

A Study On Preferential Attributes Of Investors Towards Gold

Mr. R. Rakesh

Research Scholar (Reg. No. 12220), Scott Christian College, Nagercoil – 629 003.
(Assistant Professor, Dept. of Commerce, St. Jerome's College, Anandhanadarkudy)

Dr. M. Edwin Gnanadhas

Principal (Research Guide), St. John's College of Arts and Science, Ammandivillai.
(Affiliated to Manonmaniam Sundaranar University, Tirunelveli – 627 012, Tamil Nadu, India.)

Abstract: *The investment decision of investors make affect the demand of gold, producing gold jewels, bar, coins and paper gold, employment of workers and the success of some industries and failure of others. In order to succeed in any investment especially in today's rapid changing scenario, the attributes of investors plays a vital role. They need to know the personal and group influences that affect investment decisions and how their decisions are made. The present paper evaluates the preferential attributes of investors towards gold investment. In this paper, convenience sampling method was adopted. In order to ensure the study 120 samples were taken and investigated by well structured questionnaire. The investment pattern of investors, socio-economic conditions of investors and their preferential attributes are analysed by using percentage analysis and chi-square test.*

Key words: *Investment, gold and preferential attributes.*

INTRODUCTION

Gold can be called as the King of metals because it is amongst the precious metals to be mined. Throughout history, a king's or a country's wealth was measured in the amount of gold in his storehouse or treasury. In today's world too, it is stored in treasures of government, banks and households. People consume gold in the form of coins, jewellery and paper gold like dentures. Also a person's wealth is measured in terms of how much gold he or she possesses. So as a hedge, gold plays against social, economical, political and natural crisis. It is a popular avenue of investment and is generally bought as hedge against inflation and economic crisis.

In India, gold is one of the leading investments. Investment in gold also helps to the economic development of a country. It has a cult following in India where it is considered to be a symbol of wealth and prosperity. People buy gold especially for the purpose of marriage and special occasions. Gold is also popular as an asset diversifier. Nowadays, there are plenty of ways to invest in gold. It can be bought in the form of jewellery, coins or bars or through Gold Exchange Traded Fund (GETFs), and Gold certificates. The purpose of your purchase determines the form of holding.

REVIEW OF LITERATURE

Sjaastad. L and Scacciavillani. F (1996) found that floating exchange rates among the major currencies have been a major source of price instability in the world market. But their focus was on the appreciation or depreciation of European currencies and its effect on the price of gold in other countries.

Dr. Y.V. Reddy, (1996) has informed that, on the demand side, while there are no authentic estimates, the available indications are that about 80 per cent is for jewellery fabrication (mainly of over 22 carat purity) for domestic demand, 15 per cent is for investor-demand (which is relatively elastic to gold-prices, real estate prices, financial markets, tax-policies, etc.) and barely 5 per cent is for industrial uses. The demand for gold jewellery is rooted in the societal preference for a variety of reasons viz. Religious, ritualistic a preferred form of wealth for women and as a hedge against inflation.

Tumellano Sebehela, (2012) The study has showed the opening and closing of gold mines in ZA, South Africa between 1980 and 2002 constituted optionality. It was found that interest rate tends to have a high impact to option values of gold mines in ZA, while in other empirical studies pointed that the interest rates influences the opening and closing of mines, but interest rates were not major drivers. One of the reasons for this, the South African currency is one of the highest traded currencies in the world and the currency should have a replicator effect on the country's interest rates.

STATEMENT OF THE PROBLEM

The globalization of the Indian Economy has brought forward a change in the pattern of investment among Indian investors. Now investors are well aware of the value of money strength and its return than their previous generations. In the South, gold has traditionally been valued as an investment vehicle and today investing gold is the second most popular instrument after bank deposits. There are limited study was found in the area of gold investment. As per the records of World Gold Council, Southern states accounts for 60 per cent of the Indian gems and jewellery market which is over Rs 90,000 crores, with 40-45 percent. Therefore, south is the biggest consumer of gold in India.

In Kanniyakumari district, Dowry system plays a determinant role in weddings. This motivates the people to buy gold. Increasing gold price is one of the reasons for this attitude and another important reason is people are unaware of other productive investments which generate more income. Due to the above reasons, an elaborate study of positive and negative view on investment of gold is required in this specific area. The present study throws light on preferential attributes of investors towards gold investment.

