

Chapter –VIII

Summary of Findings and Conclusion

This chapter summarised the findings derived from the whole course of the study. Moreover, limitations confronted during the course of the study also described in this chapter. Final conclusion has been drawn on the basis of the summarised findings.

VIII. 1. Synchronisation of the Findings of each Chapter

The study revealed that sole proprietors were the key investors and the gold was the most sought after investment avenue. In the same way Sindhu (2013) in his study stated that in India, gold was one of the foundation asset for households in the form of investments. Fixed deposits and life insurance stands at the next preference of the gold. The findings of the present study contradicts to earlier finding made by Aggarwal and Lucey, (2007), as because Aggarwal and Lucey, (2007) revealed that for most of the ordinary Indians who sought safety of their capital, gold was the alternative to fixed deposits. This means that gold was not the most sought after investment rather it was as like as fixed deposit, stated by their study. Marwari investors followed daily news paper as the prime source of information followed by social group while investing in gold. In resemblance to our study, Warne (2012) also cited that agents/newspapers/magazines played major significant role in influencing the decision of the investors with respect to investment in gold.

In this study, it was visible that the Marwari businessmen mainly considered savings as source of funds for their investment in gold followed by personal borrowings. In conformity to our study, World Gold Council (2010) also reflected that every class of the Indian society, whether its urban or rural investor, would prefer to possess it or make savings to purchase it in their life span. Majority of the respondents invested on yearly basis in gold followed by others who invested once in every six month. The investors having annual income within the range of 2 lakhs to 4 lakhs invested less than 25% of their income in

gold. While investing in gold, they gave first preference to long term profit seeking and future security and then to liquidity, steady income and short term profits. In support of our finding, Lutter and Soone (2008) conceptualised the fact that gold was a long term stable backbone of investment portfolio. At the same time, in contrast to the present findings, Sireesha, B.P. and Laxmi, S.C. (2013) revealed the results of empirical testing of impact of demographic factors on investment avenues selected by investors in the twin cities of Hyderabad and Secunderabad, India. Here, it was found that the respondents of the study were conservative in nature and showed less concern for money multiplication and liquidity.

Through this present study it is clear that cultural factors like tradition, common belief, status symbol, custom were emerging as the top influencing factor followed by the financial factors that include long term profit seeking, liquidity, stability of income, price, return, tax benefits, hedge against inflation and the safety. Out of the given financial factors liquidity, stability and price were significantly affecting physical gold investment and safety, return, stability, hedge against investment and price were significantly affecting on the mixed form of gold investment. In line of our findings, the previous authors like Fei and Adibe (2010) also mentioned that there was a significant relationship between the price movement of gold, real interest rates and the exchange rate. Similarly, Parikh and Vaish (2013) in their study stated that in India different cultures, sub-cultures, customs, religions, a deep affection for gold impacted a lot on gold purchase. It was the only commodity which was universal across the length and breadth of the country.

In this study, it was clearly mentioned that the other factors, i.e., psychological and social factor are also the determining factors towards the investment decision in gold. This is to note that the demographic factors like education, gender, are significantly affecting physical gold investment whereas annual income was significantly affecting the mixed form of gold investment and the number of family members, annual income and education were significantly

affecting the investment of the shares of gold mining companies. The present findings substituted the earlier findings of Verma (2008) who concluded that investment choice depended on and was affected by the demographic variables, i.e, gender, age, income, education, occupation as well as by the personality types such as conservative , medium moderate and aggressive and the findings of Palanivelu and Chandrakumar (2013) who opined that certain factors like education level, awareness about the current financial system, age of investors etc. make significant impact while deciding the investment avenues. In line with our findings, Wright and Levin (2006) found that gold investor tended to have a proportion of gold in their portfolios due to the fact that the price of gold is expected to rise in line with the inflation and act as an inflation hedge. Lutter and Soone (2008) showed that gold was already known and valued by the people for its stable nature and long tradition. In the same way, Ghosh,et.al. (2004) had pointed that people bought gold for two purposes. The first purpose is the -Use Demand, where gold is used directly in the production of jewellery, medals, coins, electrical components and so on. The second is -asset demand, where it was used by governments, fund managers and individuals as an investment. The asset demand for gold was traditionally associated with the view that gold provided an effective -hedge against inflation and other uncertainty.

