



Household Investment Preferences for Gold and Gold Exchange Traded Funds (ETFs) in Himachal Pradesh, India

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ABSTRACT: World over, people view gold as more liquid than other tangible assets, and its low volume & high-value nature is perceived as the most viable investment option by Indians as well. Additionally, in India, investment in gold is also influenced by various deep-rooted socio-cultural considerations. Different people may thus attach different levels of importance even to the same needs; because of different economic, and socio-cultural environments that people operate in. In India, these traditional & firmly-fixed social and cultural concerns carry a value understood to be different from that in other parts of the world; and, in fact, within different regions of the country. Finding out the households' investment preferences for a multireligious, multicultural, and multilingual population that had remained mostly untouched by external customs will open up new vistas in research. In line with the goal, exploratory research using both quantitative and qualitative approaches was carried out in Himachal Pradesh, a traditional mountainous state in economic transition in northern India. The study is based on the sample size of 995 households selected from five districts of the state. The study faced a major challenge during the data collection stage as convincing the respondents to provide true details about gold and other investments was not easy. The research revealed that a majority of households prefer Bank Deposits and Gold Jewelry for safe and stable returns. "High preference for gold is driven by high demand and that does not auger well for a net gold importer country like India. Studies with similar results will send signals to the Government of India to formulate a 'National Policy on Gold' to properly regulate investment in gold. Gold ETF is fast catching up with Bank Deposits, Gold Jewelry, and Life Insurance Policies as investment options in the state. The results suggest that households' investment preferences can shift towards Gold ETF in the long run as it provides a combination of safety, stability, and ease of trading through the stock markets. This shift will ultimately lead to lower demand for gold which will strengthen the Indian economy due to a reduction in imports. The study indicates a high preference for gold jewelry and at the same time rising preference for gold ETFs.

Keywords: Investment, Household, Hierarchy of Needs, Gold ETF, Safety, Stability of Returns, ROI.

ABBREVIATIONS: ETF, exchange traded fund; HP, Himachal Pradesh; ROI, return on investment; WGC, world gold council; NSC, national savings certificates; KVP, Kisan Vikas Patra; PPF, public provident fund; GDP, gross domestic product; FICCI, federation of Indian chambers of commerce & industry; SPSS, statistical package for the social sciences; ADI, annual disposable income; T-bill, treasury bill; PG, postgraduate; INR, Indian national Rupee.

I. INTRODUCTION

Gold has been an integral part of the socio-economic and cultural fabric of Indian society. Whether it is for ornaments, gifts, offerings to deities, weddings, or investments, gold is an essential part of the equation. Gold has always been significantly intertwined with the Indian households' financial planning and remained an obvious choice of savings/investments. Investment is putting money into an asset like stocks, bonds, mutual funds, gold, silver, gold ETF, real estate, a small business, or a combination of these options to generate a monetary return or mitigate risks. In the case of gold, the following are two investment-related prominent uses of gold.

– **Ornamental Gold-Jewelry:** Gold has primarily been used to make ornamental objects and jewelry for thousands of years in India. Even now about 78% of the gold consumed each year in the country is used in the manufacture of jewelry as reported by WGC (2019) [1].

– **Financial Gold - Coinage and Bullion:** Gold as reserve serves as a significant financial asset for countries and their central banks. The gold reserve extends a sense of security towards the repayment of

the loan. Today many governments, individuals, and institutions hold investments of gold in the convenient form of coin and bullion. Gold coins are also issued as 'commemorative' items, which have both collectible value and precious metal value.

Presently, postal savings, NSC, KVP, Life & General Insurance Policies, PPF, real estate, gold and silver jewelry, Equity Stocks, Government Securities, Mutual Fund, bank deposits, Gold Exchange Traded Funds, Gold Coins and Bullion, etc., are various instruments of savings/investment available to people in the country to meet their various needs.

Hierarchy of Needs - a Motivation Theory propounded by Maslow identifies five basic levels of human needs (Physiological, Safety, Social, Esteem, and Self-actualization), which rank in order of importance from lower-level (biogenic) needs to higher-level (psychogenic) needs [2]. The theory postulates that individuals seek to satisfy lower-level needs before higher-level needs emerge. In the context of this paper, three needs require special mention. Firstly, 'Safety needs' comprising, among other things, savings for emergency, insurance policies for risk mitigation, investments for returns and gold as mortgage as in

case of gold loan, etc. Secondly, 'Esteem needs' comprising, among other things, social status and recognition from others, like through the possession of tangible assets like a bungalow, expensive cars, gold, and diamond jewelry, etc. Thirdly, 'Social needs' and here purchase of gold plays a role that extends a sense of love, affection, warmth, appreciation, and accolades, etc. A father offering gold jewelry to his daughter in her marriage or conferring gold medals to winners of competitions are such examples.

