

# A Study on Investment Pattern Investors of Jewellery at Pattukkottai Town

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**ABSTRACT :** *Gold has been used throughout history as money and has been a relative standard for currency equivalents specific to economic regions or countries, until recent times. Many European countries implemented gold standards in the latter part of the 19th century until these were temporarily suspended in the financial crises involving World War I. After World War II, the Bretton Woods system pegged the United States dollar to gold at a rate of US\$35 per troy ounce. The system existed until the 1971 Nixon Shock, when the US unilaterally suspended the direct convertibility of the United States dollar to gold and made the transition to a fiat currency system. The last currency to be divorced from gold was the Swiss Franc in 2000. Since 1919 the most common benchmark for the price of gold has been the London gold fixing, a twice-daily telephone meeting of representatives from five bullion-trading firms of the London bullion market. Furthermore, gold is traded continuously throughout the world based on the intra-day spot price, derived from over-the-counter gold-trading markets around the world (code "XAU"). The following table sets forth the gold price versus various assets and key statistics on the basis of data taken with the frequency of five years. Gold is the most popular as an investment. Investors generally buy gold as a hedge or harbor against economic, political, or social fiat currency crises (including investment market declines, burgeoning national debt, currency failure, inflation, war and social unrest). The gold market is subject to speculation as are other markets, especially through the use of futures contracts and derivatives. Gold price has shown a long term correlation with the price of crude oil. This suggests a reason why gold is sold off during economic weakness.*

**Keywords :** XAU, economic, investment returns

## INTRODUCTION

India has always been known as the “elephant” of the investment world. It moves slowly but surely. Invariably when investment decisions come up, funds flow to “hot new” destinations. In the past it has been Japan, Argentina, Mexico, Russia. However, if you are looking for high growth with safety, then India is the place to invest your money.

India has developed solid financial systems since Independence in 1947. It is home to several metropolises while

also dramatically developing its rural areas. Major infrastructure improvements all over the country are currently underway. India’s information technology industry is thriving and making major worldwide contributions.

India has grown as an investment area with GDP growth of 8% and above and Foreign Direct Investments growing at a very rapid rate in the last few years. The last couple of years have seen the traditional investment leaders stumble. However, as investment returns dropped in the American, European and East Asian markets, India continued to see slow but significant gains. The world is now looking to India and China as the next investment leaders. Every investor is rational that they want their money to work harder, so that it fetch them good returns. Investor prefers various investment avenues that will maximize their profit with less risk or at least they wanted to break even between risk and return.

## FACTORS INFLUENCING THE INVESTMENT

**Past market trends:** Sometimes history repeats itself; sometimes markets learn from their mistakes. They need to understand how various asset classes have performed in the past before planning your finances.

**Your risk appetite:** The ability to tolerate risk differs from person to person. It depends on factors such as the financial responsibilities, environment, basic personality, etc. Therefore, understanding the capacity to take on risk becomes a crucial factor in investment decision making.

**Investment horizon:** How long can you keep the money invested? The longer the time-horizon, the greater are the returns that you should expect. Further, the risk element reduces with time.

**Investible surplus:** How much money are you able to keep aside for investments? The investible surplus plays a vital role in selecting from various asset classes as the minimum investment amounts differ and so do the risks and returns.

**Investment need:** How much money do you need at the time of maturity? This helps you determine the amount of money you need to invest every month or year to reach the magic figure.

**Expected returns:** The expected rate of returns is a crucial factor as it will guide your choice of investment. Based on your

expectations, you can decide whether you want to invest heavily into equities or debt or balance your portfolio.

**Savings:** Savings are generally funds that you set aside to meet your future needs. These could be taking your family for a small holiday or buying an electronic item. Another important feature of savings is that these can be accessed relatively quickly. The most universal way of saving is in to a bank account ('savings' account) where the money is available to you on demand.

