

# Influence of Demographic Factors on Gold Investment Decision with reference to Chennai City

*Saraswathy Muralidharan*

*Research Scholar, University Of Mysore,  
ISBR Research Centre, Electronic City,  
Phase-I, Bangalore-560100, India.*

&

*Dr.Manasa Nagabhushanam*

*Director*

*ISBR Business School  
Electronic City, Phase-I,  
Bangalore-560100, India.*

## Abstract

*Money or Wealth plays very important role in the day to day lives of an individual and one of the ways to accumulate it is through investments. India has a multitude of investments to suit the tastes and preferences of every investor. Among these, Gold occupies a pivotal position in one's life in India owing to the nation's age-old traditions and culture. India's gold market is one of the most popular and well established market in the world. Gold is considered to be a traditional, less risky and safe investment. This paper analyses the demographic factors of the investors namely gender, age, marital status, monthly income, monthly expenditure and monthly saving in Chennai and their association with various types of gold investments. In the normal course, demographic factors of an investor defines the way an investor invests in gold. The study was conducted on 100 investors in Chennai city using cross sectional survey design. The study revealed that monthly income and monthly savings impact the willingness of the individual to invest in gold on a monthly basis. The study further establishes that irrespective of gender, age, marital status, expenses, gold purchases continue to grow steadily.*

**Key words:** *Gold Investment, Retail investors, Demographic factors, Gold forms.*

## Introduction

India has seen a plethora of changes in the financial services sector since liberalisation. Infrastructure has developed, economy has grown, and the standard of living of people has improved. This overall development has led to income growth and surplus money at the hands of people—increasing consumption, savings & investment habits.

Investment is the deployment of funds on assets with an aim of earning income or capital appreciation. (Arup Kumar Sarkar and Tarak Nath Sahu, 2018). Saving is the difference between income and consumption (Abdus Salam and Umma Kulsum, 2002). Savings refers to the money not spent or put off for future use. People save in order to buy a home, a car, jewellery, education, a comfortable retirement, for the children, medical or other emergencies, periods of unemployment, caring for parents.

This money which is saved will grow only if properly invested. The financial services sector seeks to mobilise the savings and make them more productive in order to create more wealth. Investors are the spine of the money market. There are a multitude of investments that are available to suit any kind of investor. Some are traditional

investments like bank deposits, gold, insurance, real estate, pension funds and some are modern like mutual funds, bonds, shares and securities, exchange traded funds popularly called as ETFs.

For the purpose of our study, we have chosen the traditional product of gold in the investment category. Gold is one of the oldest precious metals known to man. It is variedly valued as—a global currency, an investment, a reserve asset, an adornment and a technology component. It is highly liquid, carries no credit risk, generates long-term returns and is scarce, historically, preserving its value over time. It acts as an effective diversifier and mitigates losses in times of market stress. (World Gold Council, 2020). Gold, as a subject has always caught the attention of academicians, central bankers and industry experts alike. Reddy, 1997, has extensively discussed how important gold is in the Indian system.

India is the world's largest consumer of gold. Millions of people across cities, towns and villages are attracted towards this shiny yellow metal. It is an integral part of almost any household in India. It is considered a symbol of good fortune and prosperity. Culture, tradition, festivals and other important family and societal occasions are usually marked by gold ornament purchases.

### **Background of the study**

Today's financial climate is highly volatile. There is a need to protect the fortunes of individual investors. Investment decisions are guided more by the safety of the investment and the returns on such investment.

In this context, Gold has proved itself to be a safe haven in times of economic uncertainty like that of the Covid-19 lockdown being experienced now. It has also maintained its value in the long run although the gold prices are fluctuating in the short run. Gold has served as a hedge against inflation, deflation, currency devaluation, demonetisation, etc., and thus has been a popular investment destination for thousands of years. Gold investments have also been influenced by the low returns (interest rates) of bonds and other competing assets whereas gold's value has only been increasing. Fixed Deposits have been losing sheen amid the Covid-19 pandemic and people are flocking to invest in more gold-oriented investments.

The gold market is highly liquid and the investors can invest in the different types of gold forms like physical gold comprising of bullion – gold bars and coins, jewellery and electronic gold or digital gold comprising of gold exchange traded funds (ETFs).

### **Gold Market – A global perspective:**

The global gold market is a picture of diversity and growth. According to the World Gold Council, the international gold market has seen a boom in the last ten years. The world gold production increased from 2,470 metric tonnes in the year 2005 to 3,300 metric tonnes in 2019 indicating the growth in the world gold consumption (World Gold Council, 2020).

The players in the gold market are the producers, refiners, fabricators, intermediaries such as banks, financial institutions and end users. The use of gold in diverse areas like jewellery, technology, standard measure of value, investment and even in medicines only show the diversity of demand and the self-balancing nature of the gold market .

According to the World Gold Council, the demand for Gold in 2019 was 4355.70 tonnes out of which India's gold demand was 690.40 tonnes. This was lesser than that of 2018's demand of 760.40 tonnes.

