

‘A Study on All Time Priority Investment Sector With Special Reference To Indians ’

Prof. (Dr.) Mayanka Sharma

(Professor, Allana Institute of Management Sciences, Pune)
and Member, Finance Board, Management Faculty, Savitribai Phule Pune University.
Email Id: drmankasharma@gmail.com

Prof. (Dr.) D. B. Bharati

(Director, Rajgad Institute of Management Research and Development, Dhankawadi, Pune)*,
Academic Council Member Savitribai Phule Pune University and Chairman, Finance Board, Management Faculty, Savitribai Phule Pune University. Email Id: drdbbharati@gmail.com

ABSTRACT:

In the new era, a number of investment avenues are available to the investors. The investment risk is high as well as less. Indian peoples are habitual to invest in Gold by way of purchasing gold jewelry. Gold is also important avenues for investment. Gold is the most widely accepted precious metal. It appeals to almost all i. e. poor to rich. Gold scores the highest in terms of liquidity, compared to all other investments. A wise investor has to take care while investing in gold.

Key Words: NOI, WGC Coins, Gold ETFs, NOI.

1. Introduction:

Indian civilization depends on various foundations. As a human being every individual has to perform duties like, finance, religion, married life and salvation. Finance is the foundation of these four principles. Today we found that all four elements of human life are not followed for survival. For betterment in life a human being has to earn money through jobs, profession or doing work to earn money in sophisticated way for the prosperity of himself and his family. Even a prostitute can earn money by selling her body. After earning money the next part comes expending. How to spend money depends on individual to individuals and differs from society to society. The modern trend is expending more to enjoy the life. The next and important part is very difficult i.e. saving money.

The term ‘saving’ in simple language is the difference between income and expenditure. It is the excess of income over expenditure. Savings is very essential in human life particularly in Indian society. To meet and fulfill our future needs, to meet contingencies, to earn interest on deposits, to earn dividend by investing in share market, to take care of our own after retirement and particularly in old age saving is must and essential. It is a tool available in the hands of people for precautionary purpose too.

The next important thing is how to utilize our savings. By holding cash in hand or else are the question matters? An individual has to decide his investment options. Numbers of options are available to the individuals i.e. savers. A person can donate his savings or can give his money in the form of savings to other persons by way of loans and advances. A person can purchase gold to take the financial benefit of appreciation in the prices of gold. He can purchase gold that can be utilized at the time of his children’s marriage. He can also insure himself and his family can invest in share market and what not. Thus there are various types of investments for variety of persons. Various investment options are available with high risk and low risk. In the modern Indian economy large numbers of investment options are available to the investors by taking a wise and intelligent investment decision. One of the options available to crazy people of India is Gold.

2. Review of Literature: On the topic of Investment, savings numbers of articles, research papers, books, dissertation and PhD thesis are available within the country as well as outside the country.

3. Objectives: The objectives of the research article are stated as under:

1. To know the various investment options available to the investors.
2. To find out the causes of craziness of people in investing gold.
3. To study the characteristics with reference to investing in gold.
4. To understand the meaning of Carat and Karat.
- 5.

4. Research Methodology: The researchers have collected the primary data through a survey, by preparing a questionnaire for the investors and depositors. Along with primary data the researcher has collected the data and information from R.B.I. Bulletins published by R.B.I. and data available in published government magazines, private magazines and journals. This research paper is purely based on primary and secondary data. On the basis of primary and published data in magazines, books, annual reports, information available through websites this paper is presented to you.

5. Data Analysis:

There are different types of investments, ranging from risk – less to high – risk. Broadly, investments can be classified as Personal transaction forms of investment and Non personal forms of investment.

5.1: Personal transaction forms of Investment: This is a very popular and safe form of investment option. Approximately above 80% of the investors giving preference to these investments because these investments are supported by the Government by way of guarantee. It includes the personal transaction and direct relation between the investors and issuer. Bank Deposits, Post Office Small Saving Schemes (this includes Post Office Savings Bank Account, Post Office Time Deposits, Monthly Income Schemes, 5 – Years Recurring Deposit, National Saving Schemes 1992, National Saving Certificate, Kisan Vikas Patra, Public Provident Fund Scheme) Government Securities, Company Deposits, Life Insurance, Unit Schemes of UTI, Real Estate and Precious Objects which includes Gold and Silver, Precious Stones, Art Objects etc.

5.2: Non-personal transaction forms of Investment: It includes Bonds or Fixed Income Securities, Preference Shares, Equity Shares etc. issued by multinational organizations as well as private sector organizations. The persons liking to take risk can choose this form of investment option. However, while investment in share market he has to study or can take help or advice from the experts in share or stock market.

