# CHAPTER 1 INTRODUCTION

## 1 INTRODUCTION

Investment is an economic activity, and it is engrossed by people from all walks of life. Investment is the money that is invested with an expectation of return. Investment is time, energy, or matter spent in the anticipation of future benefits actualized within a specified date or time frame. Investment has different meanings in economics and finance. An investment is an [asset](https://www.investopedia.com/terms/a/asset.asp) or item acquired with the aim of [generating income or appreciation.](https://www.investopedia.com/ask/answers/062915/what-are-some-limitations-and-drawbacks-using-payback-period-analysis.asp) Appreciation refers to an growth in the value of an asset over time. When an individual purchases a good as an investment, the purpose is not to consume the good but rather to use it in the future to create wealth. In economics, investment is the accumulation of recently produced physical entities, such as factories, machinery, houses, and goods inventories. In finance, investment is buying or creating an asset with the prospect of capital appreciation, dividends (profit), interest earnings, rents, or some combination of these returns. This may or may not be supported by research and analysis. An investment involves putting capital to use nowadays in order to increase its value over time. An investment requires putting capital to work, in the form of time, effort, etc., in hopes of a greater payoff in the future period than what was originally put in. Most or all kinds of investment involve some form of risk, such as investment in equities, property, and even fixed interest securities which are subject, among other things, to inflation risk. It is indispensable for project investors to identify and manage the risks associated to the investment.

Today wide range of investment avenues are available like real estate, art, gold, equities, mutual funds, debts etc. The investments are generally classified into two group i.e., financial investment and non-financial investment. Financial investment is the allocation of money to assets that are expected to produce some gain over a period of time. It is an exchange of financial claims such as stocks and bonds for money. They are expected to generate returns and experience capital growth over the years. The financial investment in consists of equities, mutual fund, bonds, deposits, shares, and unit trusts. Non-Financial Investment is also known as non-securitised financial investment. The real assets always discover a place in the portfolio. The Non-financial investment contains of real estate and gold. Since prehistoric time, man continues to use gold in trade and as asset. Even modern financial activities are always based on gold. Ancient people treated gold as the true form of wealth. Gold was used early in 4000 B.C as a fashion decorative object. In 1500 B.C the gigantic gold bearing regions

of Nabia made Egypt a wealthy nation (National Mining Association). Gold has widely been accepted as the standard form of medium of exchange for international trade. Gold is the eldest precious metal known to humankind. Gold is mostly a monetary asset and partly a commodity. Gold is the world's earliest international currency. It is an important aspect of global monetary reserves. Central banks, and official international institutions have been major holders of gold for more than 100 years and are expected to hold large stocks in future.

In today’s economic scenario, everyone chooses the kind of investments that will protect their wealth rather than create wealth. Gold is one such investment opportunity. Gold plays an important role in providing the best possible protection against the instabilities of political and economic scenario, mainly in Asia, the middle east countries and also in India. Generally, the primary step in the investment process is understanding the objectives of investment and framing out the investment policy. This may depend on investor’s perception. In this study an attempt has been made to find out the investor’s perception towards gold. Gold can be invested in the form of gold jewelleries, gold coin, gold bar, E-gold, gold bond, gold exchange traded fund, gold mutual fund, and futures and options. This study aims to understand investors perception towards gold investment in Thrissur district.

## 1.1 SIGNIFICANCE Of THE STUDY

A large number of investment opportunities are available for investors in India. Risk and return are the most important issues which an investor faces to maximise his/her return while choosing investing avenues depending upon his objective, preference, and desires. The rising popularity of the gold market investment has been evident from the continuous increase in the number of individual investors. Investors are in the gold market for high returns at the same time they play an important role in the industrial development of a nation. The present study systematically analyses the various factors that influence the behaviour of gold investors in Thrissur district. It identifies various problems faced by the investors at the time of investment in gold. It also offers suggestion to overcome the problem. Kerala is gradually moving towards the liberalization in several areas especially banking area due to the open forces from the foreign financial institution. Local banks and investment branches progressively more focus on customer services and improving their facilities. By understanding the

local investee perception towards the gold investment, local banks (or) other local investment institutions will be capable to compete with other foreign giant finance and investment institutions. More investors pursue gold as protection against the instability of numerous macro-economic variables like inflation, currency exchange rate, and interest rate. It is in this context that, a study on investors perception towards gold investment in Thrissur district is conducted.

**COMPANY PROFILE :**

**TJM GOLD & DIAMONDS**

TJM has a rich history of 31 years when it comes to wholesale jewellery manufacturing. We’ve been catering jewellery all over Kerala with our designer ornaments on a wholesale basis since 1991. Now we are into the retail segment too.We have our own in-house designers team to design those unique designs. Whether it’s contemporary or traditional, our designs never fail to impress. We also design customised ornaments for our customers as per requirements. Since our jewellery comes all the way out from our factory without mediators, we can sell it to our customers at the lowest ever making charge possible. After all, jewellery is an emotion for us,

Good designer jewellery matters to us just like our rich cultures and traditions That’s why we make jewellery that matches our culture and tradition, that’s why we make jewellery that matches your heart. Ever wondered where the unique designer ornaments in those glittering Advertisements can be found The answer is TJM. We have a history of more than three decades. For the past thirty years, we have been catering our designer gold to jewellery all over Kerala on a wholesale basis.

## STATEMENT OF THE PROBLEM

Today, investment have become more relevant for people pursuing their livelihood in any area. There are different investment avenues such as shares, art, gold, real-estate etc. Gold has been predominantly one of the most chosen assets for Indians. As with any investment, Gold Investments also has associated risks. Gold as a commodity tends to be highly volatile in nature. There are a lot of factors which influences the gold market in general. Factors like inflation and geo-political circumstances tend to influence the value of gold in general. With Gold being traditionally a very popular option among conservative investors, it is very crucial to know the factors influencing investment decisions of the investors. The present study is an attempt to analyses the preference and perception of investors who invest in gold.

## OBJECTIVES OF THE STUDY

The main objectives of the study are as follows:

* + - To understand the factors influencing the decisions to invest in gold
    - To find out the problems faced by gold investors

## HYPOTHESIS

H0: The opinion regarding investors’ perception towards gold investment is equal to average.

H0: The opinion regarding perception towards factors influencing the decisions to invest in gold are equal to average.

H0: The opinions regarding all statements on problems while investing in gold are equal to average.

## RESEARCH METHODOLOGY

* RESEARCH DESIGN

Descriptive research design has been used in this study. The present study is aimed to understand investors perception towards gold investment. The research approach used is survey based and analysis is based on primary data.

* SOURCES OF DATA

Primary sources were used to collect the data. Data was collected with the help of a questionnaire. Secondary data were collected from journals, newspaper and websites.

* SAMPLE DESIGN

The sample size of the study is fixed as 120 which is collected from Thrissur district. Convenience sampling is applied.

* DATA COLLECTION TOOL

To obtain the information from the respondents a detailed questionnaire was prepared. The first half of the questionnaire contains queries regarding the demographic details of the respondents. The second part of the questionnaire dealt with perception of investors towards gold investment, the factors affecting and the problems that are faced by the investors while investing in gold.

* DATA ANALYSIS TOOL

The collected data were analysed with reference to the specific objective of the study. Tools used to analyse the collected data were

1. Percentage analysis
2. Weighted average
3. One sample t-test

* PERIOD OF THE STUDY

The duration of the project is 3 weeks.

## SCOPE OF THE STUDY

The purpose of the study is to analyse investors perception that includes analysis of reasons for the preference of investment in gold and factors influencing the decision to invest in gold. The outcome of this study will help the jewellery maker in understanding the choices and preference of buyers. The present study attempts to understand the perception of individual investors in gold investment and factors influencing the decision to invest in gold. This will help the investors to better understand about the gold industry so that they can do better use their hard earned money to earn more profits.

## LIMITATIONS OF THE STUDY

The major limitations of the present study are the following.

* + - This study will cover Thrissur district only; therefore, the findings of the study may not reflect the entire Indian scenario.
    - The general reluctance of people to reveal data on income, savings and investment made the task of gathering data somewhat difficult.
    - Time is a limiting factor.

# CHAPTER 2 REVIEW OF LITERATURE

## INTRODUCTION

This chapter deals with the reviews of different studies which directly or indirectly relate to the topic under study. Review of Literature is the summary of relevant previous writings on the topic under study. It is a survey of books, journal articles and other formal writing on a topic. It attempts to look at previous writings with a critical eye, often finding out the methodological and other shortcomings of a work reviewed. In this chapter the review of various studies in the context of research problem is given in concise.

**Selvaraj and Sudha** (2021) attempted to study women investors perception towards gold investment with the objective to study the women investors choices of gold investment among various forms of gold investment avenues and to measure the awareness level of women investors about the gold investment avenues. The study was supported by primary data. The study was conducted through Kendall’s coefficient of concordance and chi-square test with the help of MS excel and SPSS. Findings of the study were gold investment avenue- gold jewellery has been ranked as first and futures and options has been ranked as last. The researchers suggested that Government of India to take all possible steps to create awareness among women gold investors concentration from physical gold investment into paper gold investment.

**Gajendra and Naidu** (2020) attempted to study on analysing determinants of gold investments in Karnataka with the objective to ascertain the factors influencing investors towards gold investment and to suggest better strategies for gold investments. The study was supported by primary and secondary data. The study was conducted through ANOVA, chi-square, correlation, factor analysis, bartlett’s test, and structural equation modelling. It was found that there was significant difference between demographic factors and investor’s perception.

**Gnanakumar** (2020) attempted to study descriptive analytics during disruptive periods of investment – a case study on gold and gold ETFs with the objective to create analytics among the investment option between physical gold and Gold Exchange Traded Funds (ETFs). The study was based on secondary data. The researcher found that returns from gold were predictable in the bullish period and returns from gold were not predictable in the bearish period. The researcher suggested that we require separate descriptive analytics during disruptive period of investment.

**Johan** (2020) intended to understand investors with the golden -i: preference in Gold - i Investment with the objective to examine the factors influencing customers preference in gold investment. The study was supported by primary data. The study found that there is a positive relationship between inflation and income growth. There was a negative relationship between interest rates and gold investment preference.

**Menon** (2020) attempted to analyse investor perception towards gold as an investment option in different market conditions with the objective to ascertain how investors perceive gold as a competing asset class and identifying the variables that exercise the greatest influence on the choice of investment in gold. The research is analytical study and based on primary as well as secondary data. The study was conducted through Garrett’s ranking technique. The findings of the study were during normal market conditions a majority of investors prefer to invest in high risk while during Covid-19 majority of investors prefer to invest in low-risk instrument. The researcher suggested that the financial institutions and government to design innovative products in the form of gold instruments. The study also suggested to increase financial literacy and awareness of gold instruments.

**Hymavathi and Kalpana** (2019) attempted to analyse investors perception on purchasing of gold and silver with reference to Guntur city, A.P with the objective to study and analyse the commodities market of selected non-agricultural products of gold and silver and to know which commodity investors more likely to invest. The study was supported by both primary and secondary data. The researchers found that majority of respondents prefer to invest in gold and focused on moderate risk investments. The researchers suggested that the institutions should develop some referral programs and rewards for referrals, so that the existing investors can actively bring a greater number of investors. The recommended that awareness about various uses of commodities can help investors to reduce risk and increase profit.

**Peter et.al** (2017) intended to study customer perception towards investment in gold in commodity market with reference to Chennai bulls’ financial services (P)Ltd. The study was supported by primary and secondary data. It was conducted through percentage analysis, chi-square test and correlation. The researchers found that there was no significant relationship between the fluctuation in gold and updates of capital market and there was relationship between investment and experience. The researchers suggested that the government has to make attention to semi urban and country individuals. The study concluded that information on overall commodities and

awareness and fluctuations on gold towards domestic into international and also market news created much impact on gold.

**Radhakrishnan and Namboothiri** (2017) intended a comparative study on the investors perception for factors influencing choice of investment towards mutual fund and gold in Kerala with the objective to analyse factors influencing the choice of investment between mutual fund and gold in selected respondents in Ernakulam district. The study was supported by both primary and secondary data. The study was conducted through t test and multiple regression. The researchers found that there was a relationship between factors influencing on investment among the mutual fund and gold investors. The researchers suggested that advertising campaigns should be conducted in rural areas to increase awareness among rural investors.

**Shobha** (2017) attempted to study on gold as a safer investment alternative among small and medium investors with special reference to Kozhikode district with the objective to find the factors influencing the small and medium investors on the decision to invest in gold. The study was supported by both primary and secondary data. The study was conducted through Garch model and chi-square test. The researcher found that age, gender, income level, and marital status had a positive relation with investors decision. Educational qualification did not influence investors decision.

**Monga et.al** (2016) attempted to study investor perspective on forms of investment in gold: some reflections with the objective to understand available investment options in gold and highlight pros and cons of various forms of gold investment. The study was supported by both primary and secondary data. It was conducted through frequency and percentage analysis. The findings of the study where the jewellery was the most preferred form of investment. The least preferred form of investment was futures and options. The researchers suggested that ETFs are easily available and carry less possibility of losses and despite high exposure in gold investment.

**Rupa and Salini** (2016) attempted to study consumer’s preference towards gold as an investment with reference to Coimbatore city with the objective to identify the factors that influences the customers to invest in gold and to ascertain the investment pattern of gold by the customers. The study was based on primary data. It was conducted through chi-square test. The researchers found that there was significant relationship between annual family income and respondents’ belief that gold was a better investment and savings per annum has a positive relationship. There are various investment options

like securities, real estate, mutual fund, and gold has been considered as the most preferred investment due to its liquidity and profitability.

**Benny and John** (2014) attempted to analyse investment attitude in gold - An investors perspective with the objective to measure the gold investment attitude of individual investor and to know the impact of age, education, and income factors in the investment attitude of the investor. The study was based on both primary and secondary data. It was conducted through chi-square test. The findings of the study were there is no relationship between investor age and attitude towards gold investment and there is relationship between investors income and level and attitude towards gold investment. The study concluded that investors education and income levels are crucial elements in making investment in gold.

**Ramachandran and Dayanasajjanan** (2014) intended to study awareness, perception, and satisfaction level of gold bullion investors with the objective to analyse awareness of gold bullion investors and to study the opinion of the investors on gold bullion investment. The study was supported by primary and secondary data. The study was conducted through percentage analysis and Garrett’s ranking method. The researchers found that majority of respondents prefer gold coins as the most preferred form of gold bullion and majority of respondents were highly satisfied on the factors such as safety, liquidity, and exchange value of gold. The researchers suggested that the awareness about gold bullion among people needs to be enhanced.

**Santhi** (2013) attempted to study perception of investors towards gold as an investment avenue in Madurai city with the objective to collect investors response towards investment in gold. The data was supported by both primary and secondary data. It was conducted through percentile analysis and mean scores of five-point scale. It is found that investors consider gold as realizable easily into cash. The study identified the risk in gold investment. The study suggested that there is an urgent need to encourage the substitution of gold purchase with alternatives in the formal financial sector which shall also help in increasing the productive capacity of the economy.

**Lutter** (2008) attempted to study consumer behaviour during investment gold purchase in comparison to other investment instruments with the objective to know investment behaviour. The study was supported by primary data. The researcher found that gold is not regarded as serious investment but rather something with emotional value. It found that the potential investors listen to almost all available sources regardless of low big role of source will play in the final decision.

## CONCLUSION

This chapter has presented a review of literature collected from various articles, books, and journals. The previous researchers concluded that gold investors are satisfied, and their first investment priority is gold. The present study will focus upon the investor’s perception towards gold investment.

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# CHAPTER 3 CONCEPTUAL FRAMEWORK

## INTRODUCTION

Investment is that the employment of funds with the intention of achieving additional income or growth in value. The essential quality of an investment is that it involves looking ahead to a reward. It involves the commitment of resources which are saved or put far from current consumption within the hope that some benefits will accrue in future. Investment is that the allocation of monetary resources to assets that are expected to yield some gain or positive return over a given period of your time. From the point of view of individuals who invest their funds, they’re suppliers of capital and in their view, investment could be a commitment of a people's funds to derive future income within the form of interest, dividends, rent, premiums, pension benefits or the appreciation of the worth of the principal capital. The character of investment in the financial sense differs from its use in the economic sense. To the economist, 'Investment' means the net additions to the economy's capital stock which consists of goods and service that are utilised in the productions of other goods and services. In this context, the term investment, therefore, implies the formation of latest and productive capital in the form of new construction, new producer's durable equipment such as plant and equipment. The study has been undertaken to analyze the investor's perception in gold investment, factors influencing the decision to invest in gold, and the problems faced by gold investors.

## CHARACTERISTICS OF INVESTMENT

* **Risk factor:** Risk is an inherent characteristic of each investment. It is the loss of principal amount or variability in return reciprocally. Every investment differs in terms of risk related with them. Risk factors are the building block of factor investing. A risk factor is an underlying characteristic or exposure that can be used to explain the return profile of an asset class. The return profile of a bond, for example, is tied to risk factors such as duration, credit spreads and default risk, while a stock’s returns are linked to factors such as size, value and momentum. Macroeconomic risk factors include volatility and inflation. Risk factors were first proposed in academic financial models such as the capital asset pricing model (CAPM) which expresses the relationship between expected return and risk for stocks, and Stephen Ross’s 1976 arbitrage pricing theory which asserts that an asset’s returns can be predicted by its relationship with common risk factors.

In finance, risk factors are the building blocks of investing, that help returns in equity market, and the possibility of losing money in investments or business adventure. A risk factor is a concept in finance theory such as the capital asset pricing model, arbitrage pricing theory and other theories that use pricing kernels. In these models, the rate of return of an asset (hence the converse its price) is a random variable whose realization in any time period is a linear combination of other random variables plus a disturbance term or white noise. In practice, a linear combination of observed factors included in a linear asset pricing model (for example, the Fama–French three-factor model) proxy for a linear combination of unobserved risk factors if financial market efficiency is assumed. In the Intertemporal CAPM, non-market factors proxy for changes in the investment opportunity set. Risk factors occur whenever any sort of asset is involved, and there are many forms of risks from credit, liquidity risks to investment and currency risks.Different participants of risk factors contain different risk factors for each participant, for example, financial risks for the individual, financial risks for the Market, financial risks for the Government. During the 2008 financial crisis, the traditional method of diversifying portfolios by investing in different asset classes proved to be less effective than investors anticipated, as previously uncorrelated asset classes began to move in tandem. As a result, factor investing has emerged as an alternative to traditional asset class allocation for generating risk-adjusted returns. Risk factor-based allocation works by determining the underlying risk exposures that contribute to each asset’s returns, and then selecting assets based on those exposures, to create a portfolio that best reflects the investment thesis while simultaneously diversifying risk. For example, in order to gain exposure to currency risk, a portfolio manager could invest directly in currencies, or gain exposure indirectly though assets that are exposed to the same risk factors.