The theory of needs can thus explain gold consumption, but the level of motivation for buying gold can be different for different individuals. On an aggregate, safety needs are fulfilled before social needs, which are fulfilled before esteem needs and so on [2]. A good percentage of jewelry in India is purchased to follow socio-cultural rituals and traditions, which are quite different from those in other parts of the world. Offering jewelry in daughter's marriage, especially for a Hindu family is almost mandatory, and the family of the bride will do it even if it involves taking a loan. Thus, social need gets a priority at times, even over the safety needs. Such behavior cannot thus be explained in the strict sense of the need hierarchy. There can be deviations that are propelled by physical, economic, and cultural environments. This paper examines people's preferences for various options or instruments available for saving and/or investments, with a particular reference to preferences for gold and gold ETFs, in the state of Himachal Pradesh, India. The study can indicate to policy makers to regulate gold in India and to popularize gold ETFs in masses as a substitute for it. This strategy will not only safeguard the future of the investors but also help the Indian economy grow better in the long run.

Objectives of the study:

- To study household investment preferences for various investment options, with a particular reference to gold jewelry and gold ETFs in Himachal Pradesh.
- Reason out the comparative differences between the preference for gold jewelry and gold ETFs.

II. REVIEW OF LITERATURE

Effective utilization of savings and investment opportunities calls for prioritization of saving and investment instruments by different individuals with different needs at different times. The investment priority of a person is based on numerous factors like awareness, gender, marital status, family structure, age, family size, family income, cultural and social environment, etc. Thus, no two individuals are alike; it thus imperative to examine the savings and investment behavior over various investment options for designing an optimal portfolio. An optimal portfolio not only maximizes the Return on Investment (ROI) per unit of risk or risk rate of the marginal efficiency of capital but also helps an individual become an informed investor. This ultimately leads to better economic growth through a sustained rise in Gross Domestic Product (GDP). A report by FICCI-WGC revealed that just over 17 percent of respondents invested in gold deposit schemes, gold coins & bullion, paper gold and gold accumulation plan in India [3]. These products were significantly more attractive than bonds, mutual funds, and even general insurance among the study respondents. In another study relating to peoples' preferences for investment options in Kurumbalur town in Tamil Nadu, India, revealed that the respondents preferred the National Savings Scheme, insurance, PPF, and bank deposits

irrespective of the age of the investors [4]. The study also did not find any significant relation between investment avenues and the annual income and savings of the people. However, Kothari found that younger people are more interested in investment in comparison to older and middle-aged people [5]. However, not much can be said about these results because just one parameter may not be enough to make a judgment until and unless age is also related to income, education of the respondents, and such other related parameters.

A study conducted to ascertain the most preferred and profitable investment options by the government employees revealed that the employees invested more in financial assets rather than in physical assets. The investment was particularly relatively high in shares and debentures. The study interestingly suggests that government employees at higher levels of hierarchy preferred safe investments like bank deposits, while lower and average income groups showed keen interests in insurance and bank deposits [6]. The situation in respect of private-sector employees was studied and it was noted that the young private sector employees preferred to invest more in mutual funds and real estate. The study suggested that traditional investment options such as fixed deposit or post office schemes are losing their charm because of the blocking of funds and lower returns [7]. Gold, however, was found to be a preferred investment option among the female employees. In another study related to women's investment behavior, it was found that they are more disciplined and risk-averse in their investment behavior and prefer safe investment options [10]. Women's propensity to save was found to increase with the increase in their incomes. The focus of their investments was noted to be safety, the regularity of income and tax benefits, etc., and thereby implying a precautionary motive in their investment behavior [11]. Other studies too stated that people invested more in instruments like fixed deposits with banks, gold, insurance, post office, and mutual funds. Bank deposits or other risk-free savings and investment options like life insurance were much widespread because of secured returns [8, 9]. Bhardwaj *et al.*, (2013) suggested that the level of awareness about the savings and investment option has a positive relationship with the level of income. This implies that people do have various needs in mind, and when they get the opportunity to fulfill those needs, they make efforts to get information about these and act upon the same [12]. Various other studies related to saving and investment behavior of people have reconfirmed that people invest for the sake of tax benefits, higher returns, safety, liquidity, guarding against inflationary pressures, etc. Further, there is also evidence that demographic, social, and cultural factors do influence people's saving and investment behavior [13-17]. Some of the significant factors influencing the behavior were age, education, and employment status of the respondent, children's education, marriage, security, and retirement plans.

The review of literature done so far, suggests that almost all research works have been done either in small geographic pockets or done on a specific set of people. Research either carried out in small places like Kurumbalur in Tamil Nadu, Indore in Madhya Pradesh, Delhi & NCR, Kollam in Kerala, Puducherry in Pondicherry, Hyderabad and Secunderabad in Telangana, Rajkot in Gujrat, etc., in India. Also the research focused only on a certain category of people like government employees, salaried people, bank

employees, women, employees of a private university, school teachers and college teachers, etc.

The studies done so far neither captured a large investing population nor sufficiently captured the household as a sampling unit. The investor preferences were not collectively exhaustive. As already said socio-cultural reason especially for Hindus is the chief motive behind the purchase of gold jewelry. In such a situation, a study in Himachal Pradesh with a Hindu population of over 95 percent (Census of India, 2011) is not only imperative but also essential.

