

GOLD INVESTMENT PATTERNS OF MIDDLE CLASS FAMILIES WITH SPECIAL REFERENCE TO COIMBATORE

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ABSTRACT

This study examines the gold investment patterns among middle-class families in Coimbatore, exploring demographic characteristics, investment motivations, and influencing factors. Using a mixed-methods approach combining surveys and semi-structured interviews, this research investigates types and forms of gold investments preferred, financial literacy, and decision-making processes. The findings provide insights into gold investment trends, factors driving investment decisions, and recommendations for financial institutions and policymakers. This study contributes to understanding gold investment behavior among middle-class families, informing strategies for financial inclusion, wealth management, and economic development in Coimbatore.

Keywords: **gold investment, middle class families, financial literacy, wealth management.**

INTRODUCTION:

Gold has been a coveted investment option for centuries, particularly in India, where it holds significant cultural and emotional value. Middle-class families, who constitute a substantial portion of India's population, have traditionally invested in gold as a hedge against inflation, economic uncertainty, and social security. Coimbatore, a rapidly growing city in Tamil Nadu, is no exception to this trend. With increasing income levels and financial aspirations, middle-class families in Coimbatore are seeking effective investment strategies to secure their financial future. The investment landscape in India is undergoing significant changes, driven by factors such as demonetization, digitalization, and regulatory reforms. The findings of this study will contribute to the existing body of knowledge on gold investment patterns in India, providing valuable insights for policymakers, financial institutions, and investors.

OBJECTIVES:

- 1 To study the Demographic factors of middle class families.
- 2.To investigate the relationship between middle-class families' income and their gold investment patterns.
- 3.To identify the factors influencing middle-class families' decisions to invest in gold.
- 4.To Understand the motivations that drive middle class families to gold investment.

STATEMENT OF PROBLEM:

The investment patterns of middle-class families in Coimbatore, particularly with regards to gold, are not well

understood. Despite gold being a traditional and popular investment option in India, there is a lack of comprehensive research on the factors influencing gold investment decisions, patterns, and trends in this region. Middle-class families in Coimbatore may lack financial literacy, leading to over-reliance on gold, inefficient portfolio diversification, and emotional and cultural influences driving investment choices rather than rational financial considerations.

SCOPE OF THE STUDY:

1. Geographical Scope: Coimbatore city and surrounding regions.
2. Population Scope: Middle-class families with monthly income ₹50,000-₹2,00,000.
3. Objective: Analyze gold investment patterns, motivations, and financial literacy.
4. Methodology: Survey research design, stratified random sampling, and questionnaire-based data collection.

LIMITATION OF STUDY:

This study has several limitations. The geographical scope is restricted to Coimbatore city and surrounding regions, and the sample size is limited to 70 respondents. The self-reported data and questionnaire design may introduce biases. The cross-sectional design and lack of control group limit longitudinal analysis and comparison.

RESEARCH METHODOLOGY:

The study aims to explore the gold investment patterns of middle-class families in Coimbatore. This research employs both primary and secondary data collection methods.

PRIMARY DATA:

Primary data is freshly collected to understand the gold investment patterns of middle-class families in Coimbatore. The primary data collection method used is: Questionnaire survey among 70 middle-class families in Coimbatore, Stratified random sampling, Demographic characteristics.

SECONDARY DATA:

Secondary data is collected from various relevant sources to provide context and support the primary data findings: Academic journals and research papers, Industry reports and market research studies, Newspaper articles and magazines, Online sources.

SAMPLE SIZE:

The sample size selected for the study is 70.

AREA OF THE STUDY:

The study was conducted in Coimbatore city.

TOOLS USED:

- Simple percentage
- Chi – square

SIMPLE PERCENTAGE:

Simple Percentage Analysis refers to a special kind of rate or percentage (%) used in making comparisons between two or more series of data. A percentage is used to determine the relationship between the series.

CHI – SQUARE:

The chi-squared test is done to check if there is any difference between the observed value and expected value.

