

## **MODERN & TRADITIONAL GOLD INVESTMENT AVENUES AND FACTORS AFFECTING FOR ADOPTION IN INDIA**

**Ms. Kanchan Shivshankar Jatkar\***

**Dr. Medha Dubhashi\*\***

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### **Abstract**

It has been observed in gold investment trends that majority of gold investor's preferred traditional gold investment options i.e. physical gold and gold bishi in India. The continuous increasing demand of raw gold in India is continuously forcing for gold import which is showing burden on current account deficit. A new area of research has come up which recognize the gold investment elements in financial decisions making and thus challenging the traditional models. The aim of this study is to examine the impact of gold investment parameters such as return potential, simplicity, liquidity and investors risk tolerance as well as investment preference. The Descriptive research design is used. The primary Data collected using convenience sampling technique by filling structured questionnaire from 40 gold investors from Pune region. The result of this study are important for jewelers and banks to advise their investors about better area of gold investment and risk level according to their parameters. The research paper also discussed about a general view of gold investors perception over various gold investment avenues.

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### **Keywords:**

Gold Investment Options;  
Gold Investment Behaviour;  
Gold Investment Factors;  
Gold Deposit Scheme;  
Returns.

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**\*Research Scholar, Vaikunth Mehta National Institute of Cooperative Management,  
University Road, Pune, Maharashtra, India**

**\*\*Research Guide, Vaikunth Mehta National Institute of Cooperative Management,  
University Road, Pune, Maharashtra, India**

## 1. Introduction

In India gold investment of the investors is the prospect of securing future. Indian investors considered gold investment against collateral security. Investors start investing for a bright future and secure life. But the most important dilemma is that investors are not focusing on modern gold investment avenues available in economy for investors. Gold investors can invest in gold deposit scheme. Where, there is low risk and good returns than traditional investments. There are few numbers of gold investment avenues available to the investors to park their funds. But the choice of gold investments avenues varies from investors to investors bases on the level of financial literacy and expectations. In the current economic scenario, India has 24000 tonnes of precious metal<sup>i</sup>, worth of \$800 at least. Indian housewives are having 11% of the world gold which has kept below the pillow and it is ideal gold in nature<sup>ii</sup>. In Indian investors' portfolio, it has been found that gold is very favorite and easy investment option. Not only Indian government are using gold as hedging tool against inflation but Indian households are also using it in their bad time as hedge.

This study is focusing on the current investors choice in gold investment i.e. traditional and modern and its reasons. In India large numbers of studies have been conducted to find out the preferences of gold investment avenues among the gold investors and its reasons of investments (Shobha C.V. Nov. 2017, Aghila Sasidharan, Sept.2015, Ashly Lynn Joseph, Dr. M. Prakash, Sept.2014). (Dr. Jyoti Lahoti, March.2017, Swati Godbole & Kirti Arekar Oct. 2014) studied the gold investment options and perception of the consumers for gold purchases. In this study gold deposit scheme has considered as an investment option which has not been considered previously. 40 sample has collected as primary data from Pune city to check investors' preferences and behavior towards gold investment.

## 2. Objective

“To study the current gold buying options and investment parameters of investor's in Pune region”

### 3. Literature Review

S. Prachee Jain & Stella Mary, January 2018 studies the performance of Gold Exchange Traded Fund in National Stock Exchange in India. The study was discussing about the modern gold investment option available in Indian capital market. This study was based on secondary data. Here author has taken last recent few years data to evaluate the relationship of Gold ETF with spot price and Nifty 50. In this study author has used Correlation, Mean, Standard Deviation, Beta ' $\beta$ ', Sharp Index, Jack Treynor Index & Alpha tools for data analysis. While doing this study author has found that Gold ETF is modern investment instrument, which is good investment option. But due to inadequate returns and downtrend demand in gold in recent few years, investors prefer physical gold investment.<sup>iii</sup>