In this study, the test results indicated that there were significant relationship between investment in physical gold & the demographic variables, mixed form of gold investment and the demographic variables of the respondents, shares of gold mining companies and the demographic variables of the respondents. The test results also confirmed that there was no significant association between certificate form of gold investment along with gold account and the demographic variables of the respondents. Financial variables of the respondents showed different associations between the different types of gold investment avenues. The results of the test confirmed that there was significant relationship between investment in physical gold & the financial variables of the respondents and mixed form of gold investment and the financial variables of the respondents. Adversely, there was no significant association between the

certificate form of gold investment and the financial variables of the respondents, investment in shares of gold mining companies and the financial variables of the respondents, the investment in gold account and the financial variables of the respondents.

This study revealed that there were two factors fixed and variables and interaction of both the factors facilitated the investors to take investment decision with respect to gold. Fixed factors included safety, return, liquidity, stability, hedge against inflation and price and the variable factors were status symbol, culture, common belief and religious activity. No individual factor or the set of factors could absolutely influence investment decision in gold. In the literature it was described that how fixed factors and covariates interacted together, re established the fact by the study made by Das, S and Jain, R.(2014) that the return from the gold as an objective was influenced by education. With different educational qualification, the ability to choose the investment will vary based on the return benefits that different investment avenue provides. They had established that the interaction between two factors, i.e., fixed and variable factors was required to take investment decision, no individual factor or the set of factors can absolutely influences investment decision in gold. Here, this part of the study enabled to hypothesise that financial factor, financial ability of consumers were not the absolute determinants but the cultural and social , psychological factors along with interaction with financial factors and abilities mostly determined the decision to invest in gold in reference to Marwari Businessman and the Marwari community in Assam. The study also evidenced that the Marwari businessmen of Guwahati city relatively consider tradition, liquidity, steady income and culture as the prime determinant for investing in gold .They do not consider safety as significant factor for taking the decision.

The study evidenced that 70 % of the Marwari businessmen of Guwahati city preferred physical form of gold over non physical form of gold investment. But, Baur, et.al., (2010) had contradicted with our findings. He had argued that gold ETF being more liquid was more preferred by the investors over physical

gold and credited the increase in the recent demand for gold to the introduction of ETF. He further claimed that the volatility of gold had been increased because of the ease of the trading facilitated by gold ETFs. The present study revealed that there was significant difference in the investment behaviour of Marwari businessmen between physical gold and non-physical form. There were 14 % of the businesses who preferred both the forms of investment. Earlier authors like Pullen, T., et al. (2011) also viewed that the investors need to take positions directly in bullion or gold ETFs since gold stocks and gold mutual funds displayed very little evidence of the safe heaven characteristics. Tourani-Rad and Kirkby (2005) advocated towards the preference of investment. Investors normally preferred to invest in local and known companies. It means that investors preferred to invest in those avenues, the physical existence of which was known. Thus, investment in physical form of gold was such which could be verified and its physical existence was known to the investors. The reason for greater demand for gold in India was investigated by Starr and Tran (2008). They stated that there was a much higher ‘physical demand’ for gold – that was, acquisitions of gold in physical forms such as jewellery, bars, coins and medallions- in Eastern countries, such as, India, Pakistan, Turkey, than in Western countries. Starr and Tran (2008) further asserted that culture seems involved since the countries that demanded more gold than would be expected from their characteristics were those known for having traditions in which gold played a part, as in India, Turkey, China where gifts of gold jewellery were customarily given to newly married couples, new-born babies. Thus, in Eastern countries, the role of gold as precautionary savings was at least as important as, if not more important than, its personal adornment aspect. Mondal, D. (2010) suggested that investors should take exposure in gold by buying either physical gold, gold exchange traded funds or even units of mutual fund which invested in the stocks of gold mining companies.

The results of the study has depicted that there are no association between financial wellness and investment behaviour of respondents in any form of gold. The overall level of financial wellness of the investors in Guwahati city was of

moderate degree. There was no association between financial wellness and investment in gold in any form except mixed form of gold. It was inferred that investment in gold did not decide the level of financial wellness of the people, given the test and methodology. There was no significant association between financial wellness and investment in gold emerged as the outcome, conclusion of the study can further be forwarded for next researcher for test and verification.

Critical Appreciations and Implications of the Study

The study was conducted under the various constraints since there were no related studies with respect to the chosen area. An attempt has been given to explore to find out some facts in regard to investment behaviour of a Marwari community which may serve as the witness of the study in regard to investment in Gold by the Marwari businessmen in Assam. Thus, this study has fulfilled the literature gap that was found in the literature review.

