

FACTORS INFLUENCING THE RURAL INVESTORS SATISFACTION LEVEL ON GOLD INVESTMENT

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ABSTRACT

The purpose of this research is to understand the factors influencing the rural investors satisfaction level on gold investment. As a matter of fact in India people buy and use gold on all occasions, and hence gold has much scope from the business point of view. For this research Descriptive Research Method was used. This method describes and explains various characteristics of individuals or groups. Sampling method used in this study was 'Convenient Sampling' under 'Non Probability Sampling Technique'. For data collection, Primary Data and Secondary Data were used. Primary Data collection was done through Structured Questionnaire, collected through 150 respondents in rural areas in Salem District in Tamil Nadu state in India. The source of Secondary Data was from websites, pamphlets, magazines, periodical surveys and library books. The statistical data analysis was done by SPSS software version 21; the following tests were conducted for the study percentage analysis, One-Way ANOVA and Chi-Square method. During the survey it was observed that many people felt that the quality of gold has to be improved.

Keywords: Rural Investors, Gold Investment, Quality/Purity of Gold, and Factors Influencing Gold Investment.

Introduction

There are various precious metals, but people regard gold at high esteem due to various influencing factors such as high liquidity and inflation-beating capability. Hence people in India prefer investment in gold.

The investment in gold can be done in various forms such as buying jewellery, gold bullion bars, gold coins, gold deposit scheme, gold mutual fund etc.

In India gold is considered as a major factor for social status, financial security and social status. In India during last decade the gold value has increased by 96%; at the same time the total value of gold has increased by 35%. In fact, the gold history shows that performance of gold increases at the time of high inflation. However, if you buy jewellery, the return is comparatively very low due to its making charges. Proper return in gold is possible if investment is made in bank coins, bullion bars, gold exchange trades etc. The idea of gold investment will be in use at times when the markets are falling and inflation is very high. Risk of gold in India is very low as hardly we see deflation.

Gold is one of the highest imported commodity in India. India imports large amount of gold than most countries. In fact, India ranked second after China in gold imports.

World Gold Council (WGC) is an agency to track and analyse the trade of gold globally in wholesale market. India has 618.2 tonnes of yellow metals as a holding, which is 6.9 percent of the share held in gold in total foreign reserve.

Consumer behavior is the study of how individual customers, groups or organizations select, buy, use and dispose ideas, goods and services to satisfy their needs.

Literature Review

Mittal (2008): there are four investors categories in India such as casual, technical, informed and cautious. Ismail (2009): reflects the fact that various variables, which influence the gold prices are USD/Euro exchange rate, Inflation rate, Money supply (M1), NYSE Index, S&P Poor Index and US Dollar Index.

Dirk (2010): Is gold a safe haven? Based on international studies, gold represents safe haven in both emerging and developing countries. Dirk (2010) : An Analysis of Stocks, Bond and Gold : people purchase gold during period of highly negative returns and sell it when their confidence and volatility is lower.

Napompech (2010): due to defective economy and politics, fluctuating oil prices and poor bank interest rates in bank deposits, compel investors to invest in gold.

Janabi (2010): The researcher examined the influence of oil and gold prices on the financial performance of the six distinctive GCC stock markets. The study finds that GCC equity markets are efficient as far as gold and oil price indexes are concerned.

Zang (2010): The researcher analyses relationship and causality between the prices of gold and crude oil and the contribution of the crude oil price is more than gold price.

Problems :

- 1) Why people prefer gold when they have alternatives available in the market?
- 2) What are the factors influencing the buyers in making the decision regarding purchase of gold as far as rural people are concerned?

Importance of the study

Importance of this study is found in the consumer behaviour of gold investment. The researcher wants to know the influencing factors for gold buyers with regard to price, quality, quantity, model, etc.

Scope

1. With this study, the rural people can understand whether it is beneficial to invest in gold.
2. The study could help to know how much money the consumers could spend for their gold investment.
3. The study could be used to determine the factors influencing the purchase of gold.
4. The study could help to know consumer buying behaviour in gold investment.

Objectives:

1. To understand the rural customers attitude and behaviour in respect of gold purchase.
2. To analyse the various factors influenced in buyer's decision making for gold.
3. To identify the spending priorities, frequency of purchase and the factors influencing store choice behaviours among the respondents.

Hypotheses

With regard to factors influencing gold investment, there is :

1. No remarkable change in comparison with gender
2. No remarkable change in comparison with marital status
3. No remarkable relationship in comparison with educational qualification
4. No remarkable relationship in comparison with income level

Research Methodology

Type of Research

Descriptive method has been used for this research study, which studies the specialties of particular group or situation.