### Gold Market – In India

India's cultural and traditional attachment to Gold can be traced back to over 2000 years. Pinank Mehta (2002) in Gold- Eagle says that "India's affair with gold is timeless, spanning centuries and millennia. It always was and still is, much more than just a precious metal, an inseparable part of our belief system." The place of gold in the hearts, minds, jewellery boxes and investment portfolios of Indians is a constant. Gold has been continuously procured over generations for various reasons and even as investment (World Gold Council 2018). The gold market in India is predominantly a market for buying and selling physical gold and gold in the form of ornaments. It is valued in India as a savings and investment vehicle and is the second preferred investment option after deposits and mutual funds (C.Gomathy, N.Yesodha Devi, 2015)

India is the second largest consumer of gold in the world. According to the United States Geological Survey, which updates the gold production annually, "India's Gold Production was reported at 1,400 kg in Dec 2017 and 1,700 kg in Dec 2016 thus showing a decrease of 300 kg. The average gold production from Dec 1990 to 2017 was 2,351 kg". The highest was in the year 2000 with 6,200 kg". "The consumption statistics show that India's consumption of gold in 2018 was 760.40 metric tonnes reducing to 690 metric tonnes in 2019.

Consumption of Gold in India in 2019 with comparative data of Tamilnadu state.

India	Tamilnadu	% consumption
690 metric tonnes	194.30 metric tonnes	28.15%

Source: Jan 2020 statistics of World Gold Council published in Times News Network on Jan 31 2020

This is a substantial contribution of Tamilnadu in the overall gold consumption scene of the country and Chennai being its capital has encouraged me to undertake the study among the investors in Chennai.

### Demography of Chennai

Chennai is the 6<sup>th</sup> most populated state in India. It is a cosmopolitan city with people from all states working here for living. It is the land of temples as well as a major business centre. It is a major centre for music, arts and culture. It is as traditional as it is modern. Gold is considered as being very auspicious for all religious and social functions. Since the affinity for music and dance is more in Chennai, purchase of jewellery is more to suit different occasions, different apparels etc. In addition to gold jewellery, gold bars and gold coins are also bought for gifting on occasions.

Some of the prominent jewellery chains having branches in many states and even in other countries are - GRT Jewellers, Saravana Stores, NAC jewellers, Prince Jewellery, Lalitha Jewellery, Kalyan Jewellery, Joyalukkas, Malabar Gold, to name a few.

Our study is limited to the influence of the demographic variables on the gold investments in Chennai city only.

## Review of Literature

Several studies have been conducted covering various aspects of the study of demographic factors influencing gold investments. We have selected a few and these form the literature for our research purpose.

Pandey, R.Pandit, N.Kandel and A.Thakur (2019), Bhoomi Patel, Dr.Vasudev Modi (2017), Dr.Amutha (2014), Turan and Bodla (2004), Prof B.S. Bodla and Ms.Sushant Nagpal (2007), Vipin Benny and Biju John M (2014), Mittal, Manish &Vyas, R. K. (2012) N.Geetha, M.Ramesh (2012), Manish Setlani, Geeta Sharma and Bhoomi Sitlani (2011) in their research studies on gold purchasing behaviour analysed the impact of demographic factors such as age, gender, education, income, marital status on investment decision making. Their findings showed that for some of the assets, demographic factors played a significant role and for certain others, demographic factors were insignificant. Investors in the age group of less than 50 years were more interested in buying gold for various reasons. Aspects like type of investment, period of investment influenced investments considerably.

Swati Shrikant Godbole and Gita Sashidharan (2019) in their research paper titled “Will employment affect gold buying? An Indian Perspective” observed that employment had a great influence on gold purchase. Arulmurugan, P., Balanagagurunathan, K. and Mirudhubashini (2013) examined the behaviours of professors from Tamil Nadu and concluded that age, gender, marital status etc., and family characteristics such as family life cycle stage and monthly family income are crucial elements in making investment in gold.

T.M.Hemalath, Pavithra S. (2018), Shahana Parveen and Dr.Deepa Saxena (2017), Ronay and Kim (2006) in their research focussed on the buying behaviour of women—their preferences, awareness and the reasons behind purchase of gold. From their study it was established that gender contributes significantly to influence type of investments. Male were more risk tolerant than the female gender.

Surekha Rana (2017) in the paper on marital status and investment preferences, says that individual needs are different when it comes to financial planning and investments. Investments depend on the demographic profile of the investor. In this paper, the researcher has studied the influence of marital status on investment preferences. Accordingly, with the analysis of the primary data, it was found that married people are better risk takers particularly if both are employed and they would like to make best use of the joint increased income.

Kirti Arekar, Swati Godbole (2016), Singh, P. K. (2016), in their research study observed that safety, security and liquidity reigned as prime reasons for gold investment as gold was a safe haven in times of economic uncertainties. Every investor wanted minimum risk and maximum return.

## Need for the study

Jeni Branson, (2014) says that “Gold is an integral part of Indian society and a foundation of wealth and savings in India. As consumers have adjusted their price expectations upwards, a further rise in gold jewellery and investment demand is anticipated and this trend is projected to continue over the long-run as local investors are buying gold driven by wealth accumulation motives.” Also, the economic climate in India has been very charged since 2016-17 following the Demonetisation and introduction of GST. There has been an increase in the demand for Gold in India. Also, according to the World Gold Council, there is a significant pool of investors who have never previously bought gold but would consider doing so in the future.

In the light of the above current economic scenario, a need has arisen to reason out why this increased demand for Gold?

- Is it because of the purchasing power increase of the investors or is it that people have greater trust in gold as a security than other assets in this current scenario of uncertainties particularly amid the Covid-19 lockdown.
- How does the profile of the investor influence the purchase/investment in Gold products?
- Whether the age, gender, marital status, income, expenditure and savings have a bearing on the gold investment/ Gold products that the investor purchases?

