



A STUDY OF GOLD AS AN INVESTMENT OPTION IN THE DIGITAL ERA WITH SPECIAL REFERENCE TO VADODARA.

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Abstract

With an emphasis on Vadodara, India, this study explores the feasibility of gold as an investment option in the digital age. New investing opportunities presented by the digital age could challenge gold's long-standing hegemony. This study investigates whether gold is still a popular choice among Vadodara investors in spite of the changing financial environment.

Introduction of study

Gold has its importance ever since ancient time, as it was used as coins in bullion standards, In Morden economy gold is trusted as the monetary reserve by the central banks. Indian citizen are fond of Gold for investment purpose as well as jewellery. India is one of the major consumers of Gold at global level. Indian use gold from birth to death as it has a sentimental value attached to it in every phase of life. The research is conducted with a view to take gold as an investment option in portfolio of investor not as a dead asset but to see gold as investment which gives/ generates returns for investor.

Key Words: Gold, Investment, Liquidity, Return, Risk, Digital Gold Investment.

Spall, Jonathan (2009) *"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."*

Gold is a synonym for money; it is regarded as the best investment option globally and is used in jewellery and gold bars, among other industrial purposes. Gold is a solid, lustrous, bright yellow metal that is impervious to oxygen, heat, moisture, and the majority of solvents. Gold is incredibly precious, exquisite, and unbreakable.

Due to its durability and wide range of applications, gold has been one of the world's most popular metals since the dawn of civilization. Gold has been used as a medium of exchange for commerce for a very long time, and many kingdoms have created their own sets of gold coinage over the years. Being the most liquid asset, it has traditionally been chosen to address urgent needs. For a variety of purposes, the household, industry, and country purchase and store gold.

Gold has always been a well-liked investment option. But whether people choose to purchase gold in the modern era relies on a number of variables, including monetary conditions, market trends, and personal tastes.

A Forbes article claims that there are dangers and rewards associated with gold investing. Gold has a distinguished past and is simple to liquidate, but profits on real gold are often low. Physical gold can be difficult to store safely and does not accrue compound interest like equities.

The present trend in domestic gold prices, which is mostly influenced by the global gold market, should also be taken into account. Analysts predict that depending on factors like the monsoon season, buyer interest may increase.

Noteworthy is the dramatic increase in gold prices over the last six months. Thoughtful evaluation of one's own financial objectives and contact with a financial counsellor should come before making any investment selections.

Key Words: Gold, Investment, Liquidity, Return, Risk, Digital Gold Investment.

Gold product making Bunnies

- Tanishq

-Kalyan Jewellers

- Malabar Gold and Diamonds

- **Gold ETF in India**
- Definition of Gold ETF (Exchange-traded fund)
- An exchange-traded fund that invests in gold bullion is known as a gold ETF. One gram of gold, of guaranteed purity, is stored in either physical form or demat form (digital) to support each unit of a gold ETF.
- Gold ETFs combine the profitable value of gold with the stock market's liquidity. As a result, gold ETFs trade on stock exchanges like the NSE and BSE and track the price of gold bullion.

S.No.	Best Gold ETF in India 2023
1	HDFC Gold ETF
2	SBI Gold ETF
3	IDBI Gold ETF
4	AXIS Gold ETF
5	KOTAK Gold ETF
6	ADITYA BIRLA SUN LIFE Gold ETF
7	NIPPON INDIA Gold ETF
8	INVESCO INDIA Gold ETF
9	QUANTUM Gold ETF
10	UTI Gold ETF
11	ICICI PRUDENTIAL Gold ETF

GOLD DBENTURES:

One sort of debt security that is backed by gold is gold debentures. Companies or governments issue them to attract capital from investors. Because the value of the debenture is correlated with the price of gold, it will appreciate in value if the price of gold rises. Like other securities, gold debentures can be bought and sold on stock markets.

FORM OF GOLD INVESTMENT:



Market Players:

Central Bank: Numerous central banks keep substantial quantities of gold in their vaults. according to how they value their money.

Hedgers: They trade gold with the intention of making money while taking price risk into account.

Commercial Bullion Banks:

- A) As buyer,seller,stock holders & distributor in physical gold.
- B) As providers of credit for consumers, investors and day to day hedging facility for producers.
- C) As traders of themselves.
- D) As intermediaries in the gold lending market.
- E) As creators of derivatives products.

Private Holders: Most of this is a household, which maintains control in various ways.

usually in the form of jewellery or gold bars.