* **Return:** Return is the income expected. It is the key objective for doing investment by the investors. This may be in the form of regular yield or through capital appreciation. Return on investment (ROI) or return on costs (ROC) is a ratio between net income (over a period) and investment (costs resulting from an investment of some resources at a point in time). A high ROI means the investment's gains compare favourably to its cost. As a performance measure, ROI is used to evaluate the efficiency of an investment or compare the efficiencies of several different investments. In economic terms, it is one way of relating profits to capital invested. business, the purpose of the return on investment (ROI) metric is to measure, per period, rates of return on money invested in an economic entity in order to decide whether or not to undertake an investment. It is also used as an indicator to compare different investments within a portfolio. The investment with the largest ROI is usually prioritized, even though the spread of ROI over the time period of an investment should also be taken into account. Recently, the concept has also been applied to scientific funding agencies’ (e.g., National Science Foundation) investments in research of open source hardware and subsequent returns for direct digital replication.ROI and related metrics provide a snapshot of profitability, adjusted for the size of the investment assets tied up in the enterprise. ROI is often compared to expected (or required) rates of return on money invested. ROI is not time-adjusted (unlike e.g. net present value): most textbooks describe it with a "Year 0" investment and two to three years' income.Marketing decisions have an obvious potential connection to the numerator of ROI (profits), but these same decisions often influence assets’ usage and capital requirements (for example, receivables and inventories). Marketers should understand the position of their company and the returns expected. For a marketing ROI percentage to be credible, the effects of the marketing program must be isolated from other influences when reported to executives. In a survey of nearly 200 senior marketing managers, 77 percent responded that they found the "return on investment" metric very useful.Return on investment may be extended to terms other than financial gain. For example, social return on investment (SROI) is a principles-based method for measuring extra-financial value (i.e., environmental and social value not currently reflected in conventional financial accounts) relative to resources invested. It can be used by any entity to evaluate the impact on stakeholders, identify ways to improve performance and enhance the performance of investments. As a decision tool, it is simple to understand. The simplicity of the formula allows users to freely choose variables, e.g., length of the calculation time, whether overhead cost is included, or which factors are used to calculate income or cost components. The use of ROI as an indicator for prioritizing investment projects alone can be misleading since usually the ROI figure is not accompanied by an explanation of its make-up.[citation needed] ROI should be accompanied by the underlying data that forms the inputs, this is often in the format of a business case. For long-term investments, the need for a Net Present Value adjustment is great and without it the ROI is incorrect. Similar to discounted cash flow, a Discounted ROI should be used instead. One limitation associated with the traditional ROI calculation is that it does not fully "capture the short-term or long-term importance, value, or risks associated with natural and social capital" because it does not account for the environmental, social, and governance performance of an organization. Without a metric for measuring the short- and long-term environmental, social and governance performance of a firm, decision makers are planning for the future without considering the extent of the impacts associated with their decisions. One or more separate measures, aligned with relevant compliance functions, are frequently provided for this purpose.
* **Liquidity:** liquidity is the convertibility of an investment into cash. It is the easiness to sold within the market with no loss. Most of the investors invest in liquid assets. is defined as the ease with which an investment can be bought or sold without significantly impacting the price of the security. Investments that can be easily bought or sold are said to be liquid while the inverse is true for illiquid investments.How easily assets may be converted to cash can vary considerably. Traditional investments, including many stocks and U.S. Treasury bonds, can be easily bought and sold, so they are considered highly liquid.Illiquid asset, such as private debt and private equity, classes typically have fewer buyers and sellers than more-liquid investments and tend to lack standardized terms, making it harder for investors to quickly analyze, value and, in turn, buy or sell them. Investors tend to gravitate toward more-liquid investments. But in today’s environment, a portfolio of all-liquid investments may not help them reach their long-term goals.Combining liquid and less-liquid investments may help investors meet.Potential to generate a return or yield premium. Investors typically demand a higher rate of return in exchange for giving up liquidity. This “illiquidity premium” is often a key factor for those investing in less-liquid and illiquid investments.Diversify a portfolio by adding low-correlated assets. Finding low-correlated assets, or assets that do not move in relation to one another, is key to building diversified portfolios. Less-liquid and illiquid investments have historically exhibited lower correlation to traditional investments.May improve risk-adjusted returns. Institutions have long turned to less-liquid and illiquid investments to help smooth the returns of their portfolios to drive long-term performance by reducing the impact of volatility on the.other words, liquidity describes the degree to which an asset can be quickly bought or sold in the market at a price reflecting its intrinsic value. Cash is universally considered the most liquid asset because it can most quickly and easily be converted into other assets. Tangible assets, such as real estate, fine art, and collectibles, are all relatively illiquid. Other financial assets, ranging from equities to partnership units, fall at various places on the liquidity spectrum. Market liquidity refers to the extent to which a market, such as a country's stock market or a city's real estate market, allows assets to be bought and sold at stable, transparent prices. In the example above, the market for refrigerators in exchange for rare books is so illiquid that, for all intents and purposes, it does not exist. person wants a $1,000 refrigerator; cash is the asset that can most easily be used to obtain it. If that person has no cash but a rare book collection that has been appraised at $1,000, they are unlikely to find someone willing to trade them the refrigerator for their collection. Instead, they will have to sell the collection and use the cash to purchase the refrigerator. That may be fine if the person can wait for months or years to make the purchase, but it could present a problem if the person only had a few days. They may have to sell the books at a discount, instead of waiting for a buyer who was willing to pay the full value. Rare books are an example of an illiquid asset.
* **Stability of income:** Investors invest with high expectation of income. So, return of their investment should be stable.When designing your investment plan and asset allocation, accounting for your unique ability, willingness and need to take risk is of utmost importance. However, when looking at your ability to take risk, you also need to account for how stable your income . Accounting for your willingness and need to take risk is straightforward.The more risk you can absorb during bear markets without abandoning your plan, the higher your allocation to stocks can be.The higher the rate of return you need to meet your financial goals. The ability to take risk is more complex. Most investors focus on their investment horizon when thinking about their ability to take risk:

## IMPORTANCE OF INVESTMENT

Investments are both important and useful within the context of present-day conditions. The use of investment are as follows:

* + - **Generates income:** Investment provides periodic and regular income to the investors. Return is the aim behind the investment process. Investors analyses and invest in those investment options which offer better return with limited loss.
    - **Wealth creation:** Investment helps the investors in wealth creation through capital appreciation. Investment helps in accumulating large funds by selling assets at a higher price than the initial purchase price.
    - **Tax benefits:** It enables peoples in availing various tax benefits and saving their income. Many individuals prefer to invest in several avenues for taking numerous tax exemptions.
    - **Economic development:** Investment have an important role within the overall development of the country. It enables capital creation and ends up in economic development of the country.

## INVESTMENT ALTERNATIVES

There are a wide range of investment alternatives offered for investing. The people have to choose proper avenue among those available, depending upon their specific need, risk preference, and return that are expected. Different investment avenues are given below

* **Equities:** Equities are a sort of security that represents the ownership in a company. Equities are traded in stock markets. Alternatively, they can be purchased via the Initial Public Offering (IPO) route, i.e., directly from the corporate. Investing in equities is a good long-term investment option as the returns on equities over a long-time horizon are generally more than most other investment avenues. Investment alternativesEquity investors purchase shares of a company with the expectation that they’ll rise in value in the form of capital gains, and/or generate capital dividends. If an equity investment rises in value, the investor would receive the monetary difference if they sold their shares, or if the company's assets are liquidated and all its obligations are met. Equities can strengthen a portfolio’s asset allocation by adding diversification. The primary objective of making any investment is to earn returns on it and grow your wealth. Returns on investment can either be market-linked or fixed. There are various investment products under different investment categories. For example, direct equity investments like stocks or mutual fund investments are examples of market-linked investments whereas fixed deposits or post office time deposits are popular fixed return investment products BlackRock homepageAn equity investment is money that is invested in a company by purchasing shares of that company in the stock market. These shares are typically traded on a stock exchange.Equity investors purchase shares of a company with the expectation that they’ll rise in value in the form of capital gains, and/or generate capital dividends. If an equity investment rises in value, the investor would receive the monetary difference if they sold their shares, or if the company's assets are liquidated and all its obligations are met. Equities can strengthen a portfolio’s asset allocation by adding diversification .The main benefit from an equity investment is the possibility to increase the value of the principal amount invested. This comes in the form of capital gains and dividends. An equity fund offers investors a diversified investment option typically for a minimum initial investment amount. If an investor wanted to achieve the same level of diversification as an equity fund, it would require much more – and much more manual – capital investment.Investors may also be able to increase investment through rights shares, should a company wish to raise additional capital in equity market
* **Mutual funds:** A mutual fund allows a group of people to pool their money together and have it professionally managed, in keeping with a predetermined investment objective. This investment avenue is popular due to its cost efficiency, risk-diversification, professional management, and sound regulation.Beginning the 1980s, the mutual fund industry began a period of growth.to Robert Pozen and Theresa Hamacher, growth was the result of three factors .A bull market for both stocks and bonds,New product introductions (including funds based on municipal bonds, various industry sectors, international funds, and target date funds) and Wider distribution of fund shares. Among the new distribution channels were retirement plans. Mutual funds are now the a preferred investment option in certain types of retirement plans, specifically in 401(k), other defined contribution plans and in individual retirement accounts (IRAs), all of which surged in popularity in the 1980s.The 2003 mutual fund scandal involved unequal treatment of fund shareholders whereby some fund management companies allowed favored investors to engage in prohibited late trading or market timing. The scandal was uncovered by former New York Attorney General Eliot Spitzer and led to an increase in regulation. In a 2007 study about German mutual funds, Johannes Gomolka and Ralf Jasny found statistical evidence of illegal time zone arbitrage in trading of German mutual funds Though reported to regulators, BaFin never commented on these results. The first modern investment funds, the precursor of mutual funds, were established in the Dutch Republic. In response to the financial crisis of 1772–1773, Amsterdam-based businessman Abraham (or Adriaan) van Ketwich formed a trust named EendragtMaaktMagt ("unity creates strength"). His aim was to provide small investors with an opportunity to diversify. Mutual funds were introduced to the United States in the 1890s. Early U.S. funds were generally closed-end funds with a fixed number of shares that often traded at prices above the portfolio net asset value. The first open-end mutual fund with redeemable shares was established on March 21, 1924, as the Massachusetts Investors Trust, which is still in existence today and managed by MFS Investment Management.In the United States, closed-end funds remained more popular than open-end funds throughout the 1920s. In 1929, open-end funds accounted for only 5% of the industry's $27 billion in total assets. After the Wall Street Crash of 1929, the United States Congress passed a series of acts regulating the securities markets in general and mutual funds in particular.

The Securities Act of 1933 requires that all investments sold to the public, including mutual funds, be registered with the SEC and that they provide prospective investors with a prospectus that discloses essential facts about the investment. The Securities Exchange Act of 1934 requires that issuers of securities, including mutual funds, report regularly to their investors. This act also created the Securities and Exchange Commission, which is the principal regulator of mutual funds.The Revenue Act of 1936 established guidelines for the taxation of mutual funds. It allowed mutual funds to be treated as a flow-through or pass-through entity, where income is passed through to investors who are responsible for the tax on that income.The Investment Company Act of 1940 established rules specifically governing mutual funds.These new regulations encouraged the development of open-end mutual funds (as opposed to closed-end funds). Growth in the U.S. mutual fund industry remained limited until the 1950s when confidence in the stock market returned. In the 1960s, Fidelity Investments began marketing mutual funds to the public, rather than only wealthier individuals or those working in the finance industry. The introduction of money market funds in the high-interest rate environment of the late 1970s boosted industry growth dramatically. The first retail index fund, First Index Investment Trust, was formed in 1976 by The Vanguard Group, headed by John Bogle; it is now called the "Vanguard 500 Index Fund" and is one of the largest mutual funds.A mutual fund is a professionally managed investment fund that pools money from many investors to purchase securities. The term is typically used in the United States, Canada, and India, while similar structures across the globe include the SICAV in Europe ('investment company with variable capital') and open-ended investment company (OEIC) in the UK. Mutual funds are often classified by their principal investments: money market funds, bond or fixed income funds, stock or equity funds, or hybrid funds. Funds may also be categorized as index funds, which are passively managed funds that track the performance of an index, such as a stock market index or bond market index, or actively managed funds, which seek to outperform stock market indices but generally charge higher fees. Primary structures of mutual funds are open-end funds, closed-end funds, unit investment trusts. Open-end funds are purchased from or sold to the issuer at the net asset value of each share as of the close of the trading day in which the order was placed, as long as the order was placed within a specified period before the close of trading. They can be traded directly with the issuer. Mutual funds have advantages and disadvantages compared to direct investing in individual securities. The advantages of mutual funds include economies of scale, diversification, liquidity, and professional management.

However, these come with mutual fund fees and expenses. Mutual funds are regulated by governmental bodies and are required to publish information including performance, comparison of performance to benchmarks, fees charged, and securities held. A single mutual fund may have several share classes by which larger investors pay lower fees. Hedge funds and exchange-traded funds are not mutual funds the end of 2020, open-end mutual fund assets worldwide were $63.1 trillion.

The countries with the largest mutual fund industries are:

* United States: $23.9 trillion
* Australia: $5.3 trillion
* Ireland: $3.4 trillion
* Germany: $2.5 trillion
* Luxembourg: $2.2 trillion
* France: $2.2 trillion
* Japan: $2.1 trillion
* Canada: $1.9 trillion
* United Kingdom: $1.9 trillion
* China: $1.4 trillion

At the end of 2019, 23% of household financial assets were invested in mutual funds. Mutual funds accounted for approximately 50% of the assets in individual retirement accounts, 401(k)s and other similar retirement plans. Luxembourg and Ireland are the primary jurisdictions for the registration of UCITS funds. These funds may be sold throughout the European Union and in other countries that have adopted mutual recognition regime

* **Bank deposits:** Investing in bank or post-office deposits could be a quite common way of securing surplus funds. These instruments are at the low end of the risk- return spectrum. It is suitable for risk averse investors. They are generally risk free. So return is lower in bank deposit. The deposit itself is a liability owed by the bank to the depositor. Bank deposits refer to this liability rather than to the actual funds that have been deposited. When someone opens a bank account and makes a cash deposit, he surrenders the legal title to the cash, and it becomes an asset of the bank. In turn, the account is a liability to the bank.Bank deposits consist of money placed into banking institutions for safekeeping. These deposits are made to deposit accounts such as savings accounts, checking accounts, and money market accounts. The account holder has the right to withdraw deposited funds, as set forth in the terms and conditions governing the account agreement. Savings accounts offer account holders interest on their deposit.

However, in some cases, account holders may incur a monthly fee if they do not maintain a set balance or a certain number of deposits. Although savings accounts are not linked to paper checks or cards like current accounts, their funds are relatively easy for account holders to access. current account, also called a demand deposit account, is a basic checking account. Consumers deposit money and the deposited money can be withdrawn as the account holder desires on demand. These accounts often allow the account holder to withdraw funds using bank cards, checks, or over-the-counter withdrawal slips. In some cases, banks charge monthly fees for current accounts, but they may waive the fee if the account holder meets other requirements such as setting up direct deposit or making a certain number of monthly transfers to a savings account.Financial institutions refer to these accounts as interest-bearing checking accounts, Checking Plus, or Advantage Accounts. These accounts combine the features of checking and savings accounts, allowing consumers to easily access their money but also earn interest on their deposits. Like a savings account, a time deposit account is an investment vehicle for consumers. Also known as certificates of deposit (CD), time deposit accounts tend to offer a higher rate of return than traditional savings accounts, but the money must stay in the account for a set period of time. In other countries, time deposit accounts feature alternative names such as term deposits, fixed-term accounts, and savings bonds

* **Real estate:** Real estate refers to the land and anything permanently affixed to the land. All wealthy people keep part of their wealth within the kind of land. Examples include land, residential, commercial, and industrial buildings. It is a traditional form of investment. [During the 1980s, real estate investment funds became increasingly involved in international real estate developed. This shift led to real estate becoming a global asset class. Investing in real estate in foreign countries often requires specialized knowledge of the real estate market in that country.

As international real estate investment became increasingly common in the early 21st century, the availability and quality of information regarding international real estate markets increased.Real estate is one of the primary areas of investment in China, where an estimated 70% of household wealth is invested in real estate Real estate investing involves the purchase, management and sale or rental of real estate for profit. Someone who actively or passively invests in real estate is called a real estate entrepreneur or a real estate investor. Some investors actively develop, improve or renovate properties to make more money from them. Real estate markets in most countries are not as organized or efficient as markets for other, more liquid investment instruments. Individual properties are unique to themselves and not directly interchangeable, which makes evaluating investments less certain. Unlike other investments, real estate is fixed in a specific location and derives much of its value from that location. Industrial real estate With residential real estate, the perceived safety of a neighbourhood and the number of services or amenities nearby can increase the value of a property. For this reason, the economic and social situation in an area is often a major factor in determining the value of its real estate.

Property valuation is often the preliminary step taken during a real estate investment. Information asymmetry is commonplace in real estate markets, where one party may have more accurate information regarding the actual value of the property. Real estate investors typically use a variety of real estate appraisal techniques to determine the value of properties prior to purchase. This typically includes gathering documents and information about the property, inspecting the physical property, and comparing it to the market value of similar properties.A common method of valuing real estate is by dividing its net operating income by its capitalization rate, or CAP rate.Numerous national and international real estate appraisal associations exist for the purpose of standardizing property valuation. Some of the larger of these include the Appraisal Institute, the Royal Institution of Chartered Surveyors and the International Valuation Standards Council.

Investment properties are often purchased from a variety of sources, including market listings, real estate agents or brokers, banks, government entities such as Fannie Mae, public auctions, sales by owners, and real estate investment trusts. Real estate assets are typically expensive, and investors will generally not pay the entire amount of the purchase price of a property in cash. Usually, a large portion of the purchase price will be financed using some sort of financial instrument or debt, such as a mortgage loan collateralized by the property itself. The amount of the purchase price financed by debt is referred to as leverage. The amount financed by the investor's own capital, through cash or other asset transfers, is referred to as equity. The ratio of leverage to total appraised value (often referred to as "LTV", or loan to value for a conventional mortgage) is one mathematical measure of the risk an investor is taking by using leverage to finance the purchase of a property. Investors usually seek to decrease their equity requirements and increase their leverage, so that their return on investment is maximized. Lenders and other financial institutions usually have minimum equity requirements for real estate investments they are being asked to finance, typically on the order of 20% of appraised value. Investors seeking low equity requirements may explore alternate financing arrangements as part of the purchase of a property (for instance, seller financing, seller subordination, private equity sources, etc.

If the property requires substantial repair, traditional lenders like banks will often not lend on a property and the investor may be required to borrow from a private lender utilizing a short term bridge loan like a hard money loan from a Hard money lender. Hard money loans are usually short-term loans where the lender charges a much higher interest rate because of the higher risk nature of the loan. Hard money loans are typically at a much lower loan-to-value ratio than conventional mortgages. Some real estate investment organizations, such as real estate investment trusts (REITs) and some pension funds and hedge funds, have large enough capital reserves and investment strategies to allow 100% equity in the properties that they purchase. This minimizes the risk which comes from leverage but also limits potential ROI.

By leveraging the purchase of an investment property, the required periodic payments to service the debt create an ongoing (and sometimes large) negative cash flow beginning from the time of purchase. This is sometimes referred to as the carry cost or "carry" of the investment. To be successful, real estate investors must manage their cash flows to create enough positive income from the property to at least offset the carry costs. With the signing of the JOBS Act in April 2012 by President Obama there was an easing on investment solicitations. A newer method of raising equity in smaller amounts is through real estate crowdfunding which can pool accredited and/or non-accredited investors together in a special purpose vehicle for all or part of the equity capital needed for the acquisition. Fundrise was the first company to crowdfund a real estate investment in the United States.

* **Insurance:** Insurance is an investment that you simply are putting away money to assist you or your family when an unexpected incident could set you back financially. It’s an element of economic security. It acts as an effective savings tool. There are tax benefits and guaranteed income for insurance. multitude of different types of insurance policies is available, and virtually any individual or business can find an insurance company willing to insure them—for a price.The most common types of personal insurance policies are auto, health, homeowners, and life. Most individuals in the United States have at least one of these types of insurance, and car insurance is required by law.Most people have some kind of insurance: for their car, their house, or even their life. Yet most of us don’t stop to think too much about what insurance is or how it works.Put simply, insurance is a contract, represented by a policy, in which a policyholder receives financial protection or reimbursement against losses from an insurance company. The company pools clients’ risks to make payments more affordable for the insured.

Insurance policies are used to hedge against the risk of financial losses, both big and small, that may result from damage to the insured or their property, or from liability for damage or injury caused to a third party policy’s premium is its price, typically expressed as a monthly cost. The premium is determined by the insurer based on your or your business’s risk profile, which may include creditworthiness .For example, if you own several expensive automobiles and have a history of reckless driving, you will likely pay more for an auto policy than someone with a single midrange sedan and a perfect driving record. However, different insurers may charge different premiums for similar policies. So finding the price that is right for you requires some legwork .Life insurance is something you may consider adding to your financial plan if you're interested in providing a measure of security for your loved ones. Proceeds from a life insurance policy can be used to pay final expenses, eliminate outstanding debts, or cover day-to-day expenses. Whether life insurance is a smart investment may depend on what you need.