**Investments:** Investments, on the other hand, is what helps you meet your longer term needs and larger financial goals. There is some level of risk attached to all types of investments and this is what determines the returns on your investments. The higher the risk, the greater the chances of a higher return. There are various investment types along the risk-return spectrum.

### TYPES OF INVESTMENT

**Equities:** Equities are a type of security that represents the ownership in a company. Equities are traded (bought and sold) in stock markets. Alternatively, they can be purchased via the Initial Public Offering (IPO) route, i.e. directly from the company. Investing in equities is a good long-term investment option as the returns on equities over a long time horizon are generally higher than most other investment avenues. However, along with the possibility of greater returns comes greater risk.

**Mutual funds:** A mutual fund allows a group of people to pool their money together and have it professionally managed, in keeping with a predetermined investment objective. This investment avenue is popular because of its cost-efficiency, risk-diversification, professional management and sound regulation. You can invest as little as Rs.1000 per month in a mutual fund. There are various general and thematic mutual funds to choose from and the risk and return possibilities vary accordingly.

**Bonds:** Bonds are fixed income instruments which are issued for the purpose of raising capital. Both private entities, such as companies, financial institutions, and the central or state government and other government institutions use this instrument as a means of garnering funds. Bonds issued by the Government carry the lowest level of risk but could deliver fair returns.

**Deposits:** Investing in bank or post-office deposits is a very common way of securing surplus funds. These instruments are at the low end of the risk-return spectrum.

**Cash equivalents:** These are relatively safe and highly liquid investment options. Treasury bills and money market funds are cash equivalents.

### Non-financial Instruments

**Real estate:** With the ever-increasing cost of land, real estate has come up as a profitable investment proposition.

**Gold:** The 'yellow metal' is a preferred investment option, particularly when markets are volatile. Today, beyond physical gold, a number of products which derive their value from the price of gold are available for investment. These include gold futures and gold exchange traded funds.

### DETERMINANTS OF SAVINGS AND INVESTMENT

- Income of the investor
- Expected rate of return from the investment
- Other rate of return
- Consumption level of the investor
- Saving benefits

So, investment has inevitable, if an investor has to save his money value. Investment is made with an aim of getting a return. Returns may be; Interest, Profit and Capital Appreciation.

Every investment is inherited with a chance of failure called risk. Risk is nothing but loss or failure of income from investment; here income refers to interest, dividend, Capital appreciation etc. Timing of income to be received from any investment is also treated as risk.

### SCOPE OF THE STUDY

This study on 'Investment in jewellery' to know the level of awareness about various investment methods and awareness about 'Gold and Jewellery' in Pattukkottai area, With the opening up of the capital markets in a big way the gold investment are becoming an attractive avenue. Hence there was a need to conduct this study to gather information about the investment preferences, with particular reference to jewellery. Suitable strategy plays vital role in a gold market for their sustain existence. The study will be helpful to aware the jewellery investment. The study suggests to the plan of investment, profit, safety and security of jewellery investment in Pattukkottai area. All stakeholders can identify the investment is the best and to whom have to invest.

### STATEMENT OF THE PROBLEM

The study has attempted to understand the investment pattern of gold investors towards purchase of gold but our study not only focuses on exploring the pattern of investment regarding purchase of gold but also the factors effecting gold purchase. It will be helpful for various investment portfolio advisers, marketers, foreign investors, retail business chains and accordingly they can form different strategies to target Indian market where individuals seek a combination of profits, safety and recognition in their investments.

### OBJECTIVES OF THE STUDY

- ❖ To study the socio demographic characteristics of the respondents

- ❖ To analyse the sources of product knowledge of buyer.
- ❖ To identify the awareness level of customers regarding the jewellery market
- ❖ To measure the buying behaviour of consumers for jewellery.

- ❖ To identify the reasons for investments in Jewellery

#### **HYPOTHESIS**

- There is no significant association between the age group of the respondents and investment decision of jewellery.
- There is no significant association between the area of the respondents and quality satisfaction of the jewellery.