Objectives of Study:

- The various options available to investors in Gold for investments.
- To study the awareness of investor on various forms of gold investment.
- To study the advantages & limitation of various forms of gold investments.
- To help in creating awareness among investors on various gold investments

Problem Statement:

In Gujrat most of the investors invest in gold in the form of jewellery which involves various constraints; includes high making charges, loss of value, safety issue and storage/locker charges. The present study creates awareness among investors in investing in various forms of gold investment.

Review of Literature:

Sick, & Woodward, 1990-explored the OF LITERATURE possbilty of diversifying a portfolio of gold investments and Stock, they found that investors can se gold as a valuable tool for short-term and long-term

Johnson & Soenen, 1997, has been identified that gold, due to its negative/low correlation with bonds and stocks, have the potential benefit of reducing risk through diversification of portfolios. (Bloise. 1996 examined the impact that returns on gold bullion have on returns on mutual funds that invest in gold bullion and gold mining In his research, he found that an investor wishing to make use of gold could escape most risks by focusing on the return of the mutual fund. At the end of the day, he concluded that gold, mutual funds and gold are not merely compatible but very closely linked

Shanmugasundaram & Balakrishnan, 2010 Investments are made with the specified goal of optimising capital Investors need to make reasonable decisions to optimise their returns based on available information by making choices free from emotions. Investors' behaviour is marked by over- excitation and over-reaction in both rising and declining stock markets. Most of the investment and financial theories are based on the premise that everybody takes careful account of all available details before making an investment decision. The purpose of this research is to examine the factors affecting the behaviour of investors in the capital market. Empirical evidence indicates that demographic factors affect investment decisions of investors. This research article also discusses how investors view and act on different capital market knowledge in order to make informed investment decisions

Noblett, 2010 This study indicated that the Gold ETFs had experienced significant flows as institutions, consultants, and investors seek a hedge against precious metals volatile currency and inflation

Prashanta & Suchitra, 2011 The findings show that gold prices are less volatile than the stock market, which has encouraged investor trust to own gold and proven to be a strong asset class. If Gold ETF is included in the portfolio, the portfolio risk would be diversified. However, the literature review shows several elements of the existing research body on various Gold investment and its effects. This analysis explores the various forms of gold investment avenues in Tamilnadu.

Senthil Raghavan (2011), analysed the value of gold across political and cultural border surpassed and made ideal form of investment. The study brought out how gold is preferred savings avenue of Indian households and it indicated gold is an integral of Indian societies for wealth creation. The study concluded that the gold jewellery and gold investment is continued to rise in long run, which is driven by wealth accumulation

Clifford F Thies (2005), discussed the silver agitation and its impact on gold standard in United states. Protection against uncertainty and investors wealth creation was offered by Gold bond, which in turn Gold bonds were sold at premium. The research also discussed the yield on gold and currency bond and how US securities were highly well-known during 19th Century. The study concluded that gold was effective in lowering cost of capital in United States

Chaudhary (2017), dwelled on how gold is emotionally attached and symbol of status of Indians. Many Indians prefer gold investment to Bank deposits gold deposit scheme and gold metal loan abolished by introducing gold monetization scheme, Sovereign Bond Scheme, and India Gold Coin scheme. It was concluded that the schemes introduced by Government will assist households to get interest as well as tax rebate.

Research Gap:

1. A study focuses on how the investment in gold has changed over a period of time.
2. Paper study the prospect of Gold as an investment option among investors.
3. Research try to make correlation between gold and emotion among investors for investment.
4. Likeability and preference among gold as investment.

Research Methodology

The current research is primarily descriptive in nature. Using primary and secondary data, the necessary information is gathered. Secondary Information is gathered from websites, journals, research papers, and other published sources makes up secondary data, whereas primary data are collected through a well – structured questionnaire, taking responses from the potential gold buyers.

Research Design

Descriptive research design is used to conduct research as it provides a comprehensive impression of the current scenario of Gold as investment option and focus on evaluating different variables that impacts the choice of Digital gold as investment for crucial decision making.

Sources of Data:

This study requires both primary data and secondary data for research purpose. Primary data is collected through a well – structured questionnaire with likert scale measures. Secondary data is collected from

various published sources like journals, websites and e-books.

Data Collection Method

Structured questionnaire is used to collect data which involves qualitative data from the population selected.

Population

The whole state of Gujarat occupies an area of 1, 96, 024 sq kms. (Approx.) with a tremendous Population of 70.7 million (approx. during 2022). For the administrative purposes, the state of Gujarat is divided into 5 zones, namely: North Gujarat, South Gujarat, Central Gujarat, Kutch and Saurashtra. Vadodara is included the Central Gujarat, having an area of 420 km², with 23 lakhs population (approx.). The city of Vadodara is divided into 12 taluks, comprising an area of 220 sq. km². Places inside the city limits are involved for the data collection, which include: Karelibaug, Alkapuri, Manjalpur, Makarpura. The sample size is limited to 500, due to time constraint.

