



STUDY OF CHANGING MINDSET OF CONSUMERS TOWARDS GOLD INVESTMENT

Somesh B. Huddar

Department of Economics, Lecturer, Shri S. M. Patil Commerce Degree College, Ghataprabha, Gokak, Belagavi, Karnataka.

ABSTRACT:

Gold industry has a sizeable function inside the economic in addition to cultural situation of virtually all of the states of India. This look at undertakes an analysis of the specialties of consumer's converting mind-set in gold investment. The focus of the look at is to perceive the various factors which impact the customer behaviour in gold investment. The analysis in particular focuses on a factor that suggests purchaser behaviour toward gold investment, they have an impact on of elements like liquidity/diversification of portfolio, and Gold historically has been a good hedge in opposition to inflation, safe heaven asset, and economic asset with intrinsic cost. The look at shows that customers have a substantial high quality inclination towards the gold investment in comparison to different investments they have an impact on of the price of gold at the consumers is subjective and is depending on their career and profits. Studies display that global gold demand is specially for making jewellery, as an investment or for technology. The universal attitude of clients in the direction of gold investment is fantastic.



KEYWORDS: Changing, Consumers, Investment, and Gold

INTRODUCTION:

Earning money, savings and investing it wisely are part and parcel of human life, how rich or poor they may be. As a result we always see people looking out for different investment avenues. Each individual has their own life goals which in turn define their investment goals. Gone are the days when they had very few options for investment, today we see a plethora of avenues open for investments. One may select stock, options, derivatives or may not, but the basic aim behind investing remains the same i.e. Positive returns resulting into wealth creation.

Gold is one of the oldest precious metals known to man & for years it has been valued as a global currency, an investment, a commodity and an object of beauty and India is not an exception to this. India's love affair with gold is timeless spanning over centuries and millennia. In India, Gold is not just another precious metal but it is a part of our culture, an inseparable part of our belief system and a matter of pride.

Gold has always been considered a sacred item in life and is a must in every religious function-reason being that Gold is pure having passed through fire in its process of evolution. Gold has become an inseparable part of almost every household in Indian Society and infused into the blood of an Indian. It's being seen as symbol of good fortune and prosperity.

However of recent there has been a shift in the mindset of the people and they have started looking at gold beyond a status symbol. People have realized its importance as an investment avenue

too. The recent global crises in the form of US subprime issue, the euro zone issue, have resulted into changing the attitude of people towards gold.

Current Gold Market Scenario in India

India has long been the world's largest gold consumer market. India is also the world's largest jewellery market. India is a country with stock of gold of over 25,000 MT. Most of it is with individuals. This stock is 12-15 per cent of the above-ground world's gold stocks. Gold jewellery buying is associated with a number of festivals and weddings. Over half of the demand comes from rural areas, where the demand is largely traditional. Although the poor have very little by way of assets, whatever little they have, they must keep in their possession at all times. In times of crisis, gold can be mortgaged or sold.

The various available gold products presently available in India are;

Gold ETF - This is at an infancy stage and is a product designed to service the small investor.

Gold Deposit Scheme - This scheme has the State Bank of India as the only player. This product, however, has not yet been aggressively marketed across India.

Gold Accumulation Plan (GAP) - This is not in the organized sector. In a crude form GAP is being run by most jewellers.

Gold Paper Product: This product is also in an infancy stage.

Gold Futures: This is fairly active on the local commodity exchanges - MCX and NCDEX.

Gold Forwards: This is also fairly active in the banking sector with some restrictions.

Gold Options: This instrument is almost absent.

Objectives of the study

Objective of the research was to gain brief insight into aspects of behaviour of consumers in purchase of Gold.

- ✓ To evaluate the demand of precious metal during the fluctuation.
- ✓ Purchase of Gold and Silver is observed as an asset investment.
- ✓ To examine which of these factors i.e. Risk and return, liquidity, Market information, Motives, Security, and Benefits, have significant impact on the buying behavior of gold.

Limitation of the study

- Sample size is too small
- The study was restricted to Belagavi city only.