In response to the above questions, a research has been undertaken to observe the influence of demographic factors on gold investment with reference to Chennai city.

The present paper attempts to cover 6 demographic factors and analyse them against amount of gold investment. Also, to find out which gold product is the most popular one?

## Objectives of the study

1. To study the relation between the demography of the investor and his choice of the form of Gold.
2. To study the relationship between various demographic variables and the quantum of investment in gold.
3. To identify which demographic factor is more significant in the gold product purchase.

## Scope of the study

The scope is limited to studying the demographic factors (1) Age, (2) Gender, (3) Marital status, (4) Current monthly income, (5) Monthly expenses and (6) Monthly savings of the individual that influence his purchase of gold.

A sample of 100 investors have been chosen at random from Chennai city and they form the sample frame for the study.

## Research Design and Methodology

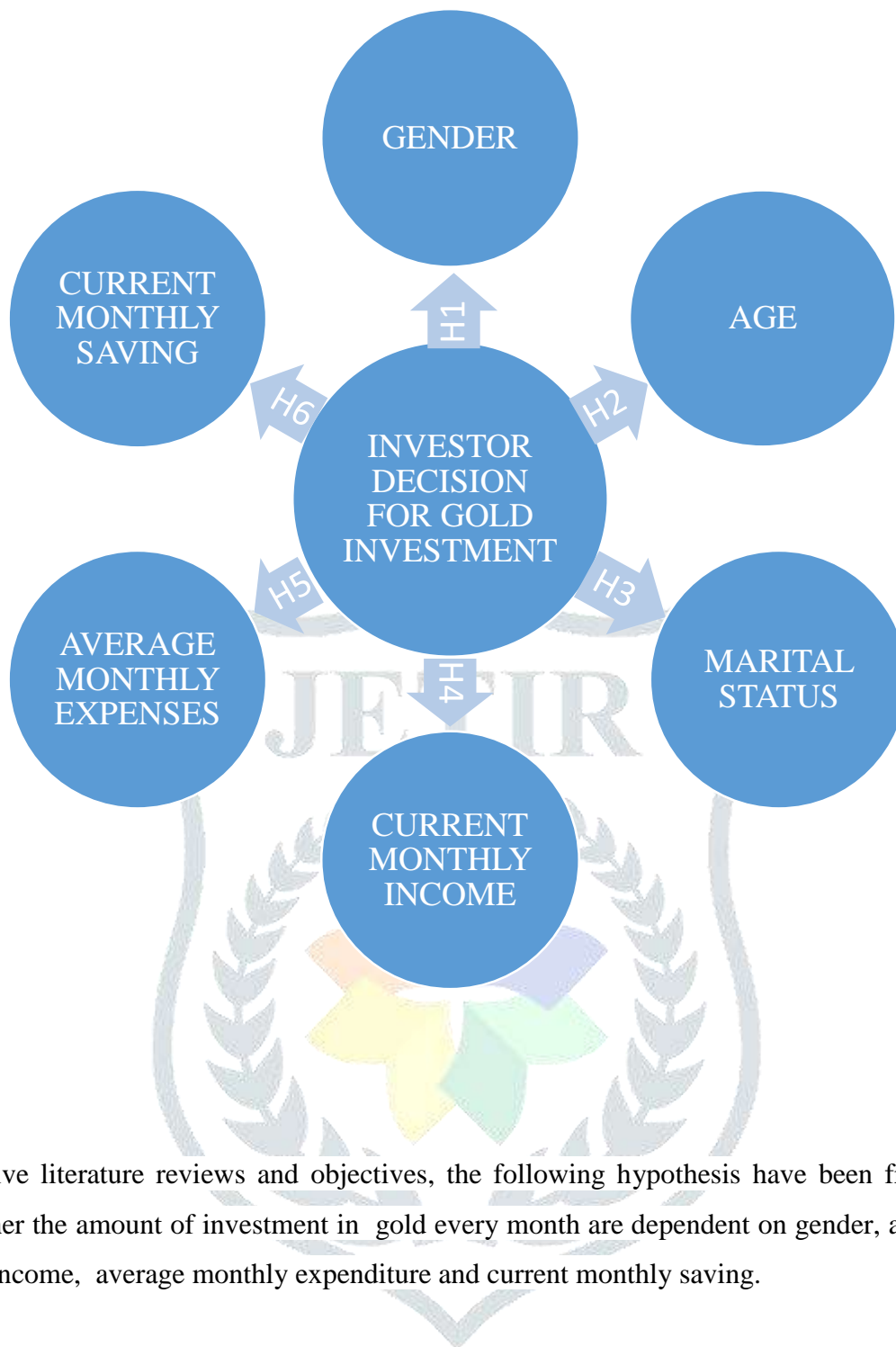
- Research Design : Cross Sectional Survey design is employed. The study is descriptive and analytical.
- Sampling Technique : Convenience/purposive sampling method was used to ensure that the target population was properly represented
- Sampling Frame : Retail Investors
- Data Collection : Primary data collected through structured questionnaire.
- : Secondary data collected from research papers, journals, newspapers, websites, and books.

