

A STUDY ON VARIOUS FORMS OF GOLD INVESTMENT AVENUES IN TAMIL NADU

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ABSTRACT

Money plays a vital role in everyone's lives in this modern time—each person saved from current consumption for the benefit of future needs. Saving people is invested in different assets to meet future needs. Individual savings are invested in assets based on risk and profit demand, security money, and liquidity. Gold Investing is one of the best alternative investment avenues. According to various studies, 16,000 tonnes of gold are predominantly in the form of jewellery in Indian houses. Gold investments can be made through different options such as jewellery, coins, bullions, ETF, mutual funds, e-gold etc. Various ways of investing in gold create confusion between investors in the current market scenario, a highly volatile and rapidly changing market place. The present study "A study on different forms of gold investment in Tamilnadu" seeks to examine forms of investment in gold available to investors. The goals of the study are to understand the various investment options for investors, the factors and know-how of investment in gold, for and against different forms of investment, and to help investors to raise awareness of diverse investment possibilities for gold. Primary and secondary data were collected for the study. The main data is a website, research paper and magazine questionnaire and secondary data. Research has shown that many investors still favour forms of investments in jewellery, gold coins and gold bullion and prefer to invest in ETF and Future and options to make investments more profitable and more comfortable. Gold mutual funds encourage investors to own gold without taking ownership of physical gold.

Keywords: Gold Investment, ETF, Investment Behaviour, Risk and Return, Gold Coins.

INTRODUCTION

Gold has been accepted as a universal medium for exchange since ancient times. The value of gold was already discovered in ancient times. People took gold to make jewellery and currency. It is a symbol of wealth, beauty and cultural heritage. Gold is a relatively dense, brilliant yellow metal. As an element, gold is exceptionally corrosion-resistant (by oxygen, but many other chemicals as well). Gold, with the symbol Au and an atomic number of 79, is a chemical element. Gold is the dense, soft, shiny and the most malleable and duct-like metal known." It is regarded as a safe investment and used in large numbers in festivals and ceremonies in India. History shows that in times of high inflation, the performance of gold increases. Even during the recession, the price of gold appears to be upwards so many investors consider gold the best investment you can make to protect yourself in the stock market. Besides, however, gold also contributes significantly to a wide range of technologies. Gold is used in space exploration, nanoparticles technology and medicine due to its physical characteristics such as corrosion resistance and highly malleable and ductile. It is also used as the bonding wire on an iPhone's core. Therefore, this paper aims to explore various gold investments avenues in Tamilnadu.

REVIEW OF LITERATURE

A wide range of studies has been conducted on (Chua, Sick, & Woodward, 1990) explored the possibility of diversifying a portfolio of gold investments and Stock, they found that investors can use gold as a valuable tool for short-term and long-term portfolio diversification. (Johnson & Soenen, 1997), has been identified that gold, due to its negative/low correlation with bonds and stocks, have the potential benefit of reducing risk through diversification of portfolios. (Blose, 1996), examined the impact that returns on gold bullion have on returns on mutual funds that invest