PROJECT REPORT

ON

GOLD AS AN INVESTABLE COMMODITY- A STUDY WITH REFERENCE TO KODUNGALLUR TALUK

Submitted by

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2022-2024

CERTIFICATE ON PLAGIARISM CHECK

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1.	Name of the Research Scholar/Student	**SABINI K S**		
2.	Title of the Thesis/paper	Gold As an Investable Commodity- A Study with Reference to Kodungallur Taluk		
3.	Name of the supervisor	**Dr. RAMISHA K C**		
4.	Category	Master’s Thesis		
5.	Department/institution	PG Department of Commerce and Management Studies		
6.		Introduction / Review of literature	Materials and Methods	Results/ Discussion/summary Conclusion
7.	Similar content (%) identified	-	-	-
	In case Overall similarity (%)	8%		
8.	Revised Check			
9.	Similar content (%) identified	8%		
10	Acceptable Maximum limit			
11	Software used	**Checker X**		
12	Date of Verification	19/06/2024		

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This is to certify that the project report entitled **"GOLD AS AN INVESTABLE COMMODITY- A STUDY WITH REFERENCE TO KODUNGALLUR TALUK"** is a bonafide record of the work done by **SABINI K S** in partial fulfillment of the requirement for the award of the degree of Master of Commerce from the University of Calicut. This is an independent work done under my supervision and guidance.

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DECLARATION

I hereby declare that this report entitled **"GOLD AS AN INVESTABLE COMMODITY- A STUDY WITH REFERENCE TO KODUNGALLUR TALUK"** has been done by me under the guidance of **Dr. Ramisha K C**, Assistant Professor, PG Department of Commerce & Management Studies, M.E.S Asmabi College, P. Vemballur in partial fulfillment of the requirement of the Degree of Master of Commerce. I further declare that this work has not previously formed the basis for the award of any academic qualifications, associate ship, fellowship or other similar title of any other University or Board.

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ACKNOWLEDGEMENT

This report for the partial fulfillment or the requirement for the award of the degree of Master of Commerce has been made possible through the direct and indirect co-ordination of various persons. It gave me immense pleasure to mention the names of those people who made my dissertation possible. Since its immense gratitude, I acknowledge all those whose guidance and encouragement served as a beacon light' and crowned by efforts with success.

I sincerely thank **Dr. Reena Mohamed P M**, the Principal of M.E.S Asmabi College, P. Vemballur, and **Dr. K P Sumedhan,** Director, Selffinancing Courses, PG Department of Commerce, for allowing me to take up the study and for the advice and support for completing this project.

I sincerely express my deep gratitude to my respected project guide **Dr. Ramisha K C,** Asst. Professor, PG Department of Commerce, MES Asmabi College, P. Vemballur for giving me valuable suggestions, guidance, support, and advice throughout the execution of the project.

I wish to express my sincere thanks to **all teaching and non-teaching staff** of M.E.S Asmabi College, P. Vemballur, for their moral support and motivation.

I also express my deep gratitude to **my family members and friends**, who gave constant support throughout the completion of the project.

Above all I thank the **lord almighty** for giving me new insights, courage, and wisdom, to take up this project and complete it successfully.

SABINI K S

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INTRODUCTION

Gold holds a unique place in the cultural and economic fabric of Kerala, often seen as a symbol of wealth, prosperity, and social status. The investment behavior surrounding gold in Kerala is deeply rooted in tradition, yet it is influenced by modern economic factors and global market trends. Understanding the intricacies of gold investment behavior in this region requires an exploration of both historical contexts and contemporary dynamics.

In Kerala, gold is not only an investment commodity but also an integral part of social customs and traditions, particularly in the form of jewelry given during weddings and other significant life events. This dual role of gold-as a cultural artifact and a financial asset—makes its investment behavior complex and multifaceted. Furthermore, Kerala's economy, marked by high levels of remittances from its extensive diaspora, contributes to the state's significant purchasing power and propensity to invest in gold.

The state's gold investment patterns are influenced by various factors, including socio-demographic characteristics, economic conditions, and psychological motivations. Socio-demographic factors such as age, income, education, and occupation play crucial roles in shaping investment preferences. Additionally, economic factors like inflation rates, interest rates, and currency fluctuations impact the perceived value and attractiveness of gold as an investment. Psychological factors, including risk aversion, perceived security, and cultural beliefs, further influence investment decisions.

Gold has long been regarded as a precious metal with intrinsic value, deeply embedded in the cultural, economic, and financial landscapes across the world. Its appeal spans centuries, with historical significance as a symbol of wealth, a medium of exchange, and a safeguard against economic uncertainty. In contemporary times, gold continues to hold a pivotal role in the investment portfolios of both individual and institutional investors.

The attract of gold as an investable commodity is multifaceted. It is often viewed as a hedge against inflation, currency fluctuations, and market volatility, providing a sense of security in uncertain economic conditions. Unlike other assets, gold maintains its value over time and often appreciates when other investments falter, making it a popular choice during periods of financial instability.

As an investment, gold offers diverse forms of ownership and trading, from physical gold like coins and bullion to financial instruments such as exchange-traded funds (ETFs) and futures contracts. This versatility makes it accessible to a broad range of investors, from those seeking long-term security to speculators looking for short-term gains.

However, the decision to invest in gold is influenced by several factors, including individual financial goals, risk tolerance, and socio-demographic characteristics such as age, income level, and education. Understanding these influences is crucial for financial advisors and policymakers to tailor investment strategies and guidance effectively.

This study aims to understanding the investment behavior of gold among people of Kodungallur taluk by examining the interplay of these diverse factors. By understanding the unique investment behavior in this region, the research seeks to provide valuable insights for investors, financial advisors, and policymakers, helping them to better cater to the needs and preferences of gold investors.

STATEMENT OF PROBLEM

Gold has long been a cornerstone of wealth and cultural heritage in Kerala, reflecting both traditional values and economic security. Despite its historical significance and the prevalent practice of gold investment among Keralites, there is a lack of comprehensive understanding of the factors driving this behavior in the modern context. As of 2023, India is one of the largest consumers of gold globally, with Kerala contributing significantly to this demand. According to the World Gold Council, India’s gold consumption was approximately 700 tonnes in 2022, with Kerala accounting for a substantial portion due to its high per capita gold ownership and strong cultural affinity for gold.

The demand for gold is driven by a variety of factors including cultural practices, economic trends, and geopolitical events. In many cultures, gold is not only a form of investment but also a symbol of social status and a traditional gift during significant life events. Economically, the metal is perceived as a reliable store of value, especially in markets with high inflation or depreciating currencies.

Despite the considerable volume of gold investments, there remains an evident gap in understanding how various factors such as socio-demographics, economic conditions, and psychological motivations influence gold investment decisions among customers in Kerala. Existing studies have typically focused on broader national trends, often overlooking regional specifics. This study seeks to address this gap by investigating the unique investment behavior of Keralites, considering the state's distinctive cultural practices, economic environment, and the impact of global gold market trends. With the advent of digital investment platforms and changing economic scenarios, the traditional patterns of gold investment are evolving. Understanding these shifts is crucial for financial planners, policymakers, and investors themselves. By examining the nuances of gold investment behavior in Kerala, this study aims to provide valuable insights into the factors influencing these decisions, the preferred modes of investment, and the overall satisfaction levels of investors.

OBJECTIVES OF THE STUDY

1. To identify the major factors influencing customers to buy and invest in gold.
2. To examine the association between the percentage of income invested and the preferred period for investment in gold.
3. To know the satisfaction level of gold investors of Kodungallur thaluk
4. To examine the influence of socio-demographic factors on the satisfaction of gold investments.

HYPOTHESIS OF THE STUDY

1. H01: There is no association between percentage of income used for savings and preferred period for investing in gold.
2. H02: There is no association between demographic factors and satisfaction of gold investment

SIGNIFICANCE OF THE STUDY

The significance of this study lies in its potential to provide comprehensive insights into gold investment behavior among diverse customer segments. By examining the relationship between the percentage of income invested and preferred investment periods, the research can uncover patterns that may guide investors in optimizing their investment strategies. Understanding the major factors that influence customers to buy and invest in gold can help financial advisors tailor their advice and products to better meet client needs. Furthermore, exploring the impact of socio-demographic factors on investment satisfaction can inform policymakers and financial institutions on how to address the varying preferences and concerns of different demographic groups. This study not only contributes to academic knowledge but also has practical implications for enhancing the effectiveness of investment guidance, fostering more informed decision-making, and ultimately supporting the financial well-being of investors.

SCOPE OF THE STUDY

The scope of this study encompasses an in-depth analysis of gold investment behaviors, focusing on the association between income allocation and investment duration, the primary factors motivating gold purchases, and the impact of socio-demographic variables on investor satisfaction. The research will target a diverse demographic to capture a wide range of perspectives and preferences, providing a holistic understanding of the dynamics at play in gold investment decisions. This study aims to offer valuable insights for investors, financial advisors, and policymakers, contributing to more tailored and effective investment strategies. This study was conducted among 100 people of Kodungallur Taluk.

RESEARCH METHODOLOGY

A scientific approach to the research methodology is very much essential to evaluating the research problem systematically. Primary and secondary data were collected for the study.

Primary Data

The primary data were collected from 100 Respondents of Kodungallur area, through a well framed questionnaire.

Secondary Data

The secondary data were collected from thesis works, related articles, books, journals and websites.

Population

The gold investors of Kodungallur thaluk.

Sample Size

The sample size is 100.

Sampling Techniques

Convenience sampling technique is used to select the samples.

Tool of Data Collection

The tool used to collect data from the respondents is a well structured questionnaire.

Tools of Data Analysis

The collected data were analyzed with the help of statistical tools like percentage, weighted mean, chi – square test, Anova, t-test etc

Tools of Presentation

The data were presented through certain graphs, tables, charts etc…

LIMITATIONS OF THE STUDY

1. The sample size is limited to 100 .
2. Data is collected through Convenience sampling method.

CHAPTER SCHEME

Chapter 1 : Introduction

Chapter 2: Review of Literature

Chapter 3: Theoretical Framework

Chapter 4: Data analysis and Interpretation

Chapter 5: Findings, Suggesting and Conclusion

REVIEW OF LITERATURE

A literature review presents the current knowledge including substantive findings as well as theoretical and methodological contributions to a particular topic. The literature review is important because it describes how the proposed research is related to prior research in statistics.

Smith et al. (2023) explored the evolving dynamics of gold investments in the context of global economic instability. They found that gold remains a preferred safe-haven asset, particularly during periods of high market volatility and geopolitical tension. Their research highlights a growing trend among millennials to include gold in their investment portfolios as a hedge against inflation and currency fluctuations.

Johnson and Lee (2020) conducted a study on the behavioral factors influencing gold investments among different age groups. They discovered that older investors are more likely to invest in physical gold, such as coins and bullion, whereas younger investors prefer gold ETFs and digital gold platforms. The study emphasizes the role of technological advancements in shaping modern investment preferences.

Patel and Rao (2018) examined the impact of economic policies on gold investment patterns in emerging markets. They concluded that policy changes, such as adjustments in interest rates and tax policies, significantly affect gold demand. Their findings suggest that investors in emerging markets view gold as a reliable asset to safeguard their wealth against economic policy shifts.

Anderson (2016) investigated the cultural significance of gold investments in Asian markets. He found that cultural practices and traditions heavily influence gold investment behaviors in countries like India and China. The study reveals that gold is often purchased not just as an investment but also for its cultural and ceremonial value, affecting the overall demand and market trends.

Miller and White (2015) analyzed the role of gold in diversified investment portfolios. They demonstrated that gold's low correlation with other asset classes makes it an effective tool for risk management. Their research showed that adding gold to a portfolio can enhance overall returns and reduce volatility, especially during economic downturns.

Davies and Zhang (2014) explored the psychological factors driving gold investments. They identified that investor sentiment and market psychology play crucial roles in gold market dynamics. Their study highlights that during times of economic uncertainty, fear and risk aversion significantly drive up gold prices as investors flock to this perceived safe-haven asset.

Clark (2013) conducted a comprehensive study on the historical performance of gold as an investment. He found that gold has consistently outperformed other asset classes during periods of high inflation and economic turmoil. The study underscores the importance of understanding historical trends to make informed investment decisions in gold.

Huang et al. (2012) investigated the influence of macroeconomic indicators on gold prices. They concluded that factors such as inflation rates, currency exchange rates, and interest rates have a profound impact on gold prices. Their research provides valuable insights for investors seeking to predict gold price movements based on macroeconomic trends.

Wilson and Brown (2011) examined the impact of global financial crises on gold investment behavior. They found that during financial crises, gold demand spikes as investors seek stability and security. Their study highlights the role of gold as a financial refuge during times of widespread economic distress.

Nguyen and Pham (2009) studied the demographic factors influencing gold investments in Southeast Asia. They discovered that income levels, education, and cultural background significantly affect investment choices. Their findings suggest that targeted financial education could help broaden gold investment participation across different demographic groups.

Garcia and Martinez (2008) analyzed the performance of gold relative to other commodities. They found that gold's unique properties, such as its limited supply and intrinsic value, make it a superior investment compared to other commodities like oil and agricultural products. The study highlights gold's role as a strategic asset in investment portfolios.

Baker and Wurgler (2006) conducted an early study on the sentiment-driven dynamics of gold investments. They identified that investor sentiment, influenced by media coverage and market rumors, can lead to significant fluctuations in gold prices. Their research emphasizes the need for investors to consider both fundamental and psychological factors when investing in gold.

RESEARCH GAP

The present study addresses significant gaps in understanding gold investment behaviour by integrating socio-demographic, economic, psychological, and cultural factors. Unlike previous segmented studies, our comprehensive approach explores how these factors collectively influence investors in Kerala, a region known for its unique economic and cultural landscape. We provide contemporary insights amidst global economic shifts and digital investment trends, focusing on Kerala’s significant role in India’s gold consumption. The findings of the study offer actionable recommendations for financial planners and policymakers, aiming to improve investment strategies and economic outcomes for Kerala’s gold investors

SAVINGS

Savings are essential for personal financial security and economic stability, providing a safety net for unexpected expenses and enabling long-term investments like home purchases, education, and retirement. By setting aside a portion of income, individuals can avoid reliance on high-interest debt during emergencies and achieve significant financial goals. Moreover, savings contribute to economic growth by supplying banks with capital to lend, which fuels business expansions and consumer spending. Cultivating a habit of saving, supported by financial education and incentives, ensures that individuals and economies are better prepared for the future.