#### **RESEARCH METHODOLOGY**

Research is defined as “The systematic, objectives and exhaustive search for the study of the facts relevant to any problem in the field of marketing.” -Richard D Gris

#### **RESEARCH DESIGN**

Research design is a plan to answer whom, where, and how the subject under investigation conceived so as to obtain answer to research questions. The type of research design involved in the study is descriptive research studies.

#### **DESCRIPTIVE RESEARCH STUDIES**

Descriptive research studies are those studies, which are concerned with describing the characteristics of a particular individual, or of a group, whereas diagnostic research study determines the frequency with which something occur or its association with something else. The studies concerning whether certain variables are associated are example of diagnostic research studies. As against this, study concerned individual, group or situation are all example of descriptive research studies. Most of the social research studies come under this category from the point of view of the research design.

#### **SOURCES OF DATA**

The required data was collected by both the primary and secondary sources. The data objectives are describe from the research objectives and their determination rests mainly on the research to translate what the decision marker wants into specific descriptive of the needed data.

**PRIMARY DATA:** The primary data was collected from the Pattukkottaiarea. The respondents were met personally at their establishment and questionnaire has been given to them and answered questionnaires were collected back.

**SECONDARY DATA:** Secondary data, on the other hand, is those which have already been collected by someone else and which already had been passed through the statistical process.Secondary data pertaining to this study was obtained

from company documents, brochures, departmental information’s websites etc.

**SAMPLING:** Sampling is the process of selecting a sufficient number of elements from the population, so that a study of sample and an understanding of its properties or characteristics would make it possible for us to generalise such properties or characteristics to the population elements.

**SAMPLE DESIGN:** A sample design is a definite plan for obtaining a sample from given population. It refers to the technique or the procedure the researcher would adopt in selection items for the sample. Sample may as well lay down the number of items to be included in the sample namely, the size of the sample.

**SAMPLING SIZE:** The total numbers of respondents are termed as sample size. The sample size for this analysis is 75 respondents.

**SAMPLING UNIT:** Sampling unit is that of “who is to be surveyed”. The survey is on Thanjavur town in 75.

**TOOLS OF ANALYSIS:** The collected data has been subjected to analyses by unit’s appropriate tools, 1.Percentage analysis and 2. Chi-Square analysis

**Percentage analysis:** The general purpose of percentage to serve relating measures that is indicate more clearly the relative size of two or more numbers.

**Chi-Square analysis:** Describes the magnetic of discrepancy between theory and observation.

$$\text{Chi-Square} = \frac{(O-E)^2}{E}$$

O –Observed frequency, E – Expected frequency

**PERIOD OF THE STUDY:** The research is carried out for four months from the month of November 2013 to March 2014.

**AREA OF THE STUDY:** The study was conducted in Pattukkottai town, “A study on Investment pattern investors of jewellery at Pattukkottaiarea”.

#### **LIMITATIONS OF THE STUDY**

❖ Every study irrespective of the discipline and area may have some limitation. Alike the above, this study has some limitations which are,

❖ Some of the respondents might be lethargic and not serious in answering to the questions of the researcher.

❖ The study was carried with in a period of 4 months, which also one of the limitations of the study.

- ❖ Due to constraints of time and resources only limited numbers of respondents were interviewed.
- ❖ This study reveals the opinion, which is confined to rise advertising only.

### INVESTMENT PATTERN OF AREA PEOPLE

The developing countries like India need funds for economic development and growth. For this proper cash management is required. Money saved is of no use if it is not invested in some productive assets or capital goods. After investment in productive areas, it enhances the national product or per capita income and raises the standards of living of the employees. For making proper investment, involving both risk of principal and return the investor has to make a study of the alternative avenues of investment, their risk and return characteristics and make proper projection or expectation of the risk and return of the alternative investments under consideration. The saving in financial form include savings in currency, bank and non-bank deposits, LIC funds, provident funds, pensions fund, claims on government, share and debentures, units of Unit Trust of India

### DETAILS OF JEWELLERY OUTLET IN PATTUKKOTTAI

There are 10 private outlets and one corporate outlet available in Pattukkottai area. 1. TATA Gold Plus (corporate outlet), 2. RKP jewellery, 3. Srinivasa Thangamalikai, 4. Kumaran Jewellery, 5. Vasuki Jewellery, 6. Abirami Jewellery, 7. Aruna Jewellery, 8. Rajagowri Nagai Malikai, 9. Raja Jewellery and 10. Ashokan Thangamalikai.