III. METHODOLOGY

An exploratory study with both quantitative and qualitative approaches was undertaken to ascertain the households' saving and investment preferences and to analyze further reasons for differences in their preferences, especially concerning gold and gold ETF. The study relates to the purposively selected state of Himachal Pradesh, India. Himachal has emerged as a role model for economic development for the hilly region of the country because of advances made in the field of hill agriculture, especially fruit growing. Understanding the saving and investment of the people of the state can serve as guidelines for the development planning of other hilly areas. Presently, no such study exists for the state. To assess the households' investment preferences for gold and gold ETFs, a sample of 1000 households was selected from 5 districts selected through a multistage random sampling technique [18]. As five questionnaires got rejected, the study was finally carried out with 995 sample units.

Primary data were collected from the head of the household or the decision-maker in the family with the help of the pre-tested questionnaires. Primary data on socio-economic and demographic characteristics of the respondents and the investments made by them in gold and gold ETFs, among other avenues for

savings/investment was collected through personal interview method. Data so collected were processed with the help of IBM's Statistical Package for the Social Sciences (SPSS), Version 26. Descriptive statistics were used to arrive at results, and qualitative inputs were supplied for discussion.

IV. RESULTS AND DISCUSSION

The importance is relative that individuals attach to each of their investment instruments. The present study looks into people's preferences for various investment options concerning socio-demographic (viz., gender, marital status, age, educational qualifications, family structure, source of family income, level of awareness, etc.) variables, with particular reference to gold jewelry and gold ETFs in Himachal Pradesh.

To find out the investor preferences, 15 investment/savings options or instruments were presented to the respondents. Response on each option, in terms of the percentage of family's annual disposable income (ADI) assigned for an option, was obtained and analyzed. Given the differences in socio-economic decision environment, people's preferences for investment options vary over this socio-economic landscape. The proportion of ADI spent on an option provides a comparable base. On this basis, three categories of investments have been considered in this study, viz. (i) less than 10 percent, (ii) 10-20 percent, and (iii) 20-30 percent of the ADI spent on an investment option. Overall picture (total up to 30%) was also analyzed. With percentages, a comparison looks logical and without any biases. The responses, in this regard, are presented in Table 1.

The distribution of respondents for various investment options across a percent of ADI spent is shown against fifteen categories (Table 1). However, the category of 'antiques, artifacts, and artworks' was not popular among the sample respondents.

Table 1: Investment option and level of investment-wise distribution of the sample.

S.No.	Investment Options	Investment Option and Percentage of ADI Spent					Grand Total (%)
		Nil	<10	10-20	20-30	Up to 30	
1.	Postal Savings, NSC, KVP, etc.	78.7	12.5	8.8	0.0	21.3	100
2.	Life Insurance Policies	29.7	26.6	36.9	6.8	70.3	100
3.	Public Provident Fund (PPF)	74.6	7.8	17.2	0.4	25.4	100
4.	Real Estate	97.0	1.0	1.6	0.4	3.0	100
5.	Gold Jewelry	8.5	49.2	39.7	2.6	91.5	100
6.	Silver and other jewelry	86.2	8.0	5.7	0.0	13.8	100
7.	Equity Stocks	87.3	2.9	9.5	0.2	12.7	100
8.	Government Security (T-bill, Bonds, etc.)	96.9	2.3	0.7	0.1	3.1	100
9.	Mutual Fund	77.6	8.9	13.2	0.3	22.4	100
10.	Bank Deposits	6.7	15.1	46.4	31.8	93.3	100
11.	Money Circulation Schemes like local committee raising, savings with jewelers, etc.	77.7	20.9	1.1	0.3	22.3	100
12.	Gold ETFs	48.7	24.8	24.7	1.8	51.3	100
13.	Money Lending	77.9	9.1	11.5	1.5	22.1	100
14.	Gold Coins and Bullion	80.8	11.4	7.7	0.1	19.2	100
15.	Antiques, Artifacts and Artworks	99.4	0.4	0.2	0.0	0.6	100

Investor's preferences are usually given in terms of the number of investors from a shared pool that spends on various options. This means that relative frequency or percentage of investors who invest in a particular instrument represents a measure of the preference.

The instrument which gets the most significant share thus shows the highest preference or the first preference. To show results and discuss them and further carry out interpretations of the comparison, the preferences for each of the categories are computed separately.

Fig. 1 shows the overall (total up to 30 percent) ranking of preferences of those who made investments in different options. Bank Deposits are the most preferred mode of investment, followed by investment in gold and gold jewelry in the second position, life insurance policies at third, and Gold ETF in the 4th position. Gold Coins & Bullion secured the 10th place on this preference scale. This investment pattern suggests that people are concerned about the safety and security of their future. They seemed to have planned more against mitigation of risk rather than towards the investment motive of maximizing the returns. Most of the households have preferred Bank Deposits due to safe and secured returns and long-term growth [8]. High preference for gold jewelry could be attributed to socio-cultural reasons apart from gold being a hedge against inflation. Gold not only provides safe and stable returns but also serves as a hedge against inflation. And besides these, socio-

cultural reasons could be responsible for the high preference of gold jewelry. High preference for the Insurance and Public Provident Fund (PPF) here in the study, is in complete consonance with the findings of Geeta & Ramesh (2012), [4]. It can be easily interpreted that people, even now, are more inclined towards safe and risk-free investments. Ramanathan & Meenaksi (2015) through their study substantiate this finding [9]. Items like Gold Bullion, Equity Stocks, Real Estate, and “Antiques, Arte facts & Artworks,” are typically considered to be less consumption-driven and more investment-driven products whereas items like gold jewelry, silver jewelry and bank deposits are more consumption-driven and less investment-driven products. Investment-driven products here have lower preferences than the consumption-driven products. Bhardwaj *et al.*, (2013) from their work on university employees, reported the similar findings [12].

