

# A Study on Behavior of Investor towards Gold in Sivakasi, Tamil Nadu

M. Rifaya Meera<sup>1</sup> and P.Kaleeswaran<sup>2</sup>

<sup>1,2</sup> PG and Research Department of Commerce,  
Ayya Nadar Janaki Ammal College, Sivakasi, Tamil Nadu, India  
E-mail: kalieisan1994@gmail.com

(Received 18 December 2016; Revised 29 December 2016; Accepted 28 January 2017; Available online 8 February 2017)

**Abstract** - Investment is a planned method of safely putting ones savings into different outlets to get a good return. The essential quality of an investment is that it involves waiting for a reward. Investment involves long term commitment. Investment is a commitment of a person's fund to derive future income in the form of dividend, rent, interest...etc. There is a positive relationship between investments and risk. The success of every investment activity depends upon the ability and knowledge of an investor to investment in right scheme at a right time without any loss. Gold as an asset plays a very important role in an investor's portfolio as it not only provides stability for returns but also gives an opportunity to maximize the wealth of the investor. Investors generally buy gold as a way of diversifying risk. This paper deals with the behavior of investor towards gold in Sivakasi.

**Keywords:** Investment, Investors, Risk, Gold.

## I. INTRODUCTION

Financial system consists of financial institutions, market, services and instruments that are closely related with each other. The role financial institutions, services and markets have tremendous increase in nowadays compared to the past decade, the only reason for this was customers are aware about this. There are so many institutions that are conducting coaching classes for the financial system, for example Tata Institute in Bombay is a leading institute conducting coaching classes for actuarial course in the field of insurance. India has always been known as elephant of the investment world. It moves slowly but surely. Investment is a planned method of safely putting ones savings into different outlets to get a good return. The essential quality of an investment is that it involves waiting for a reward. Investment involves long term commitment.

Investment is a commitment of a person's fund to derive future income in the form of dividend, rent, interest...etc. There is a positive relationship between investments and risk. The success of every investment activity depends upon the ability and knowledge of an investor to investment in right scheme at a right time without any loss. Gold as an asset plays a very important role in an investor's portfolio as it not only provides stability for returns but also gives an opportunity to maximize the wealth of the investor. Investors generally buy gold as a way of diversifying risk. Price of gold is determined by the market force of demand and supply.

## II. REVIEW OF LITERATURE

Nishad Nawaz. M (June 2013) in his article "Study on various forms of gold investment" He highlighted the need for encouraging investment in new gold alternatives. He ensures that gold becomes tradable and generates revenue rather than lying idle as a dead investment. Ratner and Klein (2008) in their study examined the value of holding gold to US investors from 1975 – 2005 and concluded that there is some material benefit to investing in gold over the long term. Hiller et al., (2006) in his article he analyzed the roles of gold, silver and platinum in the capital market and also found that portfolios which contain precious metals perform better than standard equity portfolio. Rakhi Arora and Rajni Sofat (2008) says risk and return are the two inseparable parts of an investment strategy. They have direct relationship between them: higher the risks, higher are the returns and vice versa. The very basic consideration of an investor while investing the money should be how to maximize the returns and what are the risks involved in investing in a particular instrument.

## III. OBJECTIVES OF THE STUDY

1. To study the socio economic profile of the respondents
2. To study the satisfaction level of respondents towards investment in gold.
3. To identify the reasons for investment in gold.

## IV. RESEARCH METHODOLOGY

The present study is both descriptive and analytical in nature. Both primary data and secondary data will be used for this study. Primary data collected through well structured interview schedule. Gold investors are infinite in numbers and primary data are collected from various categories of investors, it is very difficult to adopt census method to collect data. Hence the researcher has adopted convenient sampling method for collect the data from 80 respondents. Secondary data have been collected from standard books, journals, articles, and websites.

## V. TOOLS FOR ANALYSIS

The collected data are analyses with help of following statistical tool.

1. Percentage analysis
2. Chi square test

## VI. FINDINGS OF THE STUDY

TABLE 1 SOCIO ECONOMIC PROFILE OF THE RESPONDENTS

S.No.	Characters	Details	No of Respondents	Percentage
1	Gender	Male	48	60.00
		Female	32	40.00
2	Age	Below 25	40	50.00
		26-35	21	26.20
		36-45	13	15.20
		Above 46	6	7.50
3	Educational qualification	Illiterate	12	15.00
		Higher secondary	12	15.00
		UG level	36	45.00
		PG level	15	18.75
		Diploma	5	6.20
4	Occupation	Businessman	30	37.50
		Government employee	18	22.50
		Private employee	15	18.80
		Professional	17	21.20
5	Monthly income	Below 10000	15	18.80
		10001 to 20000	21	26.20
		20001 to 30000	18	22.50
		30001 to 40000	13	16.20
		Above 400001	13	16.20
6	Type of family	Joint family	27	33.75
		Nuclear family	53	66.25
7	Marital status	Married	47	58.75
		Unmarried	33	41.25

Source: Primary data

It is inferred that most (60.00%) of the investors selected for study are male and 50.00% of the investors are coming under the age group of below 25 years. It is evident that 45.00% of the investors are under graduates and 37.5% of the investors are business people. It is lucid that 58.75% of the respondents are married and 26.20% of the respondents are earn RS. 10001 to Rs. 20000. It is shows that 66.25% of the respondents are lived in joint family.

