



AN EMPIRICAL INVESTIGATION OF FACTORS INFLUENCING GOLD INVESTMENT DECISIONS IN COIMBATORE CITY

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ABSTRACT

Gold has always been considered one of the most preferred investment options in India due to its cultural, financial, and security value. This study focuses on an empirical investigation of the various factors influencing gold investment decisions among investors in Coimbatore city. The objective of the study is to identify and analyze the key determinants that motivate individuals to invest in gold as a financial asset. Gold investment is often perceived as a safe and reliable form of investment, especially during times of economic uncertainty and inflation. Investors choose gold not only for wealth preservation but also for portfolio diversification and long-term financial stability. The study examines several influencing factors such as income level, risk perception, market price fluctuations, liquidity, cultural beliefs, and awareness about different forms of gold investment. The research also analyzes how demographic variables such as age, occupation, education, and income affect the investors' attitude towards gold investment. The findings of the study reveal that safety of investment, long-term value appreciation, and easy liquidity are the major factors influencing investors to choose gold. In addition, traditional beliefs and social influences also play an important role in shaping investment behavior. The study further highlights the growing awareness of modern forms of gold investment such as digital gold and gold ETFs among younger investors. The results provide valuable insights into investor behavior and preferences in the gold investment market of Coimbatore city. The study concludes that gold continues to remain a significant and trusted investment avenue for individuals due to its stability, security, and cultural importance. Understanding these influencing

factors can help financial institutions, policymakers, and investment advisors design better financial products and strategies to meet investor needs.

Keywords: Gold Investment, Investment Decision, Investor Behavior, Financial Security.

1. INTRODUCTION

Investment plays an important role in financial planning as it helps individuals grow their wealth and achieve long-term financial stability. Among the various investment options available, gold has always occupied a unique and significant position in the Indian economy. Traditionally, gold is not only considered a form of ornament but also a reliable and secure investment avenue. In India, people prefer gold because of its cultural value, social importance, and its ability to act as a hedge against inflation and economic uncertainty. Gold investment has gained increasing attention from investors due to its stability and long-term value appreciation. Over the years, individuals have invested in different forms of gold such as jewellery, gold coins, gold bars, gold exchange traded funds (ETFs), and digital gold. The growing awareness of these modern investment options has further influenced investor preferences and decision-making patterns.



Investment decisions are influenced by several factors including income level, risk tolerance, market trends, liquidity, safety, and expected returns. In addition, demographic factors such as age, education, occupation, and financial knowledge also play a vital role in shaping investment behavior. Understanding these factors is essential to analyze why individuals prefer gold over other financial instruments such as stocks, mutual funds, or real estate. Coimbatore city is one of the major commercial and industrial centers in Tamil Nadu where people actively participate in various forms of investment activities. The residents of the city show a strong preference for gold investment due to cultural traditions and financial security.

Therefore, this study aims to conduct an empirical investigation of the factors influencing gold investment decisions among investors in Coimbatore city. The study helps to understand investor attitudes, motivations, and preferences towards gold investment and provides useful insights for financial planners, policymakers, and investment advisors.

2. REVIEW OF LITERATURE

A study by Lata Kumari Pandey (2025) examined the adoption of e-gold and digital gold investments in India and analyzed how technological innovation influences investor behavior. The research highlighted that financial technology has significantly transformed the traditional gold investment market by introducing digital platforms that allow investors to purchase and store gold electronically. The study explained that convenience, accessibility, transparency, and lower transaction costs are major factors encouraging investors to adopt digital gold investment. It also emphasized that younger investors and technologically aware individuals are more likely to invest in e-gold due to its flexibility and ease of access. In addition, the research found that personal innovativeness and trust in digital financial platforms play an important role in influencing investment decisions. The study further stated that fintech adoption helps investors overcome traditional barriers associated with physical gold investment such as storage risk and security issues. As a result, digital gold is gradually becoming an attractive investment option for modern investors. The author concluded that technological advancement and financial innovation are reshaping gold investment behavior and expanding investment opportunities in the financial market.

Krishnakumar K (2025) conducted a study on investor perception toward gold as an investment and identified several factors influencing gold investment decisions. The research found that gold continues to be one of the most preferred investment options due to its historical value, liquidity, and ability to diversify investment portfolios. The author explained that investors often include gold in their financial strategies to reduce overall portfolio risk and protect their wealth from economic fluctuations. The study also emphasized that investor perception is influenced by various factors such as market sentiment, inflation expectations, global economic conditions, and geopolitical uncertainties. In addition, the research highlighted that investors prefer different forms of gold investment including physical gold, gold exchange traded funds (ETFs), and gold-backed securities. The study revealed that awareness and knowledge about these investment alternatives play a significant role in shaping investor behavior. Furthermore, the research pointed out that individual risk tolerance and financial goals also influence the choice of gold as an investment instrument. The author concluded that gold remains a reliable investment avenue because it offers both financial security and long-term value appreciation.

