

Investors Perception Towards Gold Etf's, Gold Bond, Gold Deposits and Physical Gold in Tamilnadu

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Abstract

Gold has historically been a trusted form of investment, especially in India, where cultural and economic factors significantly influence investor behavior. This study is objectives are examining the perception of investors towards gold as an investment, evaluates the factors influencing investment decisions, and assesses satisfaction and risk awareness related to various gold investment modes. Using descriptive research methods and primary data from 110 respondents through structured questionnaires, the research applies percentage analysis and Chi-square tests to analyze patterns. Gold has been highly valued for its unique and attractive properties since as far back as 4000 BC. The oldest gold treasure in the world dates from 4,600 BC to 4,200 BC and was discovered at a Bulgarian burial site in Varna. Gold plays an important role in providing the best possible protection against the fluctuations of both political and economic scenario, mainly in India and Asian countries. Investment is a planned method of safely putting one's savings into different outlets to get a good return. The essential quality of an investment is that it involves waiting for a reward. Hence present study concluded that the Gold has long been revered in India not only as a symbol of wealth and cultural heritage but also as a preferred asset for investment and financial security. Investing money in gold is worth because it is hedge against inflation. Over a period of time, the return on gold investment is in line with rate of inflation. It is worth investing in gold for a one more valid reason.

Keywords Gold investment, investor perception, gold ETFs, gold bonds, risk awareness, investment preference, India

INTRODUCTION

Gold is a precious metal that has been valued by people since ancient times. People use gold for coins, jewellery, ornaments, and many industrial purposes. Until recently, gold reserves formed the basis of world monetary systems. Gold plays an important role in providing the best possible protection against the fluctuations of both political and economic scenario, mainly in Asia, the Middle East countries and also in India. In finance, an investment is a monetary asset purchased with the idea that the asset will provide income in the future or appreciate and be sold at a higher price. Investment ensures one's dreams turn real and enjoy life to the fullest without actually worrying about the future. It controls an

individual's spending pattern. It decides how and what amount one should spend so that he has sufficient money for future. There are various avenues for investment for an individual, namely, Bank deposits, Real estate, Securities, Mutual funds, Commodity exchange and gold investment. Though there are different areas for investment, Gold has been a traditional favorites for Indian investors. Now, however, it is becoming clear that an increasing number of Indians are realizing that gold deserves a place not just in the cupboard at home or the bank locker, but also in their investment portfolio. Until recently, gold reserves formed the basis of world monetary systems. Gold plays an important role in providing the best possible protection against the fluctuations of both political and economic scenario, mainly in India. Investment is a planned method of safely putting one's savings into different outlets to get a good return. The essential quality of an investment is that it involves waiting for a reward. Gold has long been revered in India not only as a symbol of wealth and cultural heritage but also as a preferred asset for investment and financial security. In Tamil Nadu, gold occupies a particularly significant role, deeply embedded in social customs, religious practices, and personal finance strategies. Traditionally, physical gold in the form of jewelry and bullion has dominated investment choices. However, with the growing awareness of financial products and increasing digital penetration, investors are gradually exploring alternative gold investment avenues such as Gold Exchange-Traded Funds (ETFs), Sovereign Gold Bonds (SGBs), and Gold Deposit Schemes. These modern instruments offer distinct advantages such as safety, ease of transaction, returns in the form of interest or appreciation, and government backing. Despite these benefits, their adoption varies widely across investor segments in Tamil Nadu, influenced by factors such as financial literacy, cultural preferences, income levels, and risk appetite.

Aim of the study

This study aims to analyze the perceptions, preferences, and challenges faced by investors in Tamil Nadu regarding different forms of gold investments. By examining how demographic and socioeconomic factors affect investment decisions, the study also seeks to provide insights for policymakers, financial institutions, and wealth advisors on how to promote balanced and informed gold investment behavior.

Review of Literature

Ranganathan (2024). "A Comparative Study of Gold, Real Estate, and Equity Investments." TIMSR Journal of Management Research, 13(1), 87-101. It compares gold with real estate and equities, analyzing investor preferences based on risk tolerance and return expectations. Gupta and Sharma, (2024). "Gold as a Safe Haven: Analyzing Investor Sentiments during Economic Turmoil." International Journal of Economics and Finance, 19(1), 112-126. The paper investigates gold's role as a hedge against inflation and currency fluctuations, especially during financial crises and geopolitical uncertainties. Rajesh and Menon, (2023). "Demographic Determinants of Gold Investment Decisions." International Journal of Current Research and Trends, 14(4), 120-135. Analyzes how factors like age, income, and education impact investor preferences for gold. Kumar and Singh, (2023). "Investor Awareness and Perception towards Gold ETFs and Sovereign Gold Bonds." Formosa Journal of Multidisciplinary Research, 8(3), 56-72. This paper focuses on the increasing awareness and adoption of digital gold instruments like Gold ETFs and Sovereign Gold Bonds. Menakadevi, (2021), States that gold is an attractive investment as it has its own benefits, that there are various factors pushing investors to purchase gold instruments, but information of the features, characteristics, and benefits is lacking. And

most of the investors are not aware of any of the schemes because they mostly prefer gold jewellery; invest in gold ETF and sovereign Gold Bond which gives more profit. Had has also described in detail about the different ways of gold investment.