Investment

Investment is the act of allocating resources, usually money, with the expectation of generating income or profit. It involves purchasing assets like stocks, bonds, gold, real estate, or starting a business, with the aim of earning returns over time. The core principle of investing is to put capital to work now in order to reap benefits in the future, balancing potential risks with expected rewards. Successful investment requires careful analysis, diversification, and an understanding of market trends and economic factors. Ultimately, investment is a key driver of economic growth and personal financial stability.

Investment Alternatives

Investing offers a broad spectrum of alternatives, each catering to different risk appetites and financial goals. Stocks represent ownership in companies and can yield high returns through capital appreciation and dividends, but they come with significant volatility and the risk of loss. Bonds, on the other hand, are debt instruments issued by governments or corporations, providing regular interest payments and generally lower risk, though with typically lower returns compared to stocks. Mutual funds pool money from numerous investors to create a diversified portfolio managed by professionals, offering diversification and accessibility but at the cost of management fees. Similarly, ETFs provide diversified exposure but with more trading flexibility and usually lower fees. Real estate investment involves purchasing property for rental income or potential appreciation, offering tangible asset ownership and tax benefits but requiring significant capital and management effort. Commodities like gold, oil, and agricultural products can serve as a hedge against inflation and offer diversification, though they are often highly volatile and don’t generate income. Cryptocurrencies are a newer, highly volatile asset class that offers high return potential and decentralization benefits but carries substantial regulatory and security risks. For conservative investors, savings accounts and CDs provide safe, FDIC-insured options with guaranteed returns, though these are typically low and may not keep pace with inflation. Peer-to-peer lending allows investors to lend directly to individuals or small businesses, offering higher potential returns but with increased credit risk. Hedge funds and private equity are high-risk, high-reward options that employ complex strategies, usually accessible only to accredited investors. Finally, annuities provide a steady income stream, often used for retirement, with tax-deferred growth, but they come with fees and lower liquidity. Diversifying across these investment types can help balance risk and reward, aligning with individual financial goals.

Introduction to Investment Theories

Investing is a complex activity influenced by various factors including economic conditions, psychological motives, and individual circumstances. To understand the investment behavior of individuals, particularly in the context of gold as an investable commodity, it is essential to explore several key theories that provide a foundation for analyzing and interpreting these behaviors. This section will introduce and elaborate on major investment theories, offering insights into how they apply to gold investment in Kerala.

Modern Portfolio Theory (MPT)

Modern Portfolio Theory (MPT), developed by Harry Markowitz in 1952, is a framework for constructing a portfolio of assets that maximizes expected return for a given level of risk. It emphasizes diversification to reduce risk without sacrificing potential returns. MPT's key concepts include diversification, the efficient frontier, and the risk-return trade-off. In the context of gold investment, MPT suggests that including gold in a diversified portfolio can minimize overall risk due to its low correlation with other asset classes, potentially improving the portfolio's risk-adjusted returns.

Behavioral Finance Theory

Behavioral Finance Theory, developed by researchers such as Daniel Kahneman and Amos Tversky in 1979, explores how psychological factors and cognitive biases influence investors' decisions. This theory challenges the notion of rational behavior posited by traditional financial theories. Key concepts in behavioral finance include prospect theory, overconfidence, and herd behavior. In relation to gold investment, behavioral biases can lead investors to flock to gold as a "safe haven" during economic uncertainty, driven by fear and herd behavior rather than rational analysis.

Efficient Market Hypothesis (EMH)

The Efficient Market Hypothesis (EMH), proposed by Eugene Fama in 1970, asserts that financial markets are "informationally efficient," meaning that asset prices reflect all available information at any given time. Therefore, it is impossible to consistently achieve higher returns than the overall market through stock selection or market timing. In terms of gold investment, EMH implies that the price of gold should reflect all known information, making it difficult to predict future price movements and outperform the market based on available data.

Life-Cycle Hypothesis (LCH)

The Life-Cycle Hypothesis (LCH), developed by Franco Modigliani and Richard Brumberg in 1954, suggests that individuals plan their consumption and savings behavior over their lifetime, aiming to smooth consumption by saving during their working years and dis-saving during retirement. In the context of gold investment, this hypothesis can explain why individuals might increase their gold holdings as a stable store of value during their working years and gradually liquidate these assets during retirement for consumption needs.

Prospect Theory

Prospect Theory, developed by Daniel Kahneman and Amos Tversky in 1979, describes how people choose between probabilistic alternatives that involve risk, where the probabilities of outcomes are uncertain. Key aspects of this theory include loss aversion, reference points, and the certainty effect. Investors may prefer gold due to its perceived stability and security, especially in times of economic turmoil, reflecting a bias towards loss aversion and the certainty effect.

Capital Asset Pricing Model (CAPM)

The Capital Asset Pricing Model (CAPM), developed by William Sharpe, John Lintner, and Jan Mossin in the mid-1960s, describes the relationship between systematic risk and expected return for assets, particularly stocks. It includes concepts such as systematic risk (beta), the risk-free rate, and the market risk premium. Although CAPM is typically applied to stocks, it can also inform gold investment decisions by evaluating the expected return of gold relative to its systematic risk.

History of Gold.

Gold has played a crucial role in India's cultural and economic landscape throughout its history. It has long been regarded as a symbol of wealth, prosperity, and spiritual significance. The ancient Indus Valley civilization engaged in gold trading, and historical texts and epics often highlight its sacred value. Numerous dynasties minted gold coins to demonstrate their power and influence. During both the medieval and colonial eras, gold was commonly used in trade and as decorative jewelry. Following India's independence, gold maintained its cultural importance, especially in weddings and festivals. Today, India stands as one of the world's largest gold consumers, with regulations in place to manage its import and distribution. Gold remains a treasured and valued metal in Indian society.

VARIOUS AVENUES OF GOLD INVESTMENT AND RETURNS ON GOLD INVESTMENT

Gold jewelry serves not only as adornment but also as a financial safety net during emergencies. Historically, buying gold has been a traditional method of financial support. There are two primary ways to own gold: physical and paper. Physical gold can be purchased as jewelry, coins, or gold bars. In its paper form, gold can be acquired through gold exchange-traded funds (ETFs) and sovereign gold bonds (SGBs). Additionally, gold mutual funds, which often invest in gold ETFs, provide another avenue for investment. Some gold mutual funds also invest in shares of international gold mining companies.

To buy physical gold, individuals often visit local jewelers. However, following the COVID-19 pandemic, many reputable jewelers have begun offering the option to purchase gold jewelry online through their websites. Payment apps like Paytm, PhonePe, and Google Pay have also partnered with gold jewelers to sell gold coins.

Indians have a strong affinity for gold, but owning gold jewelry comes with concerns about safety, high costs, and outdated designs. Additionally, making charges can add to the expense, varying based on the design and whether the piece is handmade or machine-made. Intricate designs typically incur higher making charges.

Despite these challenges, the Indian obsession with gold remains strong. This enduring interest can be beneficial for investment portfolios, as gold provides a balance to equity and debt investments. However, it's crucial to understand past gold returns and the characteristics of gold as an asset before adding it to a portfolio. Choosing the right investment method is essential to maximize returns from gold.

Gold prices are influenced by fluctuations in demand and supply. Key players in the gold market include retail jewelry buyers, investors in bars and coins, ETFs, central banks, gold holders, and miners. Each of these players impacts the demand-supply balance in different, often opposing ways, affecting gold prices.

Key Factors Influence Gold Prices

Consumer Behavior: Customers looking to buy gold ornaments are likely to delay purchases when gold prices are high but rush to buy when prices drop.

Investor Activity: Investors in coins, bars, and ETFs tend to increase their purchases when gold prices rise or when gold returns improve. This heightened investor demand often leads gold ETFs to also boost their purchases.

Central Bank Reserves: Central banks around the world hold significant gold reserves. According to the World Gold Council, central banks accumulated 463 tons of gold in 2021, an 82% increase from the total in 2020, raising global reserves to a near 30-year high.

Industrial and Medical Uses: Gold is also used in various industrial and medical devices, though this constitutes a smaller portion of demand and has a relatively minor impact on gold returns.

On the supply side, several factors significantly influence gold prices:

Recycling of Old Gold: Owners holding gold may choose to sell and recycle old gold, especially when prices are high, contributing to the overall supply.

Gold Mining: Gold miners adjust their output based on gold returns, prices, and demand. Over time, extracting new gold is likely to become more difficult, costly, and hazardous, potentially limiting supply in the long term.

Global Equity Markets: Beyond basic supply and demand, the primary driver of gold prices and returns is the state of global equity markets. During periods of geopolitical instability and other macroeconomic concerns, investors often shift to a risk-off mode, seeking the safety of gold. This was evident in 2020 when the onset of the COVID-19 pandemic caused global stock markets to plummet, while gold prices surged, reaching a peak in August 2020.

TRADITIONAL VS MODERN GOLD INVESTMENT

Traditional gold investment involves the age-old practice of physically owning gold in the form of jewelry, coins, or bullion. This method entails purchasing gold from reliable sources and securely storing it. Traditional gold investments are often viewed as a safe haven during economic uncertainty because gold has historically retained its value and is considered a store of wealth. However, this approach requires physical storage, raising concerns about safety and liquidity, and it does not provide any income or dividends.

In contrast, modern gold investment involves financial instruments such as exchange-traded funds (ETFs), gold mutual funds, or gold mining stocks. These options offer exposure to gold prices without the need for physical ownership. Modern gold investments have several advantages, including ease of buying and selling, high liquidity, and the potential for diversification. Investors can conveniently trade gold electronically through brokerage accounts. Additionally, some modern gold investments, like mining stocks or gold-related instruments, offer the potential for income or dividends.

The Price of Gold: Supply and Demand

The price of gold is determined twice daily (at 10:30 am and 3 pm London Time) each business day on the London market by the five members of the London Gold Market Fixing Ltd. The main goal of this gold fixing process is to establish a price for settling contracts among members of the London bullion market. This process also provides a benchmark for pricing gold products and derivatives in global markets.

After World War I, the international gold standard of pre-war days could not be maintained. Since the greatest source of monetary demand for gold was in the United States, the value of gold became closely tied to the value of the US dollar.

FLUCTUATION IN GOLD RATE

Over time, there has been a theoretical and experimental connection between gold and other major expensive items. Some studies have shown a fixed and positive correlation between gold and the United States Dollar. A one percent change in the US general price level results in a one percent increase in the price of gold, making gold a potential long-term hedge against inflation. There is also a strong link between the prices of gold, silver, and crude oil. Although sudden events can disrupt this long-term relationship, it tends to gradually return to its norm.

In the short run, several factors significantly influence the price of gold. US inflation and its volatility, as well as credit risk, positively affect gold prices. On the other hand, higher interest rates, typically used as a regulatory response to significant inflation, generally impact the direction of gold prices.

RISKS ON INVESTING IN GOLD

Gold is not an essential commodity, as it cannot be consumed. Unlike stocks or real estate, gold investment does not provide current income, such as dividends or rental income, which allows investors to reap rewards without selling their assets. Additionally, when purchasing gold, investors must consider secure storage options. Keeping gold coins at home is akin to putting money under a mattress, which is unsafe. Some investors opt for safe deposit boxes at banks, while others purchase gold in a way that doesn't require physical possession, such as through a gold exchange-traded fund (ETF).

A study identified several risks associated with investing in gold. The highest scores were given to concerns such as the lack of regular returns, lower realizable value, and high making charges. Despite these issues, many people believe the benefits of owning gold outweigh the drawbacks, leading them to invest in it anyway.

TYPES OF GOLD INVESTMENT

1. Physical Gold

The traditional method of investing in gold involves purchasing it in physical form. Physical gold can be acquired in various forms, including coins, jewelry, ornaments, and bullion, which are considered the purest forms of gold. These types of investments are highly valued because they are not subject to adulteration and can be sold at any time.

However, the main issue with owning physical gold is the need for constant vigilance and secure storage. Ensuring the safety of physical gold is a significant concern, which is why many investors are now opting for alternative forms of gold investment that do not require physical possession.

2. Gold ETF

A Gold Exchange Traded Fund (Gold ETF) functions as a commodity-based mutual fund that invests in assets like gold and is traded on the stock exchange. These ETFs represent physical gold in both paper and dematerialized forms, allowing investors to gain exposure to gold without having to purchase the physical metal.

When investing in Gold ETFs, investors buy stocks rather than the actual gold, receiving units equivalent to cash. This option is ideal for those who want to enhance their income, enjoy flexibility, and benefit from the high liquidity of stock trading without holding physical gold. Regulated by the Securities and Exchange Board of India (SEBI), Gold ETFs offer safety and transparency for investors. They are a straightforward trading option that also provides portfolio diversification. However, to invest in Gold ETFs, it is necessary to have both a trading and a Demat account.

3. Sovereign Gold Bonds

Sovereign Gold Bonds (SGBs) are government securities issued in gold grams by the Reserve Bank of India (RBI) on behalf of the Government of India, serving as an alternative to physical gold. The RBI regulates the terms and conditions of these bonds, ensuring they are a safe and secure investment. The subscription periods for SGBs are pre-announced by the government through press releases, and bonds can only be purchased during these specified windows.

To purchase SGBs, applicants must provide their PAN card number issued by the Income Tax Department, which helps prevent forgery and ensures authenticity.

The minimum investment in SGBs is 1 gram of gold. The maximum investment limits are as follows:

- 4 kilograms for individuals
- 4 kilograms for hindu undivided families (huf)
- 20 kilograms for trusts and similar entities
- 4 kilograms per first applicant in the case of joint holdings

4. Gold Mutual Fund

A variant of Gold Exchange Traded Funds (ETFs), gold mutual funds are schemes that invest primarily in gold ETFs and other related assets. These funds track the value of gold ETFs, which, in turn, reflect the value of physical gold. The performance of gold mutual funds is directly linked to the performance of the underlying gold ETFs, meaning any change in the Net Asset Value (NAV) of the gold ETFs will directly impact the value of the gold mutual funds.

One significant difference between gold ETFs and gold mutual funds is that, for gold mutual funds, a Demat account is not required to conduct transactions.

Economic And Growth Reasons Pushing the Demands for Gold in India

In the current scenario, increased employment opportunities have led people to invest more of their savings into safe, reliable, and secure assets that can be readily accessed in times of need. With the exponential growth in income among Indian consumers, gold has become one of the most preferred investment assets in India, resulting in a significant surge in its demand.