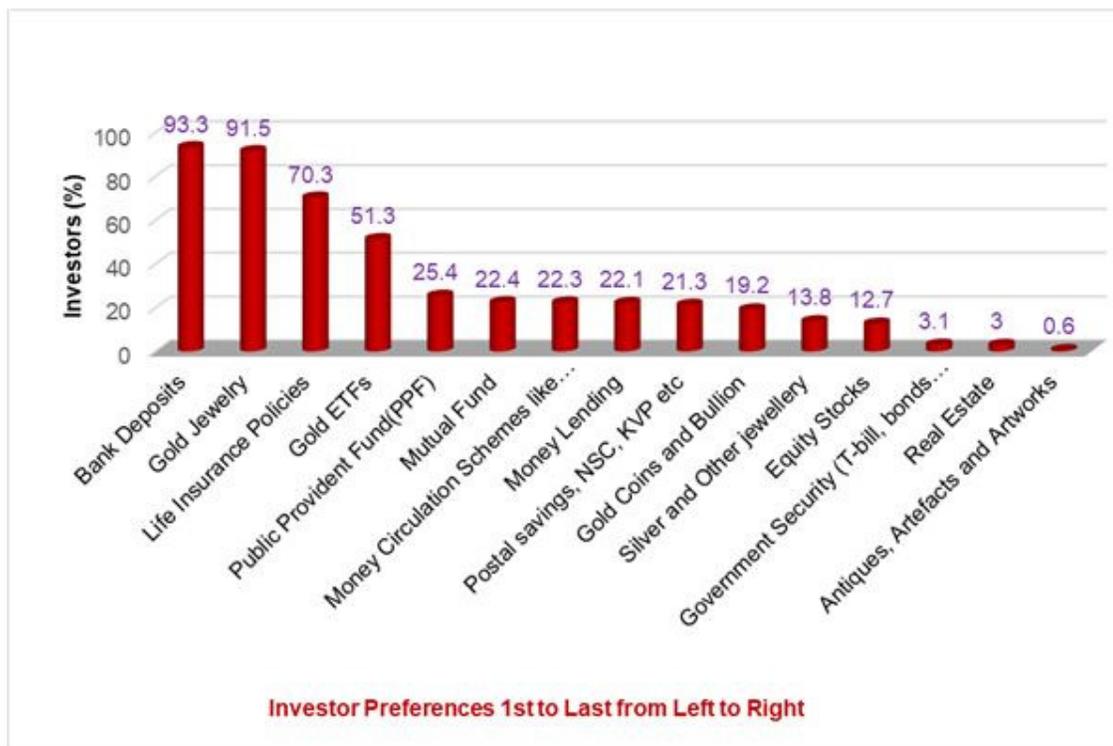


Fig. 1. Household preference for different investment options (overall).

Table 2(a): Socio-demographic characteristic-wise households' preference for different investment options (overall up to 30 percent of ADI).

Socio-demographic Variables		Percentage of Household Investors for Various Investment Options (for overall up to 30 percent of ADI)			
		Postal savings, NSC, KVP, etc.	Life Insurance Policies	Public Provident Fund (PPF)	Real Estate
Sex	Male	14.5	47.8	18.4	2.5
	Female	6.8	22.4	7.0	0.5
Marital Status	Married	20.8	64.7	22.8	2.7
	Unmarried	0.5	5.5	2.6	0.3
Educational Qualifications	No formal education	1.1	2.7	0.6	0.0
	Up to +2	6.3	18.0	6.6	0.8
	Graduate	9.4	32.4	11.2	1.1
	PG & above	4.4	17.2	7.0	1.1
Age (years)	Up to 21	0.2	1.3	0.6	0.0
	22-30	1.6	9.9	5.0	0.2
	31-40	7.8	27.8	9.2	0.7
	41-50	8.1	21.4	6.0	1.5
	Above 50	3.5	9.7	4.5	0.6