Chi square formula $\chi^2 = \sum(O_i - E_i)^2/E$

REVIEW OF LITERATURE

1. "Gold Investment Behavior of Middle-Class Investors in India" by S. K. Singh et al. (2022) - Journal of Financial Management and Analysis.
2. "An Exploratory Study on Gold Investment Patterns among Middle-Class Families in India" by A. Kumar et al. (2020) - Journal of Business and Economic Research.
3. "Factors Influencing Gold Investment Decisions among Middle-Class Investors" by R. K. Sharma et al. (2019) - International Journal of Financial Research.

OVERVIEW OF THE STUDY

INTRODUCTION OF GOLD INVESTMENT:

Gold investment has been a popular option for middle-class families in India, offering a hedge against inflation, currency fluctuations, and economic uncertainty. With the increasing affordability and accessibility of gold investment options,

understanding the gold investment patterns of middle-class families is crucial. Gold is a valuable asset, providing a store of value, wealth preservation, and diversification benefits in investment portfolios. Middle-class families in Coimbatore, have shown interest in gold investment.



Gold investment refers to the acquisition of gold assets, including physical gold (coins, bars, jewelry), gold ETFs, gold mutual funds, and sovereign gold bonds. Gold investment offers benefits such as: Hedge against inflation and currency fluctuations, Store of value and wealth preservation, Diversification benefits in investment portfolios, Liquidity and ease of conversion to cash. Gold can be a good investment option in specific situations, such as periods of extreme volatility in the stock market or periods of currency instability or civil unrest. During these scenarios, gold can outperform other investment classes. However, gold is typically a poor investment option when the economy is strong.

DATA ANALYSIS AND INTERPRETATION

Table 1: Shows the age of the Respondents

| S.no | Age | No.of.respondents | Percentage |
|------|----------|-------------------|------------|
| 1 | 18-25 | 42 | 60% |
| 2 | 26-35 | 10 | 14.2% |
| 3 | 36-45 | 9 | 12.8% |
| 4 | 46 above | 9 | 12.8% |
| | Total | 70 | 100 |

INTERPRETATION:

From the above table shows that 60% of the respondent are 18-25 age. 14.2% of the respondent are 26-35 age. 12.8% of the respondents are 36-45 age. 12.8% of the respondent are 46 or older.

Hence the majority 60% of the responded are 18-25 year of age .

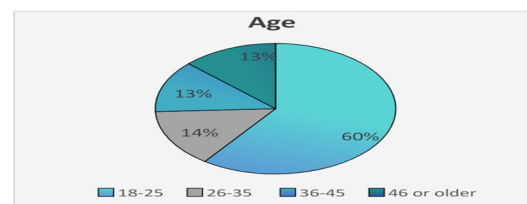


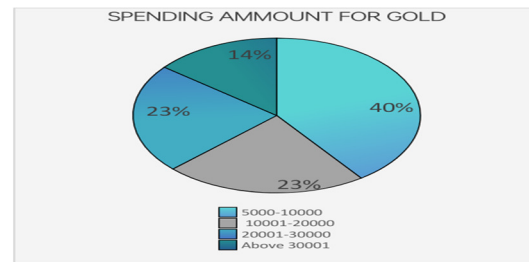
Table 2: Shows income investment for gold.

| S.no | Investment for gold | No.of.res pondents | Percentage |
|------|---------------------|--------------------|------------|
| 1 | Rs5000-10000 | 28 | 40.0% |
| 2 | Rs10001-20000 | 16 | 22.8% |
| 3 | Rs20001-30000 | 16 | 22.8% |
| 4 | Above Rs30001 | 10 | 14.2% |
| | Total | 70 | 100 |

INTERPRETATION:

From the above table shows that 40% of the respondent are investing Rs.5000-10000 of income . 22.8% of the respondent

are Rs.10001-20000 of income. 22.8% of the respondents are Rs.20001-30000 of income . 14.2%of the respondent are Above 30001 of income . Hence majority 40.0%of the respondent are 5000-10000.