* **Precious metals:** Gold is that the most well-known and investible precious metal. Other metals have also made their mark on the human mind. These are metals like as silver, platinum, and palladium. These metals attract a lot of interest worldwide for his or her value especially as an investment. Gold and silver have been recognized as valuable metals and were highly coveted by ancient civilizations. Precious metals still have their place in a savvy investor's portfolio in modern times.There are many ways to buy precious metals like gold, silver, platinum, and a host of good reasons why you should give in to the treasure hunt. So if you're just getting started out in precious metals, read on to learn more about how they work and how you can invest in them.Precious metals are one way to diversify an investor's portfolio and can act as a hedge against inflation.Although gold is the most common investment in the precious metals sector, it isn't the only one out there for investors. Silver, platinum, and palladium are all commodities that can be added to your precious metals portfolio, and each has its own unique risks and opportunities.There are a number of factors that make these investments so volatile, including supply, demand, and geopolitical issues.In addition to owning physical metal, investors can gain access through the derivatives market, metal ETFs and mutual funds, and mining company stocks.
* **Commodity market:** Commodities are any mass goods traded on an exchange or in a cash market. Investors are able to make money by selling the commodity for more than what they bought it for. A common way to invest in commodities is through a futures contract. Do commodity stocks and commodities always deliver the same returns. Not necessarily. There are times when one investment outperforms the other so maintaining an allocation to each group might help contribute to a portfolio's overall long-term performance. There are several ways to consider investing in commodities. One is to purchase varying amounts of physical raw commodities, such as precious metal bullion. Investors can also invest through the use of futures contracts or exchange-traded products (ETPs) that directly track a specific commodity index. These are highly volatile and complex investments that are generally recommended for sophisticated investors only.Another way to gain exposure to commodities is through mutual funds that invest in commodity-related businesses. For instance, an oil and gas fund would own stocks issued by companies involved in energy exploration, refining, storage, and distribution .Commodity prices can be extremely volatile and the commodities industry can be significantly affected by world events, import controls, worldwide competition, government regulations, and economic conditions, all of which can have an impact on commodity prices. There's a chance your investment could lose value.Mutual funds or exchange-traded products (ETPs) that track a single sector or commodity can exhibit higher than average volatility. Also, commodity funds or ETPs that use futures, options, or other derivative instruments can further increase volatility.

Apart from the risks associated with commodity investing, these funds also carry the risks that go along with investing in foreign and emerging markets, including volatility caused by political, economic, and currency instability. While commodity funds can play a role in a diversification strategy, the funds themselves are considered non-diversified as they invest a significant portion of their assets in fewer individual securities that are generally concentrated in 1 or 2 industries. As a result, changes in the market value of a single investment could cause greater fluctuations in share price than would occur in a more diversified fund.

Commodity focused stock funds may use futures contracts to track an underlying commodity or commodity index. Trading in these types of securities is speculative and can be extremely volatile, potentially causing the performance of a fund to significantly differ from the performance of the underlying commodity. That difference can be positive or negative, depending on market conditions and the fund's investment strategy. Dodd-Frank Wall Street Reform and Consumer Protection Act of 2010 addresses the gap in U.S. financial regulation of OTC swaps by providing a comprehensive framework for the regulation of the OTC swaps markets. The Dodd-Frank Act divides regulatory authority over swap agreements between the CFTC and SEC (though the prudential regulators, such as the Federal Reserve Board, also have an important role in setting capital and margin for swap entities that are banks). The SEC has regulatory authority over “security-based swaps,” which are defined as swaps based on a single security or loan or a narrow-based group or index of securities, or events relating to a single issuer or issuers of securities in a narrow-based security index. Security-based swaps are included within the definition of “security” under the Securities Exchange Act of 1934 and the Securities Act of 1933.

The CFTC has primary regulatory authority over all other swaps, such as energy and agricultural swaps. The CFTC and SEC share authority over “mixed swaps,” which are security-based swaps that also have a commodity component. In addition, the SEC has anti-fraud enforcement authority over swaps that are related to securities but that do not come within the definition of “security-based swap.” These are called “security-based swap agreements.” The Dodd-Frank Act provides the SEC with access to information relating to security-based swap agreements in the possession of the CFTC and certain CFTC-regulated entities, such as derivatives clearing organizations, designated contract markets, and swap data repositories. In finance, a derivative is a contract that derives its value from the performance of an underlying entity. This underlying entity can be an asset, index, or interest rate, and is often simply called the "underlying". Derivatives can be used for a number of purposes, including insuring against price movements (hedging), increasing exposure to price movements for speculation, or getting access to otherwise hard-to-trade assets or markets.Some of the more common derivatives include forwards, futures, options, swaps, and variations of these such as synthetic collateralized debt obligations and credit default swaps. Most derivatives are traded over-the-counter (off-exchange) or on an exchange such as the Chicago Mercantile Exchange, while most insurance contracts have developed into a separate industry. In the United States, after the financial crisis of 2007–2009, there has been increased pressure to move derivatives to trade on exchanges.

* **Derivatives:** Derivatives are financial instruments whose values are linked to the value of underlying instruments in the stock markets. Options, future, forwards, and swaps are the categories of derivatives. The derivative itself has no value of its own, and its price is based on the fluctuations of the value of the underlying asset. Derivatives are one of the three main categories of financial instruments, the other two being equity (i.e., stocks or shares) and debt (i.e., bonds and mortgages). The oldest example of a derivative in history, attested to by Aristotle, is thought to be a contract transaction of olives, entered into by ancient Greek philosopher Thales, who made a profit in the exchange.Bucket shops, outlawed in 1936, are a more recent historical etc. Financial derivatives are used for two main purposes to speculate and to hedge investments. A derivative is a security with a price that is dependent upon or derived from one or more underlying assets. The derivative itself is a contract between two or more parties based upon the asset or assets. Its value is determined by fluctuations in the underlying asset. The most common underlying assets include stocks, bonds, commodities, currencies,. Interest rates and market indexes. Derivatives can be traded privately (over-the-counter, OTC) or on an exchange. OTC derivatives constitute the greater proportion of derivatives in existence and are unregulated, whereas derivatives traded on exchanges are standardized. OTC derivatives generally have greater risk for the counterparty than do standardized derivatives.

Some common types of derivative structures include:

* Collateralized debt obligations (CDOs)
* Credit default swaps
* Forwards
* Futures
* Mortgage-backed securities (MBS)
* Options
* Swaps
* Regulation

In 2000, Congress passed the Commodity Futures Modernization Act (CFMA) to provide legal certainty for swap agreements. The CFMA explicitly prohibited the SEC and CFTC from regulating the over-the-counter (OTC) swaps markets, but provided the SEC with antifraud authority over “security-based swap agreements,” such as credit default swaps. However, the SEC was specifically prohibited from, among other things, imposing reporting, recordkeeping, or disclosure requirements or other prophylactic measures designed to prevent fraud with respect to such agreements. This limited the SEC’s ability to detect and deter fraud in the swaps markets.

## INDUSTRIAL PROFILE

**HISTORY OF GOLD :**

Gold is usually seen as a status symbol worldwide, especially in southern parts of India where the bride traditionally wears gold jewelry within the weight of kilograms. Gold encompasses a special place in most parts of the world and due to this gold bars are often smuggled illegally. Not only recently, throughout history gold has always held a position. The kings and also the emperors of the past are known to wear heavy gold ornaments as it used to be considered as the symbol of wealth, status, and power. Gold isn’t only famous for its representation of power, but also the beauty it brings with it. Gold was and remains one in all the foremost coveted metals globally. The earliest recorded metal employed by humans appears to be gold, which can be found free or "native". Small amounts of natural gold have been found in Spanish caves used during the late Paleolithic period, c. 40,000 BC.

The oldest gold artifacts in the world are from Bulgaria and are dating back to the 5th millennium BC (4,600 BC to 4,200 BC), such as those found in the Varna Necropolis near Lake Varna and the Black Sea coast, thought to be the earliest "well-dated" finding of gold artifacts in history. Several prehistoric Bulgarian finds are considered no less old – the golden treasures of Hotnitsa, Durankulak, artifacts from the Kurgan settlement of Yunatsite near Pazardzhik, the golden treasure Sakar, as well as beads and gold jewelry found in the Kurgan settlement of Provadia – Solnitsata (“salt pit”). However, Varna gold is most often called the oldest since this treasure is the largest and most diverse. Gold artifacts probably made their first appearance in Ancient Egypt at the very beginning of the pre-dynastic period, at the end of the fifth millennium BC and the start of the fourth, and smelting was developed during the course of the 4th millennium; gold artifacts appear in the archeology of Lower Mesopotamia during the early 4th millennium. As of 1990, gold artifacts found at the WadiQana cave cemetery of the 4th millennium BC in West Bank were the earliest from the Levant. Gold artifacts such as the golden hats and the Nebra disk appeared in Central Europe from the 2nd millennium BC Bronze Age.The oldest known map of a gold mine was drawn in the 19th Dynasty of Ancient Egypt (1320–1200 BC), whereas the first written reference to gold was recorded in the 12th Dynasty around 1900 BC. Egyptian hieroglyphs from as early as 2600 BC describe gold, which King Tushratta of the Mitanni claimed was "more plentiful than dirt" in Egypt. Egypt and especially Nubia had the resources to make them major gold-producing areas for much of history. One of the earliest known maps, known as the Turin Papyrus Map, shows the plan of a gold mine in Nubia together with indications of the local geology. The primitive working methods are described by both Strabo and DiodorusSiculus, and included fire-setting. Large mines were also present across the Red Sea in what is now Saudi Arabia. The European exploration of the Americas was fueled in no small part by reports of the gold ornaments displayed in great profusion by Native American peoples, especially in Mesoamerica, Peru, Ecuador and Colombia. The Aztecs regarded gold as the product of the gods, calling it literally "god excrement" (teocuitlatl in Nahuatl), and after Moctezuma II was killed, most of this gold was shipped to Spain. However, for the indigenous peoples of North America gold was considered useless and they saw much greater value in other minerals which were directly related to their utility, such as obsidian, flint, and slate.El Dorado is applied to a legendary story in which precious stones were found in fabulous abundance along with gold coins. The concept of El Dorado underwent several transformations, and eventually accounts of the previous myth were also combined with those of a legendary lost city. was the term used by the Spanish Empire to describe a mythical tribal chief (zipa) of the Muisca native people in Colombia, who, as an initiation rite, covered himself with gold dust and submerged in Lake Guatavita. The legends surrounding El Dorado changed over time, as it went from being a man, to a city, to a kingdom, and then finally to an empire.

Gold is mentioned in the Amarna letters numbered 19 and 26 from around the 14th century BC.Gold is mentioned frequently in the Old Testament, starting with Genesis 2:11 (at Havilah), the story of the golden calf, and many parts of the temple including the Menorah and the golden altar. In the New Testament, it is included with the gifts of the magi in the first chapters of Matthew. The Book of Revelation 21:21 describes the city of New Jerusalem as having streets "made of pure gold, clear as crystal". Exploitation of gold in the south-east corner of the Black Sea is said to date from the time of Midas, and this gold was important in the establishment of what is probably the world's earliest coinage in Lydia around 610 BC.The legend of the golden fleece dating from eighth century BCE may refer to the use of fleeces to trap gold dust from placer deposits in the ancient world. From the 6th or 5th century BC, the Chu (state) circulated the Ying Yuan, one kind of square gold coin. In Roman metallurgy, new methods for extracting gold on a large scale were developed by introducing hydraulic mining methods, especially in Hispania from 25 BC onwards and in Dacia from 106 AD onwards. One of their largest mines was at Las Medulas in León, where seven long aqueducts enabled them to sluice most of a large alluvial deposit. The mines at RoşiaMontană in Transylvania were also very large, and until very recently, still mined by opencast methods. They also exploited smaller deposits in Britain, such as placer and hard-rock deposits at Dolaucothi. The various methods they used are well described by Pliny the Elder in his encyclopediaNaturalisHistoria written towards the end of the first century AD. During Mansa Musa's (ruler of the Mali Empire from 1312 to 1337) hajj to Mecca in 1324, he passed through Cairo in July 1324, and was reportedly accompanied by a camel train that included thousands of people and nearly a hundred camels where he gave away so much gold that it depressed the price in Egypt for over a decade, causing high inflation. A contemporary Arab historian remarked. Beginning in the early modern period, European exploration and colonization of West Africa was driven in large part by reports of gold deposits in the region, which was eventually referred to by Europeans as the "Gold Coast". From the late 15th to early 19th centuries, European trade in the region was primarily focused in gold, along with ivory and slaves. The gold trade in West Africa was dominated by the Ashanti Empire, who initially traded with the Portuguese before branching out and trading with British, French, Spanish and Danish merchants.British desires to secure control of West African gold deposits played a role in the Anglo-Ashanti wars of the late 19th century, which saw the Ashanti Empire annexed by Britain. Gold played a role in western culture, as a cause for desire and of corruption, as told in children's fables such as Rumpelstiltskin—where Rumpelstiltskin turns hay into gold for the peasant's daughter in return for her child when she becomes a princess—and the stealing of the hen that lays golden eggs in Jack and the Beanstalk. The top prize at the Olympic Games and many other sports competitions is the gold medal. 75% of the presently accounted for gold has been extracted since 1910, two-thirds since 1950. In popular culture gold is a high standard of excellence, often used in awards. Great achievements are frequently rewarded with gold, in the form of gold medals, gold trophies and other decorations. Winners of athletic events and other graded competitions are usually awarded a gold medal. Many awards such as the Nobel Prize are made from gold as well. Other award statues and prizes are depicted in gold or are gold plated (such as the Academy Awards, the Golden Globe Awards, the Emmy Awards, the Palme d'Or, and the British Academy Film Awards).Aristotle in his ethics used gold symbolism when referring to what is now known as the golden mean. Similarly, gold is associated with perfect or divine principles, such as in the case of the golden ratio and the golden rule. Gold is further associated with the wisdom of aging and fruition. The fiftieth wedding anniversary is golden. A person's most valued or most successful latter years are sometimes considered "golden years". The height of a civilization is referred to as a golden age .One main goal of the alchemists was to produce gold from other substances, such as lead — presumably by the interaction with a mythical substance called the philosopher's stone. Trying to produce gold led the alchemists to systematically find out what can be done with substances, and this laid the foundation for today's chemistry, which can produce gold (albeit uneconomically) by using nuclear transmutation.Their symbol for gold was the circle with a point at its center , which was also the astrological symbol and the ancient Chinese character for the Sun. The Dome of the Rock is covered with an ultra-thin golden glassier. The Sikh Golden temple, the Harmandir Sahib, is a building covered with gold. Similarly the WatPhraKaew emerald Buddhist temple (wat) in Thailand has ornamental gold-leafed statues and roofs. Some European king and queen's crowns were made of gold, and gold was used for the bridal crown since antiquity. An ancient Talmudic text circa 100 AD describes Rachel, wife of Rabbi Akiva, receiving a "Jerusalem of Gold" (diadem). A Greek burial crown made of gold was found in a grave circa 370 BC. Dating back more than 5,000 years, when gold was first discovered – albeit usually in small quantities – attracted the eye of early man nearly everywhere. And unlike most metals, gold often appears in nature in its pure form so it need not be refined. Because the metal is very shiny and does not tarnish, is easy to work with, and carries its natural beauty forever, it has been the decorative material of choice throughout history. As a precursor to modern casting processes, the “lost wax” method was used to create jewelry more than 3,000 years ago. That process is still broadly used in jewelry making today – and in the industry as well. In some forms of Christianity and Judaism, gold has been associated both with the sacred and evil. In the Book of Exodus, the Golden Calf is a symbol of idolatry, while in the Book of Genesis, Abraham was said to be rich in gold and silver, and Moses was instructed to cover the Mercy Seat of the Ark of the Covenant with pure gold. In Byzantine iconography the halos of Christ, Virgin Mary and the saints are often golden. In Islam,gold (along with silk) is often cited as being forbidden for men to wear. Abu Bakr al-Jazaeri, quoting a hadith, said that the wearing of silk and gold are forbidden on the males of my nation, and they are lawful to their women". This, however, has not been enforced consistently throughout history, e.g. in the Ottoman Empire. Further, small gold accents on clothing, such as in embroidery, may be permitted.In ancient Greek religion and mythology, Theia was seen as the goddess of gold, silver and other gems.

According to Christopher Columbus, those who had something of gold were in possession of something of great value on Earth and a substance to even help souls to paradise. Wedding rings are typically made of gold. It is long lasting and unaffected by the passage of time and may aid in the ring symbolism of eternal vows before God and the perfection the marriage signifies. In Orthodox Christian wedding ceremonies, the wedded couple is adorned with a golden during the ceremony, an amalgamation of symbolic rites. On 24 August 2020, Israeli archaeologists discovered a trove of early Islamic gold coins near the central city of Yavne. Analysis of the extremely rare collection of 425 gold coins indicated that they were from the late 9th century. Dating to around 1,100 years back, the gold coins were from the Abbasid Caliphate

Much early organized gold mining took place in placer mines, where alluvial deposits drawn from gravel or streambeds were flowed with water. Being much heavier than the surrounding materials, gold settled to the bottom and was captured. This is the same concept that gold panners employed in later gold rushes, but on a much larger scale. River water, thought to contain gold dust deposits, was also flowed across unshorn sheepskin around 1200 BC. The gold accumulated in the skin which was dried and shaken to separate and collect the gold dust. This is likely the genesis of the term Golden FleeceJust because it took a while for gold to be used directly as currency did not mean that it was not highly valued. Power and the presence or ownership of gold went hand in hand. Gold jewelry was found in the Tomb of Djer, a king in the first Egyptian Dynasty around 2500 BC. The tomb of Tutankhamen from the 14th century BC contained the largest found collection of gold and jewelry in the world. And Egypt’s acquisition of gold – through means peaceful and not – was a key basis of the power and influence which supported that society for centuries. The Shekel became one of the early forms of actual currency that contained gold. Used in the Middle East from about 1500 BC, the Shekel was gold alloyed with silver. In today’s market, a Shekel would be worth about $500.Even recently, meaning in the past 200 years, U.S. population settlement patterns, increased levels of immigration, and even cultural attitudes have been shaped by the discovery and search for gold. The desire to “get rich quick” has shaped many lives.Millennia after its discovery, much about gold has not changed, and the human fascination with the lustrous metal is still very much alive.

People most likely first discovered gold in streams and rivers all over the world with its beauty and luster catching the eye. The known history of gold goes back a long way, so far back that, according to the National Mining Association, it was first used by cultures in modern day Eastern Europe in 4000 BC to make decorative objects. Gold was generally used for a couple thousand years solely to create things such as jewelry and idols for worship. This was until around 1500 BC when the ancient empire of Egypt, which benefited greatly from its gold-bearing region, Nubia, made gold the first official medium of exchange for international trade.

Egypt created what was called the Shekel, a coin which weighed 11.3 grams, and became the standard unit of measure in the Middle East. It was made from a naturally occurring alloy called electrum which was about two-thirds gold and one-third silver. It was also around this time that the Babylonians discovered a method called the fire assay, one of the most effective ways to test gold purity, which is still used to this day. A few centuries later, around 1200 BC, the Egyptians discovered they could alloy gold with other metals in order to make it stronger and give it different color pigments. Egyptians also began experimenting at this time with a casting method called lost-wax casting in which a duplicate gold sculpture is cast from an original wax sculpture, a process that can be used to create wonderfully-intricate sculptures, so much so that it is also still used to this day. Clearly gold has a long and storied history of obsession for over 6,000 years. The interesting thing about gold is that for reasons unknown, its mysterious ability to attract people all over the world independently of each other allowed it to become a medium of exchange accepted anywhere in the world. At various points throughout history, gold coins were minted, however, many coins were not minted by any central authority, but were simply hammered by regular people. This ability to make homemade coins, so to speak, that were accepted as legal tender made them irregularly shaped. Obviously, this homemade coinage was hard to regulate and a method called clipping was a common issue with gold and silver coins. The irregular shapes allowed people to clip small bits off of the coins and eventually accumulate enough to melt the bits down to create more coins. Unfortunately, the clipping of hammered coins made it so that the weight of the coin was less than the actual value of the coin making it no longer valuable tender, especially abroad. Another issue was that the minted coins, which were protected from clipping by a special engraving, were easily counterfeited by casting with counterfeit molds or stamped with counterfeit dies.