Literature review

1. Dr. M. Jayanthi, T. Poongothai, R. Preethi (April 2014), in their paper on —An Investor's Investment in Gold: Physical Vs Paper|| observed that for Indian's Gold is an important form of investment and it is more than just an asset. The concluded the study by stating that for traditional and prestigious value people prefers physical gold over paper gold.
2. Chua et al. (1990) and Jaffe (1989) analyzed benefits of investment diversification in gold. Jaffe (1989) also concluded that gold gives an advantage in investment diversification.
3. By conducting an empirical test Bahram Adrangi et al (2003) studied the relationship between real gold returns and inflation. The main object of the study was to establish whether Gold acts a reliable hedge against inflation or not. To study the hypothesis the authors covered a period starting from January 1968 to December 1999 and concluded that there exist a positive relationship between expected inflation and real gold returns.
4. Mr. P. Arulmurugan, Dr. K. Balanaguruthan and Ms. Mirudhubashini (Feb 2013), in their paper on Investment behaviour of professor towards Gold stated that Gold acts as a natural hedge against Two important macro-economical factors namely Inflation (Internal) and other currencies (External), however for the common man more than these factors the sheer value, the yellow metal

is associated with, is mainly responsible. They examined the behaviours of professors from Tamil Nadu district by collecting Primary data based on questionnaire and concluded that demographic factors (age, gender, marital status etc) and family characteristics (stage of family life cycle, monthly family income etc.) as well as factors like safety, liquidity, traditional value, risk and returns determines the investment behaviour of the professors.

Research Methodology

Descriptive research methodology is adopted for preparing this paper. Secondary data is collected from different websites and reports of Indian government regarding welfare schemes.

Sampling: - A sample of 100 respondents was collected; it was convenient sample of consumers from Belagavi city.

Data analysis: - The collected data was analyzed by Tabulation presentation.

1) Respondents Purchase Gold on influencing factors

To know the preference given by the respondent, researcher asked them a question related to the factors and following table shows their responses.

Table No. 1: Influencing factor of Gold for Investment Purpose

Factors	No. of Respondents
Motives	11
Liquidity	26
Security	29
Risk and return	18
Benefits	16
Total	100

Source: Primary Data

Interpretation - From the above table it shows that out of 100 respondents, maximum respondents i.e. 29 respondents influenced by security factor, 11 respondents influenced by motives, 26 respondents influenced by liquidity, 18 by risk and return, and 16 respondents influenced by benefits. From the above interpretation it is concluded that maximum respondent purchase gold for investment purpose but for security purpose.

2) Respondents purchase various types of Gold for investment purpose

To know which type of Gold the respondents prefer, researcher asked them a question related to this and following table shows their responses.

Table No. 2: Various Types of Gold Purchase by the Respondents

Types of Gold & Silver	No. of Respondents
Gold Deposit Scheme	6
Gold jewellery	20
Paper gold	21
Pure gold	28
Gold accumulation plan (GAP)	25
Total	100

Source: Primary Data

Interpretation – From the above table it shows that out of 100 respondents, maximum respondents i.e. 28 like to purchase pure gold, 25 respondents like to purchase gold accumulation plan, 6 respondents purchase gold deposit scheme, 20 respondents like to purchase gold jewellery and 21 respondents like to purchase paper gold.

From the above interpretation it is concluded that maximum respondent purchase pure gold for investment point of view

CONCLUSION:

The Indian consumers have one-of-a-kind belief in the direction of investments. This study has targeted on expertise the behaviour of clients closer to funding in gold. This take a look at changed into targeted to become aware of the underlying motives, elements that force customers to invest in gold. Majority of the clients feels gold as a standing image in society than the threat safety and saving options. If their investment patterns are analyzed, majority of the clients prefers long time investments and coffee chance-mild go back alternatives. There is an exchange in the mindset of the people with recognize to the buying of gold. Gold has no longer remained only a reputе symbol but is being checked out as an investment avenue. From the look at it could be concluded that humans are inquisitive about making an investment in gold as it offers economic protection; it's a secure haven, it's mortgagable. It turned into also discovered that despite the fact that human beings discuss or supply preference to the reviews in their buddies and family but additionally they appearance out for marketplace facts earlier than making investment selections. The purpose of this observe is to present an perception of the investor's choice making, ideals, to the economic managers with the intention to help them in building their economic merchandise and advertising approach.

REFERENCES:

1. Dr. M. Jayanthi, T. Poongothai, R. Preethi (April 2014), 'An Investor's Investment in Gold: Physical Vs Paper', The International Journal of Business & Management, Volume 2, Issue 4, 79-81.
2. Chua et al., (1990), 'Diversifying with gold stocks', Financial Analysts Journal, July-August issue, 76-79
3. Bahram Adrangi et al. (Fall 2003), 'Economic Activity, Inflation and Hedging: The case of Gold and Silver Investments', The Journal of Wealth Management, 60-77.
4. Mr. P. Arulmurugan, Dr. K. Balanagaguruthan, Ms. Mirudhubashini (Feb 2013), 'A study on Investment behaviour of Professors towards Gold with special reference to Tamilnadu State', International Journal of Scientific research, Volume 2, Issue 2, 233-237.