Data Collection Method

For this study both Primary Data and Secondary Data were used.

Primary Data

Structured Questionnaire was used for collecting primary data, wherein both open-ended and closed-ended questions were used.

Secondary Data

This was collected through websites, magazines, pamphlets, periodical surveys and library books.

Data Analysis

Descriptive statistics using the Chi-Square method was used for analyzing the data. **SPSS version 21 software** was used in analysis. Methods such as bar charts and tabular formats were used as a part of data analysis. Data summarization process was done by used MS Excel.

Sampling Method

'Convenient Sampling' method was used under Non Probability Sampling Technique'.

Sample Size

For this study, sample size was 150 respondents.

Tools for Analysis

For analysis of data we used percentage analysis, mean and standard deviation analysis, Chi-Square test, and Analysis of Variance (ANOVA – F Test).

Limitation of the study

1. Accuracy of the data collected was a limitation for our study.
2. The study has been restricted to only rural areas.
3. The sample size is only 150 respondents.

Socio-Economic Variables	Characteristics	No. of Respondents	%
Gender	Male	84	56.0
	Female	66	44.0
	Total	150	100.0
Age	20-30	73	48.7
	30-40	27	18.0
	40-50	39	26.0
	Above 50	11	7.3
	Total	150	100.0
Marital Status	Married	99	66.0
	Unmarried	51	34.0
	Total	150	100.0
Educational Qualification	Illiterate	33	22.0
	SSLC	28	18.7
	HSC	17	11.3
	Graduate	20	13.3
	Post Graduate	15	10.0
	Others	37	24.7
	Total	150	100.0
Occupation	Housewife	21	14.0
	Business	7	4.7
	Government Employee	9	6.0
	Private Employee	6	4.0
	Agriculture	54	36.0
	Others	53	35.3
	Total	150	100.0
Monthly Income	Below 10,000	70	46.7
	10,001-20,000	33	22.0
	20,001-30,000	37	24.7
	30,001-40,000	6	4.0
	Above 40,000	4	2.7
	Total	150	100.0
Investment Decision	Self	61	40.7
	Relatives	16	10.7
	Friends	23	15.3
	Spouse	2	1.3
	Collection Agents	3	2.0
	Parent	32	21.3
	Others	13	8.7
	Total	150	100.0

Table .1 Socio economic profile of the respondents

Source: Primary Data

Data Analysis

From the above data of respondents, it is clear that majority of respondents - that is 56% - are male and 44% are female; age group between 20-30 years is 48.7%; and between 40-50 years is 26%; and between 30-40 years are 18% and above 50 years are 7.3%. Therefore, it is clear that maximum respondents are from between 20-30 years. According to the marital status, we can understand that majority of respondents - that is 66% - are married and 34% are unmarried. As far as educational qualification is concerned, we can understand that 24.7% are 'others', 22% are illiterate, 18.7% are SSLC, 13.3% are graduates, 11.3% are HSC and 1% are Post Graduates. Therefore, we can understand that majority of the respondents are 'others'. Regarding occupation of the respondents, 36% are from Agriculture background, 35.3% are 'others', 14% are housewives, 6% are Government employees, 4.7% are in business, and 4% are private employees. It clearly shows that the majority of respondents are from agriculture background. The monthly income below 10,000 respondents are 46.7%, 10,001 to 20,000 are 22%, 20,001-30,000 are 24.7%, 30,001-40,000 respondents are 4%, above 40,000 are 2.7%. From the above, it is quite clear that maximum respondents are earning below 10,000 rupees. From the investment decision, we understand that 40.7% of the respondents take gold investment decision for self, 21.3% of the respondents take gold investment decisions for parents, 15.3% of the respondents gold investment decision for friends, 10.7% of the respondents take gold investment decision for relatives, 8.7% of the respondents take gold investment decision for others, 2% of the respondents take gold investment decision for Collection Agents, and 1.3% of the respondents take gold investment decision for spouse. From the above, it is evident that most of the respondents are taking gold investment decisions for self.

H₀: There is no significant difference between monthly income and satisfaction level of gold investment.

Monthly income	N	Mean	S.D	F-value	P value
Below 10,000	70	65.74	6.622	2.631	0.037
10,001-20,000	33	67.03	6.626		
20,001-30,000	37	64.22	8.826		
30,001-40,000	6	59.33	10.270		
Above 40,000	4	58.25	3.948		
Total	150	65.19	7.497		

Table .2 Monthly income and satisfaction level of gold investor

Source: Primary Data

Conclusion

Since the P value is greater than 0.05(ie. .037) the null hypothesis is accepted at the 5% level of significance. Therefore we can conclude that there is no remarkable change in comparison with the satisfaction level of gold investment and monthly income.