Statement of the problem

Gold has long been considered a symbol of wealth and financial security, especially in countries like India where it holds deep cultural and traditional value. Over time, the form of gold investment has evolved from physical assets such as jewelry and coins to modern financial instruments like Gold Exchange-Traded Funds (ETFs), Sovereign Gold Bonds (SGBs), and digital gold. Despite the growing number of investment options and fluctuating market conditions, many investors still prefer gold as a reliable and stable investment. However, their perception of gold varies based on factors such as age, income, risk tolerance, and investment goals. Some view gold as a long-term store of value, while others consider it a liquid asset for short-term needs. In this context, it becomes essential to understand what drives investors to choose gold over other investment avenues and how satisfied they are with their choices. Moreover, awareness of the risks associated with different forms of gold investment and the satisfaction levels across these modes remain unclear. These issues highlight the need to study investor behavior, preferences, and expectations related to gold and other gold bonds as an investment.

Objective of the study

1. To study investors perception towards gold and its related gold bonds as an investment.
2. To identify the factors influencing Investors to invest in gold.
3. To analyse investors perception on risk in gold investment.
4. To evaluate the satisfaction level of investor in gold investment

Research Methodology

This study was designed as exploratory and Descriptive analysis. The convenience sampling adopted in this study and sample size 110 respondents. The Data Collection contain both Primary and Secondary (literature, reports) theory format percentage analysis, chi-square tests.

Types of Gold

- 24K Gold: 99.9% pure gold
- 22K Gold: 91.6% pure gold
- 18K Gold: 75% pure gold
- 14K Gold: 58.3% pure gold
- 10K Gold: 41.7% pure gold

Three General reasons investors hold gold

• Scarcity

Gold is scarce, durable, versatile and tangible. As such, it maintains its value and is considered a haven investment.

• Protect global purchasing power

Gold is seen as a store of value during times of persistent deflation or extreme inflation. To some, it is considered to be a highly valued global currency, a reputation earned in the gold standard period.

- **To diversify**

The price of gold often behaves differently to stock and bond markets. It is possible that when a portfolio is suffering because of shocks for shares or bonds, that the gold price can rise, or vice versa.

Four General reasons investors might sell gold

- **Rising interest Rates**

Rising interest rates damage demand for gold, particularly if central banks are trying to control inflation. Gold is perceived as offering protection from inflation so central bank success in controlling it might hold back the price.

- **Strong US dollar**

Gold is valued predominantly in dollars. If the dollar is strong, it costs more for international investors to buy therefore demand might fall.

- **Pace of gold production**

Oversupply can dilute the price of gold, just like any other commodity.

- **A growing need for income**

During periods when interest rates are low investors will look for alternative higher yielding investments such as shares. Gold provides no income and may fall out of favour. This factor may have contributed to falls in the price in recent years.

Reasons People Trade in Gold

- **A History of Holding Its Value**

Gold has retained its value over the ages, unlike paper money, coins, or other assets: People see gold as a way of moving on from one generation to the next and retaining their wealth. The unique properties of the precious metal have been valued by people since ancient times, Gold is not corroding and can be melted over a common flame which makes it simple to work with and stamp as a coin. Moreover, unlike other elements, gold has a rare and beautiful colour. The atoms in gold are heavier, and the electrons travel faster, causing some light absorption: a mechanism that has taken to work out Einstein's theory of relativity.

- **Inflation Hedge**

Historically, gold has been an excellent hedge against inflation, because its price tends to rise when living costs rise. Investors have seen gold prices soar over the past 50 years and the stock market plummet during years of high inflation. This is because gold tends to be priced in certain currency units when fiat money loses its buying power to inflation and therefore appears to emerge along with all else. In addition, gold is seen as a good value store so people might be willing to buy gold when they think their local currency is losing value.

- **Deflation Protection**

Deflation is characterized as a period of falling prices, when economic activity is slowing and the economy is burdened by excessive debt that has not been seen globally since the Great Depression of the 1930s (although a small degree of deflation has occurred in some parts of the world following the financial crisis of 2008). The relative purchasing power of gold soared during the Depression, while other prices declined dramatically. This is because people wanted to store currency, which at the time was the safest way to keep currency in both gold and gold coin.

Various forms of investment plan in gold:

- Jewellery.
- Gold bullion bars.
- Gold coins.
- Gold certifications or deposit scheme.
- ETF.
- Gold mutual funds

Exchange Traded Funds (ETFs):

Buying Gold ETF is purchasing gold in electronic form. You buy them just like you buy stock of any company from your broker. Gold ETF makes it easier for you to invest in gold. Each Gold ETF unit that you buy is roughly equal to the price of 1 gm of gold.

Gold Coins and Gold Bars:

You can invest in gold coins and bars, by buying them from your jeweller or from the bank. Gold coins are mass produced; they are available at very competitive prices compared with similar size bars. Gold coins are almost universally recognized, they are also easy to resell.