OBJECTIVES OF THE STUDY

The present study is based on the following objectives:

- To analyse the socio-economic aspects related to gold investors in Kanniyakumari district.
- To find out the reasons of buying gold.
- To examine the preferential attributes of investors.

METHODOLOGY

This research is empirical research in nature. Empirical evidences can be analysed quantitatively and qualitatively. Both the primary as well as secondary data have been used. The primary data have been collected through a well-built questionnaire for analysing the preferential attributes of investors towards gold. Statistical population of this research are people who are the investors in gold in Kanniyakumari District and the preferential attributes of investors. But, due to the time limit and in accordance with convenience sampling technique, 120 samples were collected from Kanniyakumari district as per the convenience of the researcher. Primary data collected through the questionnaire is to analyses with the help of statistical tools like Percentage analysis and Chi-square test.

DATA ANALYSIS AND INTERPRETATION

Demographic Profile of the sample respondents

Table 1: Demographic Profile of the Sample Respondents

Sl. No	Demographic Profile	Attributes	Frequency	Percentage
1.	Gender	Male	40	33
		Female	80	67
		Total	120	100
2.	Age	Below 24	64	53
		26-35	24	20
		36-45	9	8
		46-55	12	10
		56-65	9	7
		Above 65	2	2
		Total	120	100
3.	Education	Illiterate	3	2
		Below SSLC	9	8
		Higher Secondary	53	44
		Graduate	39	33
		Post graduate	12	10
		Others	4	3
		Total	120	100
4.	Marital Status	Married	31	26
		Unmarried	89	74
		Total	120	100
5.	Occupation	Government	11	9
		Unemployed	10	8
		Business/Profession	12	10
		Agriculture	2	2
		Private	69	58
		Others	16	13
		Total	120	100
6.	Income	Less than 15,000	56	46
		15,001-30,000	41	34
		30,001-45,000	9	8
		45,001-60,000	5	4
		Above 60,000	9	8
		Total	120	100

Source: Primary data

The demographic profile of the sample respondents such as gender, age, education, marital status, occupation and income are taken into consideration. It inferred from the Table 1, out of 120 sample respondents, 67 percent of the respondents belonged to the female category and 33 percent of the respondents belonged to the male category. 53 percent of the investors were under the age group below 25 and 2 percent of the respondent's lies between the age group above 65.

Educational status revealed that 44 percent were studied upto higher secondary level. 58 percent of the respondents are employed in private sector and 74 percent of the respondents are unmarried. 46 percent of the respondents had a monthly income upto Rs. 15,000.

Table 2: Motivational Factor for Owning Gold

Motivational Factors	No. of respondents	Percentage
Personal Use	64	53
Commercial	15	13
Personal & Commercial	30	25
Esteem Need	4	3
Others	7	6
Total	120	100

Source: Primary data

The investors invest their money in gold jewellerys for their personal or commercial purposes. It is exhibit from the Table - 2 that 53 percent of the respondents were utilized the gold for their personal use. 25 percent of the respondents were invested their money for both personal and commercial purposes and only 3 percent of the respondents were motivated to purchase the gold for their esteem needs.

Frequency of Buying Gold

Table 3: Frequency of Buying Gold

Frequency of Purchase	No. of respondents	Percentage
1-2 times	97	81
3-4 times	9	8
5-6 times	4	3
7-8 times	5	4
More than 8 times	5	4
Total	120	100

Source: Primary data

It is evident from the Table - 3 that 81 percent of the respondents were bought the gold one to two time and 8 percent of the respondents were invested in gold three to four times. 3 percent of the respondents were purchased gold seven to eight times and 4 percent of the respondents were bought gold both eight to nine times and more than eight times category respectively.

Investment of Gold in a Year

Table 4: Investment of Gold in a Year

Amount Spending (in Rs.)	No. of respondents	Percentage
0-25,000	66	55
25,001-50,000	35	29
50,001-75,000	7	6
75,001-1,00,000	11	9
Above 1,00,000	1	1
Total	120	100

Source: Primary data

Investment is an important factor to expose the wealth. Table - 4 clearly shows that 55 percent of the respondents invested upto twenty five thousand to possess the gold and only 1 percent of the respondent invest money more than one lakh.

Possession of Gold**Table 5: Possession of Gold**

Possession of Gold (in gram's)	No. of respondents	Percentage
Less than 25	94	79
26-50	13	10
51-75	3	3
76-100	5	4
More than 100	5	4
Total	120	100

Source: Primary data

It is observed from Table 5, that 79 percent of the respondents possessed less than 25 grams of gold. Only 3 percent of the sample respondents possessed the gold ranging from fifty one grams to seventy five grams.