Sampling Method

Simple random sampling as well as stratified random sampling method will be used for this research. The sample population is divided into different groups based on their age and income, which is considered to be relevant for this study.

Sampling Frame

The city of Vadodara is divided into 12 taluks, comprising an area of 220 sq. km². Places inside the city limits are involved for the data collection, which include: Karelibaug, Alkapuri, Manjalpur, Makarpura. The sample size is limited to 500, due to time constraint.

Date Collection Instrument

A structured questionnaire is used as data collection instrument for gathering qualitative and quantitative insights from the people.

Hypothesis:

(H₀): "There is no significant difference in the preference for investing in gold through digital platforms among individuals in Vadodara compared to traditional methods."

(H₁): "There is a significant difference in the preference for investing in gold through digital platforms among individuals in Vadodara compared to traditional methods."

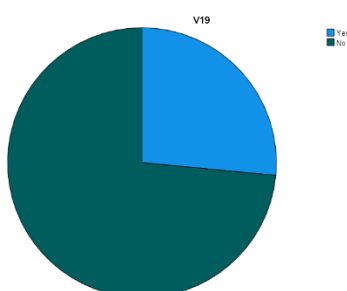
Case Processing Summary

		Count	Percent
V19	Yes	61	26.5%
	No	169	73.5%
Overall		230	100.0%
Excluded		0	
Total		230	

-26.5% People are like to buy gold as a investment in digital platform

-75.5% people are not like to buy gold in digital platform

Row Labels	Have you ever invested in physical gold such as gold bars or coins?
Female	91
No	65
Yes	26
Male	139
No	35
Yes	104
Grand Total	230



Given that digital gold platforms are a relatively new kind of investing, it's likely that many people are unaware of them or are unaware of how they operate. When choosing whether or not to invest in gold using a digital platform, consumers may take into account a variety of aspects, including the costs associated with doing so, the platform's security, and its simplicity of use. It's crucial to conduct independent research before making any financial decisions.

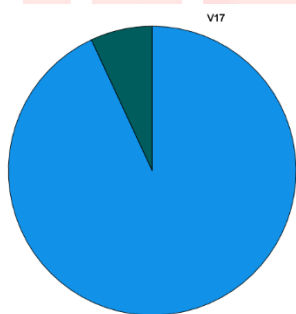
Case Processing Summary

		Count	Percent
V17	Yes	16	93.0%
	No	214	7.0%
Overall		230	100.0%
Excluded		0	
Total		230	

-93% People are like to buy gold in physical form they like to invest in physical form

-7% people are not like to buy gold and as a investment option

Row Labels	Have you ever used a digital platform to invest in gold?	
Female		91
No		4
Yes		87
Male		139
No		12
Yes		127
Grand Total		230



Physical gold is prone to loss and theft, therefore investing in it can be dangerous. The costs of physically storing and insuring gold also apply. It's crucial to conduct independent research before making any financial decisions.

Reliability

Case Processing Summary

		N	%
Cases	Valid	178	77.4
	Excluded ^a	52	22.6
	Total	230	100.0

Reliability Statistics

Cronbach's Alpha	N of Items
.764	59

Limitations of the Study:

Sample size: The investing preferences of the general public and the general dynamics of the gold market may not be well represented by a tiny sample size from Vadodara.

Self-reported data: Recall bias and social desirability bias may have an impact on the self-reported data obtained through surveys or interviews.

Limited investment alternatives: You may find it more difficult to evaluate the appeal of gold in relation to other investment possibilities if you exclude alternative investment options.

Variations in the market: Because gold prices are naturally erratic, it is challenging to make firm predictions regarding their future course.

Conclusion / Suggestions

Effects of the digital age: Examine how information availability and digital platforms affect investing behaviour and the selection of gold investment strategies. Analyse the perceived benefits and drawbacks of investing in gold in the digital age and make analogies to more conventional investment strategies.

Comparison with substitutes: Highlight the unique elements that keep gold more popular than other investing possibilities in Vadodara. Does the significance of culture matter much? Is it thought of as a protection against economic uncertainty or inflation? This can help focus efforts on financial literacy.

Policymakers should recommend ways to improve access to financial information and encourage ethical gold investing, particularly in the digital space. Financial institutions could suggest enhancements to digital gold investing platforms in order to increase user experience, security, and transparency.

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