand the role of gold in their portfolios and navigate the complexities of the global financial landscape effectively.

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