The Great Recoinage of 1696 was an attempt by the English Government to fix the issue with new minting technology, however, that was largely a failure. Issues like this were what lead to the adoption of paper money, also known as “fiat money”, which actually began earlier in the 16th Century, and was based on the gold standard. The complete history of gold would not be possible without a discussion on the gold standard hundred years later, in Lydia, a kingdom in Asia Minor, the first minting of pure gold coins began around 560 BC. In 50 BC the Romans began issuing a gold coin called the Aureus, which comes from the Latin word for gold, Aurum. This is where the gold chemical symbol of Au comes from to represent gold on the periodic table of elements. A little over a thousand years later, in 1066 AD, William the Conqueror of Normandy became the first Norman King of England, and with his conquest began a new metallic coin-based-system of currency in England.With the new coin-based-system of currency came the establishment of the familiar “pounds,” “shillings” and “pence” with pounds being literally a pound of sterling silver. By 1284, about one hundred years later, Great Britain issued its first gold coin, the Florin while across Europe in modern day Italy, the Republic of Florence issued the first gold Ducat, which soon became the most popular gold currency in the world and remained so for another five centuries. In 1787, the first U.S. gold coin was struck by a goldsmith named Ephraim Brasher and a few years later in 1792 the infant U.S. government passed the Coinage Act, placing the country on a bi-metallic silver-gold standard, which stood in one form or another until 1976, when the U.S. finally abandoned the gold standard to be entirely based on fiat money. Backtracking a bit to 1848, a man named John Marshall found gold flakes in a stream in California, thus beginning the California Gold Rush. The California Gold Rush not only hastened the settlement of the American West, but it also was the basis for the classic computer game of which so many generations of Americans are fond, The Oregon Trail. A few short years later, in 1868, George Harrison, a man from South Africa, discovered gold in his backyard, and since then 40% of the world’s mined gold has come from the African nation.this point the only major nations still under the gold standard with major gold reserves were the US and France. In the US, President Franklin Delano Roosevelt instituted a number of measures in an attempt to prevent the hoarding of gold including making banks turn all their gold holdings in to the Federal Reserve, not allowing them to redeem dollars for gold, and also prohibiting any exporting of gold. In 1934, the Gold Reserve Act was instituted, which prohibited the private ownership of gold. All gold was given to the government, which is where much of the gold a Fort Knox came from. This allowed the US to pay off its debts with dollars instead of gold. Eventually the US basically cornered the global market for gold.

Finally with the outbreak of World War II, the depression had ended, and some countries eventually went back on the gold standard, again. In an attempt to create a framework for all international currencies backed by gold, the Bretton Woods Agreement was created in 1944. Soon after, the US Dollar became a sort of de facto currency for the rest of the world, as the US held most of the world’s gold reserves. Most countries’ central banks began pegging their own currencies to the US dollar instead of gold, buying and selling their own currencies in the foreign exchange market to maintain their exchange rates stable.

The Collapse of the Gold Standard Under the gold standard, the money supply is tied directly to the supply of gold, meaning that during World War I, many nations decided to temporarily suspend the gold standard so that they could print money to pay for their military involvement in the war. Unfortunately, this wild printing of money created hyperinflation. Once the war had ended, countries began to appreciate the stabilization that the gold standard had provided for their currencies and international trade. However, once strong political ties between nations had changed, international indebtedness skyrocketed, and government finances were, to put it lightly, strained. It became apparent that the gold standard was unable to hold up during tumultuous times, which created negative sentiment and low confidence in it going forward, worsening economic conditions. Yet, nations were still unwilling to abandon the gold standard all-together, reinstating it while holding out hope that a renewed era of international gold standard stability would return, but it never really happened.

The Great Depression was the straw that broke the camel’s back for many countries. After the stock market crash in 1929, European countries’ currencies were misaligned completely, while some, especially Germany, were still recovering from World War I. As people began to lose confidence in banks and paper money, gold hoarding became common place and the prices of commodities, especially gold prices, were rising. Bank rushes and gold hoarding eventually meant that banks had to close. Countries began to raise interest rates in an attempt to entice people to keep deposits intact rather than converting their fiat currency into gold, however this exacerbated problems because it made the cost of doing business much higher. Eventually this led to many nations finally suspending or abandoning the gold standard all-together in the early 1930s, including Great Britain. Interestingly, many of the countries that left the gold standard earlier, were able to recover from the depression sooner than those that stayed under the gold standard.

The Rise of the The gold standard was a monetary system in which the standard economic unit of account, for example the U.S. Dollar, was based on a fixed quantity of gold. With this monetary system, an individual holding some amount of paper money could go to a bank and exchange that money for a fixed amount of gold. The gold standard has been abandoned completely by all countries; a process of abandonment that gradually began around the end of World War I. Issues such as the coinage problem described above and the introduction of paper money began to create problems for nations, especially since many were based on a bi-metallic standard of gold and silver. Paper money began to be valued too highly in gold, while there were also constant problems of supply imbalances between both gold and silver to back the paper money. As a result, one metal was chosen to back the value of money, which was gold, thus beginning the gold standard.

The process of colonization and globalization of other parts of the world by the developed world made new discoveries of gold common place and with that came a great influx of supply of the metal, meaning that the gold standard was able to flourish. In 1871, a new international gold standard began when England and Germany officially adopted the gold standard and by 1900 most developed nations had followed suit. The period from 1871 to 1914 was a fairly stable period in the world politically, which enabled governments to work very well with each other in establishing a stable gold standard. It was the golden age of the gold standard, if you will, but it all came crashing down starting with World War I in 1914.

### Occurrence of Gold

Gold is one in every of the oldest metals discovered in the world which quickly became a symbol of wealth because it still is today. Though metals like iron and copper were more useful for humans, gold secured its place and rose to more fame than the former. Thousands of years ago, a toddler found a shiny yellow nugget which is additionally referred to as one in all the primary metals to be known to the first hominids.

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### Origin of Gold

Gold is dispersed around the whole world hence it had been found by many groups at many various places. Gold has a played a significant role in our economic and social societies because of its early occurrence. Gold is that the easiest type of metal to work with because it is found in a pure and mendable state. It is also considered to be easiest because various other metals are found with some ore bodies which make them very difficult to extract. Gold is known for its royalty from early civilizations to present day. The common use of gold is for ornamental purposes and its brilliance and permanence makes it extremely prominent. Gold was utilized in ancient age for creating idols and shrines. The people of upper class also used gold in their clothes, utensils such as cup, plates, spoons, and vessels of all types. Within the classic era gold and silver coins were used to replace the barter system. Gold was often found in streams leading people to believe that gold may be a dense combination of water and sunlight. When these gold and silver coins came into existence, they contributed to stabilizing the world economy. The use of these coins as currency and the standard weight of those fine coins allowed the world economies to flourish and prosper. Notwithstanding the impact above, much of the rest of the gold on Earth is thought to have been incorporated into the planet since its very beginning, as planetesimals formed the planet's mantle, early in Earth's creation. In 2017, an international group of scientists, established that gold "came to the Earth's surface from the deepest regions of our planet", the mantle, evidenced by their findings at Deseado Massif in the Argentinian Patagonia. Gold is thought to have been produced in supernova nucleosynthesis, and from the collision of neutron stars, and to have been present in the dust from which the Solar System formed.Traditionally, gold in the universe is thought to have formed by the r-process (rapid neutron capture) in supernova nucleosynthesis, but more recently it has been suggested that gold and other elements heavier than iron may also be produced in quantity by the r-process in the collision of neutron stars. In both cases, satellite spectrometers at first only indirectly detected the resulting gold. However, in August 2017, the spectroscopic signatures of heavy elements, including gold, were observed by electromagnetic observatories in the GW170817 neutron star merger event, after gravitational wave detectors confirmed the event as a neutron star merger.Current astrophysical models suggest that this single neutron star merger event generated between 3 and 13 Earth masses of gold. This amount, along with estimations of the rate of occurrence of these neutron star merger events, suggests that such mergers may produce enough gold to account for most of the abundance of this element in the universe. Asteroid origin theories Because the Earth was molten when it was formed, almost all of the gold present in the early Earth probably sank into the planetary core. Therefore, most of the gold that is in the Earth's crust and mantle has in one model thought to have been delivered to Earth later, by asteroid impacts during the Late Heavy Bombardment, about 4 billion years ago. Gold which is reachable by humans has, in one case, been associated with a particular asteroid impact. The asteroid that formed Vredefort impact structure 2.020 billion years ago is often credited with seeding the Witwatersrand basin in South Africa with the richest gold deposits on earth. However, this scenario is now questioned. The gold-bearing Witwatersrand rocks were laid down between 700 and 950 million years before the Vredefort impact. These gold-bearing rocks had furthermore been covered by a thick layer of Ventersdorp lavas and the Transvaal Supergroup of rocks before the meteor struck, and thus the gold did not actually arrive in the asteroid/meteorite. What the Vredefort impact achieved, however, was to distort the Witwatersrand basin in such a way that the gold-bearing rocks were brought to the present erosion surface in Johannesburg, on the Witwatersrand, just inside the rim of the original 300 km (190 mi) diameter crater caused by the meteor strike. The discovery of the deposit in 1886 launched the Witwatersrand Gold Rush. Some 22% of all the gold that is ascertained to exist today on Earth has been extracted from these Witwatersrand rocks.

### Early Civilization and their love for gold

Gold can be dated back to 4000 B.C, gold flakes were found in Paleolithic caves. Early civilizations too understood the importance of this precious metal. They fancied the flakes they found in their caves and protected them. This clearly shows that the importance and value of gold can be found in ancient historical text also

Gold and Egyptians

Another prominent example of the interaction between gold and early civilizations may be seen through the Egyptians dating back to 3000 B.C. Gold has played a crucial role in ancient Egyptian methodology. They used gold for multiple purposes, one of them being construction. The capstones on the Pyramid of Giza were made by the gold stones. Egyptians also produced the currency ration during which one piece of gold was up to two and a half parts of silver. This was the first recorded value of gold. They also produced a gold map a number of which also exist till date. They valued gold so much so that they never used gold for the bartering system. Rather, they used agricultural products like barley. The very first civilization which has used gold as currency was the dominion of Lydia, an ancient civilization centered in western Turkey.

## GOLD INVESTMENT

Of all the precious metals, gold is the most well liked as an investment. Investors usually buy gold as a way of diversifying risk. The gold market is subject to speculation as are other markets, especially through the utilization of futures contracts and derivatives. Gold price has shown a long-term correlation with the value of crude oil. This recommends a reason why gold is sold off during economic weakness. However, during the recent period of recovery following the worldwide economic recession of 2008, gold has also been used as an instrument to stop losses or incur profits. The emotional aspects of gold are something that men are exposed to from an awfully young age.

Gold is everywhere: parents' wedding rings, pirate treasure, chocolate "gold" coins, royal artefacts, and glittering fillings in rap videos. It’s that deep cultural importance of gold that creates gold an anomaly in the world of commodity investing. Gold as a Secure Heaven- A secure heaven protects investors against a possible catastrophe. That's why numerous investors bought gold during the 2008 financial crisis. While many commodities are plagued by more than just supply and demand, the value of gold drifts farthest from that balance. For example, gold has played a significant role in currency going back to the earliest recorded civilizations. Today is not any different, with governments and central

banks holding gold as a store of value to support their currencies. Of course, gold is also plagued by supply and demand. It is estimated the Indian public holds more than 13,000 tons of gold. As the economies in India, China, and other countries continue to develop, the demand for gold jewelry will continue to increase. Gold is also employed in electronics

While the bulk of gold produced is employed in jewelry, it is estimated that up to twenty percentage of production goes into the manufacture of electronics. The precise reasons are difficult to pin down, but gold is worth more US Dollars now than at any other time in history. The US dollar has been declining, but gold is also at all-time highs in Japanese yen, British pounds, and Euros. Another big part of the story is that gold is not at all-time highs when its historical prices are adjusted for inflation. When gold hit $850 per ounce in January 1980, gold was worth almost $2,400 current dollars. Many looks at this

number and say gold includes a lot of potential to rise even beyond current record prices.

## TYPES OF GOLD INVESTMENT

* + - **Gold jewelry:** People within the eastern part of the world just like the Indians and Chinese have the hobby of Jewellery collection. It is a normal phenomenon of every Indian family having the exposure to gold in the form of jewelry. It considered as a sign of wealth. About 49% of the world gold creation is employed to make jewelry. The foremost evident reason why gold jewelry is a good investment is the undeniable fact that it doesn’t rust.
    - **Gold Bars:** For giant scale investors gold bars are a better way of investing in gold. Gold bars are in large size and therefore costly to buy and sell. It doesn’t have much use. There is risk of physical damage or theft. Gold bars are not expensive than gold coins because they are cheaper to manufacture. They will even be utilized in future to create jewelry.
    - **Gold Coins:** Gold coins are very much used either for gifting or for storage. They can even be applied in future to create gold jewelry. They are available in several types depending on the weight. The gold coins are considered to be easier to exchange in the times of crisis, making it highly liquid.
    - **Gold bonds:** Sovereign gold bonds were launched by the Government in 2015 and were created as another choice instead of owning gold in the form of bars, coins,

and Jewellery. This is often an efficient and safe investment option as they have a lock in period of five years with a term of eight years overall, providing fixed interest returns. There is no physical purchase of gold involved.

* + - **Gold saving scheme:** These are schemes pass by jewelers. One must deposit a sum every month and once this matures one can buy gold of the same amount from jeweler. There are several risks because the level of trust that is required to invest with a particular jeweler. It doesn’t offer any interest on the added sum. Examples are Jos Alukkas Easy Buy Gold Purchase Plan, Malabar Gold and Diamonds Smart Buy Plan etc.
    - **Gold ETFs:** A gold ETF is an exchange traded fund that invest in gold and is traded on the stock market. Investing in a gold ETF is relatively cost effective. It includes asset management and brokerage fees. The investors require to own a demat account in order to invest. There is no risk of theft. The transparency in pricing is another advantage.
    - **Digital gold:** Customers can buy digital gold using payment apps like Paytm, Phone Pay and Google Pay that are often connected with gold traders and manufactures. The digital investment, either way remains backed by physical gold. It can even be used for further investments. The minimum buys or sell value of digital gold is one rupee.
    - **Gold mutual fund:** Gold mutual funds are a type of mutual fund which invest in gold bullion. One division of gold mutual fund is equal to one gram of physical gold. Gold mutual funds are highly popular during political instability or when the stock markets are falling. Examples of gold mutual funds in India are Aditya Birla Sun Life Gold Fund, ICICI Prudential Regular Gold Savings Fund etc.
    - **Gold options and futures:** A gold option is derivative in which the underlying asset is actual gold. It’s an agreement between two parties that permits them to arrange a prospective gold transaction. There is put gold options and call gold options. Gold futures are standardized contracts in which the buyer agrees to take delivery from the seller a particular quantity of gold at predetermined price on a future delivery date.

## REASONS FOR INVESTMENT IN GOLD

* + - Hedge against inflation
    - Tangible resource
    - Smaller risk
    - Wealth creation
    - Liquidity
    - Diversification
    - Gold requires no expert knowledge
    - Increasing demand
    - Does not require much maintenance
    - Simple to buy and sell
    - Safeguard against uncertainty

## TOP 10 COUNTRIES WITH LARGEST GOLD RESERVES

* **United States:** The United States Bullion Depository, often known as Fort Knox, is a fortified vault building located next to the United States Army post of Fort Knox, Kentucky. It is operated by the United States Department of the Treasury. The vault is used to store a large portion of the United States' gold reserves as well as other precious items belonging to or in custody of the federal government. It currently holds roughly 147 million troy ounces (4,580 metric tons) of gold bullion, over half of the Treasury's stored gold. The United States Mint Police protects the depository. The Treasury built the depository in 1936 on land transferred to it from the military. Its purpose was to house gold then stored in New York City and Philadelphia, in keeping with a strategy to move gold reserves away from coastal cities to areas less vulnerable to foreign military attack. The first set of gold shipments to the depository occurred during the first half of 1937. A second set was completed in 1941. These shipments, overseen by the United States Post Office Department, totaled roughly 417 million troy ounces (12,960 metric tons), almost two-thirds of the total gold reserves of the United States. During World War II the signed original Constitution of the United States, Declaration of Independence, Articles of Confederation, Lincoln's Second Inaugural Address and drafts of Lincoln's Gettysburg Address were stored in its vault for protection, as was a Gutenberg Bible and an exemplified copy of Magna Carta. After the war, the depository held the Crown of St. Stephen as well as stockpiles of opium and morphine.

Today it is known to hold ten 1933 Double Eagle gold coins, a 1974-D aluminum penny, and twelve gold (22-karat) Sacagawea dollar coins that flew on the Space Shuttle Columbia, specifically STS-93 in 1999.The depository is a secure facility. Between its fenced perimeter and granite-lined concrete structure lie rings of razor wire. The grounds are monitored by high-resolution night vision video cameras and microphones. The subterranean vault is made of steel plates, I-beams and cylinders encased in concrete. Its torch-and-drill resistant door is 21 inches (53 cm) thick and weighs 20 short tons (18 metric tons). The vault door is set on a 100-hour time lock, and can only be opened by members of the depository staff who must dial separate combinations. Visitors are not allowed inside. It is so secure that the term "as safe as Fort Knox" has become a metaphor for safety and security. The building was listed on the National Register of Historic Places in 1988 for its status as a "well-known landmark that is referred to frequently in factual and fictitious contexts" and its "exceptional significance" in the "nation's economic history". The site is located on what is now the intersection of Bullion Boulevard and Gold Vault Road. In June 1935, the U.S. Treasury announced its intention to quickly build a gold depository on the grounds of Fort Knox, Kentucky. Its purpose was to store gold then kept in the New York City Assay Office and the Philadelphia Mint. This intent was in keeping with a policy previously announced to move gold reserves away from coastal cities to areas less vulnerable to foreign military invasion. This policy had already led to the shipment of nearly 85.7 million troy ounces (2,666 metric tons) of gold from the San Francisco Mint to the Denver Mint. The initial plans were to be completed by August and called for a 10,000 square feet (930 m2) building costing no more than $450,000 (equivalent to $6,700,000 in 2020). Cited were several military advantages of the location. An army attacking from the Eastern Seaboard would have to fight through the Appalachian Mountains, which was considered a reasonable impediment to military forces at that time. It was also isolated from railways and highways which would further hinder an attacking power. Even air travel to the location across the mountains was considered dangerous for a pilot unfamiliar with the territory. Finally, the Army's only completely mechanized cavalry unit was stationed at the adjacent Fort and could readily be deployed to defend the depository.

The Treasury began construction of the United States Bullion Depository in 1936 on land transferred to it from the military. The Gold Vault was completed in December of that year for $560,000 (equivalent to $8,400,000 in 2020). Early gold shipments The first wave of gold shipments was made semi-weekly between January 11 and June 17, 1937, and overseen by the United States Post Office Department. The gold was transported from the New York Assay Office and the Philadelphia Mint onto trains using postal trucks and municipal police escorts. In the armoured train cars, postal workers were accompanied by soldiers, secret service agents, and mint guards. Decoy trains were employed.The gold was transferred from trains onto Army trucks under the protection of soldiers armed with armor-piercing bullets and machine guns. The trucks were escorted by combat cars of the 1st U.S. Cavalry Regiment to the depository. The Post Office Department billed the Treasury Department for transporting the weight of the crates and gold using the fourth-class postage rate with added insurance fees. A total of 157.82 million troy ounces (4,909 metric tons) were moved to Fort Knox in this wave. This shipment represented 44.84% of total U.S. gold reserves, which were 351.9 million troy ounces (10,947 metric tons) at that time. It took over five months and required 39 trains consisting of 215 cars. On March 1, 1941, United States Secretary of the Treasury Henry Morgenthau Jr. announced the completion of another shipment totaling 258.74 million troy ounces (8,048 metric tons) of gold from the New York Assay office to the depository. The total amount at the vault after completion of the shipment was 416.56 million troy ounces (12,956 metric tons).This amount represented 65.58% of total U.S. gold reserves, which were 635.2 million troy ounces (19,757 metric tons) at that time. This wave of shipments began in July of the previous year and was also overseen by the Post Office. It took seven months and required 45 trains consisting of 337 cars. The building and early operation of the depository occurred at the same time total gold reserves in the United States experienced unprecedented growth. These reserves, which were 194 million troy ounces (6,019 metric tons) at the end of 1933 jumped to 503 million troy ounces (15,641 metric tons) by the end of 1939. Factors driving this growth included the gold price revaluation (dollar devaluation) in 1934 spurring a rise in global gold production, political uncertainties in Europe causing a capital flight to the United States, and rearmament programs in Europe which increased U.S. net merchandise exports. By far, most of the increase, 277 million troy ounces (8,620 metric tons), were the result of gold imports from abroad. This consisted of 174 million troy ounces (5,421 metric tons) out of foreign mines (mainly from South Africa), 89 million troy ounces (2,755 metric tons) out of foreign central bank reserves (mostly France and the United Kingdom), with the balance from other sources (principally private holdings in India). Only 6 million troy ounces (178 metric tons) came from gold acquired in January 1934 under the gold-buying program of Executive Order 6102 (which required individuals and institutions deliver to the government all but a small amount of their gold coin and bullion), and 26 million troy ounces (800 metric tons) from domestic production and return of scrap gold and coin after January. By the end of 1940, total Treasury reserves stored at all locations rose to 628.4 million troy ounces (19,546 metric tons). This accounted for around 80 percent of the entire world's gold reserves. Total U.S. gold reserves stored at all locations peaked in October 1941 at 651.4 million troy ounces (20,262 metric tons) and ended the year at 649.6 million troy ounces (20,206 metric tons). 8,133.5 tons The U.S. has gold reserves of 8,133.5 tons. This amount ranks it first among countries with the largest gold reserves.