A pilot study was initially conducted and discussions with financial experts were held before the final survey was conducted. The study was conducted in February, March and April 2020 amidst the lockdown for the Covid-19 pandemic. Data were collected from 135 retail investors' from Chennai covering various demographic factors. Out of the total responses, only 100 were considered for analysis.

### Variables

This study covers six independent variables namely gender, age, marital status, monthly income, monthly expenses and monthly savings. Preference for purchase of gold ornaments, coins and bars, gold bonds, gold ETFs and gold deposit schemes are the dependent variables. Respondents were requested to rank their preference of investment in the different forms of gold.

The conceptual model for the proposed hypothesis is shown below



**Source: Author**

### **Hypothesis**

Based on extensive literature reviews and objectives, the following hypothesis have been framed in order to understand whether the amount of investment in gold every month are dependent on gender, age, marital status, current monthly income, average monthly expenditure and current monthly saving.

The hypothesis are as follows:-

1. H0: There is no significant relationship between gender and monthly investment in gold  
H1: There is a significant relationship between gender and monthly investment in gold
2. H0: There is no significant relationship between age and monthly investment in gold. H1: There is a significant relationship between age and monthly investment in gold.
3. H0: There is no significant relationship between marital status and monthly investment in gold.  
H1: There is a significant relationship between marital status and monthly investment in gold.

4. H0: There is no significant relationship between monthly income and monthly investment in gold.  
H1: There is a significant relationship between monthly income and monthly investment in gold.
5. H0: There is no significant relationship between average monthly expenditure and monthly investment in gold  
H1: There is a significant relationship between average monthly expenditure and monthly investment in gold.
6. H0: There is no significant relationship between current monthly savings and monthly investment in gold.  
H1: There is a significant relationship between current monthly savings and monthly investment in gold.

## Data Analysis and Interpretation

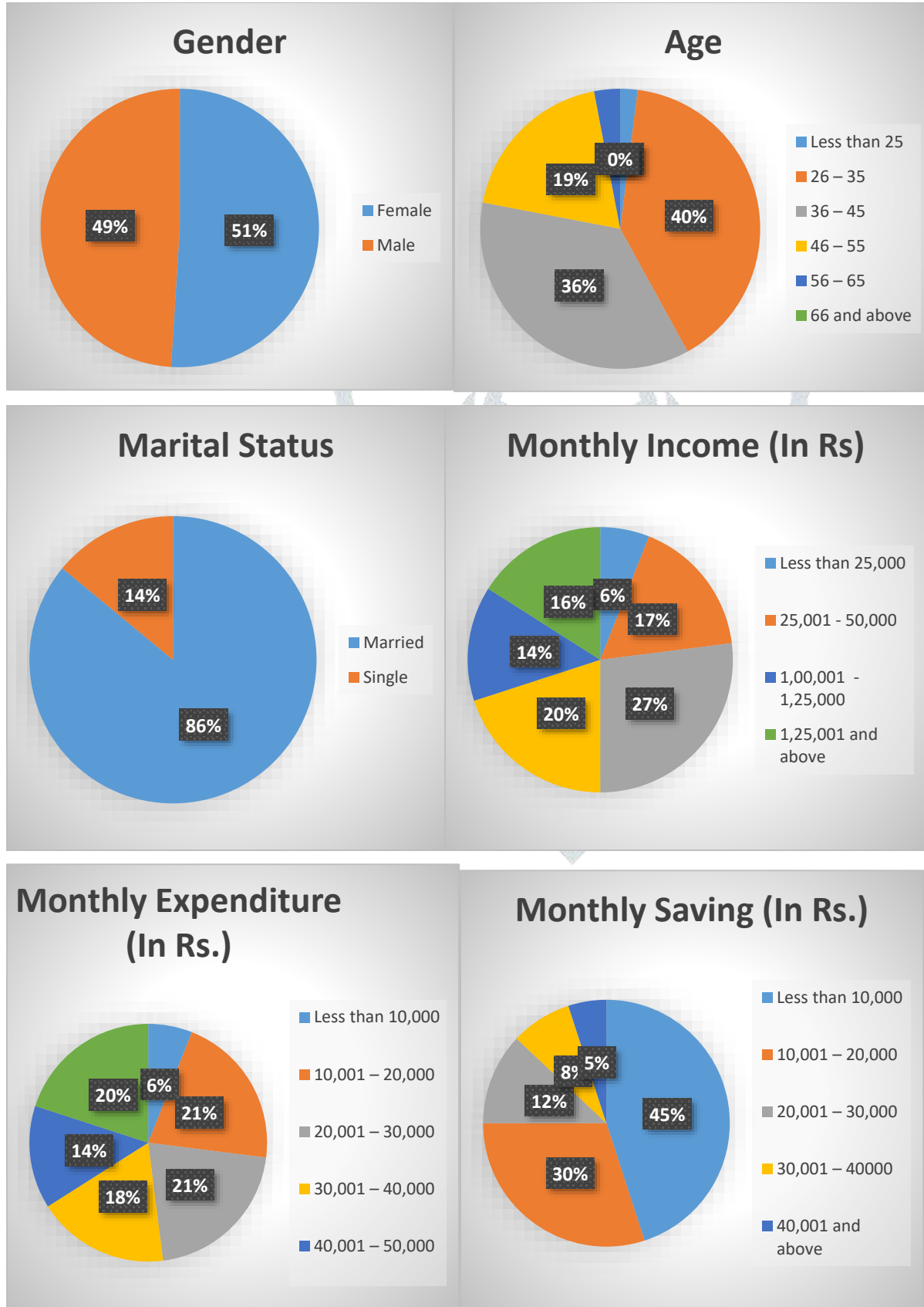
**Table 1: Demographic profile of the respondents.**