Family Structure	Nuclear	8.8	30.3	9.5	0.4
	Joint	12.5	40.0	15.9	2.6
Family Size (No.)	Up to 3	1.3	6.4	1.9	0.2
	4 - 5	10.4	33.5	10.9	0.4
	Above 5	9.6	30.4	12.7	2.4
Earning Members (No.)	1	2.2	6.2	1.7	0.0
	2	6.1	22.3	6.2	0.7
	3	8.9	22.3	9.0	0.4
	4	3.0	11.4	2.5	1.2
	5	0.7	3.0	2.2	0.3
	6	0.2	1.9	1.5	0.4
	Above 6	0.1	3.1	2.2	0.0
Family's Annual Disposable Income (INR Hundred Thousand)	Up to 2	0.5	0.9	0.6	0.0
	2.1 - 4	2.6	5.4	1.7	0.1
	4.1 - 6	6.8	20.6	6.0	0.2
	6.1 - 8	4.5	15.3	5.2	0.3
	8.1 - 10	4.2	14.7	5.4	0.6
Above 10	2.6	13.4	6.4	1.8	
Source of Family Income	Government Sector Job	10.9	37.7	22.9	1.9
	Private Sector Job	13.4	53.5	19.3	2.2
	Farming (Mainly Agriculture)	13.4	21.7	6.8	2.1
	Farming (Mainly Horticulture)	7.5	14.6	3.4	1.6
	Own Business	6.4	31.1	5.6	1.1
	Daily Wage	2.0	2.8	1.7	0.2

Table 2 (b): Socio-demographics characteristic wise households' preference for different investment options (overall up to 30 percent of ADI).

Socio-demographic Variables		Investment Type and Response to 'Up to 30 Percent' ADI			
		Gold Jewelry	Silver and other Jewelry	Equity Stocks	Government Security (T-bill, bonds, etc.)
Sex	Male	62.5	8.9	10.2	2.7
	Female	28.9	4.8	2.5	0.4
Marital Status	Married	83.4	12.6	9.2	2.4
	Unmarried	8.0	1.2	3.4	0.7
Educational Qualifications	No formal education	5.3	0.8	0.2	0.0
	Up to +2	22.7	3.8	0.9	0.1
	Graduate	44.7	5.7	5.7	1.7
Age (years)	PG & above	18.7	3.4	5.8	1.3
	Up to 21	1.6	0.0	0.5	0.0
	22-30	15.2	1.1	4.4	0.9
	31-40	36.1	5.5	3.5	1.0
	41-50	28.7	5.4	3.5	1.0
Family Structure	Above 50	9.8	1.7	0.7	0.2
	Nuclear	41.6	6.2	4.7	1.6
Family Size (No.)	Joint	49.9	7.5	7.9	1.5
	Up to 3	9.4	1.1	1.2	0.3
	4 - 5	47.5	7.5	5.3	1.7
Earning Members (No.)	Above 5	34.5	5.1	6.1	1.1
	1	9.4	0.9	0.4	0.3
	2	33.9	6.4	4.2	1.3
	3	25.8	3.5	2.4	0.8
	4	13.2	2.0	3.0	0.4
	5	3.8	0.3	1.2	0.1
Family's Annual Disposable Income (INR Hundred Thousand)	6	2.0	0.5	0.6	0.1
	Above 6	3.3	0.1	0.8	0.1
	Up to 2	1.1	0.0	0.0	0.0
	2.1 - 4	9.0	1.1	0.0	0.2
	4.1 - 6	27.3	5.3	0.8	0.6
	6.1 - 8	20.7	2.9	2.5	0.6
Source of Family Income	8.1 - 10	18.6	2.4	3.9	0.7
	Above 10	14.7	2.0	5.4	1.0
	Government Sector Job	43.1	5.5	6.9	1.7
	Private Sector Job	67.9	10.9	9.4	2.2
	Farming (Mainly Agriculture)	27.0	5.4	4.1	1.0
Source of Family Income	Farming (Mainly Horticulture)	17.9	4.7	4.8	1.3
	Own Business	40.3	6.7	7.6	1.6
	Daily Wage	4.2	4.8	0.0	0.0

The sample has 69 percent males and 31 percent females, and it is observed from Table 2, that percentage of households headed by males opting for various instruments is higher but for 'Money Circulation Schemes like local committee raising, savings with jewelers, etc.' where the percentage of female-headed households is high. This is but natural as the sample has more men heads than women heads, and also it is as per the expectations because women, mostly house makers, save more in crowd funding activities and the likes. Table 2 reveals that married people had their first preference for Bank Deposits, but unmarried people preferred Gold Jewelry. Married people gave second preference to gold as Bank Deposits and Gold Jewelry. Both are safe investments, whereas unmarried young people may like to give Gold Jewelry as a gift to their beloved ones. For people with 'No formal education' and educated 'Up to +2' Gold Jewelry was the 1st preference, but for UG and PG & above category Bank Deposits was the 1st preference. People with 'No Formal Education' hardly made any investment in gold

ETF and Equity as an investment in these options requires firstly, a fair analysis of complete and collective information and secondly confidence in stock trading. Nargunam and Anuradha (2017) reported that presently there is no information symmetry in India, and these people are not expected to have confidence in stock trading [19]. The reason is pretty simple as gold buying can be done in small denominations and is quite hassle-free, which people with lower levels of education may feel more comfortable with. The study in hand showed that undergraduates preferred gold ETF as the 4th most popular option. Venkatachalam & Prabhakaran (2015) corroborate that these people are more computer and internet savvy and can easily manage Demat account and online trading on stock exchanges [20]. Another study concluded that gold ETFs have generated better average returns than gold jewelry and perhaps that is why undergraduates and postgraduates invest in gold ETFs more than the others as they are more likely to assimilate such crucial information better [21].