Reason for Investing in Gold**Table 6: Reason for Investing in Gold**

Reason for Investing Gold	No. of respondents	Percentage
Wealth Maximisation	25	21
Girl's Marriage	53	44
Social Status	17	14
Economic Hedge	12	10
Diversify the Surplus Money	11	9
Portfolio	2	2
Total	120	100

Source: Primary data

The reason for investing in gold jewellery differs from person to person. It is exhibited from Table 6, 44 percent of the respondents were hold the gold for their girl's marriage, 21 percent of the respondents are investing in gold for the purpose of wealth

maximization 2 percent of the sample respondents are investing gold for the portfolio purpose.

Preferred Type of Retail Seller for Buying Gold

Table 7: Preferred Type of Retail Seller for Buying Gold

Preferred Type of Retailers	No. of respondents	Percentage
Retail Jewel Shop	60	50
Traditional Goldsmith	44	36
On-line Purchase	8	7
Pawn Broker's Auction	8	7
Total	120	100

Source: Primary data

It is observed from Table 7 that 50 percent of the respondents purchased gold from retail jewel shop and 7 percent of the respondents purchased gold jewellery from pawn broker's auction and through online purchase respectively.

Preference on Gold Investment

Table 8: Preference on Gold Investment

Preference on Gold Investment	No. of respondents	Percentage
Yes	81	68
No	39	32
Total	120	100

Source: Primary data

It is apparent from Table 8, that 68 percent of the sample respondents were preferred to make gold investment and 32 percent of the respondents were not preferred to make gold investment.

Awareness of Change in Gold Price

Table: 9 Awareness of Change in Gold Price

Awareness of Price	No. of respondents	Percentage
Yes	96	80
No	24	20
Total	120	100

Source: Primary data

Table 9 shows that 80 percent of the respondents have the awareness about changes in gold price and 20 percent of the respondents are not have the awareness regarding changes in price.

Investment in Savings Schemes

Table 10: Investment in Savings Schemes

Investment in Savings Schemes	No. of respondents	Percentage
Yes	61	51
No	59	49
Total	120	100

Source: Primary data

It is revealed from the Table 10, that 51 percent of the respondents were invested in such saving schemes and 49 percent of the respondents were spent their money in new saving schemes.

CHI-SQUARE TEST

Hypothesis I (Ho): There is no significant relationship among different age groups regarding preferential attributes.

Table 11: Association between Age and Preferential Attributes

Age	Make Jewels from Goldsmith		Total
	Yes	No	
Below 25	36	28	64
26-35	19	5	24
36-45	5	4	9
46-55	12	--	12
56-65	7	2	9
Above 65	2	--	2
Total	81	39	120

Source: Primary data

Table 11 indicates that youngsters (below 25) are in higher number. Chi-square test has been carried out to test whether there is significant difference among different age groups with regards to preferential attributes.

Table 12: Chi-Square Test for Association between Age and Preferential Attributes

Chi-square Value	df	P
12.941	5	0.024

Source: Computed value

As illustrated in Table 12, there is significant relationship among different age group regarding 'P' value. Since the chi-square value is significant at 5% level.

Hypothesis II (Ho): There is no significant relationship among different gender group regarding preferential attributes.

Table 13: Association between Gender and Preferential Attributes

Gender	Make Jewels from Goldsmith		Total
	Yes	No	
Male	26	14	40
Female	55	25	80
Total	81	39	120

Source: Primary data

Table 13 indicates that females are high in number. Chi-square test has been carried out to test whether there is significant difference among different gender with regards to preferential attributes.

Table 14: Chi-Square Test For Association Between Gender And Preferential Attributes

Chi-square Value	Df	P
0.171	1	0.679

Source: Computed value

As illustrated in Table 14, there is no significant relationship among different age group regarding 'P' value. Since the chi-square value is not significant at 5% level.

Hypothesis III (Ho): There is no significant relationship among occupation of the respondents regarding preferential attributes.

Table 15: Association between Occupation and Preferential Attributes

Occupation	Make Jewels from Goldsmith		Total
	Yes	No	
Government	9	2	11
Unemployed	7	3	10
Business/Profession	11	1	12
Agriculture	--	2	2
Private	40	29	69
Others	14	2	16
Total	81	39	120

Source: Primary data

Table 15 indicates that most of the respondents are working in the private sector. Chi-square test has been carried out to test whether there is significant difference among the occupation with regards to preferential attributes.