* **Germany:** Germany has the second largest gold holdings in the world, with reserves amounting to almost 3,400 tonnes. The Bundesbank has been in charge of these reserves since 1951, when Germany first began to accumulate gold. Over the past five years, the Bank has taken a series of steps to increase transparency around Germany’s gold holdings. Carl-Ludwig Thiele, member of the executive board of the Bundesbank, reveals the motivation behind this transparency campaign and the measures taken to achieve it. At the Bundesbank, we are tasked with ensuring price stability and have a variety of monetary policy tools to deliver it. We do, however, have another vital tool at our disposal: our word. As an independent body, free from political influence we have gained public confidence and our word is implicitly trusted. Confidence, once gained, is priceless. Just like a currency, this confidence must be continually reinforced, and the Bundesbank has always fought for just that – through words, argument and, increasingly, transparency, particularly in relation to our gold holdings.Germany’s gold reserves were largely accumulated between the 1950s and the early 1970s, when the country experienced rapid economic growth and developed a substantial current account surplus. Initially, the gold remained in its original locations, stored in central banks around the world. Today, our gold reserves are held in three locations: the Deutsche Bundesbank in Frankfurt am Main, the Federal Reserve Bank in New York and the Bank of England in London. The storage facilities at these sites satisfy a number of essential criteria, including cost efficiency, the ability to liquidate the reserves at short notice and security, which is particularly high at all three locations.Transporting several hundred tonnes of gold is a complex task and the decision to proceed took careful thought. Following the financial and euro crisis, general awareness of gold as an investment has risen considerably. As a result, interest in the Bundesbank’s gold reserves has increased markedly, among policymakers, the Federal Court of Auditors and the public at large. The overwhelming response to the Bank’s open days in 2014 and 2017 underlined this fascination, when individual visitors queued for up to two hours just for the chance to hold a gold bar in their hands. Against this background, the Bundesbank was increasingly questioned about the location, security and availability of Germany’s gold. As a direct result, our Executive Board resolved to become more transparent about the reserves and to relocate them. As a first step, the responsible Executive Board member broke with established practice and, in the autumn of 2012, disclosed the exact volumes of gold held at each storage location. That was when the Board opted to relocate a substantial proportion of this gold to Germany. The public was informed of this decision at a press conference on 16 January 2013. A number of gold bars were on display, several of the Bank’s verification processes were demonstrated and the Bundesbank announced that it would start to relocate 674 tonnes of gold, held in vaults at the Federal Reserve Bank in New York and the Banque de France in Paris. By 2020 at the latest, just over 50% of Germany’s gold reserves were to be stored in Frankfurt.The availability of reserve assets like gold strengthens public confidence in the stability of a central bank’s balance sheet. As at 31 December 2016, gold holdings made up around 68% of the Bundesbank’s reserve assets.The decision to transfer the gold was prompted by a number of factors: a desire to increase confidence among the German public; changes in geopolitical circumstances – such as the fall of the Iron Curtain the fact that the Bundesbank had available storage capacity in Frankfurt. In this context, it is important to note that, up until 1997, the Bundesbank stored only 77 tonnes of gold in Frankfurt.In a second step towards increasing transparency, at the beginning of 2014, the public was informed of the previous year’s transfers and, in February 2017, we announced that the transfer of gold from the Federal Reserve Bank in New York had been successfully completed. Six months later, we revealed that the transfers from the Banque de France in Paris had been completed too. At press conferences held to unveil these developments, journalists were given an up-close look at some of the gold bars that had been brought to Frankfurt from both New York and Paris.

In a third step towards increasing transparency, the Bundesbank Executive Board commissioned a film on the transfer and storage of Germany’s gold, released in 2015.As another milestone and a global first, an additional fourth step towards increasing transparency was taken with the publication of a list of all German gold bars, totalling around 270,000 in number. The Bundesbank has now published this roughly 2,400-page list three times since October 2015, even though it involved a series of significant challenges. There is no ‘blueprint’ for inventory lists of gold holdings and, in 2015, virtually no central bank in the world had ever released such a list. “The devil is in the detail” – as they say – and we had to focus painstakingly on the detail to draw up the gold bar inventory list. During this time-consuming process, one thing became clear: rules are very helpful in making transparency a reality. The London Bullion Market Association (LBMA) offers an appropriate set of rules. Elsewhere however, there is little consistency. Even though various online gold forums claim that there is a ‘standard’ for gold bar inventory lists, determined by the LBMA, this only relates to commercial weight lists for gold deliveries to storage facilities in London. Looking back, the transparency campaign has taught us a number of useful lessons. First, the availability of reserve assets like gold strengthens public confidence in the stability of a central bank’s balance sheet. As at 31 December 2016, gold holdings made up around 68% of the Bundesbank’s reserve assets. This has a significant impact on public perception so it is essential that we constantly maintain and develop a relationship of trust with the general public. This was and continues to be the primary goal of our transparency campaign. However, making transparency a reality requires both time and human resources. Over the past five years, our dialogue with both the general public and policymakers on the topic of the Bank’s gold reserves has intensified considerably. Experts, politicians and citizens increasingly appreciate our openness around Germany’s gold reserves but it takes time to answer everyone’s questions, however legitimate they are. In the Money Museum, which reopened at the end of 2016, the Bank also offers visitors the opportunity to handle a gold bar for themselves. This gold bar is no larger than a one-litre carton of milk, but weighs roughly 12.5kg and is worth more than €400,000. There is one question that we cannot answer, even though it has been asked time and again: what routes and means of transport were used for the gold transfers? In this matter, as in cash transport, the security of staff and assets always takes precedence over the need for information and transparency. For this reason, the Bundesbank has consistently refused to answer any such questions, and will continue to do so in the future. Ultimately, it is evident that central banks, with their more ‘sober’ attitude towards gold, can help to rationalise the discussion about gold. But we can do this most effectively by reinforcing our position as trusted authorities towards the general public – and that is best achieved by taking appropriate steps towards increased transparency

* **Italy**: The purpose of the gold reserves is to boost confidence in the stability of Italy's financial system and of the single currency. This function becomes all the more important when geopolitical conditions or the international economic situation could put the financial markets at additional risk, such as of a foreign exchange or financial crisis. The Bank of Italy owns the world's fourth largest gold reserves after the US Federal Reserve, the Deutsche Bundesbank, and the International Monetary Fund. The Bank's gold weighs 2,452 tonnes, mostly in bars (there are 95,493 of them) but with a small portion of coins too. Gold is valued according to the Eurosystem's accounting rules, i.e. at end-of-year market prices; at 31 December 2018 the Bank's gold reserves were worth about €88 billion. The gold reserves form part of Italy's official foreign exchange reserves and provide a safeguard for the Bank of Italy in performing its public functions. The Bank holds the reserves under the terms of the Treaty on the functioning of the European Union and of the Statute of the European System of Central Banks (ESCB) and European Central Bank (ECB): storing and managing the official reserves are among the core tasks of the Eurosystem.

Gold does not carry any solvency risk because it is not 'issued' by an authority (such as a government or central bank). It has a number of features that set it apart from most of the other metals found in nature: in its pure state it is almost incorruptible, it does not rust or oxidize, it is easy to transport and store, and its great malleability makes it highly workable. Throughout history, these features, along with gold's scarcity, have made it a useful unit for measuring the value of goods and an efficient means of payment. Because of gold's characteristics and functions central banks use it for a variety of purposes: they buy and sell it for financial reasons or to adjust the level of the reserves; they deposit it to earn income and use it as collateral to obtain loans.The Bank acquired its gold reserves as a result of a series of events occurring throughout its 120 years of existence. In 1893, three issuing institutes - Banca Nazionale del Regno d'Italia, Banca Nazionale Toscana, and Banca Toscana di Credito - merged to create the Bank of Italy, which was initially endowed with its own reserve of gold. These reserves increased progressively until the outbreak of World War II; by the end of the war they were seriously depleted, partly because some of its gold reserves had been removed by the occupying forces. After the war, Italy became an exporting country, receiving large inflows of foreign currency, principally dollars, some of which were converted into gold. This gold was used, for example, in 1976 to guarantee a loan from the Bundesbank. At the end of the 1990s, after the Bank had purchased the residual gold holdings of the former Italian Foreign Exchange Office (UIC) and transferred part of its reserves to the ECB upon the launch of the Economic and Monetary Union, the volume of gold reserves settled at the present 2,452 tonnes.Most of the Bank's gold reserves are housed in its vault and the rest deposited with a small number of central banks. There are historical reasons for this decision (the gold was purchased there), but it is also the result of a policy of diversification designed to minimize both costs and risks. A portion of the reserves is deposited close to the main bullion markets so that in case of need the gold can be sold quickly and transported inexpensively. The present location of the gold reserves is judged to be satisfactory and no relocation is envisaged for the time being.The main physical market for gold is London, where the metal is traded between members of the London Bullion Market Association (LBMA) and where the official gold price used in most international gold futures contracts is set twice daily. The LBMA has also established a set of specifications for gold bars to qualify as 'London Good Delivery' (LGD). Thanks to these standards, professional buyers can accept gold bars without having to check the purity of the metal. A substantial part of the Bank's gold meets the LBMA's London Good Delivery standard. Gold bars that fall short of it can still be traded, though at a discount on the official market price, usually equal to the cost of bringing them up to specification.The independent auditing company that certifies the Bank of Italy's annual accounts also verifies all the gold reserves in the vault in Via Nazionale, jointly with the Bank's Internal Audit Directorate. Gold reserves held abroad are certified annually by the central banks where they are deposited. If the Bank wished to test directly the gold bullion on deposit with other central banks (all of which have confirmed their willingness to cooperate), it would have to follow an agreed procedure to ensure that the utmost security and confidentiality were observed during the inspection

