



INVESTMENT ATTITUDE OF PEOPLE IN COCHIN CITY WITH SPECIAL REFERENCE TO GOLD

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Abstract

There are many reasons why people invest in gold. The reasons and ways which people choose to invest in gold will depend very much on their objectives or motivations towards buying gold. The study aims at examining the investment attitude of the people in Cochin City towards gold according to relevant information and customer interaction. The study evaluate various investment alternatives of the investors on the basis of gender and monthly income, to evaluate liquidity and safety of investment in gold, and also to know whether investors expect rise or decline in the price of gold in future. The data for the study was collected from 60 respondents from various parts of Cochin City. . Data collection comprises of primary data and secondary data. The primary data has been collected through questionnaires and secondary data from related websites, journals, books, publications and also brochures from various jewelleries. Simple percentage was used for the analysis. From the analysis it was found that majority of the respondents on the basis of gender and monthly income prefer investment in gold rather than other alternatives. It is evident from the study that investors expects a rise in the price of gold in future and also have a positive attitude towards liquidity and safety on investment in gold.

Key Words: Investment, Real Estate, Securities, Mutual Funds, Stock.

Introduction

Gold is the oldest precious metal known to man. Gold has proven itself to be one of the safest investments in times of economic instability. Of all the precious metals, gold is most popular as an investment. Investors generally buy gold as a way of diversifying risk, especially through the use of futures contracts and derivatives. The gold market is subject to speculation and volatility as are other markets. Gold related investments have a tendency to perform much better than stocks or bonds during times of political or economic instability Price of the gold is always increasing which enables the purchaser to sell it for a higher amount which enables him to earn more income. Nowadays, its appeal lies in the fact that gold is able to diversify one's investment portfolio and safeguard the value of one's wealth.

Increase in demand for gold has out stripped the global gold production. This provides a structural momentum to growth in gold prices. If the return on bonds, securities, bank deposits and real estate is not adequately compensating for risk and inflation, then the demand for gold shows rising trend. The price of gold is also affected by various well-documented mechanisms of artificial price suppression and short selling in gold. The study aims at examining the investment attitude of the people in Cochin City towards gold.

Review of Literature

Worawit Udompaibunsuk,(2003) Study compared three money saving methods – gold bar holdings, investment in general fixed income fund, and fixed deposit investment To study the return rates and the risks of savings in low-risk assets in the form of single securities. This study found savings in the form of single securities in gold bars yielded higher return rates and risks than any other types of savings.

S K Baral, (2012) Empirical study on Investment in Gold as shining option in derivatives market concluded that investment in gold is an important derivative instrument which has been widely accepted in order to avoid any kind of financial downturn in future and is regarded to be one of the safest investments. Gold is an evergreen investment option and certainly the choice during difficult times and for Indians, gold has traditionally been the first investment choice, ahead of stocks, debt or real estate.

Dr M Nishad Nawaz (June2013) in his article “Study on various forms of gold investment” He highlighted the need for encouraging investment in new gold alternatives. He ensure that gold becomes tradable and generates revenue rather than lying idle as a dead investment.

Need and Importance of the Study

The study on Gold as an investment option is conducted to know the investment attitude of people in Cochin City. Today gold are becoming attractive avenue in capital market. The price of the gold is determined by several factors like demand, supply...etc. In this context the perception of investor towards investment in gold is highly significant.

Statement of the Problem

“Investment attitude of people in cochin city with special reference to gold”



Objectives of the Study

- To evaluate various investment alternatives of the investors on the basis of gender and monthly income.
- To evaluate liquidity and safety of investment in gold.
- To know whether investors expect rise or decline in the price of gold in future.

Research Methodology

The study area was confined to Cochin City .The questionnaires were distributed to a sample population of 60. Sampling unit consists of all people having investment in gold. Data collection comprises of primary data and secondary data. The primary data has been collected through questionnaires and secondary data from related websites, journals, magazines, books and publications. The questionnaire was based on the initial research model and propositions. Descriptive research design has used for this study. Convenience sampling technique (non probability sampling) was used for the survey.

Result and Discussion

Simple percentage method is used for analysis of primary data.

