



INVESTMENT BEHAVIOUR OF INDIVIDUAL INVESTORS IN VARIOUS TYPES OF GOLD INVESTMENT

Dr. Noaman Khatib

Research Guide – DTSS College of Commerce, Malad (E), Mumbai

Shital Aashish Vakilna

Research Scholar – DTSS College of Commerce, Malad (E), Mumbai

Assistant Professor – Bal Bharati's MJP College of Commerce, Kandivali (W), Mumbai

Paper Received On: 5 FEBRUARY 2023

Peer Reviewed On: 28 FEBRUARY 2023

Published On: 01 MARCH 2023

Abstract

Since ancient times the shine and allure of gold as a form of investment has remained intact. It is only in recent times that investment in gold has metamorphosed into various types; apart from the conventional gold jewellery and Gold Bullion, investors are now offered Digital Gold, Gold Mutual Funds, Gold ETF, SGBs and so on. Therefore, the present study aims to know the investment status of individual investors in various types of gold investments and their satisfaction level from it. The study is conducted in the Mumbai suburban area i.e. Borivali to Andheri. Primary data is collected from 83 individual investors through structured questionnaire. The findings of the study reveal that the study concludes that most of the individual investors have invested into gold jewellery (females more). Very few individual investors have invested in other gold instruments such as Gold ETF, Sovereign Gold Bond, Gold Bullion (Coins), Gold Mutual Funds and Digital Gold. They are found satisfied with investment in Gold Jewellery.

Key Words: *Individual Investors, Gold Investment, Investment Behaviour*

1. INTRODUCTION

Gold has been a symbol of wealth and status since ancient times. Even in today's time it maintains its relevance in terms of investment. It is mandatory to maintain gold reserves in the treasury of all the nations. 1,90,000 tonnes of gold in physical form is available globally. Gold Jewellery contributes to 50% of the above stock. The return on gold is typically based entirely on the appreciation in its value and it is considered a safe asset as the price of gold is not as volatile as that of stocks.

In a well balanced, diversified investment portfolio, gold is an important component as it acts as

a hedge against a bearish stock market. Generally, the value of gold appreciates during period of high inflation and geo-political uncertainty. From 1990 to 2020 the value of gold has increased by 360%. (Investopedia)

2. REVIEW OF LITERATURE

The paper titled “**A study on gold as a safer investment alternative among small and medium investors with special reference to Kozhikode district**” aims to find out factors influencing decision on kind of gold investment made by the small and medium investors. Study concludes that educational qualification, marital status, employment (government / private) and income level does influence decision on kind of gold investment made the small and medium investors.

(Shobha C. V., 2017)

A study titled “**An analytical study on perception of investors towards Gold as an investment option**” aims to find out factors influencing the choice of investment in gold and identify the reasons for not to invest in the gold. The researcher collected primary data through interview method. The findings of the study stated that risk, liquidity, tax treatment and convenience influence the choice of investment in the gold. The reasons why investors do not invest in gold are stated as – gold has poor long-term returns, value of gold is determined by supply and demand, which is very hard to predict. Demand typically goes up based on fear and not fundamentals, it doesn't provide regular cash dividends, most of the gold is stored into the vaults so it has little actual utility and there is only outflow of the cash and maintenance of locker.

(Lahoti, 2017)

A thesis titled “**Modeling Choice of Common Investors of India in Gold as An Investment Option**” aims to compare the investors choice for gold and its variants. The study reveals that physical gold metal and jewellery are the most preferred investment option. Further the findings shows the Low income group (LIG), Medium income group (MIG) and High income group (HIG) investor choice based on their order of ranks. In case of LIG – gold jewellery ranked-I, physical gold metal ranked-II and Government schemes ranked-III. In case of MIG – physical gold metal ranked-I, gold jewellery ranked-II and gold certificate ranked-III. In case of HIG – physical gold metal ranked-I, gold jewellery ranked-II and gold shares and stocks ranked-III.