* **France:** France gross domestic product (GDP) or annual income is over EUR 2 trillion – roughly the same as its public debt. The national gold reserves are thus equivalent to 4% of GDP (and debt) or 15 days of national output. Each French citizen owns, indirectly, 38 grams of gold (2.5 million kilograms of gold divided by 65 million inhabitants), or around 6 “napoleons”. The total amount of gold in the world – that is all gold that has actually been mined and extracted – is less than 180,000 tonnes or 9,000 m3 (19.5 tonnes/m3). If melted down it would make a cube with sides of 20 m, which would easily fit into the Underground Vault.The gold vaults of the French central bank, Banque de France, are located in the basements of the bank’s headquarters in Paris, France. The Banque de France headquarters building is on a site in the 1st arrondissement of central Paris, near the Musée du Louvre, and bordered by the streets, Rue de Colonel Driant, Rue Croix de Petit Champs, Rue de la Vrillière, and Rue de Valois. The main pedestrian entrance to the Bank is on Rue de Colonel Driant. The main secure delivery entrance to the Bank is through a high security gate on Rue de Valois.Banque de France Profile, - The Banquet de France is the national bank of France, and is a member of the Eurosystem and a shareholder in the European Central Bank. France holds 2,435.4 tonnes of gold in its official reserves, making it the world’s 5th largest official sector gold holder, after the US, Germany, the IMF, and Italy, and ahead of China’s official reported sovereign gold holdings. Italy and France hold nearly equivalent amounts of gold, with Italy claiming to hold 2,451.8 tonnes in its official reserves. The Banque de France’s current gold vaults were constructed underneath the Banque de France’s Paris headquarters building between May 1924 and November 1927, hollowed out 20 metres deep in a 1.7 hectare area site. The vault construction involved 1,200 workers and used 10,000 tons of steel and 20,000 tons of cement. Vault Layout and Access The Bank’s gold vaults are located in a set of chambers known as “La Souterraine” in French, and are located in the 8th lower basement, 28 metres below ground level, in an 11,000 square metre space that has 658 supporting columns and a tiled floor. The vaults are staffed by Banque de France personnel, and only 5 Bank officers have permanent access to La Souterraine. Accessing the vault level consists of a series of processes. Firstly, an elevator journey is required down to the 4th basement level. At this point there is an antechamber, with a 7 tonne armoured door that leads to a small corridor with rails in the floor. When the access passage is closed, a 17 tonne, 2 metre wide steel block moves on these rails via a 35 tonne rotating turret, blocking the entrance to the passage. After this access passage, there is then a 2nd elevator down to the 8th basement level, and another security door with another block on rails, before reaching the actual gold vault area. The vault area consists of aisles within the halls, and there are numerous security doors between some of the columns in these halls, all opened by different sets of keys. In La Souterraine, the gold bars are packed in steel cabinets, each with 4 shelves. Each shelf holds 200 bars (2.5 tonnes), stacked 10 high and 2 deep. Therefore there are 800 bars in each cabinet, (i.e 10 tonnes). The cabinets have wire grille doors, also opened with individual keys. Some gold has on occasion been stored in a display pattern, either in a wall at the end of an aisle, or else, in the case of US Assay office brick bars, in a pyramid pattern.
* **Russia:** The location of Russia’s gold reserves is especially intriguing given the ongoing freeze of Russia’s foreign exchange reserves – dollar, euro, pound – by Western powers, and the fact that there is a US Congress Bill being introduced by some senators in Washington DC to try to ‘freeze’ Russia’s gold. At the outset, some clarifications. Most of the gold reserves of the Russian Federation are owned and managed by the Bank of Russia. And with the Bank of Russia being owned by the Russian Federation, these gold reserves of the Bank of Russia are gold reserves of the Russian Federation. Russia’s National Wealth Fund (NWF) can also invest in gold and other precious metals. While the NWF “is managed by the Russian Ministry of Finance based on investment procedures and terms established by the Russian Government, the operational investment of the NWF is carried out by the Bank of Russia.” So if the NWF also holds gold, which it may well do, then this gold would also classify as part of the gold reserves of the Russian Federation. Additionally, the Russian Federation’s ‘State Fund of Precious Metals and Precious Stones’ (Gosfund), which is administered by Russian Federation institution ‘The Gokhran’, is also authorised to hold gold. The Gosfund then may well also hold gold, which would also be classified as part of the Russian Federations’ gold reserves. This article, however, will look just at the monetary gold reserves of the Bank of Russia, which at this time are claimed (by the Bank of Russia) to total 2,299 tonnes. From 400 tonnes to 2300 tonnes of gold In the central bank gold market, the Bank of Russia stands out for having increased its monetary gold reserves by nearly six-fold over a mere 12 years via gold buying in the domestic Russian market. This gold was sourced from Russian gold refiners by Russian commercial banks, refined to a high standard in Russian gold refineries, and then sold by the Russian commercial banks to the Bank of Russia. Back in 2007, the Bank of Russia held about 400 tonnes of monetary gold. Towards the end of 2007, the Bank began aggressively adding to its gold holdings, and by early 2011 Russian gold reserves had exceeded 800 tonnes. By the end of 2014, this figure had swelled to more than 1200 tonnes of gold. By late 2016, the total breached 1600 tonnes. And by mid 2018, the Bank of Russia held more than 2000 tonnes of monetary gold. The growth trajectory slowed down slightly towards the end of 2018, but by early 2020, the Bank of Russia claimed to hold nearly 2300 tonnes of gold, an official figure which has not changed by much since that time (since the Bank of Russia says that it stopped buying gold over most of that time). The reason for providing this growth summary of Russian central bank gold holdings since 2007 is that it might have some bearing on where the Bank of Russia has stored the additional gold that it purchased over the 2008-2020 period. central depository vault on Ulitsa Pravdy (Pravda Street) in Moscow which Putin toured in January 2011 (and which contains the wooden boxes of gold bars), the same vault which the KP reporters visited in February 2018. Possibly. The vault space was described in 2011 as a “an area of 17,000 square metres with 1,500 square metres occupied by the stored reserves", so it’s feasible that the area used to store gold bars was extended as the Bank of Russia’s gold reserves expanded massively over 2011 – 2020. So there could be gold bars still sorted in small wooden boxes as well as stored in the large metal containers (20 bars per container).Where are the photos of the gold vaults of in the Bank of Russia’s St. Petersburg and Bank of Russia’s Yekaterinburg locations Answer – There aren’t any photos within the St. Petersburg and Yekaterinburg gold vaults as far as I can see. If you know otherwise, please highlight such photos. Is the ‘two thirds’ of the gold in Moscow under ‘Truth Street’ and ‘one third’ elsewhere still valid, or was it ever so What is the ‘Truth No one outside of official circles knows the answer. But it would make sense from a diversification and security point of view, not to store all the gold in the same location.Could the Russian Federation be storing strategic gold reserves outside Russia Yes, but they would be very foolish to have been storing any gold in the vaults of Western powers such as in the Bank of England in London or the Federal Reserve in New York or the Banque de France in Paris, as gold in such locations would have been confiscated and frozen by now. But Russia could be storing some of its gold in China, in Beijing or Shanghai. Not so far fetched. Does Russia’s National Wealth Fund hold gold Possibly. Does the Gokhran store gold Possibly. Could Russia hold more gold than it claims to hold Probably.The Bank of Russia has 7 main regional branches and 73 divisional offices, all of which can be seen here. In theory, any of these regional or divisional offices could be storing Bank of Russia gold. Furthermore, the Vegchel.ru article (above) said that the Bank of Russia currency distribution system “includes 608 cash processing centres and almost all of them has a storage facility." In theory, any of these storage facilities could be used to store Bank of Russia gold. Additionally, all of the large Russian banks, such as VTB, Gazprombank, Sberbank, Otkritie and Sovcombank, are active in the Russian gold market, and many of these banks have their own private vaults. Since these banks work closely with Russia’s central bank in the domestic Russian gold market, its feasible that the large Russian commercial banks could store gold bars on behalf of the Bank of Russia or the NWF or the Gokhran. There are also the precious metals refineries such as Krastsvetmet, Prioksky, and Moscow Special Alloys Plant, which are all 100% owned by the Russian Federation. All of these refiners have secure precious vaults, which could be used to store Russian Federation gold. In short, Putin’s tour of a gold vault in 2011 and Russian reporters visiting a gold vault in 2018 are great for optics and marketing, and the Bank of Russia has been very successful in this regard, but without some hard facts about bar numbers and locational details from the Russian government and Bank of Russia, we still don’t know the true state and location of the Russian Federation’s gold reserves
* **China**: At the end of January 2020, China's official gold reserves (as reported to the IMF) stood at 62.64 million ounces - just under 1,950 tonnes. This was unchanged from the end of December 2019. As of 2021 the official figure for China's gold reserves remains at 1,948 metric tonnes, though many believe the true figure is likely to be much higher. China, like many countries across the globe, uses gold reserves to diversify their national reserves, but it's also part of a plan to reduce their reliance on the US Dollar.According to World Gold Council figures, China has the sixth-largest national gold reserves. Officially it is led by the US, Germany, Italy, France and Russia. These figures are however only based on data from the People’s Bank of China, and as discussed below, may not be completely accurate.In addition to the People’s Bank of China, the State Administration of Foreign Exchange (SAFE) and the China Investment Corporation (CIC) are also thought to hold large gold reserves.Due to state secrecy there is a great deal of confusion about how much gold China actually has. Officially China is believed to have just under 1,950 tonnes, but it could be much more. China’s reluctance to reveal its true gold reserve numbers demonstrate the importance it places on the metal as a strategic asset.Many analysts therefore believe China's true gold holdings are actually far greater than official figures. Simon Hunt, a leading commentator on precious metals, and follower of Chinese gold prices, speculates it could even be as high as 30,000 tonnes of gold. If this is true, China could have gold reserves even greater than that of the US Much of the speculation surrounding China's gold reserves comes from the countries leading position as a gold producer. In 2020 alone, despite the Covid-19 pandemic and tightening regulation, China produced 368 tonnes of gold across its various mining holdings. There have been similarly high figures in recent years, and quickly makes 1,950 tonnes seem unlikely to be the total kept in reserve after such impressive production. China has been buying gold for some time, including a period in 2019 with four months in a row of significant growth in gold reserves. This four-month period saw China buy 42.9 tonnes of gold, but this has since slowed down. In addition to gold reserves, China is also the world's largest owner of foreign exchange. In 2014 it held a total of 3.84 trillion US Dollars in foreign reserves. The composition of China's foreign exchange reserves is not officially revealed, but analysts speculate that over 66% is held in the form of US Dollars. This makes it the world's largest owner of US Treasury securities. The number of Dollars it holds could be part of why China has been buying gold in recent years. From 1990 to 2010, central banks around the world were generally reducing their holdings in gold. With the end of the financial crisis in 2009, this trend went into reverse. From 2010, central banks led by China and Russia, began to increase their holdings. China officially became the world’s second-largest economy in 2010. Latest data indicates it then began reducing its foreign exchange reserves, and increasing its gold reserves. By January 2017 its foreign exchange reserves had reduced to the value of 2.998 trillion US Dollars. The State Administration of Foreign Exchange (SAFE) data showed this is a fall of 0.842 trillion US Dollars in three years. The switch from foreign exchange to gold reduces China's reliance on the US dollar. It also strengthens its own currency - the Yuan Renminbi. Some commentators believe that China's growing gold reserves could be used in a trade war to boost confidence in the Renminbi which can then rival the US Dollar as an international currency. China could however be increasing its gold reserves simply because gold is a safe haven investment, that has historically held its value in times of crisis. As one of the world’s largest economies, China faces the biggest risk from any economic slowdown. China’s manufacturing-based economy could soon buckle if another financial crisis were to arrive, so physical gold reserves could serve as a good way to limit exposure to risk.
* **Switzerland**: Switzerland maintains the world’s 8th largest official gold reserves, with holdings of 1040 tonnes of gold. These gold reserves are owned by the State but held by the Swiss National Bank (SNB). The SNB sold off 1550 tonnes of Switzerland’s gold between 2000 and 2008, at a time when the gold price was rising sharply. Without these gold sales, Switzerland would be the world’s 4th largest official sector gold holder. The SNB is demonstrably secretive about its gold activities and operations, and reveals minimum information to the public. Under Switzerland’s national gold reserve policy, the Swiss National Bank (SNB) holds and manages Switzerland’s gold reserves. This policy is derived from the Swiss Federal Constitution which grants the SNB its independence and mandate. Article 99 of the Constitution requires that the SNB hold sufficient currency reserves / foreign exchange reserves, part of which must be in the form of gold. In April 2013, the SNB for the first time clarified the storage locations and locational distribution of Switzerland’s gold reserves, revealing that approximately 70% of Swiss gold reserves are stored in Switzerland, 20% at the Bank of England in London, and 10% with the Bank of Canada in Ottawa. Until that time, the SNB had never revealed the storage locations of the country’s gold, citing security reasons. The SNB’s 2013 gold storage policy announcement was strategic in nature that it was primarily an attempt to deflect criticism levelled by the promoters of the Swiss Gold Initiative (see below) about the SNB’s lack of transparency on its gold activities. The SNB also claimed in its April 2013 announcement that it had been exclusively storing its gold in Switzerland, the UK and Canada “for over 10 years In October 2014, the SNB revealed that it had previously stored gold at the Federal Reserve Bank of New York but that this gold had been completely sold as part of the Swiss gold sales. The Swiss Gold Initiative or ‘Save our Swiss Gold’ campaign was a Federal popular initiative launched by members of the Swiss People’s Party (SVP) in 2011 with the intention of altering the Swiss Federal Constitution. The “Gold Initiative”, full name “A Swiss Initiative to Secure the Swiss National Bank’s Gold Reserves”, culminated with a referendum on 30 November 2014 which asked the Swiss population to vote on three proposals concerning Switzerland’s national gold reserves The gold of the Swiss National Bank must be stored physically in Switzerland The Swiss National Bank does not have the right to sell its gold reserves The Swiss National Bank must hold at least twenty percent (20%) of its total assets in gold. Although the referendum was not successful and did not get the required majority of votes on the day, it did force the Swiss National Bank to divulge a lot more information about the Swiss gold reserves than it ever otherwise would have revealed, and also showed up the SNB to be inconsistent in its continual excuses for opposing the referendum motions. Prior to 2000, Switzerland held 2,590 tonnes of gold, making the country the world’s 4th largest official gold holders. However, between 2000 and 2005, and again between 2007 and 2008, the SNB sold off a combined 1,550 tonnes of its gold reserves.These gold sales programs were pre-planned in the 1990s by the SNB and elements within the Swiss Government even though the central bank at that time did not have authorisation to sell any gold. However, through a series of manoeuvres, this ‘sell gold’ contingent within the Swiss central bank and finance ministry axis succeeded in convincing the Swiss government and people to self-detonate their nation’s store of wealth. Firstly in 1997, the Constitutional requirement for the Swiss Franc to be 40% backed by gold was lowered to a 25% backing. Subsequently in 1997, an ‘Expert Group’ made up of the SNB and staff from the Swiss Federal Administration recommended that Switzerland should sell 1,300 tonnes of gold, arguing that with a reduced 25% gold backing requirement, Switzerland would otherwise end up holding surplus gold. In April 2000, further constitutional amendments were put to the Swiss electorate which proposed dropping the 25% gold backing for the currency and severing the link between the Swiss Franc and gold. These amendments passed after which the Swiss National Bank proceeded to sell 1300 tonnes of gold between 2000 and 2005, all sales of which fell under the first and second Central Bank Gold Agreements which coordinated gold sales among European central banks Between May and September 2000 the SNB sold 120 tonnes of gold. Over the subsequent 12 months from October 2000 to September 2001, the SNB sold another 200 tonnes. The first 220 tonnes of these sales were executed by the Bank for International Settlements on behalf of the SNB. The SNB then directly executed gold sales itself from October 2001, selling 980 tonnes over four years until September 2005. Of the 1300 tonne total sold between 2000 and 2005, 730 tonnes settled using gold at the Bank of England. Between 2007 and 2008, the SNB sold an additional 250 tonnes of its remaining gold, claiming that it needed to rebalance its reserves between foreign currencies and gold. The combined gold sales from 2000 to 2008 totalled 1550 tonnes, and reduced Switzerland’s gold holdings from 2590 tonnes to 1300 tonnes. A number of other central banks and official monetary institutions, such as the Bank for International Settlements (BIS), are on record as storing some of their gold reserves with the SNB in Berne. This also confirms the existence and location of the SNB’s gold vaults. Therefore, the SNB does not just store its own gold, it stores gold on behalf of fellow central banks. The BIS does not have its own gold vaults in Switzerland or anywhere else. However the BIS offers gold custody facilities, term gold deposit facilities and spot and forward purchase and sale gold transactions with settlement ‘loco London’, loco New York, and ‘loco Berne’ For ‘loco Berne’ the BIS uses the SNB’s gold vaults. The Banca d’Italia revealed in 2014 that it holds a small percentage of its gold with the Swiss National Bank through a BIS account arrangement .The Swedish Riksbank announced in October 2013 that it holds 2.8 tonnes of gold (or 2.2% of its overall gold reserves) with the Swiss National Bank .The Bank of Finland also announced in October 2013 that it holds 3.43 tonnes (7%) of its gold reserves in the custody of the SNB.
* **Japan**: Japan Gold Reserves was reported at 49.421 USD bn in Jun 2022 This records a decrease from the previous number of 50.011 USD bn for May 2022 Japan Gold Reserves data is updated monthly, averaging 1.124 USD bn from Dec 1956 to Jun 2022, with 787 observations The data reached an all-time high of 52.825 USD bn in Mar 2022 and a record low of 22.960 USD mn in Dec 1956 Japan Gold Reserves data remains active status in CEIC and is reported by CEIC Data The data is categorized under World Trend Plus’s Global Economic Monitor – Table: Gold Reserves: USD: Monthly: Asia CEIC extends history for monthly Gold Reserves. The Ministry of Finance provides Gold Reserves in USD. Gold Reserves prior to April 2000 are sourced from the International Monetary Fund. Gold Reserves in Japan averaged 770.29 Tonnes from 2000 until 2022, reaching an all time high of 845.97 Tonnes in the first quarter of 2021 and a record low of 753.55 Tonnes in the second quarter of 2000. Japan is reviving its historical gold camps with the help of foreign mining companies. After historical disruptions, Japan has renewed its gold exploration efforts across the island nation. Japan’s history is tied intrinsically to gold. Endowments of the precious metal were first brought to western attention in the 13th century, when Marco Polo extolled the nation’s wealth in his book of travels, calling it the “land of gold.” Polo’s stories of the emperor’s gold-plated palace and the heaps of gold from Japanese mines that made their way to China via trade routes persuaded Christopher Columbus to look for his own route to Asia.Today Japan is in the midst of a gold-mining revival, with the government’s newly amended mining act allowing foreign companies the right to explore the nation’s untapped mineral potential. Japan’s History of Gold and Exploration Revival Investing News NetworkInvesting News NetworkDecember 19, 2018 TSXV:JG Japan is reviving its historical gold camps with the help of foreign mining companies. After historical disruptions, Japan has renewed its gold exploration efforts across the island nation.Japan’s history is tied intrinsically to gold. Endowments of the precious metal were first brought to western attention in the 13th century, when Marco Polo extolled the nation’s wealth in his book of travels, calling it the “land of gold.” Polo’s stories of the emperor’s gold-plated palace and the heaps of gold from Japanese mines that made their way to China via trade routes persuaded Christopher Columbus to look for his own route to Asia.

Today Japan is in the midst of a gold-mining revival, with the government’s newly amended mining act allowing foreign companies the right to explore the nation’s untapped mineral potential.Japan’s government easing protectionist policies Japan is one of the most politically and economically stable jurisdictions in the world. The Pacific nation is the world’s third-largest economy by GDP and the fourth-largest by purchasing power parity, and its Tokyo Stock Exchange is the third-largest in the world and the largest in Asia. Historically, Japan has relied on imports for its mineral resources; however, the country is also home to one of the world’s leading mineral processing industries. The nation has about 20 operating smelters and refineries that process ores including copper, lead, nickel and zinc. Japan’s government amended the country’s mining act in 2012, opening up its mineral resource sector to foreign exploration companies.Given Japan’s longtime protectionist stance in relation to its economic system — let’s not forget this is the country that sealed itself off from the rest of the world for more than two centuries — this move signals that the Asian nation is serious about stimulating the growth of its domestic mining industry. High-grade gold in the Ring of Fire Japan is home to 76 known past-producing gold mines, including five 1-million-plus-ounce gold deposits and the world’s highest gold grades.The basis for the legend of Japan as the “land of gold” springs from its location in one of the most tectonically active places in the world, along the western edge of the Ring of Fire. About 10 percent of the Earth’s volcanic activity occurs in Japan, which is home to more than 110 volcanoes and numerous hydrothermally active areas that are spread throughout the archipelago. Most of Japan’s gold mineralization occurs in near-surface epithermal deposits, a type commonly formed by hot springs associated with volcanic activity in plate subduction zones. One such deposit represents one of the highest-grade gold mines in the world — Sumitomo Metal Mining’s Hishikari mine, which has produced more than 7 million ounces of gold at an average grade of 40 g/t. Gold was first discovered in Japan in 749 in a placer deposit known as Tamayama located in today’s Iwate prefecture. The gold extracted there was later used to construct the famous gold-plated Buddha statue at the Todai-ji Temple in Nara. The Konjikido (golden-colored) Temple, built in 1124 and featured in Polo’s famous account of Japan, was also plated with gold from a placer operation near the Kesen River. Mining from epithermal deposits began much later, in 1550, and focused on the prefectures of Niigata, Fukushima and Yamagano. The country’s second-largest gold mine, Sado in Niigata, was first discovered during this period in 1596 and would be the source of the nation’s currency for more than 250 years.Large-scale mining began in the mid-19th century following significant discoveries of gold mineralization in the prefectures of Oita, Kushinkino and Kounomai. World War II would bring that production to an end as Japan was forced to close all of its gold mines in 1943 to concentrate its mineral industry workforce on iron ores and base metals. Heavy sanctions and blockades imposed by the Allied forces effectively shut off import activity, further depressing the need for gold. At the end of the war there was no return to large-scale gold production, with very few mines reopening.The outlier in the modern era is the Hishikari gold mine. The 1970s bull run in the gold price incentivized Japan’s state-owned Metal Mining Agency (the precursor to JOGMEC) to explore for gold in the Kagoshima prefecture using geological mapping and geochemical and geophysical surveys. The exploration work would lead to Hishikari’s discovery in 1981 following impressive drill results, including 15 centimeters of 200 g/t gold over 200 meters at depth. Production began at Hishikari in 1985 and it continues today as the country’s only operating gold mine. In spite of its historical reputation as a land teeming with gold, the nation’s nearly 400,000 square kilometers still remain underexplored for the yellow metal, especially by modern standards.

* **India**: Gold Reserves in India averaged 491.57 Tonnes from 2000 until 2022, reaching an all time high of 768.80 Tonnes in the second quarter of 2022 and a record low of 357.75 Tonnes in the second quarter of 2001. gold reserve is the quantity of gold the country's central bank holds to support its national currency value. From 2000 to 2022, the gold reserve in India averaged 488.46 tonnes. According to trading economics, the gold reserve reached the highest spot in the first quarter of 2022, when its value was around 760.40 tonnes. As per the reports of Economic Times, about 453.52 tonnes of India's gold is safely held by the Bank of England, whereas 295.82 tonnes of gold is kept domestically. A gold reserve is a unique tool that helps the government counteract rising inflation. Keep reading to learn more about gold reserves in India and other countries. One of the most essential benefits of gold reserves is that it helps a country to hedge against inflation. When a country starts experiencing rising inflation, the central government tries to buy more gold to combat inflation. When supply during an inflationary period decreases, the demand for gold eventually increases. Besides this, when investors feel that the currency value will fall, they start buying more gold against the currency. Determine The Value Of Currency Local currency and gold are strongly related. For instance, when there is high demand for the production of gold in the manufacturing sector, it will lead to higher gold prices. And banks rely on printing more money to buy gold; thus, an excess supply of fiat currency is created, and when it happens, the currency's value fluctuates.Reduces The Value Of Local Currency When the central bank plans to buy more gold, they indirectly reduce the currency's value. This is because banks need more cash to buy gold. So they start to print more cash, leading to an excess supply of that currency. Worldwide Acceptance Gold has worldwide acceptance and can regain its value regardless of political, economic, or geographical location. This is why Indian households prefer gold as a financial investment and protection. From the above list of benefits, it is clear that gold reserves are crucial for every country. Having enough gold in reserve will help the country beat inflation, boost its currency value, and much more. The RBI is constantly striving to buy gold as it is a safe investment instrument. For the last few years, the RBI has either bought the US dollar or opted for gold during any financial crisis
* **Netherlands**: Netherlands Gold Reserves was reported at 34.630 USD bn in Jul 2022 This records a decrease from the previous number of 35.846 USD bn for Jun 2022 Netherlands Gold Reserves data is updated monthly, averaging 8.374 USD bn from Dec 1956 to Jul 2022, with 788 observations The data reached an all-time high of 38.799 USD bn in Jul 2020 and a record low of 692.549 USD mn in Sep 1957 Netherlands Gold Reserves data remains active status in CEIC and is reported by CEIC Data The data is categorized under World Trend Plus’s Global Economic Monitor – Table: Gold Reserves: USD: Monthly: Europe and Central Asia. Gold Reserves in Netherlands averaged 674.42 Tonnes from 2000 until 2022, reaching an all time high of 911.82 Tonnes in the second quarter of 2000 and a record low of 612.45 Tonnes in the fourth quarter of 2008.

# CHAPTER 4

**ANALYSIS AND INTERPRETATION**

## INTRODUCTION

Data analysis is considered to be the foremost important step and heart of the research in research work. It focuses on studying the tabulated material in order to search out inherent facts and meaning. After collection of data with the assistance of relevant tools and techniques, the next logical step, is to analyse and interpret data with a view to arriving at empirical solution to the matter. This chapter covers the analysis, presentation and interpretation of the findings resulting from the collected data.

## PERCENTAGE ANALYSIS

Percentage analysis is the method to represent raw streams of data as a percentage for better insight of collected data. Percentage analysis is used to create a contingency table from the frequency distribution and represent the collected data for better understanding.

* + 1. **GENDER-WISE CLASSIFICATION**

**Table 4.2.1 Gender distribution of the respondents**

|  |  |  |
| --- | --- | --- |
| **Gender** | **Frequency** | **Percentage** |
| Male | 83 | 69.2 |
| Female | 37 | 30.8 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.1 Gender distribution of the respondents**

**Interpretation**

From table 4.2.1, it is understood that out of 120 respondents, 83 are males and 37 are females. Therefore, from this analysis it is clear that majority of gold investors are males.

* + 1. **AGE-WISE CLASSIFICATION**

**Table 4.2.2 Age distribution of the respondents**

|  |  |  |
| --- | --- | --- |
| **Age (in years)** | **Frequency** | **Percentage** |
| Below 25 | 29 | 24.2 |
| 25-35 | 22 | 18.3 |
| 35-45 | 11 | 9.2 |
| 45-55 | 26 | 21.6 |
| Above 55 | 32 | 26.7 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.2 Age distribution of the respondents**

**Interpretation**

From table 4.2.2, it is understood that 24.2% of respondents fall under the age group of less than 25 years and 18.3% of respondents were in the age group of 25-35 years. 9.2% respondents fall in the category of 35-45 years and 21.6 respondents fall under the age group of 45-55. 26.7% i.e., majority respondents fall under the age group of above 55 years.

* + 1. **CLASSIFICATION OF RESPONDENTS BASED ON MARITAL STATUS Table 4.2.3 Marital status of the respondents**

|  |  |  |
| --- | --- | --- |
| **Marital status** | **Frequency** | **Percentage** |
| Unmarried | 41 | 34.2 |
| Married | 79 | 65.8 |
| Total | 120 | 100 |

(Source: Primary Data)

**Figure 4.2.3 Marital status of the respondents**

34.20%

65.80%

Unmarried

Married

**Interpretation**

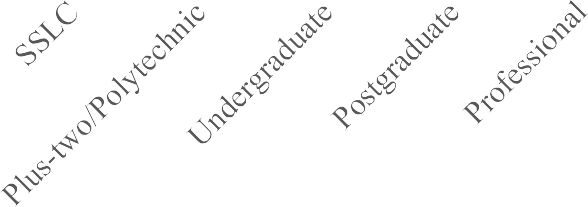
From table 4.2.3, it is clearly understood that, out of 120 respondents, majority of gold investors are married that accounts to 65.8% of the respondents and 34.2% respondents are unmarried. Thus, from the analysis it can be concluded that the majority of investors belong to the marital status of married investors.

* + 1. **EDUCATIONAL QUALIFICATION OF THE RESPONDENTS Table 4.2.4 Educational qualification of the respondents**

|  |  |  |
| --- | --- | --- |
| **Education of Respondents** | **Frequency** | **Percentage** |
| SSLC | 18 | 15 |
| Plus-two /Polytechnic | 24 | 20 |
| Undergraduate | 33 | 27.5 |
| Postgraduate | 29 | 24.2 |
| Professional | 16 | 13.3 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.4 Educational qualification of the respondents**



35

30

25

20

15

10

5

0

No of Respondents

|  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | 29 |  | |
|  | | 24 |  | |  |  | |
| 18 |  |  | 33 |  |  | 16 |
|  |  |  |  |
|  |  |  |  |
|  |  |  |  |

**Interpretation**

From the table 4.2.4, it is evident that 15% of respondents falls under the category of SSLC and 20% of the respondents are under the category of plus two/polytechnic. 27.5% of the respondents are undergraduates and 24.2% of respondents are postgraduates. 13.3% of the respondents are professionals. So, it is inferred that majority of the respondents are undergraduates. Thus, from the analysis it can be concluded that the majority of investors have bachelor’s degree as their educational qualification.