In a recent research study, identified that the demand for gold has risen as a sustainable investment to counter inflationary situations currently affecting the country. According to statistics from various government agencies, the demand for gold in India was projected to be around 650 tonnes in 2017, compared to a 10-year average of 845 tonnes. The studies indicate that the high demand and investment in gold among Indian consumers are driven by increased savings and real income levels, rather than the price of the commodity.

In fact, the value of gold has appreciated significantly over the last decade, in line with international market trends. It is anticipated that India's GDP growth and economic development will further boost gold consumption and demand in the coming years.

High Inflation scenario and Performance of Gold

A high inflation scenario is characterized by double-digit inflation resulting from wage-price imbalances and tight monetary policies. This situation often leads to sharp monetary tightening and eventually to a recession. However, during the initial phase of this scenario, economic growth tends to be robust compared to baseline inflation levels. This is attributed to policy initiatives and a rapid recovery in consumer and business confidence, which in turn reduces spare capacity in the global economy, leading to inflationary pressures.

During periods of high inflation, the study suggests that gold tends to perform well. Specifically, in the United States, high inflation combined with a weaker dollar and negative interest rates have historically boosted the performance of gold. Additionally, as the global economy transitions towards a recession later in this scenario, gold receives further support due to increased financial stress. This rise in demand for gold during times of economic downturn is comparable in scale to what was observed during the recent global financial crisis.

Investing in gold is influenced by various economic, psychological, and individual factors, which can be understood through key investment theories such as Modern Portfolio Theory, Behavioral Finance, and the Efficient Market Hypothesis. Gold has a storied history in India, and its investment can take traditional forms like jewelry and coins or modern forms like ETFs and mutual funds. Gold prices are affected by supply-demand dynamics, global markets, and economic conditions, including high inflation. Despite certain risks, gold remains a popular investment for its potential stability and as a hedge against economic uncertainty, making it a valuable component of a diversified investment portfolio.

Profile of the Sample

The study is conducted to understand the investment behavior of people towards gold of among the Kodungallur. The profile of the sample is explained through the following samples.

Table 4.1

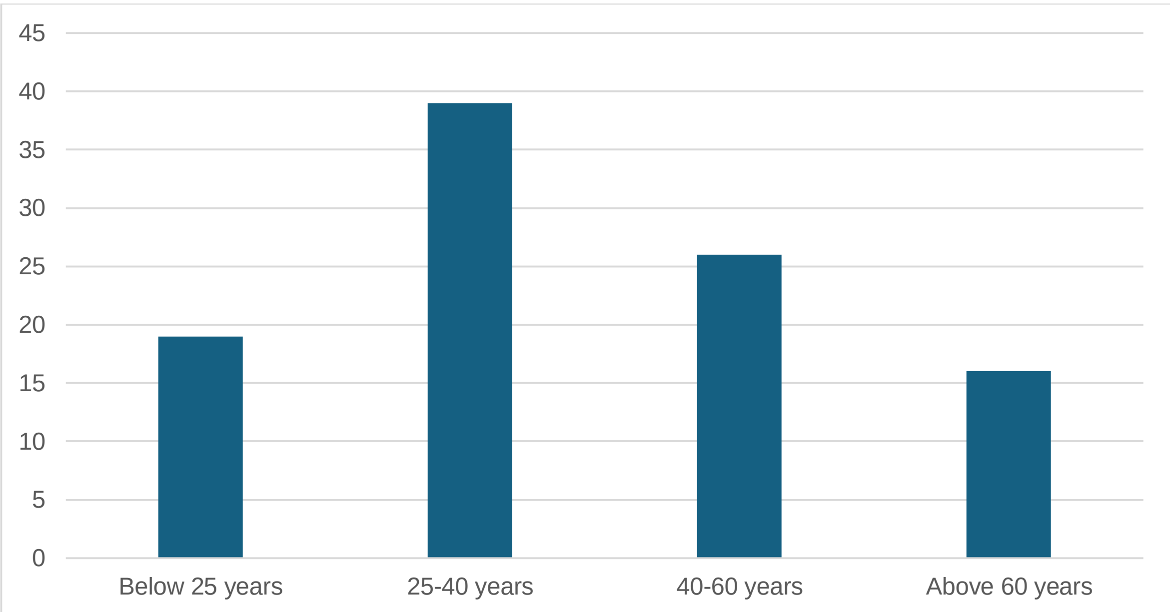
Age Distribution of Respondents

Variable	Frequency	Percentage
Below 25 years	19	19
25-40 years	39	39
40-60 years	26	26
Above 60 years	16	16
Total	**100**	**100**

Source: Primary data

Chart 4.1

Age Distribution of Respondents



Interpretation:

From the above table 39 % of respondents are in the age group of 25-40 years, 26% of Respondents are in the age group of 40-60 years, 19% of respondents are below 25 years and remaining 16% of respondents are above 60 years.

Table 4.2

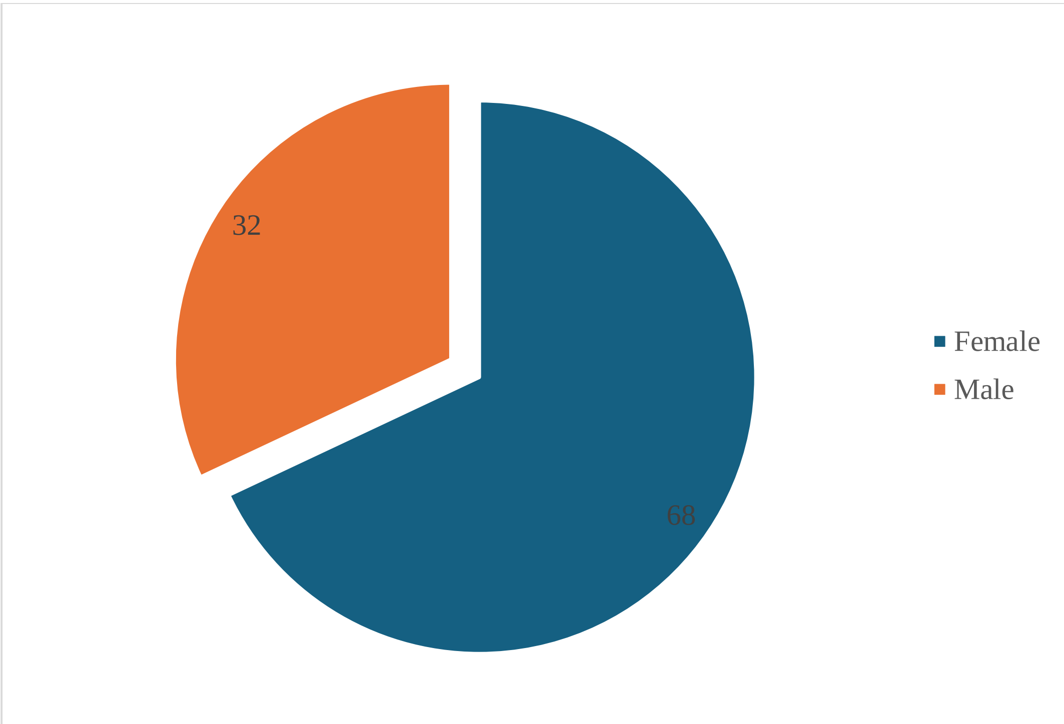
Gender Distribution of Respondents

Gender	Frequency	Percentage
Male	32	32
Female	68	68
Total	100	100

Source: Primary data

Chart 4.2

Gender Distribution of Respondents



Interpretation

The survey shows that 68% of respondents are female and 32% percentage are male

Table 4.3

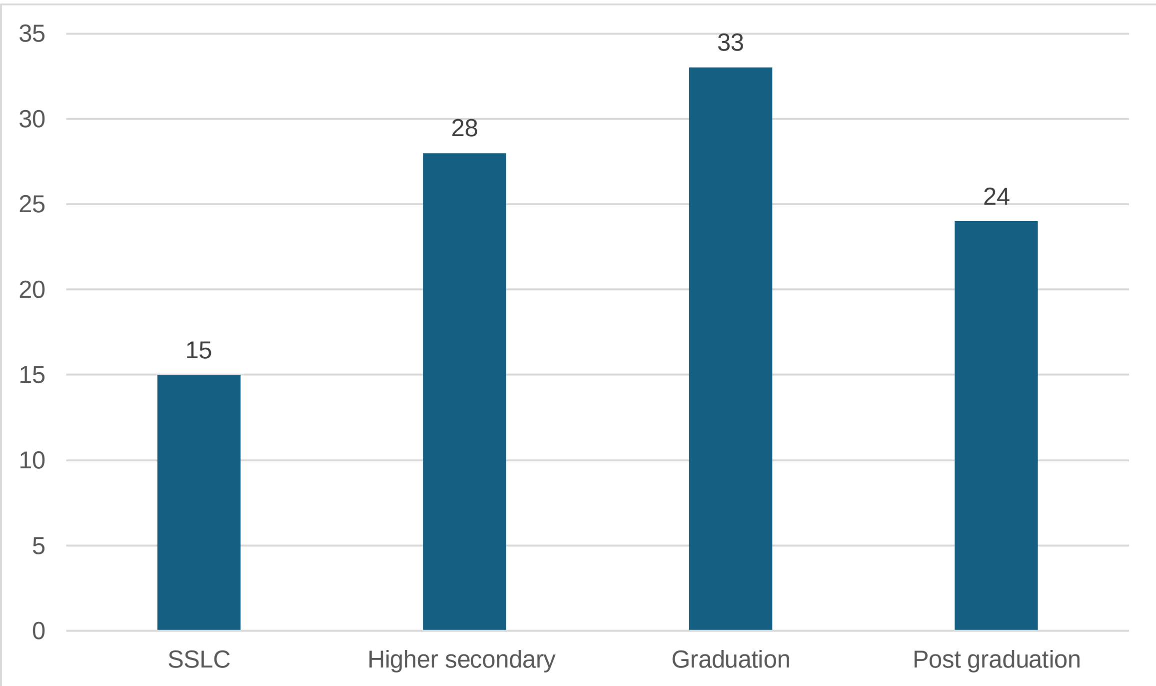
Educational Qualification of Respondents

Variable	Frequency	Percentage
SSLC	15	15
Higher secondary	28	28
Graduation	33	33
Post graduation	24	24
Total	**100**	**100**

Source: Primary data

Chart 4.3

Educational Qualification of Respondents



Interpretation

From the above diagram 4.3 shows that, 33% of respondents are graduates, 28% of respondents having higher secondary qualified, 24% of respondents are post graduates and the remaining 15% of respondents have other educational qualification.

Table 4.4

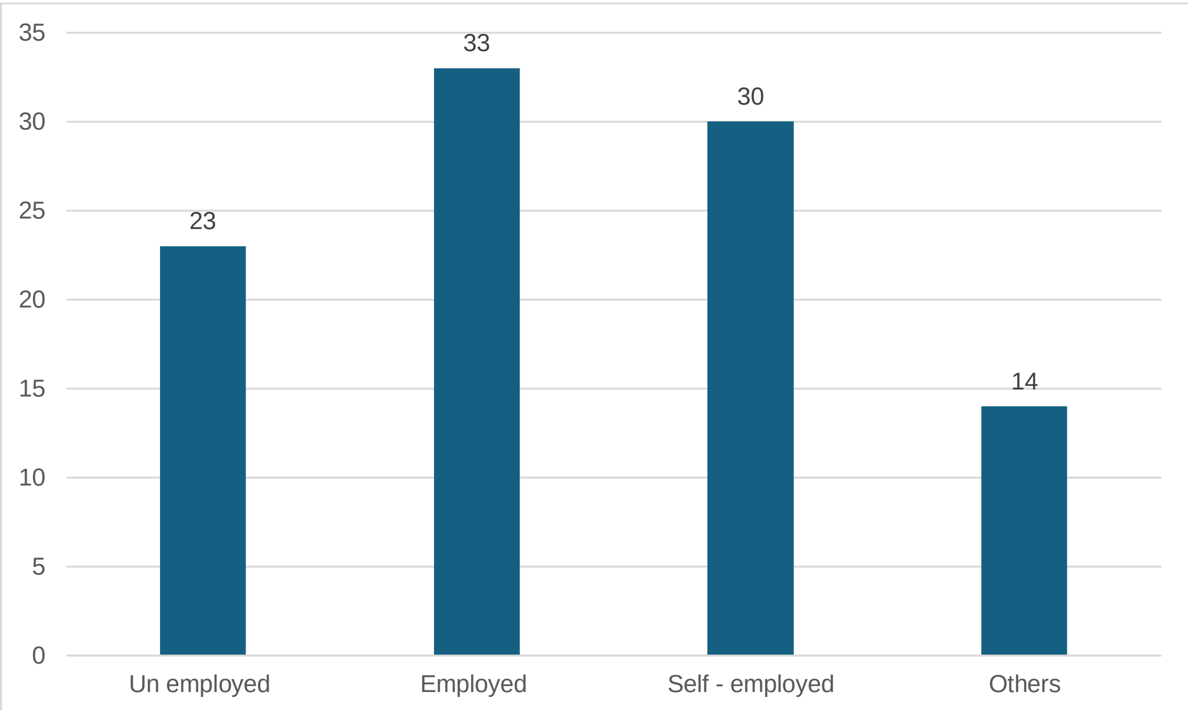
Occupation Distribution of Respondents

Variable	Frequency	Percentage
Un employed	23	23
Employed	33	33
Self - employed	30	30
Others	14	14
Total	**100**	**100**

Source: Primary data

Chart 4.4

Occupation Distribution of Respondents



Interpretation

From the chart 4.4, 33% of respondents are employed, 30% of respondents are self-employed, 23% of respondents are unemployed and the remaining 14% of respondents have other occupations.

