Study on the Gold investment habits of Indian consumers.

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ABSTRACT The report consists of study on the gold investment habits of Indian consumers. How much would they like to invest in gold schemes? Which schemes would they like to invest? Indian consumers buy gold because of emotional quotient, as an investment, as no frills investments, liquidity of gold. Gender is a significant factor that influences the gold buying behavior and this was proved by the research of Sujhata Kumaresan (2013). Test used in reports were t test, p test, chi square.

Key Words: Gold Investment.


INTRODUCTION

Investors can invest in gold by purchasing gold bullion, which is a precious metal that is in tradable form, typically a bay or wafer. Gold coins are also minted by government or private company as an investment piece. Investors generally buy gold as a way of diversifying risks, especially through the use of futures contracts and derivatives.

Indian consumers buy gold because of emotional quotient, as an investment, as no frills investments, liquidity of gold.

As an investor investing in gold schemes is at lower risk than investing in stocks or bonds. Stocks and bonds may face default risk if the issuer cannot afford to pay but gold has its inherent value. Investors feel investing in gold for long term is at lower risk. Indians invest in gold mainly because of emotional quotient as gifting gold to wife or daughters. They buy gold for future occasions like wedding or any other functions. Also gold is the easy form to convert into liquid cash.
**HISTORY**

The Gold Deposit Scheme was announced by the Indian prime minister on 15th November 1999. With the approval of RBI, SBI planned to launch GDS.

In 2015 GDS was again announced by the finance minister.

**LITERATURE REVIEW**

Investors are of varied personality types and have behavioral biases which impact the way they process the information for investment decisions. Gender is a significant factor that influences the gold buying behavior and this was proved by the research of Sujhata Kumaresan (2013).

**RESEARCH OBJECTIVES**

The primary objective to conduct this survey was to understand the habit of Indian consumer for investment in gold scheme.

Secondary objective was to analysis how much would the people invest in gold schemes, which schemes would they prefer in Gold Schemes.

**PROPOSED HYPOTHESIS**

1. The average age of women who would be willing to invest in Gold schemes is more than 30 years.
   Ho: The average age of women who would be willing to invest in Gold schemes is less than 30.
   Ha: The average age of women who would be willing to invest in Gold schemes is more than 30.

2. Less than 30% of the population believes Gold ETFs are more attractive than GDS.
   Ho: More than 30% of the population believes Gold ETFs are more attractive than GDS.
   Ha: Less than 30% of the population believes Gold ETFs are more attractive than GDS.

3. Investments in gold schemes are independent of gender. Ho:
   Investments in gold schemes are independent of gender.
   Ha: Investments in gold schemes are not independent of gender.

**METHODOLOGY**

This survey was done on the basis of demographics and independent variables. Age, gender, income, qualification, etc. for demographic variable and would they like to invest in any gold schemes, how much % do they expect from GDS etc. for independent variable.
This survey was done through questionnaire which was administered through Google form. There were around 70 respondents out of which only 35 were taken as sample data. In the remaining data there were few blank data.

DESCRIPTIVE STATISTICS

![Gender Pie Chart]

- Male: 54%
- Female: 44%

![Age Group Pie Chart]

- 20-30 yrs: 81%
- 30-40 yrs: 10%
- 40-50 yrs: 6%
- 50 & above: 3%

![Investment in Gold Schemes Pie Chart]

- Yes: 61%
- No: 25%
- Don't know: 14%

61% of the respondents would like to invest in gold schemes. Out of which 54% are male. Most of the respondents are of 20-30 age group.
Proposed Research Hypothesis

T test Hypothesis

The average age of Women who would be willing to invest in Gold Deposit Scheme is more than 30 years.

<table>
<thead>
<tr>
<th>x'</th>
<th>μ</th>
<th>n</th>
</tr>
</thead>
<tbody>
<tr>
<td>21.5</td>
<td>20</td>
<td>14</td>
</tr>
</tbody>
</table>

N  Ho μ ≤ 30  
A  Ha μ > 30  
T  t test  
T  right tail  
A  10%  
P  90%  
C  1.35  
O  1.73  
P  0.5  
A  0.1  
D  p value more than alpha accept the null Ho

The average age of women who would be willing to invest in Gold Deposit Scheme is less than 30 years. This could be because women older than 30 years may already have a significant amount of gold in their portfolio and may not be willing to invest in gold Deposit Scheme because the scheme requires the gold jewelry to be melted. Most women would not want their jewelry to be melted. However, women buying new gold may choose to buy gold bars which can be melted, and at a later stage whenever they decide to buy jewelry they can encash from the Gold Deposit Scheme and make their purchase.
**Proportion test Hypothesis**