(Jain, 2021)

The paper titled “**Comparative study on investigating in gold related assets -with reference to Akola, Maharashtra**” aims to study investor's preferred forms gold investment. Findings reveal that most of the females prefer gold jewellery as their gold investment whereas male prefers gold bullion bars and gold coins. **(Khandelwal, 2022)**

A paper titled “**Gold Investment - Perception & Preference of Consumers**” aims to study perception of consumers for investing in gold in India. Findings of the study state that investors invest in the gold for better returns followed by liquidity. They find investment in gold is risk-free investment. Physical gold is most preferred form of gold followed by gold coins/bars. They are found aware about Gold ETF. But significant number of investors were also found unaware about it. (Paranjpye, Ambhore, & Raghuvanshi³, 2020)

3. OBJECTIVES OF THE STUDY

- 1) To know the investment status of individual investors in various types of gold investments and their satisfaction level from it.
- 2) To find out source of awareness about investment in gold among the individual investors.
- 3) To know likelihood of investment in the gold instruments by individual investors in the future and recommendation to others to invest in the gold investment instruments.

4. HYPOTHESIS STATEMENTS

H₀ = There is no significant difference between gender and investment status in various types of gold investments.

H₀ = There is no significant difference between age of the individual investors and likelihood to invest in the gold investment instruments in future.

5. RESEARCH METHODOLOGY

5.1 Type of Research: The study makes use of descriptive research design which describes characteristics of the individual investors about their investment pattern in the gold investment instruments.

5.2 Study Area: The research is conducted in Mumbai suburban from Borivali to Andheri area.

5.3 Sampling method: The sampling method followed in the study is convenient sampling method.

5.4 Target Population and Sample size: The target population is individual investors. Sample size is 83 individual investors

5.5 Type and Source of Data: The present study is based on primary data and it is collected through Google form. Secondary data is collected through internet and research papers.

5.6 Statistical Tools Use: Tables and graphs are used for organizing the data for decision making. Chi-square test and Mann Whitney U test are used for hypothesis testing.

6. LIMITATIONS

- 1) Sample size of 83 is a limitation; the findings may differ with higher sample size.
- 2) The study is limited to Mumbai suburban area i.e. Borivali to Andheri. Other area is not considered.

7. DATA ANALYSIS AND FINDINGS OF THE STUDY

7.1 Descriptive Statistics of Demographic Variables

		Count	Percentage
Gender	Female	45	
	Male	38	
Age	21-30 Years	24	
	31-40 Years	29	
	41-50 Years	18	
	51-60 Years	08	
	Above 60 Year	04	
Occupation	Business	4	
	Home maker	7	
	Job / Employment	47	
	Professional	21	
	Other	4	
Educational Qualification	SSC	2	
	HSC	2	
	Under Graduation	16	
	Post Graduation	63	

Source: Primary Data

7.2 Investment status in various types of gold investments

Particulars	Fully aware and have invested	Fully aware but not invested	Partially aware and have invested	Partially aware but not invested	Not aware
Gold ETF	8	33	6	19	17
Gold Jewellery	60	12	11	00	00
Sovereign Gold Bond	19	29	7	17	11
Gold Bullion (Coins)	10	34	4	23	12
Gold Mutual Funds	8	33	4	18	20
Digital Gold	8	33	6	19	17

Source: Primary Data

The above table shows that individual investors are aware about investment in various types of gold investments – Gold ETF, Sovereign Gold Bond, Gold Bullion (Coins), Gold Mutual Funds and Digital Gold but most of them have not invested. There are few individual investors who said they have invested into these gold investments.

If we see in case of Gold Jewellery, maximum individual investors are aware about it and have invested in gold jewellery.

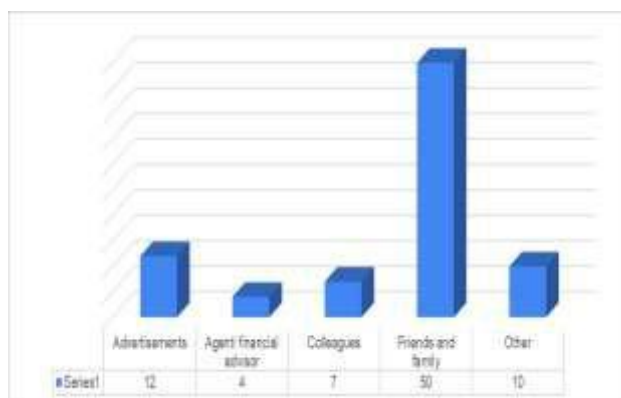
7.3 Which of the following gold investment are you most satisfied with

Particulars	Count
Gold ETF	7
Gold Jewellery	42
Sovereign Gold Bond	14
Gold Bullion (Coins)	18
Gold Mutual Funds	1
Digital Gold	1

Source: Primary Data

Above table shows the satisfaction of individuals from above mentioned gold investments. It is found that most of them are satisfied with their investment in gold jewellery.