Demographic Variables	Categories	No. of Respondents	Percent
Gender	Female	51	51
	Male	49	49
<b>Total</b>		<b>100</b>	<b>100</b>
Age	Less than 25	2	2
	26 – 35	40	40
	36 – 45	36	36
	46 – 55	19	19
	56 – 65	3	3
	66 and above	0	0
	<b>Total</b>		<b>100</b>
Marital Status	Married	86	86
	Single	14	14
<b>Total</b>		<b>100</b>	<b>100</b>
Monthly Income (In Rs)	Less than 25,000	6	6
	25,001 - 50,000	17	17
	50,001 - 75,000	27	27
	75,001 - 1,00,000	20	20
	1,00,001 - 1,25,000	14	14
	1,25,001 and above	16	16
	<b>Total</b>		<b>100</b>
Monthly Expenditure (In Rs.)	Less than 10,000	6	6
	10,001 – 20,000	21	21
	20,001 – 30,000	21	21
	30,001 – 40,000	18	18
	40,001 – 50,000	14	14
	50,001 and above	20	20
	<b>Total</b>		<b>100</b>
Monthly Saving (In Rs.)	Less than 10,000	45	45



	10,001 – 20,000	30	30
	20,001 – 30,000	12	12
	30,001 – 40,000	8	8
	40,001 and above	5	5
<b>Total</b>		<b>100</b>	<b>100</b>

Source: Primary Data



Source : Primary Data

**Objective 1 :**

**To study the relation between the demography of the investor and his choice of the form of Gold**

To find which form of gold investment is most prominent, we have used Henry Garret Ranking Technique.

Accordingly the calculation is shown below:

**Table 2: Ranking of Gold investment in order of their preference.** N = 100

I STEP Preference and Ranking of the forms of gold

Forms of gold	Rank 1	Rank 2	Rank 3	Rank 4	Rank 5	Total
Ornaments	58	20	6	4	12	100
Bars/Coins	24	47	18	10	1	100
Gold ETFs	1	12	33	31	23	100
Gold Bonds	8	7	11	44	30	100
Gold Deposit Schemes	9	14	32	11	34	100
Total	100	100	100	100	100	

Source : Primary Data

II STEP Calculate Percent Position  $100(R_{ij}-0.5)/N_{ij}$  and generate Garret Value for each rank

Rank	$100(R_{ij}-0.5)/N_{ij}$	Percent Position	Garret Value
1	$100(1-0.5)/5$	10	75
2	$100(2-0.5)/5$	30	60
3	$100(3-0.5)/5$	50	50
4	$100(4-0.5)/5$	70	40
5	$100(5-0.5)/5$	90	25

III STEP Multiply Garret value with the number of ranks

Gold Forms	$1*75$	$2*60$	$3*50$	$4*40$	$5*25$	Total
Ornaments	4350	1200	300	160	300	6310
Bars/Coins	1800	2820	900	400	25	5945
Gold ETFs	75	720	1650	1240	575	4260
Gold Bonds	600	420	550	1760	750	4080
Gold GDS	675	840	1600	440	850	4405

IV STEP Find Average Score and assign ranks in order of highest to lowest

	Total/No. of respondents	Average Score	Rank
Ornaments	6310/100	63.1	1
Bars/Coins	5945/100	59.45	2
Gold ETFs	4260/100	42.6	4
Gold Bonds	4080/100	40.8	5
GDS	4405/100	44.05	3

The above calculation shows the preference and ranking of the different gold products assessed by the investors in Chennai. Among them, Ornaments is ranked 1<sup>st</sup> with a mean score of 63.1, followed by bars/coins with a mean score of 59.45 and Gold Deposit Schemes in the 3<sup>rd</sup> position with mean score of 44.05. Gold ETFs is ranked 4<sup>th</sup> with a score of 42.60 and Gold Bonds is in the 5<sup>th</sup> place with 40.80 score. This indicates that investors prefer to purchase ornaments followed by gold bars/coins. Least preference is given to gold bonds maybe because they are unaware of its merits. Thus the 1<sup>st</sup> objective of the study has been achieved.

**Table 3: Representing Contingency Table of age group and investments in different gold forms**

Age Group	Ornaments	Bars/Coins	Gold ETFs	Gold Bonds	Gold Deposit Schemes	Total
Less than 25	1	0	0	0	1	2
26 – 35	21	14	1	3	1	40
36 – 45	23	7	0	4	2	36
46 – 55	10	3	0	1	5	19
56 – 65	3	0	0	0	0	3
Total	58	24	1	8	9	100

Source : Primary Data

The table above indicates that investors in the age group of 26-35 are the more prominent gold purchasers followed by the age group 36-45 years. This can be attributed to the fact that the age group of 26-35 are active income earning stage of life.

## Objective 2:

**To study the relationship between various demographic variables and the quantum of investment in gold**

This objective is achieved through Chi square tests which will determine whether there is a significant relationship between the various demographic factors and the quantum of monthly investment in gold.