Table 2(c): Socio-demographics characteristic wise households' preference for different Investment options (overall up to 30 percent of ADI).

Socio-demographic Variables		Investment Type and Response to 'Up to 30 Percent' ADI			
		Mutual Fund	Bank Deposits	Money Circulation etc.	Gold ETFs
Sex	Male	17.1	64.8	9.6	38.1
	Female	5.3	28.4	12.7	13.2
Marital Status	Married	18.6	85.2	19.9	45.6
	Unmarried	3.8	8.0	2.4	5.6
Educational Qualifications	No formal education	0.1	5.1	3.4	0.1
	Up to +2	3.0	22.1	7.9	5.7
	Graduate	12.0	46.1	8.3	28.2
	PG & above	7.3	19.9	2.6	17.2
Age (years)	Up to 21	0.4	1.4	0.9	0.5
	22-30	4.5	15.6	4.6	10.6
	31-40	9.8	36.0	7.4	20.4
	41-50	5.7	29.4	7.7	13.5
	Above 50	1.9	10.9	1.6	6.3
Family Structure	Nuclear	7.6	42.8	11.1	18.7
	Joint	14.8	50.5	11.2	32.5
Family Size (No.)	Up to 3	2.2	9.9	2.3	4.6
	4 - 5	10.6	47.7	11.6	24.4
	Above 5	9.6	35.6	8.4	22.2
Earning Members (No.)	1	1.0	10.6	1.6	2.5
	2	9.5	33.3	6.9	18.5
	3	5.1	25.8	5.8	15.6
	4	4.3	14.0	4.0	7.4
	5	1.0	3.8	2.3	2.5
	6	0.2	2.0	0.5	1.2
	Above 6	1.2	3.8	1.1	3.5
Family's Annual Disposable Income (INR Hundred Thousand)	Up to 2	0.0	1.1	0.0	0.1
	2.1 - 4	0.4	9.2	1.7	2.3
	4.1 - 6	4.2	28.2	5.7	12.6
	6.1 - 8	6.6	20.9	4.9	11.7
	8.1 - 10	5.7	18.9	5.5	11.9
	Above 10	5.4	14.9	4.4	12.8
Source of Family Income	Government Sector Job	10.3	45.0	5.8	30.2
	Private Sector Job	17.1	70.3	19.2	39.1
	Farming (Mainly Agriculture)	6.3	25.9	6.0	15.2
	Farming (Mainly Horticulture)	6.0	17.0	3.8	11.0
	Own Business	11.5	40.5	15.4	21.4
	Daily Wage	0.4	3.8	1.0	1.6

It is quite evident from Table 2 that for the percentage of the excess of joint families over nuclear families there is hardly any significant difference between the investment patterns for Silver & other jewelry, Government Security (T-bill, bonds, etc.) and Money Circulation Schemes like local committee raising, savings with jewelers, etc., between nuclear and joint families.

Gold Jewelry, Bank Deposits, and Silver & other jewelry reflect that joint families, on average, made 20 percent more investment than the nuclear families. Also, joint families show about 80 percent more affinity towards Mutual Funds, Equity Stocks, and Gold ETFs than the nuclear families. Whereas Real Estate and Antiques, Artefacts and Artworks show an absurdly very high

percentage of the excess of 550 percent and 400 percent respectively of joint families over nuclear ones and these figures cannot be generalized as Real Estate and Antiques, Artefacts and Artworks apart from having second last and last preference respectively represent only 3 percent and 0.6 percent of the respondent families. Gold Coin and Bullion show a high excess of 160 percent, but this can be considered as this category of investment has been opted by about 20 percent of the respondents.

Table 2 further indicates that the households with family size between 4 and 5 members generally are the major contributors to the investment across all options, whereas smaller sized families (Up to three members) invested less. It is revealed that families that have two earning members each are the ones that contributed the highest (about 36 percent) in investment categories.

Trailing behind is the family with three earning members, with about 27 percent. Families with 2 to 3 earning members, on average, contribute about 64 percent across all investment instruments. Families with only one earning member spend less but relatively higher in the proportion of the ADI than the families having five or more earning members. Smaller contribution (as in direct proportion to the number of respondent families in 'Up to 30 percent' category of ADI) by single-earner families is due to budget constraints, but at the same time, the families know that they need to plan for the future from whatever income they make. So investment by single-earner families could be under duress. Members of the larger families may be due to personal differences, tend to invest less, or do only personal savings, and therefore they simply do not disclose the accurate information.

Table 2 (d): Socio-demographics characteristic wise households' preference for different investment options (overall up to 30 percent of ADI).