Jalpa Thakkar, Sheenma Gogia & Vatsala Manjunathan, 2013, studied the comparative analysis in gold investment instruments. In this study author has focused on the metal investment options available for investors like gold, silver & platinum. The study also discussing about the investors attitude, investment information source, influencing factors, risk opinion and attitude towards return, liquidity in gold investment. It seems in this study that author has conducted the survey and did data analysis of 100 samples in Pune region. After completion of survey author has found gold metal and physical gold investment was mostly preferred by investors. According to survey gold is more valuable instrument that's why investors put it in their portfolio. The study also found that family and friends influences leading investors making investment in physical gold. The news papers as well as magazines were found the main sources of investment information.<sup>iv</sup>

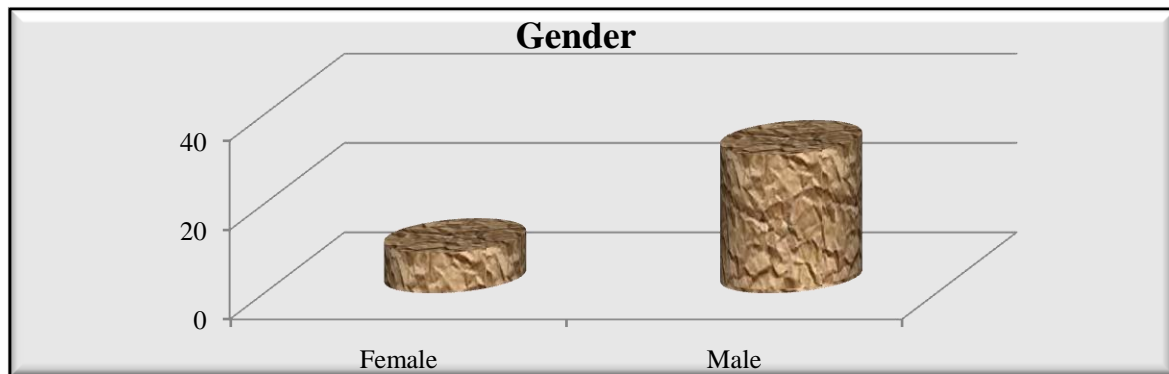
### 4. Research Method

The research study is based on primary data. The data were collected from gold investors which are located in Pune city, Maharashtra, India. Total 40 samples were collected from respondents. Convenient sampling method was used. Only gold investors were focused as a population study. The main objective of this research is to study the current gold buying options and adoption reasons of investors. To know the investors priority and reasons the questionnaire was designed.

In questionnaire five different gold investment avenues and only three adoption reasons or investment factors i.e. returns potential, simplicity, liquidity were considered for the study. Various journals, articles, newspapers, books and websites were referred for secondary data.

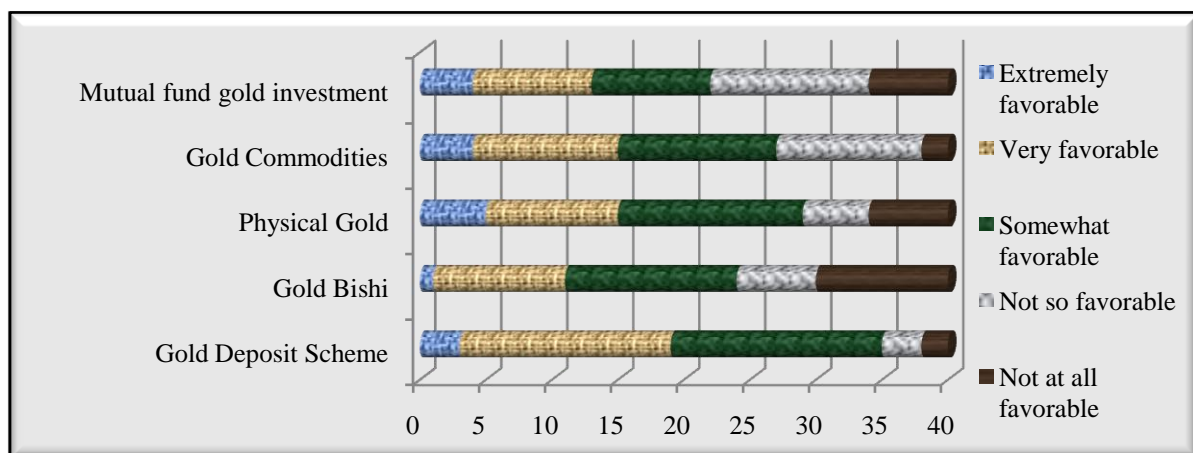
#### 4. Data Analysis and Data Interpretations