H₀: No remarkable change in respect of the age group of the respondents and satisfaction level in gold investment.

Age of the respondent	Gold Investment			Total	χ^2	P-Value
	Low	Average	High			
20-30 years	22 (30.1%) [51.2%]	34 (46.6%) [50.7%]	17 (23.3%) [42.5%]	73	3.698	0.717
30-40 years	5 (18.5%) [11.6%]	12 (44.4%) [17.9%]	10 (37.0%) [25.0%]	27		

40-50 years	13 (33.3%) [30.2%]	15 (38.5%) [22.4%]	11 (28.2%) [27.5%]	39		
Above 50 years	3 (27.3%) [7.0%]	6 (54.5%) [9.0%]	2 (18.2%) [5.0%]	11		
Total	43	67	40	150		

Table .3 Age and satisfaction level of gold investment

Source: Primary data

Note

1. () Row Percentage 2. [] Column Percentage

Conclusion

Since p value is higher than 0.05 (0.717), the null hypothesis is rejected at 5% level of significance. Therefore we can conclude that there is no remarkable relationship in respect of factors influencing gold investment and age of the respondent.

Findings

1. Out of the respondents 44% are female and 56% are male
2. Out of the respondents 48.7% are between 20-30 years of age and 7.3% are above 50 years.
3. Out of the respondents 66% are married and 34% are unmarried.
4. Out of the respondents 24.7% are 'others' and 10% are post graduates.
5. Out of the respondents 36% are in agriculture and 4% are private employees.
6. Out of the respondents 59.3%, the number of family members are above 4 and 18% are below 2.
7. Out of the respondents 46.7% have monthly income less than Rs.10,000 and 2.7% are beyond Rs. 40,000.
8. Out of the respondents 40.7% are investment decisions for themselves and 1.3% take investment decisions for spouses.
9. Out of the respondents 32.7% have investment places for famous shops and 5.3% have investment places for LIC.
10. Out of the respondents, 37.3% are investing some time and 6% are investing quarterly.
11. Out of the respondents, the mode of payment is cash for 63.3% and for 2.7% mode of payment is credit & debit card.
12. Out of the respondents 33.3% of the respondents are purchasing schemes for special offers and 6% of the respondents are purchasing schemes for exchange offers.

Inferential statistics

With regard to factors influencing gold investment, there is :

1. No remarkable change in comparison with Genders
2. No remarkable change in comparison with Marital Status
3. No remarkable change in comparison with Age
4. No remarkable change in comparison with any of the Family Members
5. No remarkable change in comparison with Monthly Income
6. No remarkable change in comparison with Occupations
7. No remarkable change in comparison with Educational Qualifications
8. No remarkable relationship in comparison with Ages
9. No remarkable relationship in comparison with Educational Qualifications
10. There is remarkable relationship in comparison with Occupations
11. There is remarkable relationship in comparison with Income levels with regard to factors influencing gold investment.

Suggestions

1. Many respondents felt that quality of gold should be improved. The influencing factors for the purchase of gold by customers are quality and purity of gold and this makes customers to compare it different jewellery shops.
2. There is long waiting time for getting gold during festival period and this should be reduced.

3. Most of the customers use factors for future prospects and profitability with no awareness of gold purity and standard. It is suggested that jewellery shops should provide adequate awareness programmes to their customers, as well as provide quick and correct service to them depending upon their requirements and provide them complete help till they leave the shop happily.
4. Customers wanted attractive offers at regular intervals. Customers felt that such attractive offers would enhance the sale of gold and this would improve their business.

Conclusion

The mind-set of people were changed in the recent years in India. It is a fact that Indians consider gold as a matter of status symbol. However, in addition that it is also considered as an intelligent investment option. It can be concluded from the study that people belonging to different age groups are interested to invest in gold as a financial security; as in case of financial crisis, gold can be sold or gold loan can be taken mortgaging gold in banks as a security against loan. However, customers have given their opinion that necessary awareness programmes should be conducted by the marketing division of branded jewellery shops in respect of quality, purity, Bureau of Indian Standards (BIS), 916 gold, meaning of 18 carat, 20 carat, 22carat, 24 carat etc, wherein 24 carat stand for pure gold with no other metals; so that customers can make appropriate buying decision regarding gold. People are also in the habit of checking the quality and prices from different jewellery shops and also with friends, neighbours and relatives regarding their experience with different jewellery shop in their areas. All these factors decide the buying decisions of customers. The purpose of this study is to provide information to customers for taking appropriate decisions regarding investment in gold.

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