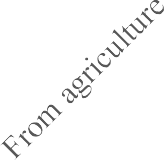
* + 1. **SOURCE OF INCOME OF THE RESPONDENTS**

**Table 4.2.5 Source of income of the respondents**

|  |  |  |
| --- | --- | --- |
| **Source of Income** | **Frequency** | **Percentage** |
| Income from agriculture | 7 | 5.8 |
| Wage/Salary | 47 | 39.2 |
| Profit from business | 23 | 19.2 |
| Fees from profession | 10 | 8.3 |
| Others | 33 | 27.5 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.5 Source of income of the respondents**



**Interpretation**

From table 4.2.5, it is understood that 5.8% of respondents source of income is from agriculture. 39.2% of respondents are getting wage/salary. Out of 120, 23 respondents are doing business and 8.3% of respondents’ income is from profession. 27.5% of respondents are belongs to others category.

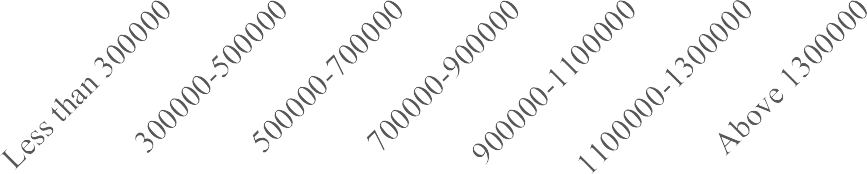
* + 1. **ANNUAL INCOME OF THE RESPONDENTS**

**Table 4.2.6 Annual income of the respondents**

|  |  |  |
| --- | --- | --- |
| **Annual Income** | **Frequency** | **Percentage** |
| Less than 300000 | 18 | 15 |
| 300000-500000 | 32 | 26.7 |
| 500000-700000 | 35 | 29.2 |
| 700000-900000 | 12 | 10 |
| 900000-1100000 | 16 | 13.3 |
| 1100000-1300000 | 4 | 3.3 |
| Above 1300000 | 3 | 2.5 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.6 Annual income of the respondents**



**Interpretation**

From the table 4.2.6, it is evident that 29.2% of respondents fall under the annual income range between Rs.500000 and 700000 and least number of respondents falls under the category of above Rs.1300000 which constitute 2.5%. it can be further seen that only 3.3% of respondents have an annual income ranging from Rs.1100000 to 1300000 and 26.7% of

the respondents fall in the category of Rs.300000-500000. 10% of respondents fall in the category of Rs.700000-900000 and 13.3% of respondents are under the income range between Rs.900000-1100000. Thus, from the analysis, it can be concluded that majority of the investors annual income is between Rs.500000 and 700000.

* + 1. **CLASSIFICATION OF THE RESPONDENTS BASED ON AREA Table 4.2.7 Area of residence of the respondents**

|  |  |  |
| --- | --- | --- |
| **Area of Residence** | **Frequency** | **Percentage** |
| Urban | 47 | 39.2 |
| Rural | 73 | 60.8 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.7 Area of residence of the respondents**

**Interpretation**

From table 4.2.7, it can be seen that 60.8% of respondents are from rural area and the remaining 39.2% of respondents are from urban area. Thus, from the analysis, it can be concluded that rural investors are more enthusiastic than urban investors in gold investment.

* + 1. **LEVEL OF AWARENESS OF THE RESPONDENTS ABOUT GOLD INVESTMENT**

**Table 4.2.8 Level of awareness of the respondents about gold investment**

|  |  |  |
| --- | --- | --- |
| **Level of Awareness** | **Frequency** | **Percentage** |
| Highly aware | 52 | 43.3 |
| Moderately aware | 34 | 28.3 |
| Neutral | 27 | 22.5 |
| Slightly aware | 5 | 4.2 |
| Not at all aware | 2 | 1.7 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.8 Level of awareness of the respondents about gold investment**



60

50

40

30

20

10

0

No of Respondents

5

2

27

34

52

**Interpretation**

From table 4.2.8, it can be seen that only a minority of 1.7% of respondents are not at all aware about gold investment and majority of the respondents (43.3%) are highly aware about this type of investment. 28.3% of respondents are moderately aware about gold investment. Thus, from the analysis, it can be concluded that majority of respondents are highly aware about gold investment.

* + 1. **CLASSIFICATION OF THE RESPONDENTS BASED ON SOURCE OF GOLD INVESTMENT AWARENESS**

**Table 4.2.9 Source of gold investment awareness**

|  |  |  |
| --- | --- | --- |
| **Source of awareness** | **Frequency** | **Percentage** |
| Friends | 25 | 20.8 |
| family | 71 | 59.2 |
| Visual media | 9 | 7.5 |
| Social media | 15 | 12.5 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.9 Source of gold investment awareness**



80

70

60

50

40

30

20

10

0

No of Respondents

|  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- |
|  | | | 71 |  | | |
|  | | |  | | |
|  | | |  | | |
|  | | |  | | |
|  | | |  | | |
|  | 25 |  |
|  |  |  | | |
|  | 15 |  |
|  |  | 9 |  |

**Interpretation**

From table 4.2.9, it is evident that majority of respondents i.e.,60.2% got awareness from their own family. 21.2% of the respondents’ source of awareness is their friends. 11.8% of respondents got awareness from social media and the remaining 6.8% of respondents got awareness from visual media. Thus, from the analysis, it can be seen that majority of the respondents got awareness from their own family.

* + 1. **CLASSIFICATION OF THE RESPONDENTS BASED ON GOLD INVESTMENT INFLUENCERS**

**Table 4.2.10 Respondents based on gold investment influencers**

|  |  |  |
| --- | --- | --- |
| **Gold investment influencers** | **Frequency** | **Percentage** |
| Self | 22 | 18.3 |
| Spouse | 12 | 10 |
| Parents | 51 | 42.5 |
| Relatives/Friends | 28 | 23.4 |
| Investment advisors | 4 | 3.3 |
| Others | 3 | 2.5 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.10 Respondents based on gold investment influencers**



60

50

40

30

20

10

0

51

22

28

No of Respondents

4 3

12

**Interpretation**

From table 4.2.10, it can be seen that 42.5% of the respondents are influenced by their parents. 18.3% of the respondents decide it by themselves, 10% of the respondents are influenced by their spouse, 23.4% of the respondents are influenced by their

relatives/friends to invest in gold. 3.3% of respondents are influenced by investment advisors and the remaining 2.5% respondents are influenced by others. Thus, from the analysis, it can be concluded that majority of the investors are guided by their own parents to invest in gold.

* + 1. **CLASSIFICATION OF THE RESPONDENTS BASED ON PREFERRED FORM OF GOLD INVESTMENT**

**Table 4.2.11 Preferred form of gold investment by the respondents**

|  |  |  |
| --- | --- | --- |
| **Preferred form of gold** | **Frequency** | **Percentage** |
| Jewellery | 53 | 44.1 |
| Gold coin | 50 | 41.7 |
| Gold bar | 14 | 11.7 |
| Others | 3 | 2.5 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.11 Preferred form of gold investment by the respondents**

**Interpretation**

From table 4.2.11, it is understood that majority of gold investors i.e., 44.1% prefer gold jewelleries as their preferred form of gold investment. 41.7% of the respondents prefer gold coin and 11.7% of respondents favour gold bar as their preferred form of gold and the remaining respondents prefer other forms of gold. Thus, from the analysis, it can be concluded that higher percentage of respondents prefer jewelleries to invest in gold.

* + 1. **CLASSIFICATION OF THE RESPONDENTS BASED ON NUMBER OF YEARS OF GOLD INVESTMENT**

**Table 4.2.12 Respondents based on number of years of gold investment**

|  |  |  |
| --- | --- | --- |
| **Number of years** | **Frequency** | **Percentage** |
| 1-3 years | 30 | 25 |
| 3-6 years | 12 | 10 |
| 6-9 years | 13 | 10.8 |
| 9-12 years | 32 | 26.7 |
| Above 12 years | 33 | 27.5 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.12 Respondents based on number of years of gold investment**

**Interpretation**

From table 4.2.12, it can be seen that 27.5% of the respondents fall under the category of above 12 years of investment in gold. 25% of respondents have only been investing in gold for about 1-3 years and 10% have been investing for 3-6 years. 10.8% of the respondents fall under the category which range from 6-9 years and 26.7% of respondents have been investing in gold for 9-12 years. Thus, it can be concluded that majority of respondents have been investing in gold for above 12 years.

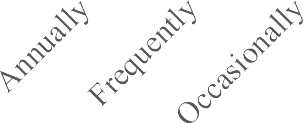
* + 1. **CLASSIFICATION OF THE RESPONDENTS BASED ON FREQUENCY OF INVESTMENT IN GOLD**

**Table 4.2.13 Frequency of investment in gold by the respondents**

|  |  |  |
| --- | --- | --- |
| **Frequency of Investment in**  **Gold** | **Frequency** | **Percentage** |
| Monthly | 9 | 7.5 |
| Quarterly | 12 | 10 |
| Half yearly | 30 | 25 |
| Annually | 35 | 29.2 |
| Frequently | 4 | 3.3 |
| Occasionally | 28 | 23.3 |
| Other | 2 | 1.7 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.13 Frequency of investment in gold by the respondents**



40

35

30

25

20

15

10

5

0

No of Respondents

|  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | | | 35 |  | | |
|  | | | | | 30 |  |  | | |
|  | 28 |  |
|  | | | | |  |  |  |
|  | | | | |  |  |  |
|  |  |  |
|  | | | 12 |  |
|  | 9 |  |  |  |  |  |
|  |  |  |  | 4 | 2 |

**Interpretation**

Table 4.2.13 shows that majority of respondents (29.2%) invest annually in gold. 7.5% of the respondents invest in gold every month, 10% of the respondents invest in gold quarterly and 25% of the respondents invest in gold half yearly. 23.3% of the respondents prefer special occasions to invest in gold. 3.3% of the respondents invest in gold frequently and remaining 1.7% of the respondents invest in gold in other times. Thus, from the analysis, it can be concluded that higher percentage of respondents invest annually in gold.

* + 1. **OTHER INVESTMENTS HELD BY RESPONDENTS**

**Table 4.2.14 Other investments held by the respondents**

|  |  |  |
| --- | --- | --- |
| **Other investments held by the respondents** | **Yes** | **No** |
| Mutual fund | 20.8% | 79.2% |
| Insurance | 47.5% | 52.5% |
| Bank deposit | 93.3% | 6.7% |
| Land | 40.8% | 59.2% |
| Stock/Debentures | 28.3% | 71.7% |
| Commodity market | 4.2% | 95.8% |
| Derivatives | 10% | 90% |

**Interpretation**

From table 4.2.14 it can be inferred that majority of respondents prefer bank deposit as an investment option other than gold. Least number of respondents hold commodity market instruments and derivatives. Respondents have a positive attitude towards other investment options such as land, stock/debentures, mutual fund, and insurance. Thus, from the analysis, it can be concluded that higher percentage of respondents possess bank deposit as an investment alternative.

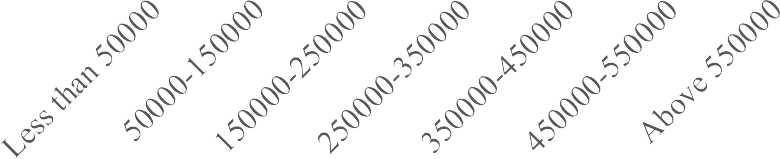
* + 1. **CLASSIFICATION OF THE RESPONDENTS BASED ON AVAERAGE ANNUAL INVESTMENT**

**Table 4.2.15 Average annual investment of the respondents**

|  |  |  |
| --- | --- | --- |
| **Average annual Investment** | **Frequency** | **Percentage** |
| Less than 50000 | 20 | 16.7 |
| 50000-150000 | 32 | 26.7 |
| 150000-250000 | 35 | 29.2 |
| 250000-350000 | 15 | 12.5 |
| 350000-450000 | 7 | 5.8 |
| 450000-550000 | 7 | 5.8 |
| Above 550000 | 4 | 3.3 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.15 Average annual investment of the respondents**



40

35

30

25

20

15

10

5

0

No of Respondents

|  |  |  |  |  |  |  |  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- | --- |
|  | | | | | 35 |  | | | | | | |
|  | | | 32 |  |
|  | | |  |  | | | | | | |
|  | | |  |  | | | | | | |
|  | 20 |  |  |  | | | | | | |
|  |  |  |  | 15 |  | | | | |
|  |  |  |  |  | | | | |
|  | 7 |  | 7 |  |
|  |  |  |  |  |  | 4 |

**Interpretation**

Table 4.2.15 shows that majority of respondents i.e.,29.2% average annual investment ranges from Rs.150000 to 250000. 16.7% of the respondents’ average annual investment is less than Rs.50000 and 26.7% of the respondents average investment per year is between Rs.50000-150000. 12.5% of the respondents’ investment is between Rs.250000 to 350000 and only 3.3% of the respondents average investment per year is above Rs.550000. 5.8% fall under the category of Rs.350000-450000 and Rs.450000-550000. Thus, from the analysis, it can be seen that majority of respondents average annual investment lies between 150000 to 250000.

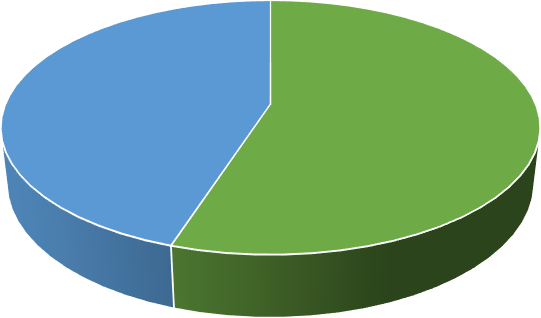
* + 1. **CLASSIFICATION OF THE RESPONDENTS BASED ON PROBLEMS FACED BY THEM IN INVESTING IN GOLD**

**Table 4.2.16 Problems faced by gold investors**

|  |  |  |
| --- | --- | --- |
| **Problems faced by Gold**  **Investors** | **Frequency** | **Percentage** |
| Yes | 66 | 55.0 |
| No | 54 | 45.0 |
| Total | 120 | 100.0 |

(Source: Primary Data)

**Figure 4.2.16 Problems faced by gold investors**



45%

55%

Yes

No

**Interpretation**

Table 4.2.16 shows that majority of gold investors i.e., 55% have faced problems while investing in gold. 45% of the respondents didn’t faced problems in investing in gold. Thus, from the analysis, it can be concluded that majority of respondents have faced problems while investing in gold.

## WEIGHTED AVERAGE

A weighted average is an average in which each observation within the data set is assigned or multiplied by a weight before summing to a one average value. During this process, each quantity to be averaged is assigned a weight that determines the relative importance of every quantity. Weightings are the equivalent of getting that a lot of like items with the same value involved in the average.

* + 1. **FACTORS INFLUENCING THE DECISIONS TO INVEST IN GOLD Table 4.3.1 Factors influencing the decisions to invest in gold**

|  |  |  |  |
| --- | --- | --- | --- |
| **Factors** | **Total** | **Weighted Average** | **Rank** |
| Return | (f) 120  F(X) 600 | 21.43 | 3 |
| Physical possession | (f) 120  F(X) 553 | 19.75 | 6 |
| Safety | (f) 120  F(X) 563 | 20.11 | 5 |
| Price fluctuations | (f) 120  F(X) 578 | 20.64 | 4 |
| Prestige and culture | (f) 120  F(X) 601 | 21.46 | 2 |
| Convenience | (f) 120  F(X) 602 | 21.5 | 1 |
| Liquidity | (f) 120  F(X) 550 | 19.64 | 7 |

(Source: Primary Data)

**Interpretation**

From table 4.3.1, it can be seen that among the major factors affecting investment in gold the first rank is given to convenience with weighted average of 21.5 followed by prestige and culture with weighted average of 21.46 and return with weighted average of 21.43. it means that most of the respondents consider the factor convenience while investing in gold. The last rank is given to liquidity with weighted average of 19.64. Thus, from the analysis, it can be concluded that convenience is the most influencing factor in the decision to invest in gold.

## ONE SAMPLE T- TEST

* + 1. **INVESTORS PERCEPTION TOWARDS GOLD INVESTMENT**

H0: The opinion regarding investors’ perception towards gold investment is equal to average.

**Table 4.4.1 One sample t-test on investors perception towards gold investment**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STATEMENTS** | **MEAN** | **S. D** | **t VALUE** | **P VALUE** |
| It is a good investment option. | 4.408 | .7832 | 19.698 | <0.001\*\* |
| It is better to invest in gold rather  than investing directly in shares. | 3.958 | 1.0564 | 9.938 | <0.001\*\* |
| Very simple to invest | 4.117 | 1.0057 | 12.163 | <0.001\*\* |
| They give high return | 4.033 | .9521 | 11.889 | <0.001\*\* |
| No calculation is required before  investing | 3.842 | 1.2092 | 7.625 | <0.001\*\* |
| They give assure and consistent  return. | 4.017 | 1.0610 | 10.496 | <0.001\*\* |
| Easy to monitor | 4.133 | .9521 | 13.040 | <0.001\*\* |

(Source: Computed Data) Test Value: 3

\*\* **denotes significant at 1% level of significance**

**Interpretation**

Table 4.4.1 shows the perception of investors’ towards gold investment. Since the p value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence it is concluded that the opinion regarding investors’ perception towards gold investment is not equal to average. Based on the mean score, the opinion regarding the perception of investors’ towards gold investment is above the average level, which itself explains the agreeability of the respondents towards the statements of gold investment.

* + 1. **FACTORS INFLUENCING THE DECISIONS TO INVEST IN GOLD**

H0: The opinion regarding perception towards factors influencing the decisions to invest in gold are equal to average.

* + - 1. **Return Related Factors**

H0: The opinion regarding investors’ perception towards return related factors that influencing the decisions to invest in gold are equal to average.

**Table 4.4.2.1 One sample t-test on perception towards return related factors**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STATEMENTS** | **MEAN** | **S. D** | **t VALUE** | **P VALUE** |
| Gold investment gives high return  than other investments. | 4.300 | .8560 | 16.636 | <0.001\*\* |
| Gold investment gives assured and  consistent return. | 4.183 | .8400 | 15.432 | <0.001\*\* |
| Performance of gold is fairly  stable. | 4.117 | .9365 | 13.062 | <0.001\*\* |
| Investing in gold is a safe path  towards wealth creation. | 4.108 | .9509 | 12.769 | <0.001\*\* |
| Return from gold investment is  more than expected. | 4.083 | 1.0579 | 11.218 | <0.001\*\* |

(Source: Computed Data) Test value: 3

**\*\* denotes significant at 1% level of significance**

**Interpretation**

Table 4.4.2.1 shows the return related factors which influences the decision to invest in gold. Since the p value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence, it is concluded that the opinion regarding investors’ perception towards return related factors is not equal to average. Based on mean score, the opinion regarding investors’ perception towards return related factors is above the average level, which itself explains the agreeability of the respondents towards return related factors.

* + - 1. **Physical Possession Related Factors**

H0: The opinion regarding investors’ perception towards physical possession related factors that influencing the decisions to invest in gold are equal to average.

**Table 4.4.2.2 One sample t-test on perception towards physical possession related factors**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STATEMENTS** | **MEAN** | **S. D** | **t VALUE** | **P VALUE** |
| Buying physical gold is a smart  move. | 4.383 | .7905 | 19.169 | <0.001\*\* |
| Due to the physical possession of  gold, it can be easily bought and sold. | 4.275 | .7555 | 18.487 | <0.001\*\* |
| Gold investment does not require  much maintenance. | 4.200 | .8461 | 15.536 | <0.001\*\* |
| Investing in gold provides full  control to the investor on the asset. | 4.058 | .9727 | 11.919 | <0.001\*\* |
| Physical gold provides the investors to physically hold the  asset. | 4.183 | .9437 | 13.737 | <0.001\*\* |

(Source: Computed Data) Test Value: 3

**\*\* denotes significant at 1% level of significance**

**Interpretation**

Table 4.4.2.2 shows the physical possession related factors which influences the decisions to invest in gold. Since the p value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence, it is concluded that the opinion regarding investors’ perception towards physical possession related factors is not equal to average. Based on mean score, the opinion regarding investors’ perception towards physical possession related factors is above the average level, which itself explains the agreeability of the respondents towards physical possession related factors.