The amount of investment in gold on a monthly basis has been categorised in the ranges:-

Less than Rs.1, 000, Rs.1001 - Rs.5000 and Rs.5, 001 & above

## Hypothesis Testing, Data Analysis and Interpretation

1. H<sub>0</sub>: There is no significant relationship between gender and monthly investment in gold

H<sub>1</sub>: There is a significant relationship between gender and monthly investment in gold

**Table 4 : Representing Contingency Table of gender and monthly investments in gold**

Gender	Monthly amount of Gold Investment			
	< 1,000	1001 - 5000	5,001 & above	Total
Male	15	26	8	49
Female	17	22	12	51
Total	32	48	20	100

Source : Primary Data

Table representing Chi Squared tests between gender and monthly investments in gold

	Value	df	p
X <sup>2</sup>	1.2188	2	0.543677 NS
N	100		

p&gt;0.05. NS – Not Significant

To test whether there is significant relationship between gender and investments in gold, Chi square test was used. From the above table we understand that the p value =0.5437. p value is more than 0.05. Therefore, the null hypothesis is accepted which says that there is no significant relationship between gender and investments in gold. **Which means, gold purchases happen irrespective of gender. Men and women have the same choice while choosing gold.**

2. H0: There is no significant relationship between age and monthly investment in gold.

H1: There is a significant relationship between age and monthly investment in gold.

**Table 5 : Representing Contingency Table of age group and monthly investment in gold**

Age Group	Monthly amount of Gold Investment			
	< 1,000	1001 - 5000	5,001 & above	Total
Less than 25	1	1	0	2
26 – 35	10	19	11	40
36 – 45	12	19	5	36
46 – 55	7	8	4	19
56 – 65	2	1	0	3
Total	32	48	20	100

Source : Primary Data

Table representing Chi Squared tests between age group and monthly investments in gold

	Value	df	p
X <sup>2</sup>	5.3556	8	0.71898 NS
N	100		

$p > 0.05$ . NS – Not Significant

To test whether there is significant relationship between age group and investments in gold, Chi square test was used. From the above table we understand that the p value = 0.71898. p value is more than 0.05. Therefore, the null hypothesis is accepted which says that **there is no significant relationship between age and investments in gold**. Gold being an evergreen asset is equally attractive to all age groups. Young adults' up to the age of 35 years purchase for themselves whereas older adults purchase for their sons/daughters. So age and investment in gold are independent of each other. Every age group have an equal choice in investing in gold.

3. H<sub>0</sub>: There is no significant relationship between marital status and monthly investment in gold.

H<sub>1</sub>: There is a significant relationship between marital status and monthly investment in gold.

**Table 6:: Representing Contingency Table of Marital Status and monthly investments in gold**

Marital Status	Monthly amount of Gold Investment			Total
	< 1,000	1001 – 5000	5,001 & above	
Married	27	42	17	86
Single	5	6	3	14
Total	32	48	20	100

Source : Primary Data

Table representing Chi Squared tests between marital status and monthly investments in gold

	Value	df	p
X <sup>2</sup>	0.4613	2	.794017 NS
N	100		

$p > 0.05$ . NS – Not Significant

To test whether there is significant relationship between marital status and investments in gold, Chi square test was used. From the above table we understand that the p value = 0.7940.

p value is more than 0.05. Therefore, the null hypothesis is accepted which says that there is no significant relationship between marital status and investments in gold, which means that marital status does not have any influence on gold investment. **People purchase/invest in gold irrespective of their marital status.**

4. H<sub>0</sub>: There is no significant relationship between monthly income and monthly investment in gold.

H<sub>1</sub>: There is a significant relationship between monthly income and monthly investment in gold.

**Table 7: Representing Contingency Table of average monthly income and monthly investments in gold**

Average Monthly Income	Monthly amount of Gold Investment			Total
	< 1,000	1001 – 5000	5,001 & above	
Less than 25,000	5	1	0	6
25,001 - 50,000	9	7	1	17
50,001 - 75,000	5	15	7	27
75,001 - 1,00,000	4	12	4	20
1,00,001 and above	9	13	8	30
Total	32	48	20	100

Source : Primary Data

Table representing Chi Squared tests between income and monthly investments in gold

	Value	df	p
X <sup>2</sup>	16.2258	8	.0392 *
N	100		

P<0.05. \* – Significant

To test whether there is significant relationship between monthly income and investments in gold, Chi square test was used. From the above table we understand that the p value =0.0392 p value is less than 0.05. Therefore, the null hypothesis is rejected which says that there is no significant relationship between income and investments in gold and alternative hypothesis is accepted which says that there is a significant relationship between income and investments in gold. **This explains that the income of an individual has a definite impact on the amount of investments particularly on gold in this case.**

5. H0: There is no significant relationship between average monthly expenditure and monthly investment in gold

H1: There is a significant relationship between average monthly expenditure and monthly investment in gold.