Socio-demographic Variables		Investment Type and Response to 'Up to 30 Percent' ADI			
		Money Lending	Gold Coins and Bullion	Antiques, Artefacts, and Artworks	Physical Gold (Gold Jewelry plus Gold Coins, Bullions, etc.)
Sex	Male	12.8	12.7	0.5	66.4
	Female	9.3	6.5	0.1	29.7
Marital Status	Married	20.2	18.2	0.6	87.8
	Unmarried	1.9	1.0	0.0	8.3
Educational Qualifications	No formal education	2.9	0.7	0.0	5.3
	Up to +2	6.9	3.8	0.0	23.2
	Graduate	8.7	9.1	0.1	47.1
	PG & above	3.5	5.5	0.5	20.5
Age (years)	Up to 21	0.2	0.3	0.0	1.7
	22-30	4.4	1.5	0.0	15.8
	31-40	6.0	5.9	0.2	37.6
	41-50	8.1	7.5	0.3	30.1
	Above 50	3.3	3.9	0.1	11.1
Family Structure	Nuclear	7.7	5.3	0.1	43.4
	Joint	14.4	13.9	0.5	52.8
Family Size (No.)	Up to 3	2.8	1.5	0.0	10.1
	4 - 5	7.3	7.5	0.1	49.6
	Above 5	12.0	10.2	0.5	36.5
Earning Members (No.)	1	1.7	2.2	0.0	10.6
	2	4.2	3.8	0.2	34.6
	3	7.2	7.2	0.1	26.8
	4	5.6	3.5	0.3	14.3
	5	0.9	1.0	0.0	3.9
	6	0.9	0.5	0.0	2.1
	Above 6	1.5	0.9	0.0	3.9
Family's Annual Disposable Income (INR Hundred Thousand)	Up to 2	0.5	0.5	0.0	1.3
	2.1 - 4	1.2	1.3	0.0	9.7
	4.1 - 6	3.7	4.0	0.0	28.4
	6.1 - 8	6.0	4.8	0.1	21.9
	8.1 - 10	6.5	4.3	0.1	19.1
	Above 10	4.1	4.2	0.4	15.7
Source of Family Income	Government Sector Job	9.5	12.3	0.4	46.0
	Private Sector Job	17.5	13.2	0.4	71.6
	Farming (Mainly Agriculture)	7.6	8.0	0.3	27.7
	Farming (Mainly Horticulture)	5.6	5.3	0.3	18.2
	Own Business	10.9	8.0	0.5	42.1
	Daily Wage	1.8	1.5	0.0	4.2

Looking through Table 2, it can be easily conferred that around 30 percent of investment is made by the families whose Annual Disposable Income lies between 4.1 to 6 lakhs. Families with 6.1 to 8 lakhs carefully follow it at about 22 percent contribution. Table 3 corroborates the above results.

The table further unravels that families with two earning members with an ADI of 4.1 to 4 lakhs and families with an ADI of 6.1 to 8 lakhs respectively are the biggest (about 17 percent) and second biggest (about 9 percent) contributors to the investment/savings.

The 3rd most significant contributors are the families with three earning members with an ADI of 6.1 to 8 lakhs at about 8 percent per annum. The 4th most significant contributors are the families with three earning members with an ADI of 8.1 to 10 lakhs at about 8 percent.

It can be easily conformed to the discussion so far that families with earning members between 2 and 3 and with an ADI between 4.1 to 10 lakhs do about 55% of investment per annum.

Table 3: Family ADI v/s Number of Earning Members.

Households' ADI (INR Hundred Thousand)	Number of Earning Members in the Family (Percentage)							Total
	1	2	3	4	5	6	Above 6	
Up to 2	1.0	0.4	0.1	0.0	0.0	0.0	0.0	1.5
2.1 – 4	4.7	3.5	1.6	0.2	0.0	0.0	0.0	10.1
4.1 – 6	4.6	16.9	7.1	1.4	0.1	0.0	0.0	30.2
6.1 – 8	0.6	9.2	8.3	3.6	0.3	0.0	0.0	22.1
8.1 – 10	0.0	5.1	7.6	5.1	1.3	0.7	0.2	20.1
Above 10	0.0	1.1	2.7	4.4	2.4	1.6	3.8	16.1
Total	11.0	36.3	27.5	14.8	4.1	2.3	4.0	100.0

Further, it is noticed from Table 2 that in Real Estate, Equity, Mutual Funds, and gold ETF, the families with an ADI of more than 10 lakh contribute the highest among all income categories. This may be because of two reasons. Firstly, they are more interested in monetary returns on investment with a long-term perspective, and secondly, they have more considerable disposable income so they can take higher risks in want of higher returns.

A close look at the tables reveals that respondents from all income categories have portfolios that are skewed in favor of Bank Deposits, Gold Jewelry, and Life Insurance Policies. At the same time, Gold ETF has been the overall fourth-largest choice among all income groups. That means most of the respondents are going for safe and stable options, and they prefer Gold ETF as it provides a combination of safety, stability, and ease of trading through the stock market. Returns are based on gold prices, so they end up getting benefits of gold jewelry with a feature of equity stock.