Table 4.5

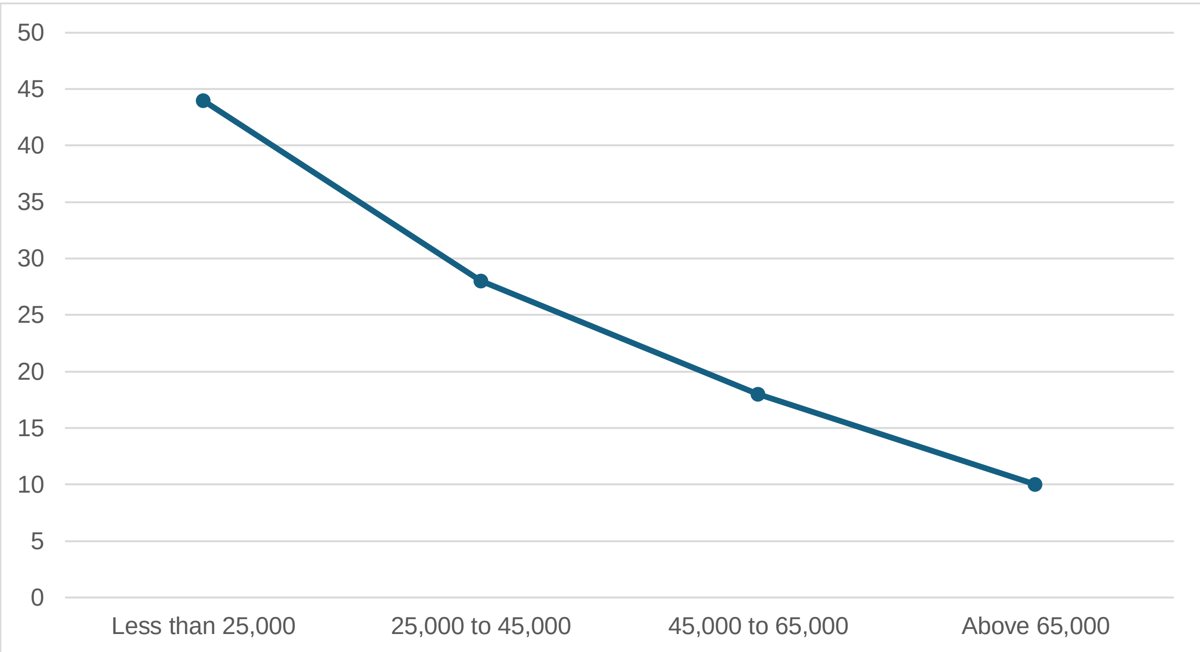
Monthly Income Distribution of Respondents

Variable	Frequency	Percentage
Less than 25,000	44	44
25,000 to 45,000	28	28
45,000 to 65,000	18	18
Above 65,000	10	10
Total	**100**	**100**

Source: Primary data

Chart 4.5

Monthly Income Distribution of Respondents



Interpretation

From the above table it is clear that 44% of the respondents monthly income is less than 25000, 28% of respondents monthly income are in the range between 25000 to 45000, 18% of respondents monthly income in the range between 45000 to 65000 and the 10% of respondents have above 65000 monthly income .

Table 4.6

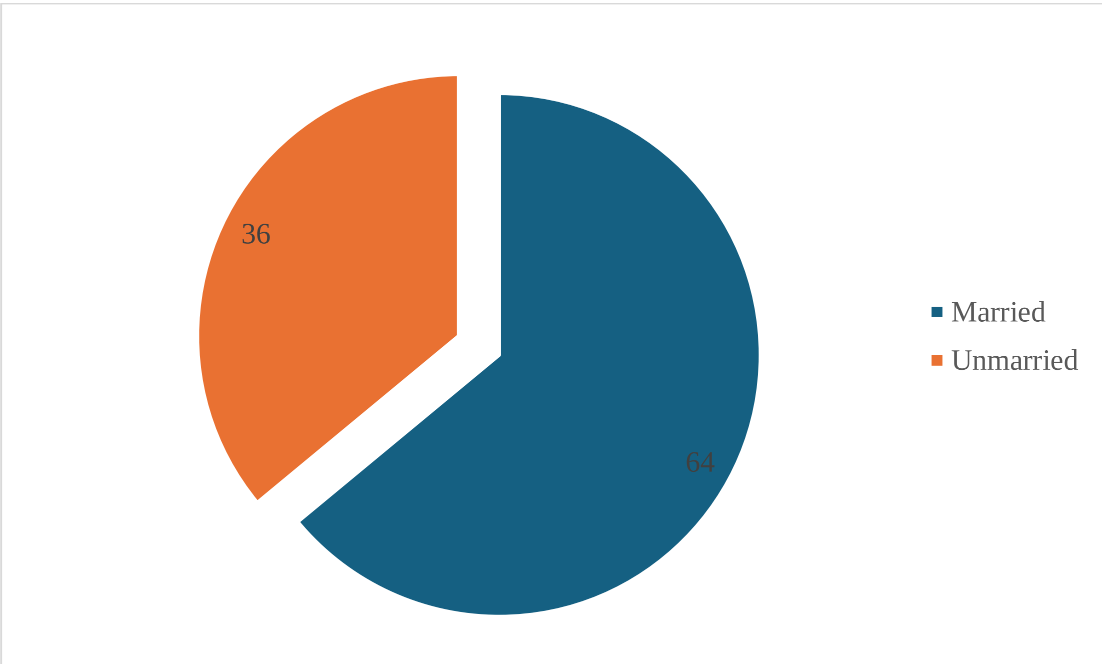
Marital Status Distribution of Respondents

Variable	Frequency	Percentage
Married	64	64%
Unmarried	36	36%
Total	**100**	**100**

Source: Primary data

Chart 4.6

Marital Status Distribution of Respondents



Interpretation

From the above chart 4.6 shows that, 64% of respondents are unmarried and the 36% of respondents are married.

Table 4.7

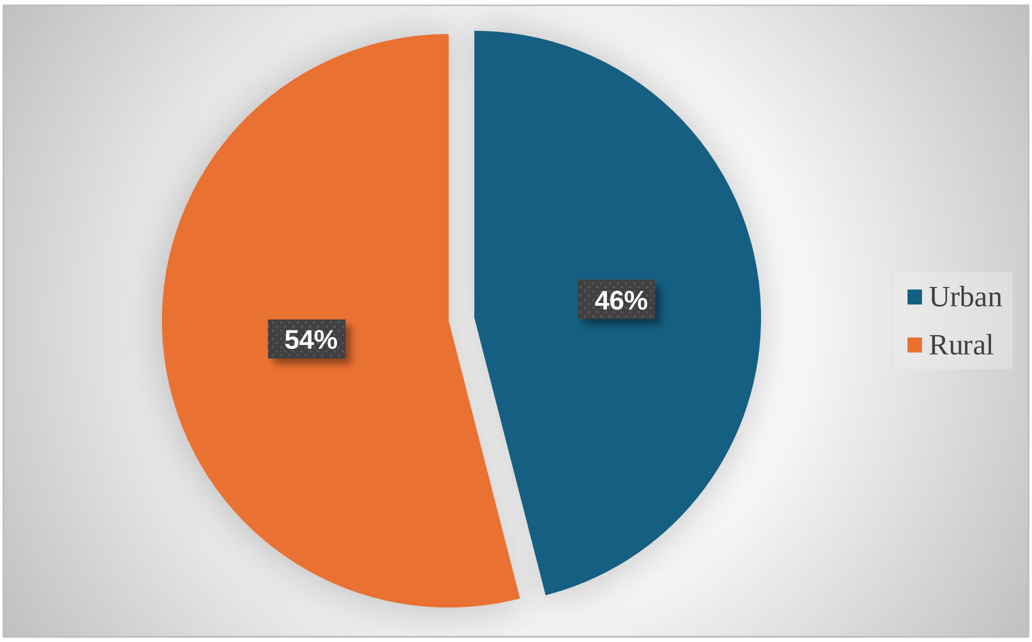
Area of Residence of Respondents

Variable	Frequency	Percentage
Urban	46	46%
Rural	54	54%
Total	**100**	**100**

Source: Primary data

Chart 4.7

Area of Residence of Respondents



Source: Primary data

Interpretation

From the above diagram 54% of respondents are from rural area and the remaining 46% of respondents are from urban area.

Table 4.8

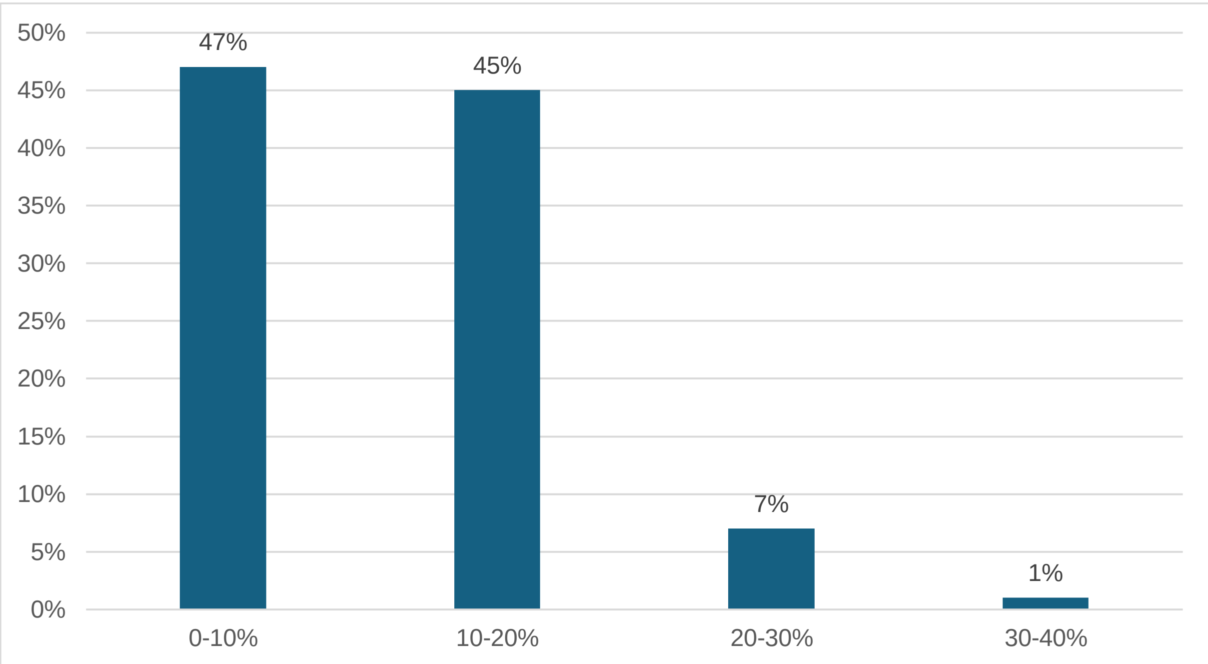
Percentage of Income Used for Savings

Variable	Frequency	Percentage
0-10%	47	47%
10-20%	45	45%
20-30%	7	7%
30-40%	1	1%
Total	**100**	**100**

Source: Primary data

Chart 4.8

Percentage of Income Used for Savings



Interpretation

From the above chart shows that, 47% of respondents allocate 0-10% of their income for savings, followed closely by 45% of respondents allocate 10-20% of their income for savings, 7% of respondents allocate 20 - 30% of their income for savings and the remaining 1% allocate 30 - 40% of their income for saving

Table 4.9

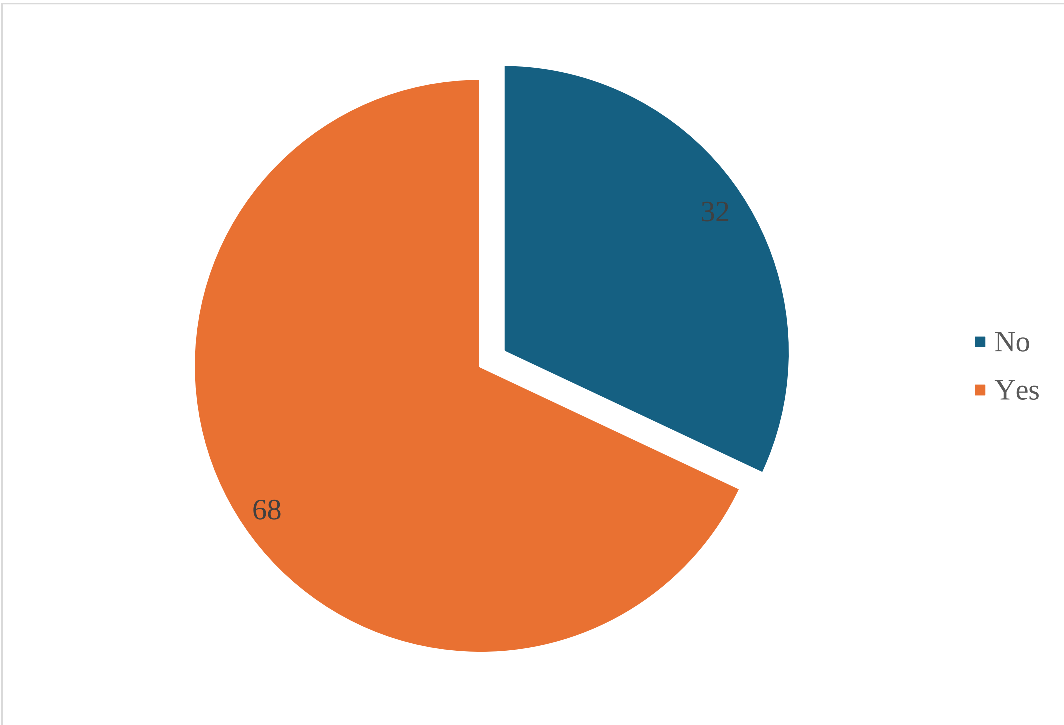
Table showing whether the respondents Investing in any Commodities

Variable	Frequency	Percentage
No	32	32%
Yes	68	68%
Total	**100**	**100**

Source: Primary data

Chart 4.9

Table showing whether the respondents Investing in any Commodities



Source: Primary data

Interpretation

From the chart it is clear that 68% of respondents are investing in commodities and the remaining 32% of respondents are does not investing in any commodities.