**Figure 01. Gender-wise frequency distribution about adoption of gold investment avenues.**



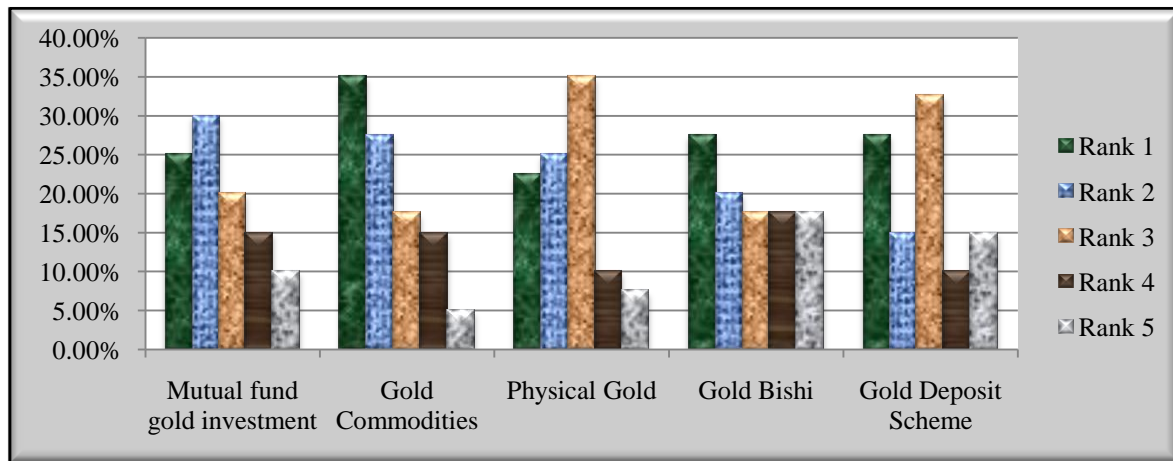
**Interpretation :** From the above mentioned chart it is interpreted that 22.5% females and 77.5% males are adopting gold avenues.

**Figure 02. Frequency distribution of adoption of gold investment avenues.**



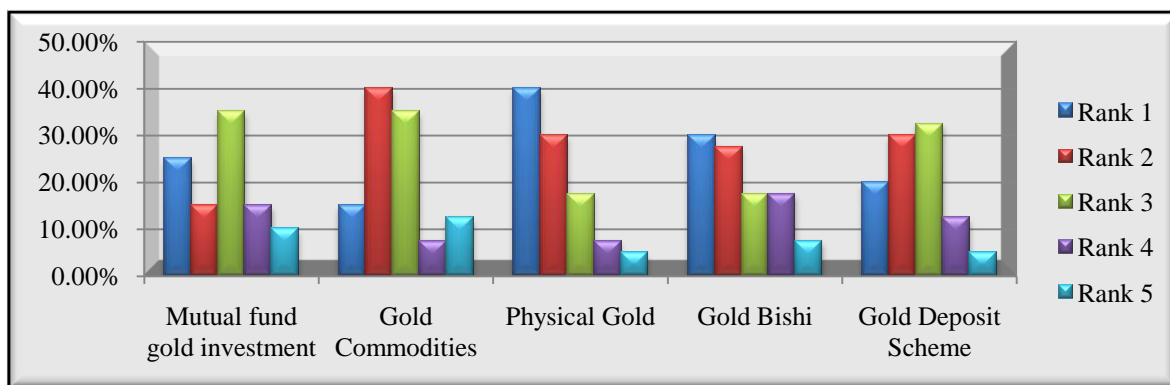
**Interpretation :** From the above mentioned chart it is interpreted that gold investors are awared about all mentioned gold investment avenues. Investors are having favorable attitude towards gold deposit scheme, physical gold and gold commodities investment, unfavorable attitude towards gold bishi and mutual fund gold investment.