### GOLD SCHEME AVAILABLE IN PATTUKKOTTAI: The TATA GOLD PLUS introduce the following deposit scheme for investors

**UNIT PLAN:** 1 = 12 Plan In 11 = 12 scheme, the minimum installment value is Rs.500 and it can increase to any amount as long as it is in multiples of Rs.500

**THE 11 = 12 PLAN:** Under this scheme, you need to pay a fixed amount every month with Gold plus for 11 months. The 12th month installment is paid by Gold plus in the form of Discount in Invoice (at the time of purchase); hence you can buy for more than what you pay.

### MONTHLY INSTALMENT SAVINGS SCHEME

The jewelers offer gold savings schemes wherein you pay specific number of installments to get bonus added by the jeweler at the end of the period. Find out the different offers available today and what you need to be aware of before signing up Jewelers offer schemes like TATA Industries Golden Harvest Jewellery savings scheme wherein you pay in installments for fixed duration (11 months) and the jeweler will pay the last installment. With this amount you can buy gold anywhere in India from any Tanishq showroom at the end of the year. The payment of last installment works out to be over

15% return on your scaled investment in the golden harvest scheme. There is no tax deducted and no regulatory hassles like Know Your Customer (KYC) norms. Many jewelers are offering similar Gold Savings Scheme (GSS) and they are popular as high gold price preclude those without lump-sum cash to make a big purchase. Before you sign-up, you need to know the risk factors and understand the alternate options to jewellery.

The salient features of the gold deposit scheme are:

1. Interest bearing certificates will be issued against gold deposits. Interest rate is likely to be about 3.5 % per annum.
2. Certificates will be redeemable in gold or rupee equivalent on maturity, at the discretion of the depositor.
3. Minimum deposit – 200 grams of gold.
4. Certificates will be transferable by endorsement and delivery.
5. No capital gains tax, wealth tax or income tax on the deposits.
6. Maturity – 3 to 7 years
7. Premature redemption in gold will be permitted after the minimum lock-in of 1 year.
8. SBI will give rupee loans against the certificates.

### TABLE – 1 Association between the Age Group of the Respondents and Attitudes towards the Investment Decision of Jewellery

**NULL HYPOTHESIS (Ho):** There is no significant association between the age group respondent and investment decision of jewellery.

**ALTERNATIVE HYPOTHESIS (Ha):** There is significant association between the age group respondent and investment decision of jewellery.

### OBSERVED TABLE

Age	Investment decision on jewellery				Statistical inference
	From own experience	Friends and relatives	Agents	Media	
Below 25	10	12	13	15	Degree of Freedom =9 CV=10.82
26 to 35	08	04	02	02	
35 to 46	03	06	01	01	
Above 45	01	04	01	02	TV=16.91 Cv<Tv Accepted

### Degree of Freedom

$V = (r-1) (c-1) = (4-1) (4-1) = 3 \times 3 = 9$   
**INFERENCE:** From the table shows that there is no significant association between age group of the respondents and investment decision of jewellery. Hence, the Hypothesis is accepted.

**TABLE – 2**

**Association between the Area of Residents and Quality Satisfaction of the Jewellery**  
**NULL HYPOTHESIS (Ho)**

There is no significant association between the area of the respondent and quality satisfaction of jewellery.

**ALTERNATIVE HYPOTHESIS (Ha)**

There is significant association between the area of the respondent and quality satisfaction of jewellery.