7.4 From where did you come to know about investment in gold ?



Source: Primary Data

The above graph shows that 12 respondents said they came to know about investment in gold through advertisements, 4 said through agents/financial advisor, 7 said through colleagues, 50 said through friends/family and 10 said through other sources. Thus, major source of awareness about gold investment among individual investors is friends and family.

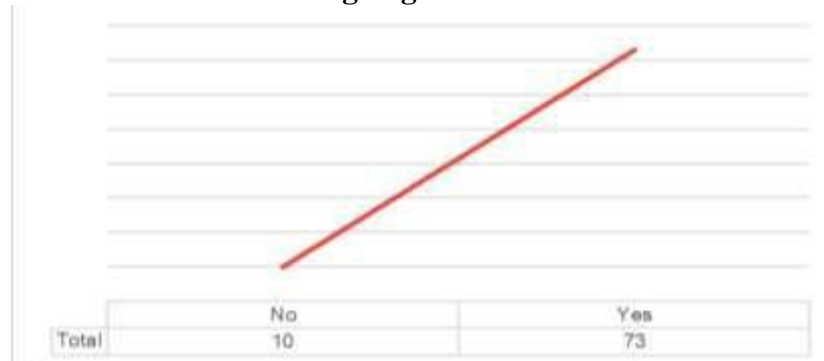
7.5 Reason for investing in the Gold

Particulars	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
International Liquidity	25	23	29	4	2
Mobility	22	27	30	2	2
Accessibility (Can be easily purchased)	2	31	31	19	83
Better value appreciation	32	29	19	2	1
Safety of investment	33	29	18	2	1
Less formalities	26	29	23	3	2
Status symbol	19	28	23	10	3
Reliable investment	31	34	14	2	2
Cultural and traditional importance	26	32	19	4	2

Source: Primary Data

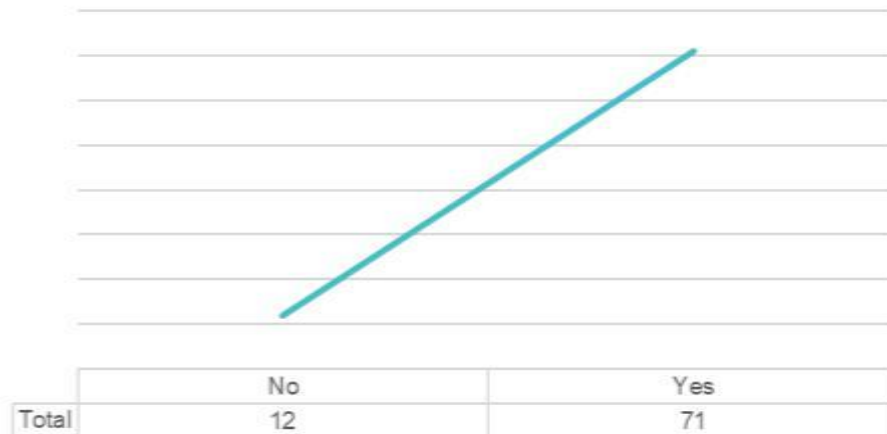
The above table shows following result about reason for investing in the gold:

- Individual investors agree with better value appreciation, safety of investment, reliable investment and cultural and traditional importance
- They also agree about international liquidity, mobility, status symbol and less formalities. At the same time significant number of respondents are neutral about these reasons.
- Most of them they disagree that gold investment is accessible (can be easily purchased)

7.6 Would you like to continue investing in gold investment instruments?

Source: Primary Data

The above graphs shows that 73 (out of 83) individual investors would continue investing in gold investment instruments.

7.7 Would you recommend others to invest in gold investment instruments?

Source: Primary Data

The above graphs shows that 71 (out of 83) individual investors would recommend others to invest in gold investment instruments.