**Table 8: Representing Contingency Table of average monthly expenses in the household and monthly investments in gold**

Average Monthly Expenses	Monthly amount of Gold Investment			
	< 1,000	1001 – 5000	5,001 & above	Total
Less than 10,000	3	3	0	6
10,001 - 20,000	7	9	5	21
20,001 - 30,000	5	11	5	21
30,001 - 40,000	6	9	3	18
40,001 - 50,000	5	7	2	14
50,001 and above	6	9	5	20
Total	32	48	20	100

Source : Primary Data

Table representing Chi Square tests between monthly household expenditure and monthly investments in gold

	Value	df	p
X <sup>2</sup>	3.5069	10	.966 NS
N	100		

$p > 0.05$ . NS – Not Significant

To test whether there is significant relationship between monthly expenses and investments in gold, Chi square test was used. From the above table we understand that the p value = 0.966. p value is more than 0.05. Therefore, the null hypothesis is accepted which says that there is no significant relationship between monthly expenses and investments in gold, which means that irrespective of the household monthly expenditure, people are still ready to invest in gold. **So monthly expenses does not affect investments in gold.**

6. H0: There is no significant relationship between current monthly savings and monthly investment in gold.

H1: There is a significant relationship between current monthly savings and monthly investment in gold.

**Table 9: Representing Contingency Table of current monthly savings and monthly investments in gold**

Current Monthly Savings	Monthly amount of Gold Investment			Total
	< 1,000	1001 – 5000	5,001 & above	
Less than 10,000	19	20	6	45
10,001 - 20,000	6	19	5	30
20,001 - 30,000	4	2	6	12
30,001 - 40,000	1	6	1	8
40,001 and above	2	1	2	5
Total	32	48	20	100

Source : Primary Data

Table representing Chi Squared tests between monthly savings and investments in gold

	Value	df	p
X <sup>2</sup>	17.7424	8	.0232 *
N	100		

P&lt;0.05. \*- Significant

To test whether there is significant relationship between monthly savings and investments in gold, Chi square test was used. From the above table we understand that the p value =0.0232. p value is less than 0.05. Therefore, the null hypothesis is rejected and alternative hypothesis is accepted, which says that **there is a significant relationship between monthly savings and investments in gold**. This explains that the monthly savings of the respondents decide as to how much they are willing to invest in gold.

The above analysis have helped to determine whether there has been a significant relationship between demographic factors and gold investments. We find that some of the demographic factors like gender, age, marital status and monthly household expenditure do not affect the quantum of gold investments. People invest irrespective of them whereas monthly income and monthly savings has a significant relationship with the gold investments. Monthly Income and monthly savings influence the quantum of gold investments in the sense of ability or willingness to invest in gold on a monthly basis.

Thus the second objective has been achieved.



### Objective 3

To identify which demographic factor is more significant in the gold product purchase.

From the Chi square tests and tables 7 and 9, we find that monthly income and monthly savings are more significant in the gold product purchase. They decide the monthly amount of investment in gold either through purchase or through gold chit schemes.

### Findings

The findings of this research paper are summarised as follows :

1. The respondents are investing in both physical gold as well as paper gold
2. They are aware of Gold ETFs, Gold Bonds and Gold Deposit Schemes.
3. Ornamental gold are the most popular form of investment followed by gold bars/coins
4. The least preferred is gold bonds. This indicates that more awareness is to be created about the merits of investment in the Sovereign Gold Bonds
5. Investments in gold **does not vary** with :
  - a) Gender of the purchaser: Men and women have the same choice while choosing gold.
  - b) Age of the purchaser: Gold being an evergreen asset, the willingness to invest in gold is independent across age groups. But quantum of purchase is more in the age group 26-45.
  - c) Marital status: People purchase/invest in gold irrespective of their marital status.
  - d) Expenses: Expenses does not affect the decision to invest in gold.
6. Investments in gold **varies** with :
  - a) Income: Income levels determine the quantum invested in the purchase of gold.
  - b) Monthly Savings: Savings amount decides the quantum of gold purchased.

### Usefulness of findings :

1. Gold Retailers can target the age group 26-45 with different and trendy designs thereby motivating them to purchase more gold jewellery and get benefitted.
2. Understanding the demographics of the individual investors would help the financial service providers and financial product planners to devise ways to attract investors to the non- physical forms of gold viz., ETFs, Gold Bonds, etc.

### Suggestions

1. We find from the study that physical gold forms are more attractive than Gold Exchange Traded Funds, Gold Bonds and Gold Deposit Schemes. This indicates that more

knowledge is sought about the investments in the Gold ETFs, SGBs and GDS. People should be made aware of the advantages of investing in E Gold more than physical gold which gets locked down after its initial usage.

2. Also the prominent age group is from 26 years up to 45 years. The retailers of gold could well be benefitted if they are able to attract this segment.
3. The study has been done in Chennai city. Similarly can be done for other cities and comparative studies can also be done.
4. Financial Services providers/Financial product planners should devise ways to create more awareness among investors about non-physical forms of gold, viz., ETFs, Gold Bonds, etc. The merits like absence of worry about safety of gold, gives similar returns akin to physical gold, more liquid—traded in secondary market, etc. should be projected in awareness campaigns. This will increase investments in demat forms of gold-based instruments, thereby saving the cost related to physical gold—making, securing & trading from brick & mortar outlets.
5. Safe and reliable investment for the common man.

### **Limitations**

1. The number of respondents are limited to only 100. Hence the analysis cannot be said to be representative of the entire population.
2. The study is limited to Chennai only.
3. The study has been done during the covid pandemic. Hence there was a difficulty in collecting data.