Table 4.10

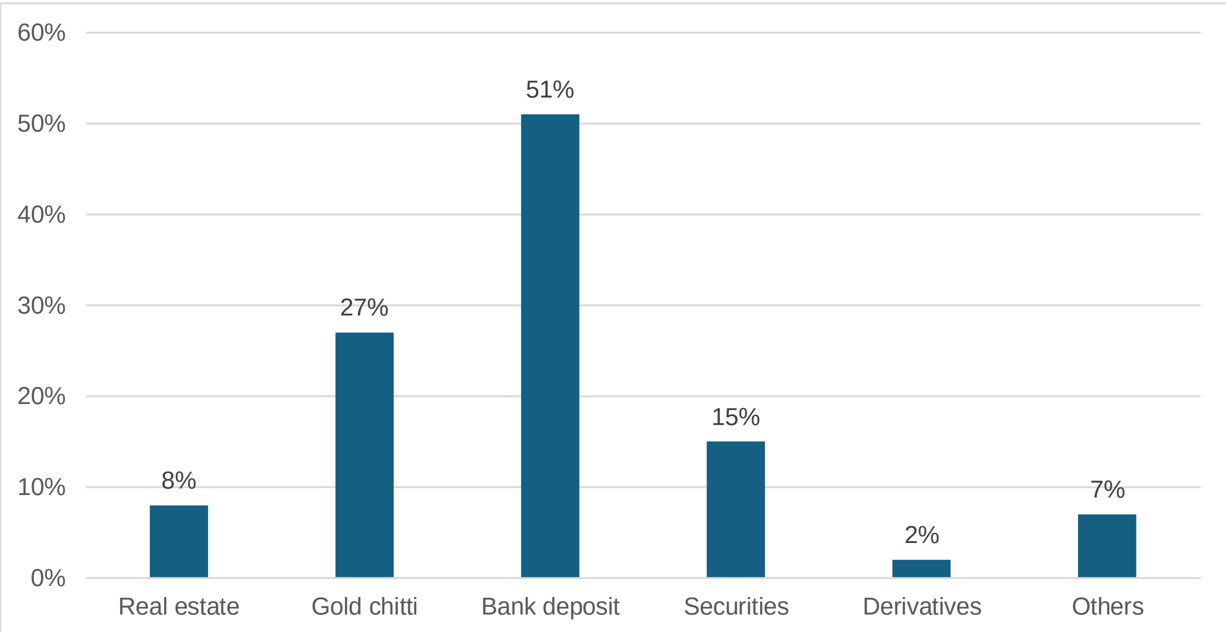
Major Avenues of Investment

Variable	Frequency	Percentage
Real estate	8	8%
Gold chitti	27	27%
Bank deposit	51	51%
Securities	15	15%
Derivatives	2	2%
Others	7	7%
Total	**100**	**100**

Source: Primary data

Chart 4.10

Major Avenues of Investment



Interpretation

From the above table 4.10, 51% of respondents are investing in banks, 27% of respondents are investing in gold chitti, 15% of respondents are investing in securities, 8% of respondents are investing in real estate, 7% of respondents are investing in other commodities and the remaining 1% of respondents are investing derivatives.

Table 4.11

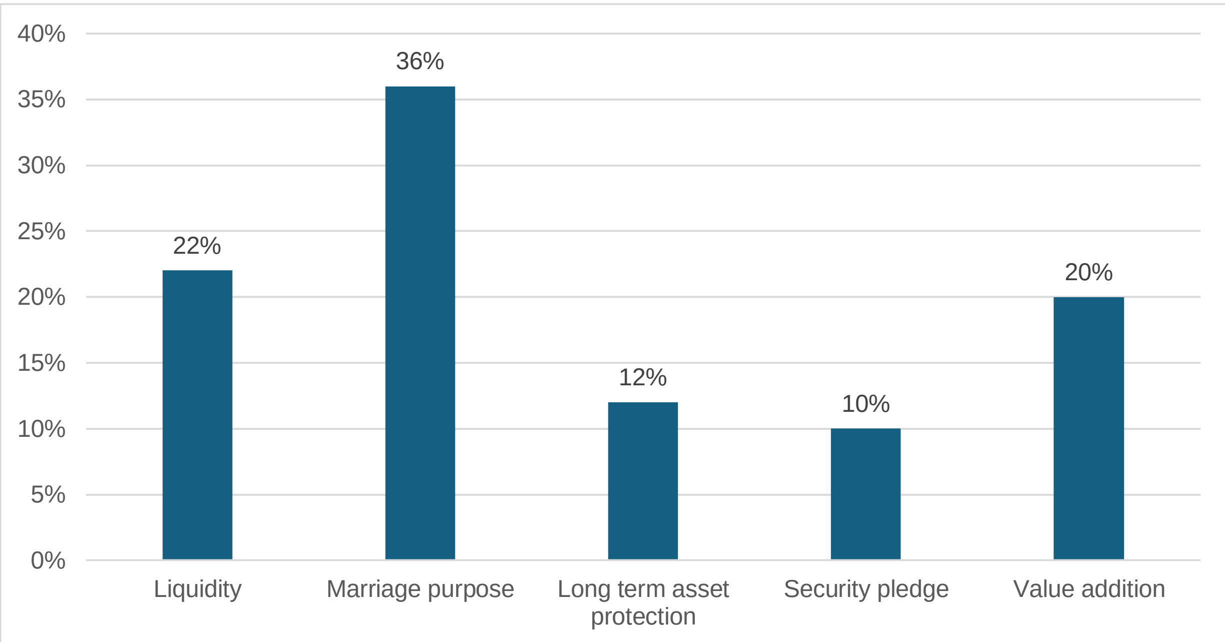
Purpose of Investment in Gold

Variable	Frequency	Percentage
Liquidity	22	22%
Marriage purpose	36	36%
Long term asset protection	12	12%
Security pledge	10	10%
Value addition	20	20%
Total	**100**	**100**

Source: Primary data

Chart 4.11

Purpose of Investment in Gold



Interpretation

From the chart 4.11 shows 36% of respondents invest in gold for marriage purpose, 22% of respondents invest in gold for liquidity, 20% of respondents invest in gold for value addition, 12% of respondents invest in gold for long term asset protection and the balance 10% of respondents invest in gold for security plegde.

Table 4.12

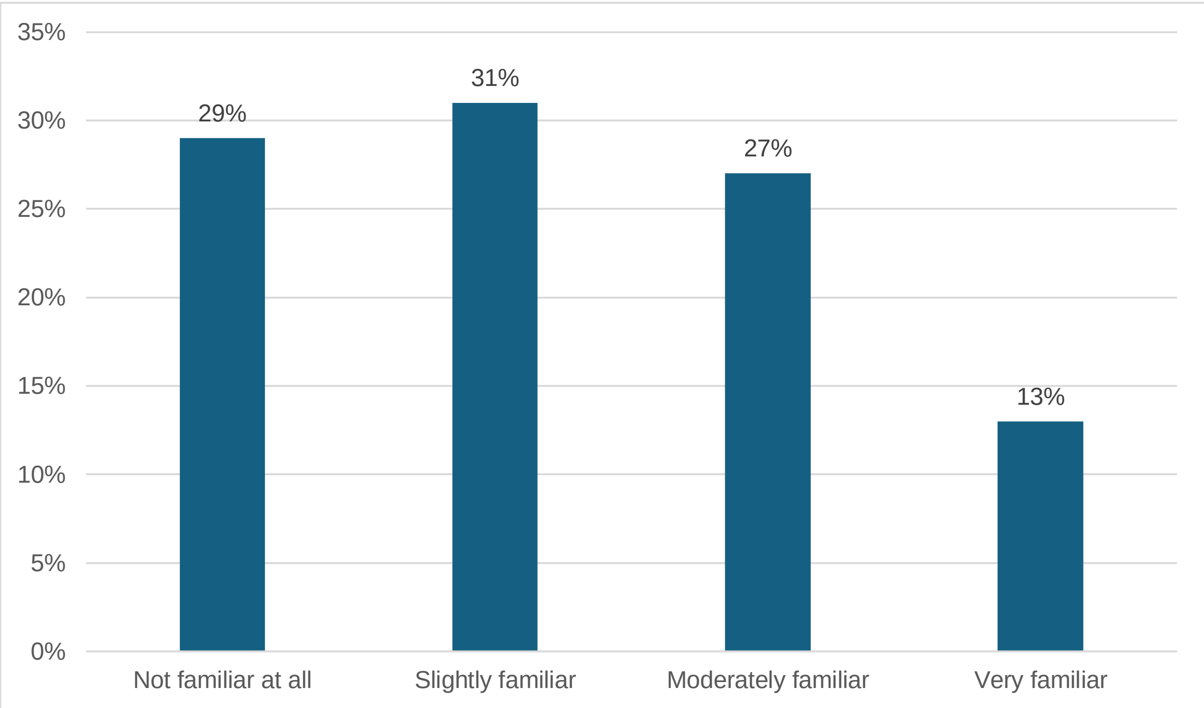
Awareness about Gold Investment Scheme

Variable	Frequency	Percentage
Not familiar at all	29	29%
Slightly familiar	31	31%
Moderately familiar	27	27%
Very familiar	13	13%
Total	**100**	**100**

Source: Primary data

Chart 4.12

Awareness about Gold Investment Scheme



Interpretation

From the above diagram 4.12 shows, 31% of respondents slightly familiar about the gold investment scheme, 29% of respondents are very familiar about the gold investment schemes, 27% of respondents are moderately familiar about the gold investment scheme and the remaining 13% of respondents are not familiar about the investment schemes.

Table 4.13

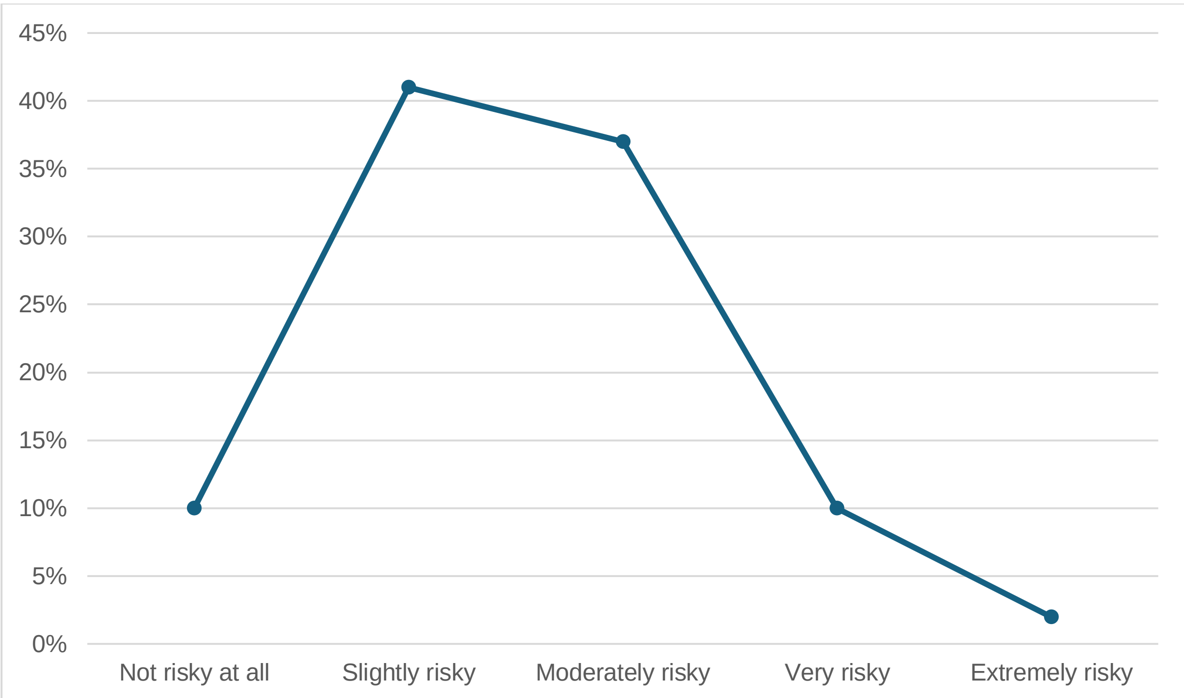
Perceived Risk of Investing in Gold

Variable	Frequency	Percentage
Not risky at all	10	10%
Slightly risky	41	41%
Moderately risky	37	37%
Very risky	10	10%
Extremely risky	2	2%
Total	**100**	**100**

Source: Primary data

Chart 4.13

Perceived Risk of Investing in Gold



Interpretation

41% of Respondents says that investing in gold is slightly risky, 37% of respondents say that investing in gold is moderately risky, 10% of respondents say that investing in gold is very risk while 10% respondents say that investing in gold is not at all risky and 2% of respondents say that investing in gold is extremely risky.

Table 4.14

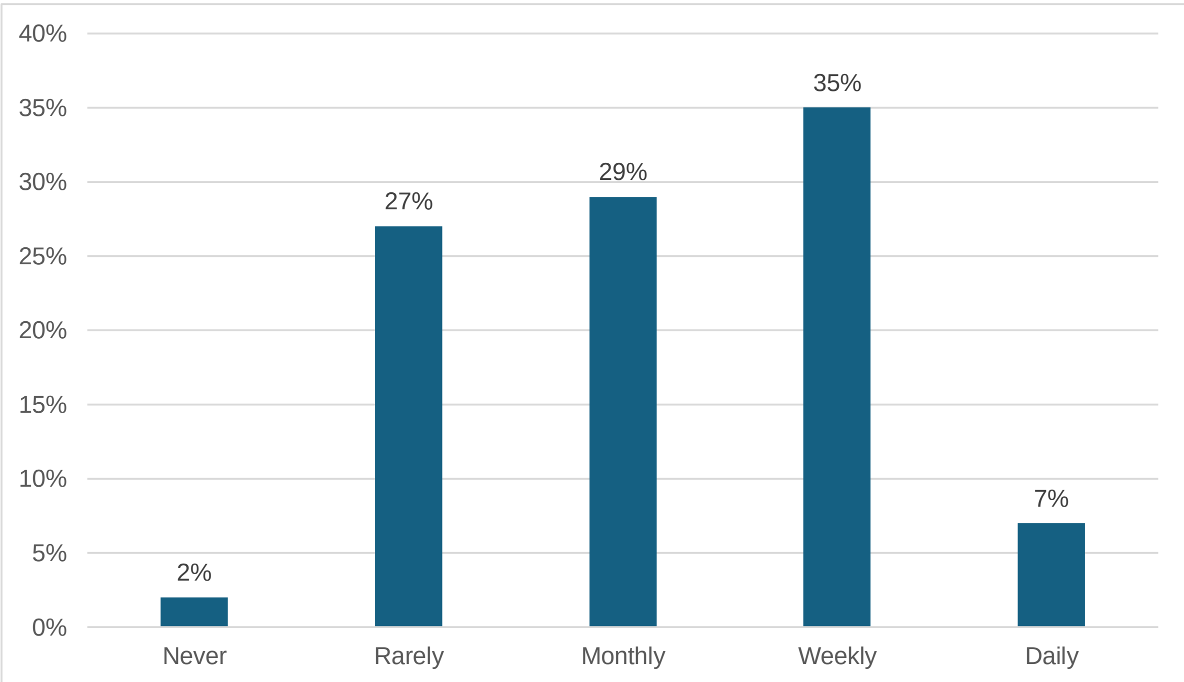
Frequency of Monitoring Gold Prices

Variable	Frequency	Percentage
Never	2	2%
Rarely	27	27%
Monthly	29	29%
Weekly	35	35%
Daily	7	7%
Total	**100**	**100**

Source: Primary data

Chart 4.14

Frequency of Monitoring Gold Prices



Interpretation

From table 4.14 it is clear that, 35% of people monitor the gold price weekly, 29% of people monitor the gold price monthly, 27% of people monitor the gold price rarely, 7% of people monitor the gold price daily and 2% of people do not monitor the gold price.