8. HYPOTHESIS TESTING

H₀ = There is no significant difference between gender and investment status in various types of gold investments

8.1 Mann Whitney U Test

Test Statistics						
	Gold ETF	Gold Jewellery	Sovereign Gold Bond	Gold Bullion (Coins)	Gold Mutual Funds	Digital Gold
Mann-Whitney U	665.500	671.500	721.500	713.000	835.500	808.000
Wilcoxon W	1406.500	1706.500	1462.500	1454.000	1576.500	1549.000
Z	-1.810	-2.135	-1.273	-1.343	-.187	-.450
Asymp. Sig. (2-tailed)	.070	.033	.203	.179	.851	.653
a. Grouping Variable: Gender						

Source: Primary Data

To test above hypothesis test, Mann Whitney U Test is used. Result shows that p-value is more than 0.05 for the investment status in various types of gold investments – Gold ETF, Sovereign Gold Bond, Gold Bullion (Coins), Gold Mutual Funds and Digital Gold. Thus, null hypothesis accepted i.e. There is no significant difference between gender and investment status in the above-mentioned various types of gold investments. **It can be concluded that both male and female have same investment status in various types of gold investments (except Gold Jewellery).**

In case of Gold Jewellery, the p-value is 0.033 which is less than 0.05. Thus, null hypothesis is rejected. **Therefore, it can be concluded that females invest more in gold jewellery as compared to male investors.**

H₀ = There is no significant difference between age of the individual investors and likelihood to invest in the gold investment instruments in future

Crosstabulation - Age * Investment in future in the gold				
		Investment in future in the gold		Total
		Yes	No	
Age	21-30 Years	21	3	24
	31-40 Years	27	2	29
	41-50 Years	14	4	18
	51-60 Years	7	1	8
	Above 60 Year	4	0	4
Total		73	10	83

Source: Primary Data

Chi-Square Tests			
	Value	df	Asymp. Sig. (2-sided)
Pearson Chi-Square	3.039 ^a	4	.551
Likelihood Ratio	3.331	4	.504
Linear-by-Linear Association	.011	1	.917
N of Valid Cases	83		

a. 6 cells (60.0%) have expected count less than 5. The minimum expected count is .48.

Source: Primary Data

To test above hypothesis, Chi-square test is used. Pearson Chi-square value is 3.039 and p-value is 0.551 which is more than 0.05. Thus, null hypothesis is accepted i.e. There is no significant difference between age of the individual investors and likelihood to invest in the gold investment instruments in future. **So, from cross tabulation table and chi-square test result it can be concluded that age does not influence likelihood of individual investors to invest in the gold investment instruments in future.**

9. CONCLUSION

The study concludes that most of the individual investors have invested into gold jewellery (females more). Very few individual investors have invested in other gold instruments such as Gold ETF, Gold Jewellery, Sovereign Gold Bond, Gold Bullion (Coins), Gold Mutual Funds and Digital Gold. They are found satisfied with investment in Gold Jewellery. Their source of investment in gold is their friends and family. Their reason for investment in gold instrument is International Liquidity, Mobility, Better value appreciation, Safety of investment, Less formalities, Status symbol, Reliable investment and Cultural and traditional importance. Most of them would like to invest in the gold instrument in future also. and they would recommend others to invest into gold instruments.

10. REFERENCES

- Jain, R. (2021). *Modeling Choice of Common Investors Of India in Gold as An Investment Option*. Agra: Dayalbagh Educational Institute.
- Khandelwal, A. (2022). Comparative study on investigating in gold related assets -with reference to Akola, Maharashtra. *International Journal of Creative Research Thoughts (IJCRT)*, 10(12), 106-113.
- Lahoti, J. (2017). An analytical study on perception of investors towards Gold as an investment option. *Indian Journal of Research*, 6(3), 571-572.
- Paranjpye, R., Ambhore, A., & Raghuvanshi, B. (2020). Gold Investment - Perception & Preference of Consumers. *Journal of Emerging Technologies and Innovative Research (JETIR)*, 7(9), 612-617.
- Shobha C. V. (2017). A study on gold as a safer investment alternative among small and medium investors with special reference to Kozhikode district. *International Journal of Research Granthaalayah*, 5(11), 27-45.