Table 1: Investment Alternative Based on Monthly Income of the Respondents

Form of Investment	Up to 10, 000	10,001- 15,000	15,001- 25, 000	25,001- 50, 000	50,001- 1,00,00	1,00,000- 5,00,000	Grand Total	Percentage (%)
Bank deposit	4	1	1	2	1	2	11	18
Real estate	4	0	4	3	3	2	16	27
Securities	0	0	1	1	1	0	3	5
Gold	11	2	5	7	4	0	29	48
Mutual fund	0	1	0	0	0	0	1	2
Others	0	0	0	0	0	0	0	0
Total	19	4	11	13	9	4	60	100

The study based on monthly income of the family reveals that 48% of the respondents coming under the group up to the total respondents prefer gold as the best alternative investment.

Table 2: Showing Best Form of Investment in Gold

Form of Investment in Gold	Total	Percentage
Gold coins	32	52
Gold Exchange Traded Funds	7	12
Gold Bars	4	7
Gold ornaments	16	28
Others	1	1
Total	60	100

From the graph it is revealed that 52% of the respondents prefer investment in gold coins. After that 28% of the respondents prefer investment in gold coins. Gold Exchange Traded Funds and Bars are preferred by the respondents by 12% and 7% respectively.

Table 3: Showing Investor's Response towards Liquidity of Gold Investment

Rate of Liquidity	No. of Respondents	Percentage (%)
Very high	10	16
High	24	40
Moderate	14	24
Low	12	20
Very low	0	0
Total	60	100

The above graph shows that 40% of the respondents get a high liquidity.24% of the respondents get moderate liquidity.20% of the respondents get low liquidity. Thus it found that majority of investors get a high liquidity dealing with gold.



Table 4: Showing Gold as a Safe and Secured Form of Investment

S. No	Basis	No: of Respondents	Percentage (%)
1	Strongly agree	36	60
2	Agree	15	25
3	Disagree	3	5
4	Neutral	6	10
5	Strongly disagree	0	0
Total		60	100

From the graph it is clear that majority of them are of opinion that gold is safe and secured form of investment.and no respondents are having a negative opinion for the same.

Table 5: Impact of Investment in Gold in the Economy

Basis	Total	Percentage
Very little	7	12
Little	18	30
Much	35	58
Total	60	100

All together 58% of the respondents consider much impact of investment in golden the economy of the country

Table 6: Return From Gold Investment

S. No	Return	No. of Respondents	Percentage
1	High	35	82
2	Moderate	18	12
3	Low	7	6
Total		60	100

From this it is found that around 82% of respondents agree that the return from gold investment is high as compared to other alternative form of investment.

Table 7: Expectation Regarding Decline in the Price Level of Gold in Future

Basis	Total	Percentage
Yes	12	20
No	48	80
Total	60	100

A question was put forward before the respondents regarding the future level of gold.12 of the respondents expect a decline in the price of gold and 48 of the respondents do not expect a decline in the price level.

Table 8: Demand for the Gold When the Price Increases

Basis	No. of Respondents	Percentage
Increases	49	82
Decreases	11	18
Total	60	100

From the above graph it is clear that 82% of the respondents agree that demand for the gold increases when the price of the gold increases and only 18% are of the opinion that the demand decreases when the price decreases.

Suggestion

Primary research study reveals that majority of the respondents prefer investment in gold which is the best investment alternative. New opportunities can step into gold market in future. Entrepreneurs with good financial background while thinking about starting new enterprises can consider starting gold oriented enterprise since there is much scope for investment in gold. Investors can choose various investment schemes now prevailing in market and thereby they can earn more income.



The money spend in large quantities for entertainment, enjoyment, luxury etc which are to certain extend a waste can be controlled and utilized for more beneficial purposes by the investors. This strengths the financial capacity of the investors.

Conclusion

Based on the response of the respondents it was found that gold is the best investment alternative. On further study about the best form of investment in gold among these gold coins were the best. The future of investment in gold with regard to its supply, demand, price, its impact on the economy, influence in the financial planning etc were considered in the study. It was found that majority of the respondents on the basis of gender and monthly income prefers investment in gold rather than other alternatives. It is evident from the study that investors expects a rise in the price of gold in future and also have a positive attitude towards liquidity and safety on investment in gold. All the above aspects are favourable to gold. Hence, the investment in gold is the best among other investment alternatives and also there is much scope for this investment in future.

Limitation

The research conducted on the basis of samples, so it would have sampling error and the respondents may not give their actual financial or personal data. Bias cannot be ignored on the part of the respondent. The study was conducted in Cochin City is also a limitation.

Scope for Further Research

The study is conducted by taking a limited number of sample size. And this study reflects the attitude of those investors who are residing in Cochin City. There might be a chance that attitude of investors of different nature are varied due to diversity in social life, living pattern, income level etc that need to be studied further.

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