Table 4.15

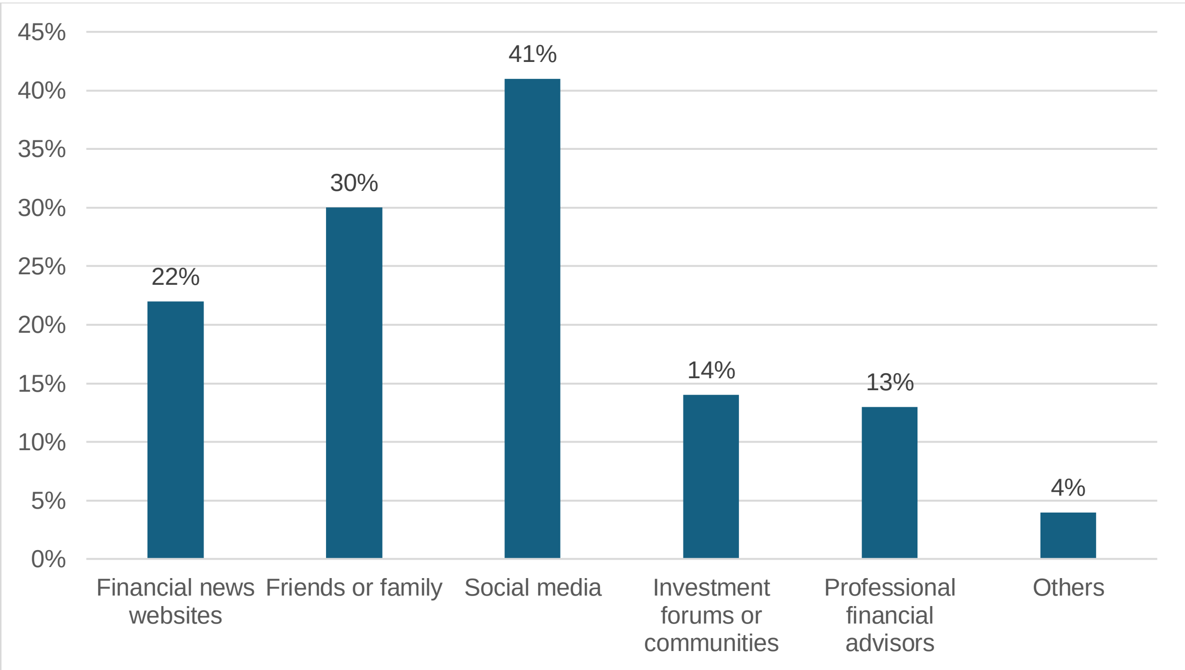
Sources for Information about Gold Investment

Variable	Frequency	Percentage
Financial news websites	22	22%
Friends or family	30	30%
Social media	41	41%
Investment forums or communities	14	14%
Professional financial advisors	13	13%
Others	4	4%
Total	**100**	**100**

Source: Primary data

Chart 4.15

Sources for Information about Gold Investment



Interpretation

From the above the diagram 4.15, 41% of respondents know about gold investment through social media, 30% of respondents know about gold investment through friends and family, 22% of respondents know about gold investment through financial news websites, 14% of respondents know about gold investment through investment forums and communities, and 4% of respondents know about gold investment through other ways.

Table 4.16

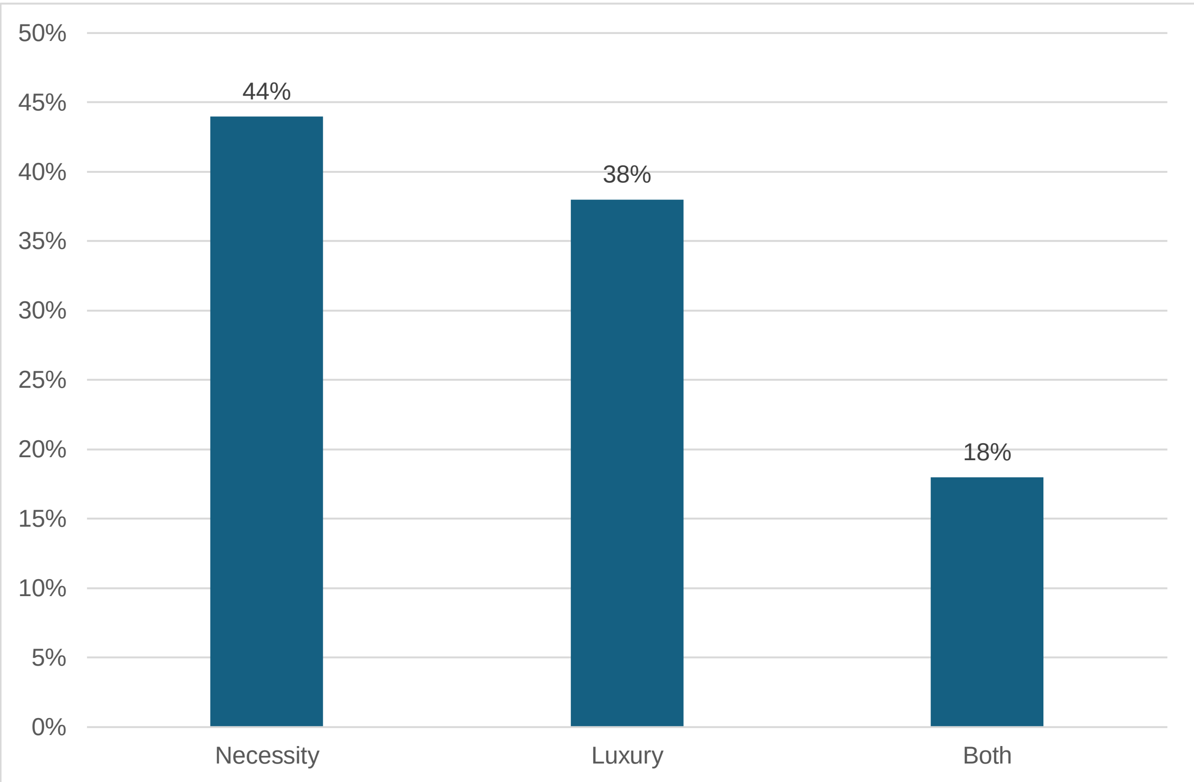
Opinion about Gold

Variable	Frequency	Percentage
Necessity	44	44%
Luxury	38	38%
Both	18	18%
Total	**100**	**100**

Source: Primary data

Chart 4.16

Opinion about Gold



Interpretation

From the above chart 44% of respondents are says that gold is necessity, 38% of respondents are says that gold is luxury, and 18% of respondents are says that gold is both necessity and luxury.

Table 4.17

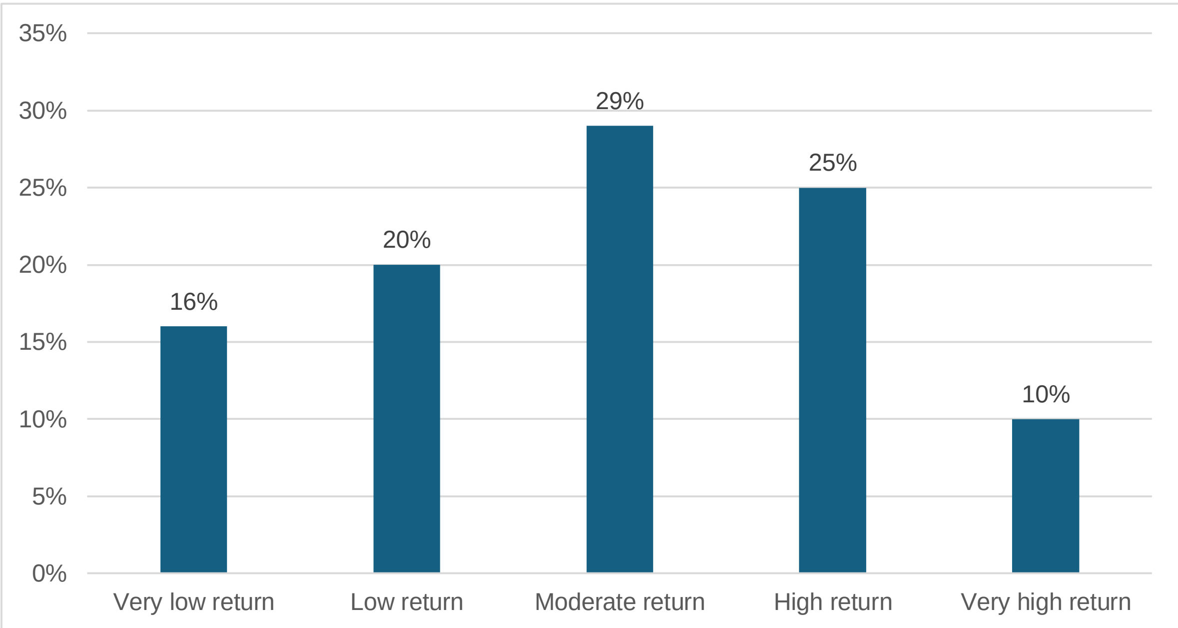
Expected Return from Gold Investment

Variable	Frequency	Percentage
Very low return	16	16%
Low return	20	20%
Moderate return	29	29%
High return	25	25%
Very high return	10	10%
Total	**100**	**100**

Source: Primary data

Chart 4.17

Expected Return from Gold Investment



Interpretation

From the table presents, 29% of respondents are expecting moderate return from gold investment, 25% of respondents are expecting high return from gold investment, 20% of respondents are expecting low return from gold investment, 16% of respondents are expecting very low return from gold investment and the remaining 10% of respondents are very high return from gold investment.

Table 4.18

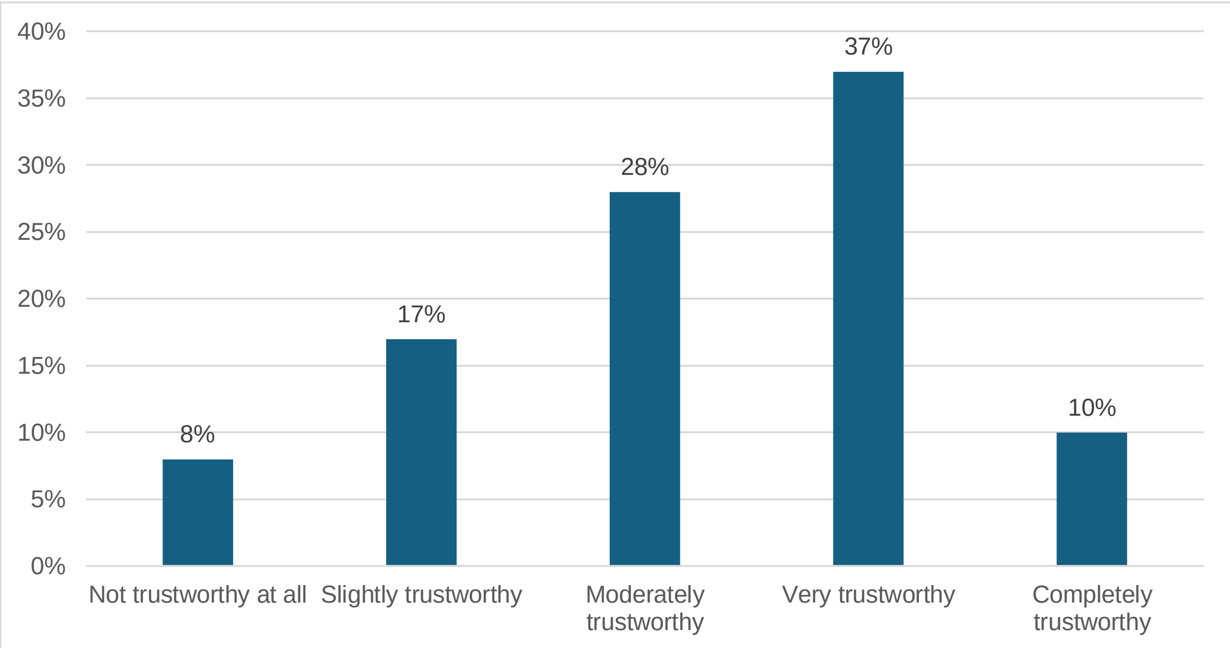
Level of Trust in Gold as an Investment Option

Variable	Frequency	Percentage
Not trustworthy at all	8	8%
Slightly trustworthy	17	17%
Moderately trustworthy	28	28%
Very trustworthy	37	37%
Completely trustworthy	10	10%
Total	**100**	**100**

Source: Primary data

Chart 4.18

Level of Trust in Gold as an Investment Option



Interpretation

From the above graph presents, 37% of respondents says that investment in gold is very trustworthy, 28% of respondents are moderately trustworthy, 17% of respondents are slightly trustworthy, 10% of respondents are completely trustworthy and remaining 8% of respondents says that investment in gold is not trustworthy at all.