## VII. REASON FOR INVESTMENT OF THE RESPONDENTS

The study has also found out the reason for investment pattern of the respondents. These details are presented in Table 2.

TABLE 2 REASON FOR THE INVESTMENT OF THE RESPONDENTS

Sl.No.	Reason	No of Respondents	Percentage
1	Additional income	27	33.80%
2	Safety	14	17.50%
3	Future needs	28	35.00%
4	Capital gain	6	7.50%
5	Reducing tax	5	6.20%
Total		80	100.00%

Source: primary data

The above Table clearly shows that 27(33.80%) of the respondents have invested for the purpose of Additional income, 14 (17.50%) of the respondents invested for the purpose of Safety, 28 (35.00%) of the respondents invested

for the purpose of Future needs, 6 (7.50%) of the respondents invested for the purpose of Capital gain and the remaining 5 (6.20%) of the respondents are invested for the purpose of Reducing tax liability.

**VIII. SATISFICATION LEVEL OF THE RESPONDENTS**

TABLE 3 SATISFICATION LEVEL

S.No.	Satisfaction level	No. of respondents	Percentage
1	Highly satisfied	32	40.00%
2	Satisfied	18	27.50%
3	Neutral	5	6.25%
4	Dissatisfied	17	21.25%
5	Highly dissatisfied	8	10.00%
Total		80	100.00%

Source: primary data

The above Table clearly exhibit that 32 (40.00%) of the respondents are highly satisfied with their investment.

**Hypothesis – I**

There is no significant association between age of the respondents and frequency of investment pattern of gold.

TABLE 4 ASSOCIATION BETWEEN AGE OF THE RESPONDENTS AND FREQUENCY OF INVESTMENT PATTERN OF GOLD.

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	16.391 <sup>a</sup>	9	.059
Likelihood Ratio	15.923	9	.068
Linear-by-Linear Association	.779	1	.377
No. of Valid Cases	80		

From the above results it is found that the significant value of 16.391 is more than the acceptance level 0.05 (p=0.059). Hence the null hypothesis is accepted and it is concluded that there is no significant association between age of the respondents and frequency of investment pattern of gold.

**Hypothesis - II**

There is no significant association between male and female with regard to the frequency of investment pattern of gold To test the above hypothesis chi square test is applied and the results are presented in Table 5.

TABLE 5 ASSOCIATION BETWEEN MALE AND FEMALE WITH REGARD TO THE FREQUENCY OF INVESTMENT PATTERN OF GOLD

	Value	Df	Asymp. Sig. (2-sided)
Pearson Chi-Square	1.842 <sup>a</sup>	3	.606
Likelihood Ratio	1.859	3	.602
Linear-by-Linear Association	.997	1	.318
No. of Valid Cases	80		

From the above results it is found that the significant value of 1.842 is more than the acceptance level 0.05 (p=0.606). Hence the null hypothesis is accepted and it is concluded that there is no significant association between male and

female with regard to the frequency of investment pattern of gold.

## IX. CONCLUSION

Gold carries a greatest importance in Indian economy as well as the Indian society. It plays a vital role in Indian families during the times of marriages, festivals and other celebrations. It is considered to be a fundamentally safe investment option and also a form of social status. A investor who has a thorough knowledge of his investment and their behavior towards gold and is able to satisfy them will succeed and survive in the present day competitive market. The investors of gold business would become one of the remarkable aspects of Sivakasi.

## REFERENCES

- [1] Deepa, S. and Natarajan, M. "A Study of Customers' Attitude and Behaviour on Jewellery Purchase in Salem", International Journal of Research in Commerce and Management, Vol.4, Issue 2, February 2013, pp.137-142.
- [2] Anli Suresh (2011). A review on gold quest in the investment portfolio by Indian investors", IRACST- International Journal of Research in Management and Technology (IJRMT), Vol. 1, No.2, 128-134.
- [3] Jaffe. (1989). Gold and Gold stock as investments for institutional portfolio, Financial Analysts Journal, Vol. 49, no.2, 53-59.
- [4] Maital RF & Simon J. (1986). what do people bring to the stock market (besides money)? The economic psychology of stock market behavior, B Greenwich, connecticut, JAI press Inc. 273-307.
- [5] Mittal M. (2008). Personality type and Investment choice: An empirical study.
- [6] Mukhi. (1989). NSC's: A Saving Grace, business world (December 1989), 107-120. <http://http://www.ebsco.com/>
- [7] R. Kannan & Sarat Dhal. (2008). India's demand for gold: some issues for economic development and macroeconomic policy, Indian Journal of Economics and Business, Vol. 7, No. 1, (2008) : 107-128.