Less than 30% of the population believes that Gold ETFs are more attractive than GDS

<p>| | |</p>
<table>
<thead>
<tr>
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<tbody>
<tr>
<td>N</td>
<td>Ho p ≥ 30</td>
</tr>
<tr>
<td>A</td>
<td>Ha p &lt; 30</td>
</tr>
<tr>
<td>T</td>
<td>left tail</td>
</tr>
</tbody>
</table>

A left tail test is applied. A 10% significance level is chosen.

| A | 10% |
| P | 10% |

The calculated test statistic is 0.88, which is less than the critical value of 1.28 (at an alpha level of 10%).

The p-value, which is the probability of observing the test statistic or something more extreme under the null hypothesis, is 0.88. Since the p-value is greater than the significance level of 0.10, we fail to reject the null hypothesis. This means that the data do not provide strong evidence against the null hypothesis that less than 30% of the population believes that Gold ETFs are more attractive than GDS.

More than 30% population finds GDS more attractive than Gold ETFs. This may be because in GDS interest rates are fixed. Interest rate are around 2%. Whereas Gold ETFs are more like trading in stock market, commodities, bonds etc. price of Gold ETFs are fluctuating. They change daily on basis of stock market. They may find Gold ETFs more risky than GDS.
**Chi Square Hypothesis**

**Hypothesis**: Investments in Gold Schemes are independent of Gender.

<table>
<thead>
<tr>
<th>Row Labels</th>
<th>Don't know</th>
<th>No</th>
<th>Yes</th>
<th>(blank)</th>
<th>Total</th>
<th>proportion</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>3</td>
<td>7</td>
<td>18</td>
<td>2</td>
<td>30</td>
<td>42%</td>
</tr>
<tr>
<td>Male</td>
<td>6</td>
<td>9</td>
<td>20</td>
<td>2</td>
<td>37</td>
<td>52%</td>
</tr>
<tr>
<td>others</td>
<td>1</td>
<td>1</td>
<td></td>
<td></td>
<td>2</td>
<td>1%</td>
</tr>
<tr>
<td>Grand Total</td>
<td>9</td>
<td>17</td>
<td>39</td>
<td>6</td>
<td>71</td>
<td>100%</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
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<th>Yes</th>
<th>(blank)</th>
<th>Total</th>
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<tbody>
<tr>
<td>Female</td>
<td>3.80</td>
<td>7.18</td>
<td>16.48</td>
<td>2.54</td>
<td>30.00</td>
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<tr>
<td>Male</td>
<td>4.69</td>
<td>8.86</td>
<td>20.32</td>
<td>3.13</td>
<td>37.00</td>
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<tr>
<td>others</td>
<td>0.13</td>
<td>0.24</td>
<td>0.55</td>
<td>0.08</td>
<td>1.00</td>
</tr>
<tr>
<td>Grand Total</td>
<td>9.00</td>
<td>17.00</td>
<td>39.00</td>
<td>6.00</td>
<td>71.00</td>
</tr>
</tbody>
</table>

\[(fo-fe)^2/fe\]

<table>
<thead>
<tr>
<th>Row Labels</th>
<th>Don't know</th>
<th>No</th>
<th>Yes</th>
<th>(blank)</th>
<th>Grand Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Female</td>
<td>0.17</td>
<td>0.00</td>
<td>0.14</td>
<td>0.11</td>
<td>0.43</td>
</tr>
<tr>
<td>Male</td>
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<td>0.00</td>
<td>0.01</td>
<td>0.41</td>
<td>0.78</td>
</tr>
<tr>
<td>others</td>
<td>0.13</td>
<td>0.24</td>
<td>0.37</td>
<td>0.08</td>
<td>0.82</td>
</tr>
<tr>
<td>Grand Total</td>
<td>1.04</td>
<td>0.36</td>
<td>2.16</td>
<td>12.63</td>
<td>16.20</td>
</tr>
</tbody>
</table>
Investments in Gold Schemes are not independent of Gender. Gender plays a significant role for buying gold investment schemes, because women would not like to melt their gold and males invest more in gold investment schemes, this may be because males are the earning member of the family and make crucial decisions regarding investments.
CONCLUSION

This study is focused on GDS (Gold Deposit Schemes). This study reveals the habit or behavior of Indian consumer on Gold investments. According to the survey more than 30% finds GDS more attractive than Gold ETFs. This is because GDS has fixed rate of interest whereas Gold ETFs has fluctuating rate as they are related to stock market.

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