Gold Accumulation Plans:

Gold Accumulation Plans (GAPs) are similar to conventional savings plans in that they are based on the principle of putting aside a fixed sum of money every month. At any time during the contract term or when the account is closed, investors can get their gold in the form of bullion bars, coins, jewellery or cash.

Advantages of Gold Investment

- Liquidity
- Holds Its Value
- Diversification
- Universally Desired Investment
- Gold Is Used as Input in Products

Disadvantages of gold investment

- A lot of market experts suggest that it is really not suggested to buy gold jewellery as an investment.
- No steady income.
- Price set by international markets.
- Issue with storage.

PERCENTAGE ANALYSIS**Age of the Respondents**

Particulars	No. of Respondents	Percentage
18-25	15	14%
25-35	39	36%
35-45	33	30%

45 and above	23	21%
Total	110	100%

Source: Primary data

The above table highest 36% percentage of the respondents in the age group of 25-35 and lesser 14% in the 18-25 age groups.

Occupation of the Respondents

Particulars	No. of Respondents	Percentage
Business	17	16%
Employee	41	37%
Self Employed	9	8%
Student	12	11%
Home Maker	7	22%
Unemployed	24	6%
Total	110	100%

Source: Primary data

The above table highest 37% percentage of the 41 respondents of the employee and lesser 6% in Unemployed groups

Annual Income of the Respondents

Particulars	No. of Respondents	Percentage
2-4 LPA	45	41%
4-6 LPA	22	20%
6-10 LPA	11	10%
10 L and Above	7	6%
No Income	25	23%
Total	110	100%

Source: Primary data

The above table highest 41% percentage of the 45 respondents of the employee and lesser 6% in Annual income respondents

Number of Respondents Invested in Gold

Particulars	No. of Respondents	Percentage
Yes	94	86%
No	16	14%
Total	110	100%

Source: Primary data

Purpose of Gold Investment

Particulars	No. of Respondents	Percentage
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For Future	22	20%
To Wear Jewelry	15	14%
Children's Education	27	25%
Marriage	11	10%
For Gifting	22	20%
Children's Future	13	11%
Total	110	100%

Source: Primary data

Today's 24-Carat Gold Price in Tamilnadu (June 20, 2025)

Quantity	Price (₹ per gram)	Equivalent Total (₹)
1 Gram	10,048	10,048
8 Grams	—	80,384
10 Grams	—	1,00,480
100 Grams	—	10,04,800

18-carat gold price in

Quantity	Price Today (₹ per gram)	Equivalent Total (₹)
1 gram	7,580.00	7,580
8 grams	60,640.00	60,640
10 grams	75,800.00	75,800
100 grams	758,000.00	758,000

Tamilnadu (as of June 20, 2025)

Gold Rate in Tamilnadu for last 10 Days (1gram)

Date	24K Gold (₹/g)	Daily Change (₹)
Jun 20, 2025	10,048	-60
Jun 19, 2025	10,108	+17
Jun 18, 2025	10,091	+54
Jun 17, 2025	10,037	-114
Jun 16, 2025	10,151	-17
Jun 15, 2025	10,168	0
Jun 14, 2025	10,168	+28
Jun 13, 2025	10,140	+212
Jun 12, 2025	9,928	+88
Jun 11, 2025	9,840	+82

Average Gold Rate Agr=10,068%

Summary of Findings

1. **Demographics:** Majority of respondents were female (77%) and married (85%) with most aged 25–35.
2. **Investment Preference:** 86% of respondents invested in gold, primarily for children's education, future security, and gifting.
3. **Preferred Forms:** Jewelry was the most preferred (50%), followed by coins and schemes.
4. **Influencing Factors:** Liquidity, appreciation, safety, and universal exchange value were key motivators.
5. **Risk Awareness:** Most respondents were aware of risks, with concerns about price fluctuation and theft.

Suggestions

Financial institutions and government bodies should conduct awareness programs about modern gold investment avenues such as Gold ETFs, Sovereign Gold Bonds (SGBs), and digital gold. Many investors still rely mainly on traditional methods like jewelry, which often involve additional costs such as making charges. Investors must be educated about the risks involved in various forms of gold investment—including price fluctuations, fraud in digital transactions, and physical storage concerns. Workshops and online modules can help improve their risk assessment skills. Investors should be advised to diversify their gold investments across physical and paper forms. For example, combining jewelry (for cultural needs) with gold bonds (for returns) and ETFs (for liquidity) can reduce risk and enhance satisfaction. Regular Updates on Market Trends Investors should be provided with regular updates on gold prices, market analysis, and investment strategies through newsletters, mobile apps, or seminars to support informed decision-making.

Conclusion

The present study was concluded that the Gold remains a robust and sentimental investment choice in India, especially during economic uncertainty. It is favored for its liquidity, cultural value, and as a hedge against inflation. The study suggests increased awareness campaigns for gold investment schemes like ETFs and bonds, and emphasizes policy support to facilitate safer and more profitable gold investments.

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