6: Gold – Option for Investment:

It is said that ‘Gold’ is the life belt for all seasons, especially when the investor finds financial difficulties. Gold is a dense, soft, shiny metal and the most malleable and ductile metal known. Gold is the most widely accepted ‘precious metal’ which appeals to almost all kinds of investors. Investing in gold, in relation to its value, is small and therefore can be stored and concealed without any difficulty. The worth of gold lies in its market prices. Do not apply the principle of ‘yield’ to gold because its storage does not give any profit or dividend. India is crazy about gold jewellery. With the World Gold Council (WGC) aggressively marketing, social and religious functions as gold buying events, the demand has shot up in the recent years to record levels. Research shows that over 16,000 tonnes of gold is available in Indian households in the form of jewellery. Gold is used for making jewellery that may in turn influence its prices to a large extent. Investing in gold is highly profitable during inflation, as the prices tend to move up faster. Similarly when there is uncertainty in the nation the value of gold is likely to go up. In many countries gold remains an integral part of the social and religious customs besides being the basic investment avenue. It has no intrinsic value. You cannot eat it, drink it or even smell it. This aspect of gold compelled Henry Ford to say that, ‘Gold is the most useless thing in the world’. It is very difficult to store gold in a safe place with the cost involved in such storage. This induces investors to look for alternative investment to gold. Investment in jewellery leads to loss in investment at the time of sale. Thus gold coins and bars are fast moving up as option to investment in gold. The ICICI Bank, Tanishq and leading local jewelers who have launched gold coins and bars are finding that buyers of such products are fast increasing. The other investment options include the mutual fund schemes, gold deposit schemes, gold denominated certificates and exchange traded funds, Banks are looking at issuing gold denominated certificates that can be bought in cash and redeemed in gold. The new gold saving account would offer a systematic investment plan. The reasons to appeal or attract all kinds of investors are:

- It is highly liquid;
- It is aesthetically attractive;
- It has been hedge against inflation;
- It possesses a high degree to appreciate value;
- It is used as industrial application;
- It is purchased by Central Bank and IMF.

Gold scores the highest in terms of liquidity, compared to all other investments. At any time of the day and any day gold can literally be converted to cash.

Various forms of investment in gold: The following are the various forms of investment in gold available to the investors.

- Jewellery,
- Gold Coins,
- Gold Deposit Scheme,
- Gold Bullion Bars,
- Gold Mutual Funds,
- E-Gold,
- FTF and

- Futures and Options.

Gold Exchange Traded Funds (ETFs): This is a hot option available to the investors now days. These are like mutual funds that invest only in gold. They are proving to be an easier and safer mode to buy gold. The charges are very less and the gold can be accessed electronically.

Characteristics of holding Gold or Gold Coins:

- Gold Coins are available in small, little pieces allowing buying and sell small quantities as per convenience of investors and are easily recognized around the world as a Precious metal.
- Gold has been a store of value for over 6,000 years
- Gold is acknowledged by most Central Banks around the world and can be used as a medium of exchange.
- It is the time-proven hedge against fiat currency debasement, which our Federal Reserve has patently acknowledged as a given in this country
- It is easily portable and movable.
- Gold coins are not subject to property taxes.

Prices of Gold in India: The following table indicates the prices of Gold in India. The rates are given in rupees for 10 grams.

Table 1: Rates / Prices of Gold in India - (Approximately)

Year	Rate for 10 grams in Rs.
2000	4400
2001	4300
2002	5000
2003	5700
2004	5800
2005	7000
2006	9000
2007	10800
2008	12500
2009	14500
2010	18000
2011	25000
2012	32000
2013	33000
2014	30000
2015 (till Nov)	27000

Carat and Karat: Carat is a unit of weight used to measure precious gems such as diamonds and pearls. 200 milligrams or 0.2 grams make a metric carat. Carats are abbreviated to ct. While Karat is a unit of fineness or purity used to measure gold. 24 karat gold describes pure gold. When gold is mixed with another metal the purity is diluted. The purity is then expressed as the parts of gold out of 24. For example, 22 karat gold (mixed with copper) will be 22 parts gold and 2 parts copper. Karat is abbreviated to kt.

Care to be taken while investing in gold or gold coins:

Investment in gold is very popular in India. Since there is no income as such from holding Gold, there is no liability to pay income tax. But gold bullion and jewellery are subject to capital gain tax and wealth tax. Jewellery is not an investment but it is only an expense for pleasure, symbolizing wealth and also there are heavy losses in the form of wastage and making charges. Investors have to keep gold in bank lockers. Remember gold is a commodity and is worthy only when market is ready to pay for it and investment in gold is a personal matter of an individual. Gold has proved itself time and again to be the perfect hedge for inflation. But to look at it as a hedge avenue, Indians are yet to consider this market actively as the purchases continue to be dominated by jewellery. Gold only beats inflation. It fares poorly when compared to real estate or shares when compared on the basis of real inflation adjusted returns. A 5 to 10 per cent of the overall investment portfolio can be considered for gold investments (bullion, WGC coins, Gold ETFs).

Conclusion: Life is full of risks. From travelling in an airplane to the simple act of walking to the corner shop, are the inherent risks everywhere. Same is the case with the money invested. Investments in real estate as well as investment

in gold are the common investments. It is said that investment in gold is dead investment. However we Indian people are crazy about investment in gold. Any serious investor, however, is advised to have a certain percentage of investment in gold to hedge inflation. However, the investment in real estate is far better than investment in gold. Real Estate Investment in India is not only a bright prospect but also a potential opportunity to optimize the benefits of the economic growth in India.

References:

1. Trade your way to financial freedom by Van Tharp.
2. Various issues of Business Standard, The Economic Times.
3. www.moneycontrol.com
4. www.ncreif.org
5. [www.gold price india.com](http://www.goldpriceindia.com)
6. The intelligent investor by Benjamin Graham.
7. 11 Principles to Achieve Financial Freedom by Nandish Desai.
8. Investment Management by Dr. V. A. Avadhani.
9. Investment Analysis and Portfolio Management by Prasanna Chandra.
10. Fundamentals of Investment Management by Prof. V. K. Bhalla.
11. Fundamentals of Investment Management by Prof. Y. P. Singh.
12. About Gold-ETF. nsegold.com.