### **Conclusion:**

Gold has been considered as a safe haven in times of economic uncertainties. There is no greater example than the Covid-19 pandemic which caused a lock down and stilled the economy. But gold's value did not suffer. In fact its value has only risen and gold has proved to have its respectful place in the investment portfolios of the investors. The study has proved that the younger generation also view gold as an important investment for a secure future. The modern forms of gold investments like the Gold ETFs, Gold Bonds like Sovereign Gold Bonds, Gold Deposit Schemes are gradually occupying place in the investment portfolios of investors. But more and more people have to be brought to this mode of investment by bringing about more awareness across all sections of the society and tap the full potential of gold as a safe and reliable investment.

### **Bibliography**

1. World Gold Council (2020)
2. SBI websites (2020)
3. Times News Network (2020)

4. Swati Shrikant Godbole, Gita Sashidharan (2019),” Will Employment Effect Gold Buying? An Indian Perspective, “Scientific Research Publishing, **Theoretical Economics Letters**, 2019, 9, 1225-1234 <http://www.scirp.org/journal/tel> , ISSN Online: 2162-2086 ISSN Print: 2162-2078
5. B.K.Yam Bahadur, A.Pandey, R.Pandit, N.Kandel and A.Thakur,”Research (2019), ‘Study on Gold Purchasing Behaviour of Consumers in Nepal,’ Asian Journal of Education and Social Studies, 3(2):1-5,2019;ArticleNo.AJESS.42173, ISSN:2581-6268
6. T.M.Hemalatha and Pavithra S (2018), ’A Study on Savings and Investment Pattern of Salaried Women in Coimbatore District, ‘International Journal of Research and Analytical Reviews 143y, (Volume5, Issue 3, July-Sept 2018), e-ISSN 2348 – 1269,PrintISSN 2349 – 5138 <http://ijrar.com/osmos> **Impact Factor 4.236**
7. Bhoomi Patel, Dr.Vasudev Modi (2017), ”Impact of Demographic Factors on Investment Decision: an empirical study from South Gujarat Region, International Journal of Latest Engineering and Management Research (IJLEMR) ISSN: 2455-4847 [www.ijlemr.com](http://www.ijlemr.com), volume 02-Issue 12, December 2017 PP31-38 [www.ijlemr.com](http://www.ijlemr.com) 31 page
8. Shahana Parveen and Dr.Deepa Saxena (2017),”A study on Buying Behaviour pf women towards gold jewellery in Rewa City, International Journal of Science, Technology, volume 6, Issue 6, 6 June 2017, ISSN (O)2394-1537, ISSN (P): 2394-1529
9. Surekha Rana (2017),’Marital Status and Investment Preferences’, Online International Interdisciplinary Research Journal, {Bi-Monthly}, ISSN 2249-9598, Volume-07, July 2017 Special Issue w w w . o I i r j . o r g I S S N 2 2 4 9 - 9 5 9 8 Page 91
10. Kirti Arekar, Swati Godbole (2016), “Factors influencing gold buying behaviour of retail consumers in India with respect to individual determinants”, Journal of Applied Business & Economics, Vol 18(3) 2016
11. Dr.Amutha (2014),”The Effect of Demographics on Investment Choice among Investors”, Adarsh Journal of Management Research – Vol.: 7, Issue :1, March 2014
12. Vipin Benny and Biju John M (2014), “Investment Attitude in Gold – An Investors Perspective” IOSR Journal of Humanities and Social Science (IOSR-JHSS) Volume 19, Issue 12,Ver.I (Dec 2014) PP 32-36 e-ISSN:2279-0837, p-ISSN:2279-0845.
13. Arulmurugan, P., Balanagaguruthan, K. and Mirudhubashini (2013) A Study on Investment Behaviour of Professors towards Gold with Special Reference to Tamilnadu, State. International Journal of Scientific Research, 2, 233-237.
14. Branson, J. (April 2012). A Study On Saving Habits Of Households In Gold Ornaments In India. Asia Pacific Journal Of Research Issn: 2320-5504, E-Issn-2347-4793, 1 (xii).
15. N.Geetha, M.Ramesh,(2012) ‘A Study On Relevance Of Demographic Factors In Investment Decisions’ ,Perspectives of Innovations, Economics & Business, Volume 10, Issue 1, 2012 ISSN 1804-0519 (Print), ISSN 1804-0527 (Online) [www.academicpublishingplatforms.com](http://www.academicpublishingplatforms.com) - 14 - International Cross-Industry Journal JEL Classifications: G11, J10
16. Sitlani, M., Sharma, G. and Sitlani, B. (2011) Investment Choices of Occupants of Financial Services Industry: A Demographic Study. The IUP Journal of Behavioural Finance, 8, 29-40. [Citation Time(s):1]

17. D.Yasmeen Ansari, S.C. Dhamija, (2011) "An empirical assessment of investment pattern of investors", Asia Pacific Journal of Research in Business Management –APJRBM Vol 2 Issue 5 (May 2011), ISSN2229-4104
18. Prof B.S.Bodla, and Dr. Mrs. Sushant Nagpal,(2007) "**Investor's demographics and investment pattern – an empirical study**", Published in Envision, Commerce and Management Journal, Jan 2007, No. 1pp 66-78
19. Ronay and Kim (2006), 'Gender differences in explicit and implicit risk attitudes: A socially facilitated phenomenon', British Journal of Social Psychology, 45,397-419 q 2006. , The British Psychological Society
20. Turan, M.S and Bodla, B.S (2004), " Risk and rewards of Equity Investments – a study of select Asian Stock Markets", Excel Books, PP.139 – 166