Table 16: Chi-Square Test for Association between Occupation and Preferential Attributes

Chi-square Value	df	P
14.178	5	0.015

Source: Computed value

As illustrated in Table 16, there is significant relationship among the different occupation regarding 'P' value. Since the chi-square value is significant at 5% level.

Findings

The socio-economic and demographic profile of the respondents revealed that 67 percent of the buyers are female and 53 percent of the respondents were under the age group below 25 years. The study revealed that 44 percent of the sample respondents are educated upto higher secondary level. The occupation-wise classification revealed 58 percent of the sample respondents were worked in the private sector. It is found from the study that 77 percent of the respondents were unmarried and 46 percent of the sample respondents have the monthly income below Rs.15,000.

The motivational factors which influence the investors while investing gold ensure that 83 percent of the respondents are motivated to owning gold for their personal use. It is revealed from the study 81 percent of the respondents consumed the gold one to two times in a year and 4 percent of the people were buying gold more than 8 times. 55 percent of the respondents invest money to hold the jewellery upto Rs.25,000 and only one percent of the respondents investing above one lakh. 79 percent of the respondents possess the gold upto 25 grams and 3 percent of the respondents possess 51 to 100 grams.

It is found from the study 44 percent of the respondents are buying gold for their girls marriage, 21 percent for wealth maximisation and only 2 percent for portfolio purpose. 50 percent of the sample respondents are preferred to buy gold from retail jewel shop. 68 percent of the sample respondents were preferred to made investment in gold and remaining 32 percent were not interested to invest in gold. 80 percent of the respondents have the awareness regarding change in gold price and 20 percent of the respondents aren't have the awareness regarding changes in price. 51 percent of the respondents were invested in saving schemes.

The chi-square test has revealed that there is an association between different age group and occupation with regards to preferential attributes are significant and there is no association among gender with regards to preferential attributes at 5% level.

Recommendations

- Among the opinion leaders, the most favourable factors are wealth maximisation and girl's marriage has been rated as highly influential and strong opinion factor in the buying process. Gold marketers need to tap this powerful influential factor by announcing attractive referral schemes.
- The marketers can offer special incentives to women investors.
- Post-sales service requirement of gold is vital both for the marketers and the investors.
- Exchange facility can be provided to the investors.
- Discount should be given to the ultimate consumers while making lump sum purchase.
- The grievance may arise in respect of more wastage charge by the retailer. That should be avoided.
- The marketers have to introduce new investment savings schemes to attract the investors. By this the investors can participate in the new monthly savings schemes.
- The marketers should facilitate the online purchase facility to the investors.
- A separate forum to be formed in order to govern the exchange of gold.
- Proper exchange facility should be facilitated

CONCLUSION

The gold investors played a vital role in bullion market. Thus, the retailers have to improve the marketing strategies to attract the investors. This study reveals the positive and negative attributes of the investors. The given suggestions are implemented properly by the retailers and investors will lead to high growth in the bullion market.

REFERENCES

- 1) Cai, J et.al,” What moves the Gold Market?”, The Journal of Future Markets, Vol.21, No. 3, (2001), pp-257-278.
- 2) Divyang J. Joshi, “Impact of Dollar Fluctuation on Gold and Crude Oil Prices”, Indian Journal of Finance, Vol.5, No.5, (2011), pp-3-12.
- 3) Kavita Chavali, “All that Glitters of Gold-Performance of Gold Exchange Traded Fund- An Empirical Analysis”, Indian Journal of Finance, Vol.3, No.12, (2009), pp-15-20.
- 4) Krishnamurthy. I, et.al,” Forecasting Gold Prices Using Geometric Random Walk Growth Model”, Indian Journal of Finance”, Vol.6, No.9, Sep (2012), pp-36-44.
- 5) Sjaastad, L and Scacciavillani, F, “The Price of Gold and the Exchange Rate”, Journal of International Money and Finance, Vol.15, (1996), 9p-879-897.
- 6) Tumellano Sebehela,”ROA on Gold Mines in ZA”, Indian Journal of Finance, Vol.6, No.3, Mar (2012), pp-22-30.
- 7) Dr.Y.V.Reddy, “Gold in Indian Economic System”, (1996) Deputy Governor at the Gold Economic Conference organised by the World Gold Council at New Delhi on November 28, 1996.
- 8) www.gold.com
- 9) www.goldavenue.com
- 10) www.onlygold.com