Table 4.19

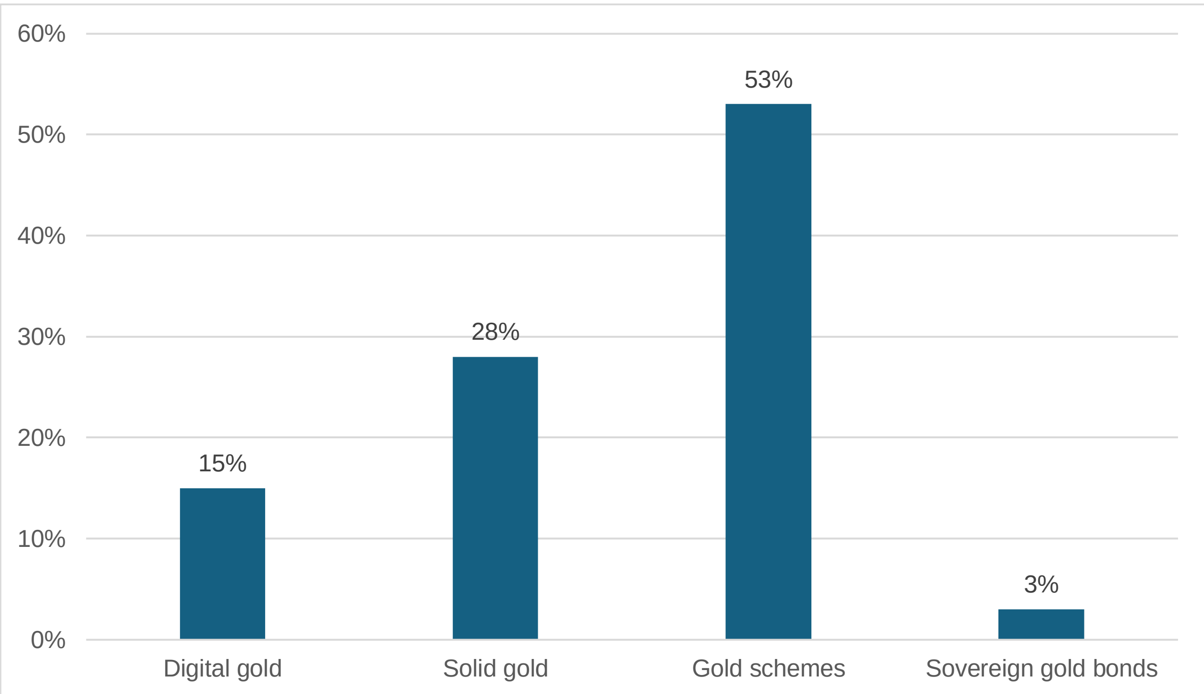
Preference to Invest in Gold

Variable	Frequency	Percentage
Digital gold	15	15%
Solid gold	28	28%
Gold schemes	53	53%
Sovereign gold bonds	3	3%
Total	**100**	**100**

Source: Primary data

Chart 4.19

Preference to Invest in Gold



Interpretation

From the above table, 54% of people have more preference to invest in gold schemes, 28% of people have preference to invest in solid gold, 15% of people have invest in digital gold and remaining 3% of people have invest in sovereign gold bond.

Table 4.20

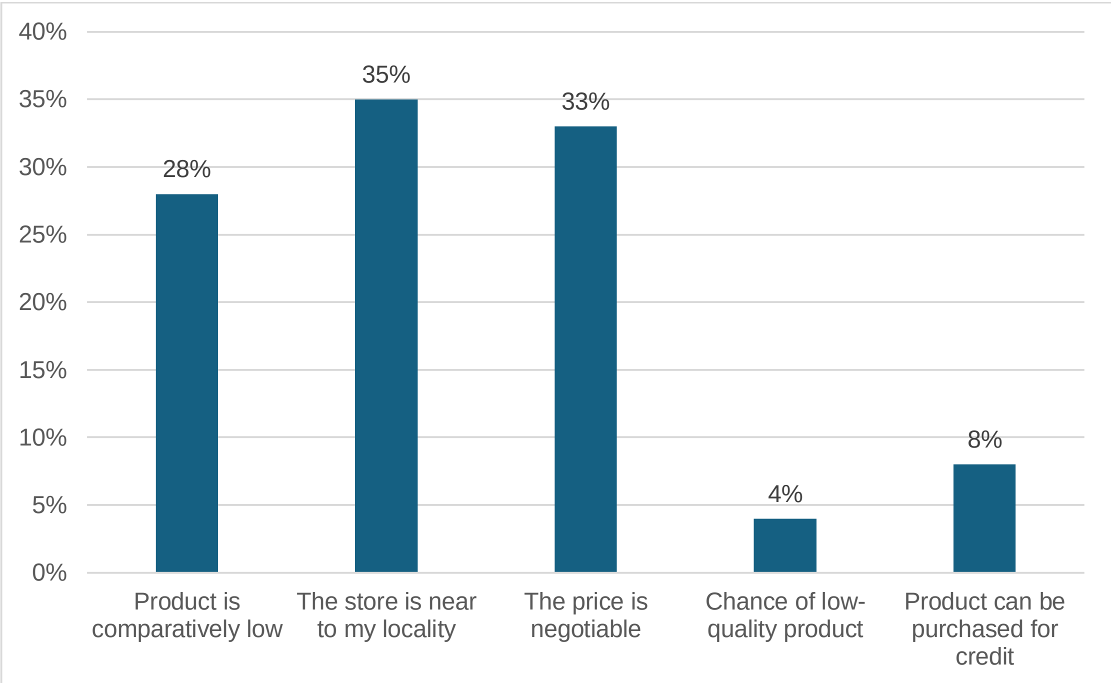
Factors Affecting Purchase Decision with Local Retailers

Variable	Frequency	Percentage
Product is comparatively low	28	28%
The store is near to my locality	35	35%
The price is negotiable	33	33%
Chance of low-quality product	4	4%
Product can be purchased for credit	8	8%
Total	**100**	**100**

Source: Primary data

Chart 4.20

Factors Affecting Purchase Decision with Local Retailers



Interpretation

The most significant factors include proximity to the store, cited by 35% of respondents. Negotiability of price closely follows at 33%, highlighting a strong desire for flexibility in pricing terms. Product affordability is also notable, with 28% valuing comparatively low prices. Conversely, product quality and the ability to purchase on credit are less influential, each mentioned by 4% and 8% of respondents, respectively.

Table 4.21

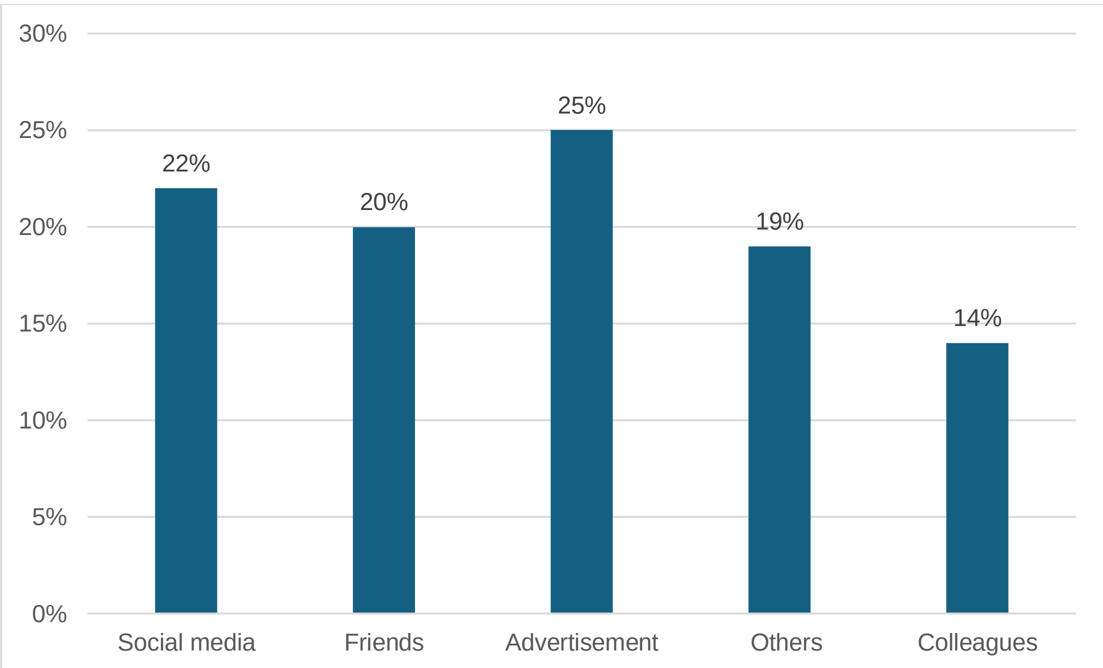
Social Influences on Gold Investment Decision

Variable	Frequency	Percentage
Social media	22	22%
Friends	20	20%
Advertisement	25	25%
Others	19	19%
Colleagues	14	14%
Total	**100**	**100**

Source: Primary data

Chart 4.21

Social Influences on Gold Investment Decision



Interpretation

The table shows that advertisements (25%) have the strongest influence on gold investment decisions, followed by social media (22%), friends (20%), colleagues (14%), and other unspecified factors (19%).

Table 4.22

The table showing the main influencing factor for the purchase of gold

Descriptives	N	Mean	SD
By knowing the market's ups and downs Occasion purchase	100	4.34	0.966
Sudden need	100	3.89	0.909
Online platforms	100	3.98	1.054
Maturities of gold investment schemes	100	3.74	1.268
Festival seasons	100	3.91	1.156
Offers	100	3.62	1.187
By knowing the market's ups and downs Occasion purchase	100	3.95	1.184

Source: Primary data

Interpretation

The main influencing factor for purchasing gold is being aware of the market's ups and downs, with the highest mean score of 4.34 (SD = 0.966). Other significant factors include online platforms (mean = 3.98) and festival seasons (mean = 3.91), Sudden need (mean = 3.89), market knowledge occasion purchase (mean = 3.95), maturities of gold investment schemes (mean = 3.74), and offers (mean = 3.62) are less influential.

Table 4.23

The table showing the major reason for investing in gold

Descriptives	N	Mean	SD
Savings	100	4.17	1.20
Safety	100	3.95	1.10
Security	100	3.94	1.15
Cultural factors	100	3.59	1.26
Liquidity	100	3.74	1.24
Investment	100	3.74	1.26
Capital appreciation	100	3.82	1.23

Source: Primary data

Interpretation

The primary reason for investing in gold is savings, with the highest mean score of 4.17 (SD = 1.20). Safety (mean = 3.95) and security (mean = 3.94) are also significant factors. Liquidity, investment, and capital appreciation are moderately important, with means around 3.74 to 3.82. Cultural factors have the lowest mean (3.59), indicating they are the least influential.

Table 4.24

The table showing the major category of Gold in which investment is made

Descriptives	N	Mean	SD
Jewellery	100	4.03	1.18
Gold bar	100	3.76	1.10
Gold coin	100	3.84	1.14
Gold mutual fund	100	3.60	1.23
E-gold	100	3.70	1.29

Source: Primary data

Interpretation

The major category of gold investment is jewellery, with the highest mean score of 4.03 (SD = 1.18). followed by Gold coins (mean = 3.84) and gold bars (mean = 3.76) E-gold (mean = 3.70) and gold mutual funds (mean = 3.60) are less popular, indicating a preference for physical gold over financial instruments.

Table 4.25

The table showing the factors Influencing to invest in Gold scheme

Descriptives	N	Mean	SD
Potential for high returns	100	4.46	0.797
Hedge against inflation	100	3.94	0.886
Safe heaven during economic downturns	100	4.06	1.023
Cultural/ traditional reasons	100	3.91	1.026
Diversification of investment portfolio	100	4.10	0.893

Source: Primary data

Interpretation

The primary factor influencing investment in gold schemes is the potential for high returns, with the highest mean score of 4.46 (SD = 0.797). Diversification of investment portfolio (mean = 4.10) and being a safe haven during economic downturns (mean = 4.06) are also significant. Hedge against inflation (mean = 3.94) and cultural/traditional reasons (mean = 3.91) are less influential but still notable factors.

Table 4.26

Chi-square test for significant difference between percentage of income used for savings and preferred period for investing in gold

H01: There is no association between percentage of income used for savings and preferred period for investing in gold

Contingency Tables

	Preferred period for investment in gold			
Percentage of income used for savings	**Short-term (less than 1 year)**	**Medium-term (1 to 5 years)**	**Long-term (More than 5 years)**	**Total**
0-10%	18	14	6	38
10-20%	14	20	9	43
20-40%	7	5	7	19
Total	39	39	22	100

χ^2 Tests

	Value	df	p
χ^2	5.20	4	0.267
N	100		

Interpretation

The Contingency table shows percentage of income used for savings by preferred period for invest in gold. A chi- square test was conducted and resulted in a chi-square value of 5.20 with a p- value of 0.267. Since the p- value is (0.267) is greater than the common significance level of 0.05.This means fail to reject the null hypothesis (H0).There is no statistically significant association between the percentage of income used for savings and the preferred period for investing in gold.

Table 4.27

One-way ANOVA for significant difference between age and satisfaction with gold investment

H02: There is no association between age and satisfaction of gold investment

Group descriptives

	Age	N	Mean	SD	SE
Satisfaction with gold investment	Below 25 years	39	3.67	0.869	0.1391
	25 -40	19	4.21	0.682	0.1564
	40-60	26	4.13	0.499	0.0978
	Above 60 years	16	4.13	0.523	0.1308

Interpretation

Aged 25-40 have a higher mean of 4.21, and both the 40-60 and above 60 years groups have mean scores of 4.13. Specifically, individuals below 25 years have a mean satisfaction score of 3.67

One-way ANOVA (Welch's)

	F	df1	df2	p
Satisfaction with gold investment	3.08	3	45.6	0.036

Interpretation

The one-way ANOVA (Welch’s) results shows an F- value 3.08 with a p- value 0.036. Since the p-value (0.036) is less than the common significance level of 0.05, reject the null hypothesis (H02). This indicates that age is associated with satisfaction with gold investment.

Table 4.28

Independent sample T- test for determine the significant difference between gender and satisfaction with gold investment

H03: There is no significant difference between gender and satisfaction with gold investment

Group Descriptives

	Group	N	Mean	Median	SD	SE
Satisfaction with gold investment	Female	68	3.95	4.17	0.716	0.0869
	Male	32	4.00	4.22	0.775	0.137

The table compares how satisfied men and women are with their gold investments. On average, men rated their satisfaction slightly higher (average score 4.00) than women (average score 3.95). The median scores confirm this trend, with men also showing slightly higher satisfaction (median score 4.22) compared to women (median score 4.17). Both groups showed some variability in their satisfaction levels, with men's scores varying slightly more.

Independent Samples T-Test

		Statistic	df	p
Satisfaction with gold investment	Student's t	-0.301	98.0	0.764

Note. H_a $\mu_{\text{Female}} \neq \mu_{\text{Male}}$

Interpretation

The independent samples t-test results indicate that there is no statistically significant difference in satisfaction with gold investment between genders. Since the p-value (0.764) is much greater than the common significance level of 0.05, so fail to reject the null hypothesis (H03). This suggests that satisfaction with gold investment does not differ significantly between males and females.

Table 4.29

One-way ANOVA for significant difference between educational qualification and satisfaction with gold investment

H04: There is no association between educational qualification and satisfaction of gold investment

Group Descriptives

	Educational qualification	N	Mean	SD	SE
Satisfaction with gold investment	SSLC	15	4.16	0.469	0.121
	Higher secondary	28	3.90	0.834	0.158
	Graduation	33	3.95	0.713	0.124
	Post graduation	24	3.96	0.785	0.160

The table shows satisfaction with gold investments across different education levels: SSLC, Higher Secondary, Graduation, and Post Graduation. SSLC holders reported the highest satisfaction (mean 4.16), followed by Graduates (mean 3.95) and Post Graduates (mean 3.96). Those with Higher Secondary education reported the lowest satisfaction (mean 3.90).