**Figure 03. Frequency distribution of adoption reasons (Return Potential) of gold investment avenues.**



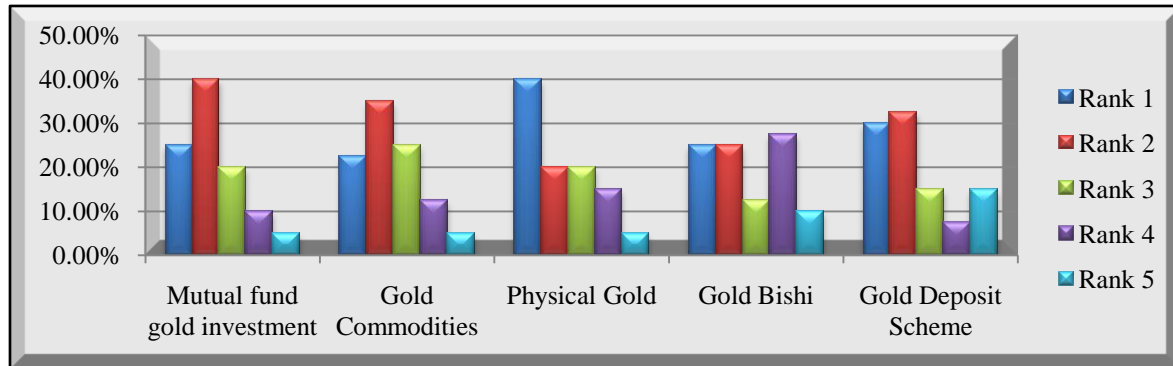
**Interpretation :** From the above mentioned chart it is interpreted that gold investors are getting less returns in physical gold and mutual fund gold investment than returns in gold deposit scheme, gold bishi and gold commodities investment.

**Figure 04. Frequency distribution of adoption reasons (Simplicity) of gold investment avenues.**



**Interpretation :** From the above mentioned chart it is interpreted that gold investors think that investment procedure of physical gold and gold bishi is simple than investment procedure of gold deposit scheme, gold mutual fund and gold commodities.

**Figure 05. Frequency distribution of adoption reasons (Liquidity) of gold investment avenues.**



**Interpretation :** From the above mentioned chart it is interpreted that gold investors think that investment get easily liquidate in physical gold, gold mutual funds and gold commodities than investment in gold bishi and gold deposit scheme.

## 5. Findings

- Awareness about different gold investments among population in important phenomenon.
- 22.5% females and 77.5% males are adopting gold investment avenues.
- Investors are having favorable attitude towards gold deposit scheme, physical gold and gold commodities investment.
- Gold investors are getting less returns in physical gold and mutual fund gold investment.
- Gold investors think that investment procedure of physical gold and gold bishi.
- Investment get easily liquidate in physical gold, gold mutual funds and gold commodities.

## 4. Conclusion

The continuous growing demand or traditional investment in gold in India needs to be controlled by using modern gold Investment Avenues, which requires lots of inputs and emphasis on framework to protect investor's interest. For the current state scenario only 40 sample size referred. The findings of the study may get vary after doing survey of large sample size by using

relevance & reliability test. The investment factors i.e. return, simplicity & liquidity investment influencing investor's preferences & behavior which needs to be tested.

## References

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