According to the study by Urban J. Jermann (2024), gold plays an important role as a financial asset in modern investment portfolios. The research analyzed the economic value of gold from an investor's perspective and explained that gold prices are closely related to macroeconomic conditions such as inflation, interest rates, and financial market uncertainty. The study highlighted that investors consider gold a safe-haven investment during periods of economic instability and financial market volatility. When traditional financial assets such as stocks or bonds become uncertain, investors often shift their funds toward gold in order to protect their wealth. The research further emphasized that gold's investment value is largely derived

from its ability to maintain purchasing power over time and act as a hedge against inflation. The study also pointed out that fluctuations in real interest rates significantly influence the attractiveness of gold as an investment asset. When real interest rates decline, investors tend to increase their demand for gold because it becomes a more attractive store of value. In addition, the author explained that gold futures markets and global demand patterns also influence investment decisions. The findings of the study concluded that gold remains a valuable component of diversified investment portfolios because it provides stability and risk reduction during economic uncertainty.

3. OBJECTIVES OF THE STUDY

- To identify the major factors influencing gold investment decisions among investors in Coimbatore City.
- To analyze the level of awareness about different forms of gold investment among investors.
- To examine the relationship between demographic factors and gold investment preferences.
- To understand the motives and attitudes of investors towards investing in gold.
- To evaluate the role of gold as a safe and reliable investment option among investors.

4. RESEARCH METHODOLOGY

Research methodology refers to the systematic method used to collect, analyze, and interpret data for the purpose of achieving the objectives of the study. In this study titled “**An Empirical Investigation of Factors Influencing Gold Investment Decisions in Coimbatore City,**” both primary and secondary data were used to analyze the investment behavior of individuals towards gold.

4.1 Research Design:

The study adopts a descriptive research design to understand and analyze the factors that influence investors to invest in gold.

4.2 Sources of Data:

The study is based on both primary and secondary sources of data. Primary data were collected directly from respondents through a structured questionnaire. Secondary data were collected from books, journals, research articles, websites, and financial reports related to gold investment.

4.3 Sampling Method:

The study uses a convenience sampling method to select respondents who invest in or have knowledge about gold investment in Coimbatore City.

4.4 Sample Size:

A total of 100 respondents were selected for the study to understand their investment preferences and opinions regarding gold investment.

4.6 Area of the Study:

The study is conducted in Coimbatore City to understand the investment behavior and preferences of investors towards gold.

5. TOOLS FOR ANALYSIS

➤ Chi Squared test

5.1 GENDER AND MONTHLY INVESTMENT IN GOLD

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

Gender	Monthly amount of Gold Investment			Total
	< 1,000	1001 - 5000	5,001 & above	
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 ²	1.2188	2	0.543677 NS
N	100		

$p > 0.05$. 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.

5.2 CURRENT MONTHLY SAVINGS AND MONTHLY INVESTMENT IN GOLD

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.

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 ²	17.7424	8	.0232 *
N	100		

P<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.

6. LIMITATIONS OF THE STUDY

- The study is limited to investors in Coimbatore City, so the findings may not represent the investment behavior of people in other regions.
- The study is based on responses collected from a limited sample size, which may not fully reflect the opinions of all investors.
- The accuracy of the study depends on the responses provided by the respondents, which may vary due to personal bias or lack of complete information.

7. SUGGESTIONS

Investors should improve their financial awareness and knowledge about different forms of gold investment such as digital gold, gold ETFs, and gold bonds to make better investment decisions. Financial institutions and banks should create more awareness programs to educate people about the benefits and risks of various gold investment options. Investors should also diversify their investment portfolios instead of relying only on physical gold to reduce financial risk. In addition, proper market analysis and understanding of gold price trends can help investors make more profitable investment decisions. Finally, government and financial organizations should encourage secure and transparent investment platforms to promote safe gold investment practices.

8. CONCLUSION

The study concludes that gold remains one of the most preferred investment options among investors due to its safety, liquidity, and long-term value. Several factors such as income level, risk perception, cultural beliefs, and market conditions influence the decision to invest in gold. The findings indicate that many investors consider gold as a reliable asset for financial security and wealth preservation. The study also highlights the growing awareness of different forms of gold investment among investors. Overall, gold continues to play an important role in investment decisions and portfolio diversification.

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