**OBSERVED TABLE**

Area	Satisfaction the quality of the jewellery		Statistical inference
	Satisfied	Dissatisfied	
Rural	21	07	Degree of Freedom =2 CV=1 TV=5.99 Cv<Tv Accepted
Semi urban	20	11	
Urban	10	06	

Degree of Freedom

$$V = (r-1) (c-1) = (3-1) (2-1) = 2 \times 1 = 2$$

**INFERENCE:**

From the table shows that there is no significant association between the area of the respondents and quality satisfaction of jewellery.

Hence, the Hypothesis is accepted.

**FINDINGS, SUGGESTIONS AND CONCLUSION**

**FINDINGS**

- ❖ Majority (53%) of the respondents are male.
- ❖ Majority (53%) of the respondents belongs to the age of above 25 years.
- ❖ 41% of the respondents belongs to semi-urban area
- ❖ 56% of the respondents were from nuclear family.
- ❖ 63% of the respondents are degree holders.
- ❖ Most of the (28%) respondents were private employees.
- ❖ Most of the (29%) respondents earn the monthly income of Rs.5000-Rs.10000.

❖ Majority (33%) of the respondents they were answered that their brand were selected by others.

❖ Majority (39%) of the respondents viewed the investment decision are influenced by income.

❖ 51% of the respondents viewed they purchase jewellery from branded outlet.

❖ Most of the (25%) of the respondents considered price and advertisement.

❖ Majority (35%) of the respondents viewed that they make decision on the basis of opinion of the investment friends and relatives.

❖ Majority (35%) of the respondents viewed that they get awareness from television

❖ Majority (39%) of the respondents viewed that the main objective of their jewellery purchase is for own use.

❖ Majority (27%) of the respondents purchase jewels on akshyatritya festival.

❖ Most of the (47%) of the respondents purchase gold coin and gold jewellery.

❖ Most of the (51%) of the respondents viewed that they are not buying the branded items of jewellery due to high making charges.

❖ Most of the (39%) of the respondents like fashion jewellery

❖ Most of the (57%) of the respondents viewed that the advertisement campaign is essential for purchase of jewellery.

❖ Most of the (79%) of the respondents are aware of KDM quality assurance.

❖ Majority (63%) of the respondents are interested in exchange the old jewellery.

❖ Majority (64%) of the respondents viewed that they are aware of protection measures for the speculative business.

❖ 68% of the respondents answered that they satisfied with their quality.

❖ Majority (43%) of the respondents purchase jewellery for investment purpose.

❖ 71% of the respondents answered that they are satisfied with the price fluctuation of jewellery.

❖ 48% of the respondents invest their money in gold for safety purposes.

❖ There is no significant association between age of the respondents and occupation of the respondents.

**FINDINGS RELATED TO HYPOTHESIS**

- ❖ There is no significant association between the age group of the respondents and investment decision of jewellery.
- ❖ There is no significant association between the area of the respondents and quality satisfaction of the jewellery

**SUGGESTIONS**

➤ The gold should be introduced the new models of thejewels attract to the customer.

- Investors' awareness programme has to be conducted in the village.
- It is recommended that investor's decision should be based on their financial advisor.
- There should be a regular SMS updates to the investors regarding their investment.
- Should be expand its business by setting up of new branches in nearby villages they have lot of client.
- Risk and returns should be evaluated before making an investment decision.
- When a customer purchase one of the jewellery designs, it is important to say thanks.
- Before making investment the investors should collected details of the particulars investment institution.
- The investors should avoid the over dependent of agent
- Before making investment the investors to period of return on investment.

## CONCLUSION

The study has been undertaken to analyse the investment pattern of investors in jewellery. The investment decision are driven by the income of the family, economic conditions, different risk, returns and tax consideration while take investment decision and are the diverse nature. The investors are to invest in long term and less risk products, much interested to earn the good return on the investment. Investors are aware about the factors affecting their short term as well as long term investment plan and they do take advice from different experts and self-analysis by invest themselves.

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