CHI SQUARE TEST

| S.no | Factors | No. of. respondents | Percentage | |
|------|-----------------------|---------------------|------------|-------|
| 1 | Family monthly income | Less than Rs.50000 | 28 | 40% |
| | | Rs.50001-100000 | 25 | 35.7% |
| | | Rs.100001-200000 | 10 | 14.3% |
| | | More than Rs.200001 | 7 | 10% |
| 2 | Investment for gold | Rs.5000-10000 | 28 | 40.0% |
| | | Rs.10001-20000 | 16 | 22.9% |
| | | Rs.20001-30000 | 16 | 22.9% |
| | | Above Rs.30001 | 10 | 14.3% |

INTERPRETATION:

The table clearly states the demographic profile of the respondents & investment for gold. majority of the respondents 40% are investment Rs.5000-10000 for gold.

Chi square analysis formula: $\chi^2 = \sum (O_i - E_i)^2 / E$

HO = There is no relationship between monthly income and investment for gold.

H1 =There is relationship between monthly income and investment for gold

| o | e | (o-e) ² | (o-e) ² /e |
|----|-------------|--------------------|-----------------------|
| 18 | 10.41428571 | 57.54306129 | 5.525396834 |
| 7 | 11.18571429 | 17.52020412 | 1.566301772 |
| 2 | 3.085714286 | 1.178775511 | 0.382010582 |
| 0 | 2.314285714 | 5.355918366 | 2.314285714 |
| 5 | 6.942857143 | 3.774693878 | 0.543680188 |
| 11 | 7.457142857 | 12.55183674 | 1.683196497 |
| 2 | 2.057142857 | 0.003265306 | 0.001587302 |
| 0 | 1.542857143 | 2.380408164 | 1.542857143 |
| 3 | 6.171428571 | 10.05795918 | 1.629761904 |
| 8 | 6.628571429 | 1.880816325 | 0.283743842 |
| 4 | 1.828571429 | 4.715102039 | 2.578571427 |
| 1 | 1.371428577 | 0.137959188 | 0.100595241 |
| 1 | 3.471428571 | 6.107959182 | 1.759494415 |
| 3 | 3.728571429 | 0.530816327 | 0.142364532 |
| 0 | 1.028571429 | 1.057959185 | 1.028571429 |
| 5 | 0.771428571 | 17.88081633 | 23.178836 |
| | | | 44.26125482 |

Significance level =0.05

RESULT:

Calculated chi-square value is (44.26125482) which is greater than the table value (16.919). Hence the hypothesis is rejected. Hence, there is significant relationship between income and investment .

FINDINGS:

1. Maximum 60% of the respondents are the age of 18-25 years.
2. Majority 61.4% of the respondents are female.
3. Majority 62.9% of the respondents are UG/PG.
4. Maximum 40% of the respondents are less than 50000.
5. Maximum 58.6% of the respondents are Physical gold.
6. Majority 41.4% of the respondents are monthly.
7. Majority 40% of the respondents are user spending 5000-10000 monthly.
8. Maximum 41.4% of the respondents are chosen long term investment.
9. Maximum 44.3% of the respondents are chosen inflation concerns.
10. Maximum 74.3% of the respondents are chosen yes.
11. Maximum 64.3% of the respondents are chosen to Increase investment.
12. Majority 37.5% of the respondents are chosen use for emergency.

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13. Majority 34.4% of the respondents are chosen online research.
14. Majority 62.9% of the respondents are chosen yes.
15. Majority 41.4% of the respondents are chosen change in income.
16. Majority 80% of the respondents are chosen yes.
17. Maximum 46.3% of the respondents are chose financial emergency.
18. Maximum 54.3% of the respondents are chosen high returns.
19. Maximum 44.3% of the respondents are chosen very satisfied.

SUGGESTIONS:

1. Financial education programs should be implemented to enhance middle-class families' financial literacy.
2. Gold retailers should tailor marketing strategies to cater to diverse demographic segments.
3. Policymakers should consider gold investment regulations to protect consumers. Investor should diversify portfolios, considering alternative assets.

CONCLUSION:

This study examined the gold investment patterns of middle-class families in Coimbatore, revealing significant insights. The findings indicate that middle-class families consider gold a secure and lucrative investment option, driven by factors such as cultural significance, risk aversion, and inflation hedging. However, financial literacy and demographic characteristics influence investment decisions. The study contributes to understanding gold investment behavior, informing strategies for investor.

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