One-Way ANOVA (Welch's)

	F	df1	df2	p
Satisfaction with gold investment	0.804	3	49.4	0.498

Interpretation

The one-way ANOVA (Welch's) results indicate that there is no statistically significant difference in satisfaction with gold investment across different educational qualifications. Since the p-value (0.498) is much greater than the common significance level of 0.05, fail to reject the null hypothesis (H04). This shows that educational qualification is not associated with differences in satisfaction with gold investment.

Table 4.30

One-way ANOVA for significant difference between occupation and satisfaction with gold investment

H05: There is no association between occupation and satisfaction of gold investment

Group Descriptives

	Occupation	N	Mean	SD	SE
Satisfaction with gold investment	Un employed	23	3.59	0.872	0.1818
	Employed	33	4.18	0.607	0.1056
	Self-employed	30	4.16	0.532	0.0972
	Others	14	3.68	0.847	0.2264

The table shows satisfaction with gold investments across different occupations: Unemployed, Employed, Self-employed, and Others. Employed individuals reported the highest satisfaction (mean 4.18), followed closely by Self-employed individuals (mean 4.16). Unemployed individuals reported lower satisfaction (mean 3.59), and those in the "Others" category reported moderate satisfaction (mean 3.68).

One-Way ANOVA (Welch's)

	F	df1	df2	p
Satisfaction with gold investment	3.80	3	40.4	0.017

Interpretation

The results of the one-way ANOVA using Welch's test indicate a significant finding (p = 0.017) for satisfaction with gold investment across different occupations. This means there is a meaningful relationship between occupation and satisfaction levels regarding gold investments. The F-value of 3.80 suggests that the variation in satisfaction scores among occupations is unlikely due to chance alone. Therefore, we reject the null hypothesis (H05), which proposed no association between occupation and satisfaction with gold investment. In summary, occupation plays a role in influencing how satisfied individuals are with their investments in gold, as evidenced by the differences observed across occupational groups in this study.

Table 4.31

One-way ANOVA for significant difference between monthly income and satisfaction with gold investment

H06: There is no association between monthly income and satisfaction of gold investment

Group Descriptives

	Monthly income	N	Mean	SD	SE
Satisfaction with gold investment	Less than 25000	44	3.69	0.880	0.1326
	25000 to 45000	28	4.13	0.483	0.0913
	45000 to 65000	18	4.22	0.482	0.1136
	Above 65000	10	4.29	0.588	0.1861

Higher income generally correspond to higher satisfaction levels: 4.13 for 25000 to 45000, 4.22 for 45000 to 65000, and 4.29 for Above 65000. In contrast, those earning less than 25000 reported lower satisfaction (3.69 on average). These results suggest that monthly income influences satisfaction with gold investments.

One-way ANOVA (Welch's)

	F	df1	df2	p
Satisfaction with gold investment	3.82	3	33.8	0.018

Interpretation

The results of the one-way ANOVA using Welch's test indicate a significant finding (p = 0.018) for satisfaction with gold investment across different monthly income. This suggests that there is a meaningful association between monthly income and satisfaction levels regarding gold investments. The F-value of 3.82 indicates that the variation in satisfaction scores among income is unlikely due to chance alone. Therefore, we reject the null hypothesis (H06), which proposed no association between monthly income and satisfaction with gold investment. In summary, monthly income influences how satisfied individuals are with their investments in gold, as evidenced by the observed differences across income groups in this study.

Table 4.32

Independent sample T- test for determine the significant difference between marital status and satisfaction with gold investment

H07: There is no significant difference between marital status and satisfaction with gold investment

Group Descriptives

	Group	N	Mean	Median	SD	SE
Satisfaction with gold investment	Married	64	4.08	4.28	0.590	0.0738
	Unmarried	36	3.77	4.00	0.908	0.151

married individuals reported higher satisfaction (mean 4.08) compared to unmarried individuals (mean 3.77). The median satisfaction scores also reflect this trend, with married individuals having a higher median (4.28) compared to unmarried individuals (4.00).

Independent Samples T-Test

		Statistic	df	p
Satisfaction with gold investment	Welch's t	1.85	52.0	0.070

Note. H_a $\mu_{\text{Married}} \neq \mu_{\text{Unmarried}}$

Interpretation

In statistical hypothesis testing, a common significance level (α) is 0.05. Since the p-value (0.070) is greater than α (0.05), Therefore, based on this analysis, we accept the null hypothesis (H_0: μ Married = μ Unmarried). This means there is no statistically significant difference in satisfaction levels with gold investment between married and unmarried individuals in the sample.

Table 4.33

Independent sample T- test for determine the significant difference between area of residence and satisfaction with gold investment

H08: There is no significant difference between area of residence and satisfaction with gold investment

Group Descriptives

	Group	N	Mean	Median	SD	SE
Satisfaction with gold investment	Rural	46	3.80	3.94	0.734	0.108
	Urban	54	4.11	4.39	0.706	0.0961

The table compares satisfaction with gold investments between rural and urban residents. Urban residents reported higher average satisfaction (mean 4.11) and median satisfaction (4.39) compared to rural residents (mean 3.80, median 3.94). Variability in satisfaction scores was slightly lower among urban residents. These results suggest that area of residence may influence satisfaction levels with gold investments.

Independent Samples T-Test

		Statistic	df	p
Satisfaction with gold investment	Student's t	-2.13	98.0	0.036

Note. H_a $\mu_{\text{Rural}} \neq \mu_{\text{Urban}}$

Interpretation

Based on the results of the independent samples t-test (Student's t-test), the p-value is 0.036. Since the p-value (0.036) is less than α (0.05), we have sufficient evidence to reject the null hypothesis (H_0). Therefore, we reject the null hypothesis (H_0: μ Rural = μ Urban), which suggested no significant difference in satisfaction levels with gold investment between rural and urban residents. This indicates that there is a statistically significant difference in satisfaction levels based on area of residence. Specifically, urban residents tend to report higher satisfaction with their gold investments compared to rural residents in the sample analyzed.

FINDINGS

- The demographic profile of the respondents reveals that 68% of the respondents are female; 39% of the respondents are in the age group of 25-40 years, 26 % of respondents are 40-60 years, 33% of the respondents are in graduates ,28 % of respondents having higher secondary qualified, 33% of respondents are employed,30% of respondents are self employed, 44% of the respondents monthly income is less than 25000, 28% of respondents monthly income are in the range between 25000 to 45000, 64% of the respondents are unmarried, 36 % of respondents are married and 54% of respondents are from rural area and the remaining 46% of respondents are from urban area.
- The major factor influencing investment in gold scheme is potential for high return (mean score 4.46) followed by diversification of investment portfolio (mean score 4.10) safe haven during economic downturns (mean 4.06).
- There is no statistically significant association between the percentage of income used for savings and the preferred period for investing in gold.
- The ANOVA analysis indicates that age is associated with satisfaction with gold investment.
- The independent samples t-test results indicate that there is no statistically significant difference in satisfaction with gold investment between genders
- The one-way ANOVA (Welch's) results indicate that there is no statistically significant difference in satisfaction with gold investment across different educational qualifications.
- The results of the one-way ANOVA using Welch's test indicate a significant finding ($p = 0.017$) for satisfaction with gold investment across different occupations.
- The results of the one-way ANOVA is that there is a meaningful association between monthly income and satisfaction levels regarding gold investments.
- In independent sample t- test analysis reveals that there is no statistically significant difference in satisfaction levels with gold investment between married and unmarried individuals in the sample.
- In independent sample t- test analysis reveals that there is a statistically significant difference in satisfaction levels based on area of residence.

- The main influencing factor for purchasing gold is aware of the markets up an downs (mean score 4.34) followed by online platforms (mean score 3.98), festival seasons (mean 3.91) , occasion purchase (mean 3.95).
- The major reason for investing in gold is savings (mean 4.17), safety (mean 3.95) and security (mean 3.94).
- The major category of gold investment is jewellery (mean score 4.03). Followed by gold coin (mean 3.84), gold bar (mean 3.76) and e gold (mean 3.70).
- 47% of the respondents allocate 0-10% of their income for savings.
- 68% of the respondent are investing in commodities.
- 51% of the respondents are investing in banks.
- Less than half of the (36%) respondents invest in gold for marriage purpose.
- 31% of the respondents slightly familiar about the gold investment scheme.
- 41% of the respondents says that investing in gold is slightly risky.
- Less than half of the (35%) people monitor the gold price weekly.
- 41% of the respondents know about gold investment through social media.
- 44% of the respondents are says that gold is necessity.
- Less than half of the (29%) respondents are expecting moderate return from gold investment.
- 37% of the respondent says that investment in gold is very trustworthy.
- 55% of the people have more preference to invest in gold schemes.
- 35% of the respondents says that the most effecting factor is that the store is near to my locality.
- 25% of the respondents says that advertising is the strongest influence on gold investment decision.

SUGGESTIONS

- From the study it is clear that investing in EFT trading fund is very less. So, it is essential to increase its awareness
- People do not have enough knowledge about sovereign gold bonds. So bring awareness to people to invest in sovereign gold bonds for safe investment with interest benefits.
- From the study it is found that influence people to invest in digital gold platforms for convenient and secure gold ownership as the number of people investing in digital gold is limited.

CONCLUSION

The realm of gold investment offers a diverse array of opportunities for investors seeking to safeguard their wealth, diversify their portfolios, and capitalize on market trends. Throughout this project, we've explored the multifaceted aspects of gold investment, including its historical significance, current market dynamics, and future prospects. From understanding the factors influencing gold prices to evaluating different investment vehicles and strategies, investors can navigate the complexities of the gold market with greater confidence and proficiency. As we've delved into various facets of gold investment, it's evident that informed decision-making is paramount. By staying abreast of market developments, leveraging diversification techniques, and adhering to regulatory standards, investors can mitigate risks and optimize their investment outcomes. Moreover, embracing technological advancements and market analysis tools can provide investors with invaluable insights and enhance their ability to capitalize on emerging opportunities in the gold market. Gold investment remains a cornerstone of wealth preservation and portfolio diversification for investors worldwide. As we move forward, it's essential to continue educating investors, fostering transparency, and promoting responsible investment practices. By doing so, we can empower individuals to navigate the complexities of the gold market effectively and seize opportunities for long-term financial growth and prosperity.

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WEBSITE

- https://www.gold.org
- https://www.investopedia.com
- https://openai.com

Questionnaire

Gold as an Investable Commodity- A study with Reference to Kodungallur Taluk

1. Age
   - Below 25 years
   - 25 -40
   - 40-60
   - Above 60 years
2. Gender
   - Male
   - Female

3.Educational qualification
   - SSLC
   - Higher secondary
   - Graduation
   - Post graduation
   - Other

4. Occupation
   - Employed
   - Self employed
   - Un employed
   - Retired
   - Others
5. Monthly income
   - Lessthan 25000
   - 25000 to 45000
   - 45000 to 65000
   - Above 65000
6. Marital status
   - Married
   - Unmarried
7. Area of residence
   - Urban
   - Rural

8. Percentage of income you used for savings

- 0-10%
- 10-20%
- 20-30%
- 30-40%

9. Do you currently investing any commodities

- Yes
- No

If yes, which commodities do you invest in?

- Gold
- Silver
- Oil
- Aagriculture
- Others

10.What are the major avenues of your investment

- Bank deposit
- Gold chitti
- Ssecurities
- Derivatives
- Real estate
- Others

11. The purpose of your investment in gold?

- Liquidity
- Value addition
- Marriage purpose
- Security pledge
- Long term asset protection

12. How aware are you about the gold investment scheme

- Not familiar at all
- Slightly familiar
- Moderately familiar
- Very familiar
- Extremely familiar

13. When can customers buy gold

	Always	Often	Sometimes	Rarely	Never
By knowing market up and downs					
Occasion purchase					
Sudden need					
Online platforms					
Maturities of gold investment schemes					
Festival seasons					
Special offers					

14. What is your reason for investing in gold? Give your preference

	1	2	3	4	5
Savings					
Safety					
Security					
Cultural factors					
Liquidity					
Investment					
Capital appreciation					

15. In which category of gold do you invest more?

	1	2	3	4	5
Jewellery					
Gold bar					
Gold coin					
Gold mutual fund					
E gold					

16. Satisfaction level in the gold investment Scheme

	Highly satisfied	Satisfied	Neutral	Dissatisfied	Highly dissatisfied
Interest					
Value appreciation					
Market condition					
Risk tolerance					
Liquidity					
Tax implications					
Storage and security					
Gold price					
Costs and fees					

17.What factors influence your decision to invest in gold scheme

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Potential for high returns					
Hedge against inflation					
Safe haven during economic downturns					
Cultural/ traditional reasons					
Diversification of investment portfolio					

18.How risky do you perceive investing in gold

- Not risky at all
- Slightly risky
- Moderately risky
- Very risky
- Extremely risk

19.How often do you monitor the price of gold?*

- Daily
- Weekly
- Monthly
- Rarely
- Never

20. What sources do you typically rely on for information about gold investment?

Financial news websites

- Social media
- Investment forums or communites
- Professional financial advisors

- Friends or family
- Others

21. What is your opinion about gold*
    - Luxury
    - Necessity
    - Both

22. How much return you expect from gold investment
    - Very low return
    - Low return
    - Moderate return
    - High return
    - Very high return

23. How would you rate your level of trust in gold as an investment option*
    - Not trustworthy at all
    - Slightly trustworthy
    - Moderately trustworthy
    - Very trustworthy
    - Completely trustworthy

24. What is your preference to invest in gold?
    - Solid gold
    - Gold schemes
    - Digital gold
    - Soverign gold banks

25.How do you assess and manage risk when making investment decision

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Diversification					
Risk assessment tool					
Stress testing					
Regular review and rebalancing					
Seeking professional advice					

26. What do you identify gold as an investable commodity

	Strongly agree	Agree	Neutral	Disagree	Strongly disagree
Can define one's social positioning in life					
Can be invested to make money					
Global demand					
Store of value					

27.If purchase is made with local retailers what would affect your purchase decision

- Product can be purchased for credit
- The store is near to my locality
- The price is negotiable
- Product is comparatively low
- Chance of low quality product

28. Which period do you prefer invest in gold*

- Short term (lessthan 1 year)
- Medium term (1 to 5 year)
- Long term (Morethan 5 years)

29. The social influence your investment decision in gold*

- Friends
- Collegues
- Advertisement
- Social media
- Others