* + - 1. **Safety Related Factors**

H0: The opinion regarding investors’ perception towards safety related factors that influencing the decisions to invest in gold are equal to average.

**Table 4.4.2.3 One sample t-test on perception towards safety related factors**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STATEMENTS** | **MEAN** | **S. D** | **t VALUE** | **P VALUE** |
| Gold has traditionally been  considered as a safe investment. | 4.475 | .6977 | 23.159 | <0.001\*\* |
| Gold investment diversifies risk. | 4.167 | .7596 | 16.824 | <0.001\*\* |
| Investing in gold preserve capital  more proficiently. | 4.083 | .8656 | 13.710 | <0.001\*\* |
| Gold investment is the best option  for risk averse investors. | 4.167 | .9288 | 13.759 | <0.001\*\* |
| A huge amount of investment in gold comes from individuals  looking to protect their wealth. | 4.042 | 1.0722 | 10.643 | <0.001\*\* |

(Source: Computed Data) Test Value: 3

**\*\* denotes significant at 1% level of significance**

**Interpretation**

Table 4.4.2.3 shows the safety related factors which influences the decisions to invest in gold. Since the p value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence, it is concluded that the opinion regarding investors’ perception towards safety related factors is not equal to average. Based on mean score, the opinion regarding investors’ perception towards safety related factors is above the average level, which itself explains the agreeability of the respondents towards safety related factors.

* + - 1. **Price Fluctuation Related Factors**

H0: The opinion regarding investors’ perception towards price fluctuation related factors that influencing the decisions to invest in gold are equal to average.

**Table 4.4.2.4 One sample t-test on perception towards price fluctuation related factors**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STATEMENTS** | **MEAN** | **S. D** | **t VALUE** | **P VALUE** |
| During festivals and wedding seasons, the demand for gold increases and gold price also  increases. | 4.500 | .7559 | 21.737 | <0.001\*\* |
| Gold price moves higher when  economic conditions worsen. | 4.250 | .7805 | 17.543 | <0.001\*\* |
| Inflation brings about a significant  rise in the price of gold. | 4.225 | .7935 | 16.912 | <0.001\*\* |
| The price of gold is moved by a  combination of supply, demand, and investor behaviour. | 4.108 | .8963 | 13.546 | <0.001\*\* |
| Old ornaments will not lose its  price due to its age. | 4.033 | 1.0284 | 11.006 | <0.001\*\* |

(Source : Computed Data) Test Value: 3

**\*\* denotes significant at 1% level of significance**

**Interpretation**

Table 4.4.2.4 shows the price fluctuation related factors which influences the decisions to invest in gold. Since the p value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence, it is concluded that the opinion regarding investors’ perception towards price fluctuation related factors is not equal to average. Based on mean score, the opinion regarding investors’ perception towards price fluctuation related factors is above the average level, which itself explains the agreeability of the respondents towards price fluctuation related factors.

* + - 1. **Prestige And Culture Related Factors**

H0: The opinion regarding investors’ perception towards prestige and culture related factors that influencing the decisions to invest in gold are equal to average.

**Table 4.4.2.5 One sample t-test on perception towards prestige and culture related factors**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STATEMENTS** | **MEAN** | **S. D** | **t VALUE** | **P VALUE** |
| Physical gold is a symbol of family wealth. | 4.325 | .8712 | 16.660 | <0.001\*\* |
| Investing in gold is a culture  which passed down from one generation to another. | 4.158 | .7991 | 15.879 | <0.001\*\* |
| There are important social benefits because of purchasing gold. | 4.158 | .8599 | 14.756 | <0.001\*\* |
| Purchasing gold is time honoured  tradition of our country. | 4.117 | .8714 | 14.037 | <0.001\*\* |
| Gold is a culturally significant metal which has found a place in  Indian hearts. | 4.225 | .9025 | 14.869 | <0.001\*\* |

(Source: Computed Data) Test Value: 3

**\*\* denotes significant at 1% level of significance**

**Interpretation**

Table 4.4.2.5 shows the prestige and culture related factors which influences the decisions to invest in gold. Since the p value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence, it is concluded that the opinion regarding investors’ perception towards prestige and culture related factors is not equal to average. Based on mean score, the opinion regarding investors’ perception towards prestige and culture related factors is above the average level, which itself explains the agreeability of the respondents towards prestige and culture related factors.

* + - 1. **Convenience Related Factors**

H0: The opinion regarding investors’ perception towards convenience related factors that influencing the decisions to invest in gold are equal to average.

**Table 4.4.2.6 One sample t-test on perception towards convenience related factors**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STATEMENTS** | **MEAN** | **S. D** | **t VALUE** | **P VALUE** |
| Gold investments are useful for  everyone. | 4.483 | .7332 | 22.163 | <0.001\*\* |
| Convenience of investing attracts  more investors. | 4.225 | .7611 | 17.632 | <0.001\*\* |
| Investment in gold can be passed  on easily to next generation. | 4.225 | .8348 | 16.075 | <0.001\*\* |
| Gold is easy to buy and sell. | 4.225 | .8931 | 15.025 | <0.001\*\* |
| It does not involve any tedious  process. | 4.183 | 1.0124 | 12.804 | <0.001\*\* |

(Source: Computed Data) Test Value: 3

**\*\* denotes significant at 1% level of significance**

**Interpretation**

Table 4.4.2.6 shows the convenience related factors which influences the decisions to invest in gold. Since the p value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence, it is concluded that the opinion regarding investors’ perception towards convenience related factors is not equal to average. Based on mean score, the opinion regarding investors’ perception towards convenience related factors is above the average level, which itself explains the agreeability of the respondents towards convenience related factors.

* + - 1. **Liquidity Related Factors**

H0: The opinion regarding investors’ perception towards liquidity related factors that influencing the decisions to invest in gold are equal to average.

**Table 4.4.2.7 One sample t-test on perception towards liquidity related factors**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STATEMENTS** | **MEAN** | **S. D** | **t VALUE** | **P VALUE** |
| When there is short of funds, one  may take loan against gold. | 4.567 | .6827 | 25.138 | <0.001\*\* |
| Liquidity is good in gold  investment. | 4.258 | .8044 | 17.137 | <0.001\*\* |
| At an emergency situation, it can easily act as an investment  cushion. | 4.250 | .8911 | 15.366 | <0.001\*\* |
| Investment in gold can be liquidated much faster than other  forms of investment. | 4.267 | .8375 | 16.568 | <0.001\*\* |
| Gold investment has proven to be  an asset that is easy to liquidate. | 4.283 | .9365 | 15.011 | <0.001\*\* |

(Source: Computed Data) Test Value: 3

**\*\* denotes significant at 1% level of significance**

**Interpretation**

Table 4.4.2.7 shows the liquidity related factors which influences the decisions to invest in gold. Since the p value is less than 0.01, the null hypothesis is rejected at 1% level of significance. Hence, it is concluded that the opinion regarding investors’ perception towards liquidity related factors is not equal to average. Based on mean score, the opinion regarding investors’ perception towards liquidity related factors is above the average level, which itself explains the agreeability of the respondents towards liquidity related factors.

* + 1. **RESPONDENTS’ OPINION TOWARDS PROBLEMS WHILE INVESTING IN GOLD**

H0: The opinions regarding all statements on problems while investing in gold are equal to average.

**Table 4.4.3 One sample t-test on respondents’ opinion towards problems while investing in gold**

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| **STATEMENTS** | **MEAN** | **S. D** | **t VALUE** | **P VALUE** |
| Price fluctuation(PRS1) | 4.364 | .7367 | 15.039 | <0.001\*\* |
| Outdated design(PRS2) | 3.348 | 1.1700 | 2.420 | .018\*\* |
| Increase in inflation rate(PRS3) | 3.818 | .7628 | 8.714 | <0.001\*\* |
| High making charges(PRS4) | 4.221 | .8437 | 11.930 | <0.001\*\* |
| Safety issues(PRS5) | 3.697 | .8033 | 7.049 | <0.001\*\* |
| Impurity(PRS6) | 3.765 | .7554 | 8.347 | <0.001\*\* |
| Misleading advertisement(PRS7) | 3.824 | .8629 | 7.870 | <0.001\*\* |
| Guarantee/ Warrantee(PRS8) | 3.618 | .7732 | 6.587 | <0.001\*\* |
| Limited design(PRS9) | 3.176 | 1.2571 | 1.158 | .251\*\* |
| Worst economic condition(PRS10) | 4.060 | .9355 | 9.272 | <0.001\*\* |

(Source: Computed Data) Test Value: 3

**\*\* denotes significant at 1% level of significance**

**Interpretation**

Table 4.4.3 shows the problems that are faced by gold investors while investing in gold. Since the p value is less than .01 in statements except PRS2 and PRS9, the null hypothesis is rejected at 1% level of significance. Since p value is more than .01 in statements PRS2 and PRS9, the null hypothesis is accepted at 1% level of significance. Hence, it is concluded that the opinion regarding problems while investing in gold is not equal to the average level in price fluctuation, increase in inflation rate, high making charges, safety issues, impurity, misleading advertisement, guarantee/ warrantee, and worst economic condition. Based on mean score, the opinion regarding all statements on problems while investing in gold are above the average level, which itself explains the agreeability of the respondents towards the problems.

## CONCLUSION

This chapter gives a detailed analysis of the demographic features of the gold investors, perception towards gold investment, factors influencing the decision to invest in gold, and problems faced by gold investors. It involves a detailed analysis of the collected data was made and necessary interpretations were drawn out of the analysis. The analysis was based on three tools namely percentage analysis, weighted average, and one sample t-test. The outcome was fruitful and comprise useful findings.

# CHAPTER 5

**FINDINGS, SUGGESTION AND CONCLUSION**

## INTRODUCTION

This study was conducted with a view to examine the perception of investors towards gold investment, to analyse the factors influencing the decision to invest in gold, and also the problems faced by gold investors among the people living in Thrissur District. It has been observed that there are various factors such as convenience, return, price fluctuation etc. which affect the decision to invest in gold. For this purpose, a semi structured questionnaire has been prepared and used for data collection. The tools used for analysing the data were percentage analysis, weighted average, and on sample test. The results of the analysis are given in the form of findings and based on these findings necessary suggestions are discussed in this chapter.

## FINDINGS

After analysing the collected data, the following findings have been devised out:

* + 1. **Percentage Analysis**
       - Majority of the gold investors’ fall in the age group of above 55, as they constitute 26.7% of the total respondents.
       - Majority of the respondents are married.
       - The educational qualification of the respondents shows that 27.5% of the total investors are undergraduates and 24.2% are post graduate.
       - Wage/salary is the source of income of majority (39.2%) of the respondents.
       - Majority of respondents’ fall in the income group of Rs.500000-700000, as they constitute 29.2% of the total respondents. Least number of respondents belongs to the annual income group of above Rs.1300000.
       - Majority of gold investors are from urban area.
       - Majority of respondents are highly aware about gold investment as they account for 43.3% of the total respondents.
       - Majority of respondents got awareness from their own family, as they constitute 59.2% of the total respondents.
       - Majority of the investors are guided by their parents to invest in gold as they account for 42.5% of the total gold investors.
       - The most preferred form of gold is jewellery, as they constitute 44.1% of the total respondents. 41.7% of the respondents preferred gold coins and 11.7% favour gold bar as their preferred form of gold.
       - Majority of respondents (27.5%) have been investing in gold for above 12 years.
       - Higher percentage of respondents invest annually in gold, as they constitute 29.2% of the total respondents.
       - Majority of respondents (75.8%) prefer bank deposit as an investment option other than gold. Least number of respondents (4.2%) invested in commodity market.
       - The average annual investment of the respondents shows that 29.2% of the respondents’ investment range from Rs.150000 to 250000.
       - Majority of respondents (55%) have faced problems while investing in gold.
    2. **Weighted Average**
       - Among the various factors that influencing the decision to invest in gold, the first rank is given to convenience (21.5) followed by prestige and culture (21.46) and return (21.43), and the least rank is given to liquidity (19.64).

## SUGGESTIONS

The following suggestions are made based on the findings of the study.

* + - Gold investors should invest in gold bars and coins instead of jewellery. This is because when they attempt to sell, they may not get reasonable price due to wastage involved in it.
    - Gold investors can invest in other forms of gold like gold ETF , because they will give same return as in investing in physical gold and no fear of theft.
    - Gold shops should adopt effective sales promotion activities which will stimulate investment behaviour and conduct customer survey.
    - Investors have faced many problems while investing in gold. Problems like high making charges, outdated design, misleading advertisements etc can be solved

**CONCLUSION** :

The present study is an attempt to understand the investors perception towards gold investment. For this purpose, the two objectives were set and as per the analysis for the first objective, it has been found that the most important factor which influence the decision to invest in gold is convenience and the investors agreed that the other factors also influenced in taking decision to invest in gold. The second objective dealt with the problems faced by the investors while investing in gold and it has been observed that majority of the investors has faced problems like price fluctuation, high making charges, increase in inflation rate, misleading advertisements and so on.

From the study it can be concluded that gold became the most preferred form of investment as compared to other investment opportunities and the investors have a positive attitude towards gold investment even though they suffer some problems while investing in gold. Investment in gold became the first priority for the people because it doesn’t require tedious process and much maintenance. The findings and suggestions made in this study will be stunner for the gold investors and jewelleries.

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* [www.business-standard.com](http://www.business-standard.com/)
* [www.inshots.com](http://www.inshots.com/)

# APPENDIX

**A STUDY ON INVESTORS PERCEPTION TOWARDS GOLD INVESTMENT WITH SPECIAL REFERENCE TO THRISSUR DISTRICT**

1. Gender:

Male

## QUESTIONNAIRE

Female

1. Age:

Below 25

25-35

35-45

45-55 Above 55

1. Marital status:

Unmarried Married

1. Educational qualification:

SSLC Plus two/Polytechnic

UG PG

Professional

1. Source of income:

Income from agriculture Wage/Salary

Profit from business Fees from profession

Others

1. Annual income of your family:

Less than 300000 300000-500000

500000-700000 700000-900000

900000-1200000 1200000-1500000

Above 1500000

1. Area of residence:

Urban Rural

1. What is your level of awareness about gold investment?

Highly aware

Moderately aware

Neutral

Slightly aware Not at all aware

1. From where you got awareness about gold investment?

Friends Family

Visual media Social media

1. Who guided you to invest in gold?

Self Spouse

Parents Relatives /friends

Investment advisors Others

1. What is your preferred form of gold investment?

Jewellery Gold coin

Gold bar Others

1. How long have you been investing in gold?

1-3 years 3-6 years

6-9 years

9-12 years

Above 12 years

1. What is your frequency of investment in gold?

Monthly Quarterly

Half yearly Annually

Frequently

Occasionally

Other (specify)

1. Which investment you own or have owned other than gold?

Mutual fund

LIC

Bank deposit

Land Stock/debentures

Commodity market Derivatives

1. What is your average annual investment?

|  |  |  |  |  |
| --- | --- | --- | --- | --- |
| Less than 50000 |  |  | 50000-150000 |  |
| 150000-250000 |  |  | 250000-350000 |  |
| 350000-450000 |  |  | 450000-550000 |  |
| Above 550000 |  |  |  |  |

1. Indicate your perception on the given scale with regard to the following.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
| Statements | SA | A | N | DA | SDA |
| It is a good investment option |  |  |  |  |  |
| It is better to invest in gold rather than  investing directly in shares. |  |  |  |  |  |
| Very simple to invest |  |  |  |  |  |
| They give high return |  |  |  |  |  |
| No calculation is required before  investing |  |  |  |  |  |
| They give assure and consistent return |  |  |  |  |  |
| Easy to monitor |  |  |  |  |  |

1. Please rank the following factors that you consider while investing in gold.

|  |  |
| --- | --- |
| Factors | Rank |
| Return |  |
| Physical possession |  |
| Safety |  |
| Price fluctuations |  |
| Prestige and culture |  |
| Convenience |  |
| Liquidity |  |

1. Rate the following factors as per your experience with gold investment. Return

|  |  |  |  |  |  |
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|  | SA | A | N | DA | SDA |
| Gold investment gives high return than other investments. |  |  |  |  |  |
| Gold investment gives  assured and consistent return. |  |  |  |  |  |
| Performance of gold is fairly  stable. |  |  |  |  |  |
| Investing in gold is safe path towards wealth creation. |  |  |  |  |  |
| Return from gold investment  is more than expected. |  |  |  |  |  |

Physical possession

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|  | SA | A | N | DA | SDA |
| Buying physical gold is a  smart move. |  |  |  |  |  |
| Due to the physical possession of gold, it can be  easily bought and sold. |  |  |  |  |  |
| Gold investment does not  require much maintenance. |  |  |  |  |  |
| Investing in gold provides full control to the investor on the asset. |  |  |  |  |  |
| Physical gold provides the  investors to physically hold the asset. |  |  |  |  |  |

Safety

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|  | SA | A | N | DA | SDA |
| Gold has traditionally been considered as a safe  investment. |  |  |  |  |  |
| Gold investment diversifies  risk. |  |  |  |  |  |
| Investing in gold preserve  capital more proficiently. |  |  |  |  |  |
| Gold investment is the best  option for risk averse investors. |  |  |  |  |  |
| A huge amount of investment in gold comes from individuals looking to protect  their wealth. |  |  |  |  |  |

Price fluctuations

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| --- | --- | --- | --- | --- | --- |
|  | SA | A | N | DA | SDA |
| During festivals and wedding seasons, the demand for gold  increases and gold price also increases. |  |  |  |  |  |
| Gold prices moves higher when economic conditions  worsen. |  |  |  |  |  |
| Inflation brings about a  significant rise in the price of gold. |  |  |  |  |  |
| The price of gold is moved by a combination of supply, demand, and investor  behaviour. |  |  |  |  |  |
| Old ornaments will not lose its  price due to its age. |  |  |  |  |  |

Prestige and culture

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|  | SA | A | N | DA | SDA |
| Physical gold is a symbol of  family wealth. |  |  |  |  |  |
| Investing in gold is a culture  which passed down from one generation to another. |  |  |  |  |  |
| There are important social benefits because of  purchasing gold. |  |  |  |  |  |

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|  | SA | A | N | DA | SDA |
| Gold investments are useful  for everyone. |  |  |  |  |  |
| Convenience of investing  attracts more investors. |  |  |  |  |  |
| Investment in gold can be  passed on easily to next generation. |  |  |  |  |  |
| Gold is easy to buy and sell. |  |  |  |  |  |
| It does not involve any  tedious processes. |  |  |  |  |  |

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|  | SA | A | N | DA | SDA |
| When there is short of funds,  one may take loan against gold. |  |  |  |  |  |
| Liquidity is good in gold  investment. |  |  |  |  |  |
| At an emergency situation, it can easily act as an  investment cushion. |  |  |  |  |  |
| Investment in gold can be  liquidated much faster than other forms of investment. |  |  |  |  |  |
| Gold investment has proven to be an asset that is easy to  liquidate. |  |  |  |  |  |

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|  | SA | A | N | DA | SDA |
| Price fluctuation |  |  |  |  |  |
| Outdated design |  |  |  |  |  |
| Increase in inflation rate |  |  |  |  |  |
| High making charges |  |  |  |  |  |

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|  | Purchasing gold is time  honoured tradition of our country. |  |  |  |  |  |  |
| Gold is culturally significant metal which has found a place  in Indian hearts. |  |  |  |  |  |
| Convenience  Liquidity  19. Have you faced any problem while investing in gold?  Yes No  If yes, indicate the level of intensity of existence of the following problems. | | | | | | | |

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|  | Safety issues |  |  |  |  |  |  |
| Impurity |  |  |  |  |  |  |
| Misleading advertisement |  |  |  |  |  |  |
| Guarantee / Warrantee |  |  |  |  |  |  |
| Limited design |  |  |  |  |  |  |
| Worst economic condition |  |  |  |  |  |  |
|  | | | | | | | |