The tentative hypotheses were framed in Chapter –I to explore the association between the investment decision in gold and the various factors. Some of these hypotheses, i.e., there is no significant association between certificate form of gold investment and demographic variables of the respondents (Marwari Businessmen investing in Gold); there is no significant association between the investment in gold account the demographic variables of the respondents (Marwari Gold Investors); there is no significant association between investment in certificate form of gold and financial variables of the respondents (Marwari Gold Investors); there is no significant association between investment in shares of gold mining companies and financial variables of the respondents (Marawri Gold Investors); there is no significant association between the investment in gold account and financial variables of the respondents (Marwari Gold Investors) and there is no significant association between financial wellness and investment in gold; were accepted and some of them, i.e., there is no significant association between investment in physical gold and demographic variables of respondents (Marwari Businessmen investing in Gold); there is no

significant association between mixed form of gold investment and demographic variables of the respondents (Marwari Gold Investors); there is no significant association between the investment in the shares gold mining companies and demographic variables of the respondents (Marwari Gold Investors); there is no significant association between physical gold investment and financial variables of the respondents (Marwari Gold Investors) and there is no significant association between investment in mixed form of gold and financial variables of the respondents (Marwari Gold Investors); were rejected. This acceptance and rejection of these hypotheses cannot be generalised for the large number of the communities investing in Gold. These hypotheses need to be revalidated for the generalisation. The future research may take care of these hypotheses.

In assessing the gap in the knowledge of factors determining the investment in gold by Marwari Businessmen, still there exists a need for future research into this area. There are other business communities that need to be studied in future. Different locations, different study group may give different feedback on the same topic. The present study mainly concentrated on the factors determining gold investment and also on the relative importance of the various factors towards gold investment. Interaction among the factors affected on the decision of gold buying. Safety, return, liquidity, stability, hedge against inflation, price were the main factors or fixed factors followed by the additional factors, such as status symbol, culture, common belief, religious activity, traditions and customs as the variables. Interactions of fixed factor along with the covariates results both positive and negative results. It is worth worthy to mention that traditions emerged as the central factor out of the mentioned factors. The study has also put effort to find out the association between financial wellness of the investors and gold investment decision. In the study, it was attempted to find preference level of gold investment, i.e, physical form of gold and non-physical form of gold. In the study preference level was seen mostly on physical form of gold investment. Therefore, there is huge scope for future researcher to study the reason of non –favouring non-physical form of gold investment. In the same way, the researcher may study more on the topic of favouring physical form of gold by

the investors. In the study, we considered all the factors together where as there is scope for future researcher to study each factor separately, very deeply and rigorously to arrive at a certain conclusion. The researcher may go for the same study with higher sample size and geographical area. The findings of the present study have got its practical importance and very useful asset for the investors and the organisations dealing with gold to a large extent. This study highlighted the central factor upon which mostly decision of the investor depended. The study also very clearly revealed that to buy gold or to invest in gold, financial wellness was not the important factor. Since the area of present research was new specifically for north eastern region, there is huge scope for the new researcher to study more in this area considering different communities, businessmen, professional, working class, common people etc as the topic of the study. The research may come out with many new ideas and may be able to establish or set new inferences that may be beneficial for the stake holders.

Conclusion

The present study asserts that cultural factors like tradition, common belief, and status symbol, custom were the central factors followed by financial factors like liquidity, stability, price which were significantly influencing the gold investment decision. Psychological and social factors also played an important role with respect to investment decision in gold. The study had given importance on the relative importance of both dependent and independent variables. This study portraying the investors' preference level towards physical form and non physical form of gold is significant. Physical form of gold investment was the most desired investment avenue for the Marwari Investors. The study also revealed that there was no association between financial wellness and investment decision among the investors (respondent) belong to Marwari business community. Most of the investors investing in Gold were having moderate level of financial wellness.

Fortunately, towards the end of the study, Government of India has launched the Sovereign Gold Bond Scheme. This shows that the study is really a demand of time which was executed in matching way. The government has set the objective of the presently launched gold bond scheme is to cut down the import of Gold and also to generate habit of buying paper gold among the masses. These bonds are marketed through various channels like Post Office, NBFCs (Non Banking Financial Companies), brokers, nationalised banks like, SBI, UCO Banks etc. This scheme will not only benefit the buyers but also benefit the bankers too. This will improve the Statutory Liquidity Ratio and Cash Reserve Ratio of the banks too. Buyers need to buy at least 2 units of Gold, i.e., 2 grams and maximum upto 500 grams. This study also supports and relevant to the presently launched Government scheme from the ground of investors' preference, decisions, behaviour, different factors such as cultural, financial, social etc and their resulting impacts.