It can be easily observed from Table 2, the families whose primary source of income is Farming (Agriculture and Horticulture) contribute about 21 percent in the category of Postal Savings, NSC, and KVPs relative to respondents with all sources of income. This is logical as farming is mainly concentrated in rural areas where post offices are readily available. For insurance policies, the highest contribution (53.5 percent) came from families with Private Sector jobs as a significant source of income. This is followed by Government Sector jobs at 37.7 percent, which is about 16 percent less than that in the Private Sector.

It is closely followed by Farming and Own Business, respectively, at 35.3 percent and 31.1 percent. Families with Private Sector Jobs, Farming, and Own Business as the sources of income are compelled to cover the risk of the uncertainties in the future, so going for insurance is probably a safer bet for them. As far as Government Sector Job is considered, the employees are insured through a mandatory governmental mechanism. That is why in the PPF category, they are the most famous people.

As safety and stability of returns are one of the prime concerns, for families with Private Sector Jobs and Government Sector Jobs, Bank Deposits is their best bet for investment at 70.3 percent, and 45 percent of respondents investing in these, respectively. This is followed by Gold Jewelry at 67.9 percent and 43.1 percent, insurance at 53.5 percent and 37.7 percent and

gold ETF at 39.1 percent and 30.2 percent as the fourth preference for Private Sector Jobs and Government Sector Jobs respectively. However, for families with farming, the first choice is always gold jewelry (45 percent), followed by Bank Deposits (43 percent) and insurance at 36.3 percent.

Among the PPF category, naturally, Government Sector leads at 23 percent, and in Real Estate, the significant contributions came from Private Sector Job (2.2 percent) and Agriculture (2.1 percent). Respondents with Private Sector Jobs are also the leader in Equity Stocks (9.4 percent), Mutual Funds (17.1 percent), and Gold ETF (39.1 percent) as they demonstrate a more significant ability to take the risk [22]. However, at the same time, these options are known for better returns in the long run.

Money Circulation Schemes are the most popular among Private Sector Jobs (19.2 percent), and Own Business families (15.4 percent) as these schemes usually serve to meet the contingent requirements of liquid money at any time. This kind of arrangement is imperative as the respondents of these sources of income are exposed to and expected not to have a strict system of receipts and payments.

Investment in Gold Coins & Bullions is almost equally popular between people with Private (13.2 percent) and Government sector jobs (12.3 percent). Antiques are more or less insignificant (0.4 percent). Daily Wagers hardly get any representation as their highest contribution is pegged at 4.8 percent for Silver Jewelry. Owing to a significant price differential, Silver is naturally more prevalent in low-income groups like families that have Daily Wage as the primary source of income.

Table 4 shows that under 'Less than 10 percent' of ADI, Gold Jewelry gets the highest preference, followed by Life Insurance Policies and Gold ETF closely following in the third position. Gold is such an item that an investment as small as Rs 3000/- can be easily made in it. So it is not much surprising as almost all the families spent some amount at least once in a year in gold. Some spend in gold may be driven by cultural and ritualistic practices, and that is why every purchase of gold items should not be termed as an investment. Bank Deposits take the 5th rank, whereas it was the 1st choice for the total investment. This is because having a bank account or having a bank deposit are two different things. Lower investments are usually made in options which are more liquid than others.

Table 4: Household Preference for other Categories of ADI.

S.No.	Investment Options	Households' Preference for ADI Spent		
		Less than 10%	10 - 20%	20 - 30%
1.	Gold Jewelry	1	2	3
2.	Life Insurance Policies	2	3	2
3.	Gold ETFs	3	4	4
4.	Money Circulation Schemes like local committee raising, savings with jewelers, etc.	4	13	9
5.	Bank Deposits	5	1	1
6.	Postal Savings, NSC, KVP, etc.	6	9	13
7.	Gold Coins and Bullion	7	10	12
8.	Money Lending	8	7	5
9.	Mutual Fund	9	6	8
10.	Silver and other Jewelry	10	11	14
11.	Public Provident Fund (PPF)	11	5	6
12.	Equity Stocks	12	8	10
13.	Government Security (T-bill, Bonds, etc.)	13	14	11
14.	Real Estate	14	12	7
15.	Antiques, Artefacts, and Artworks	15	15	15

Gold ETF has been given the 3rd preference here, whereas the total investment category gave it the fourth preference. Sometimes, small value investments are made for experimentation, or early adopters usually do it. In terms of its reach and application spread, gold ETF is still a new product, so low investments may be a part of the wait and watch strategy. Long term investments got disturbed as Mutual Funds in less than 10 percent category slipped to ninth choice from the fifth choice in total. Last rung preferences Equity, Government security, Real Estate, and Antiques have been consistent as was in 'Up to 30 percent' case.

Under the 10-20 percent category, the first three preferences have gone to Bank Deposits, Gold Jewelry, and Insurance, respectively. This is the same result as that of the 'Up to 30 percent' category. Apart from this, Postal Savings, Gold Coins & Bullion, Silver Jewelry, and Antiques to have the same preferences 9th, 10th, 11th and 15th respectively. For the people who invested 10-20 percent of ADI, the worth mentioning observation is that Gold ETF and Equity Stocks have captured the fourth and eighth place, respectively. These people want two things simultaneously. Firstly, they want to invest in instruments that are relatively safe and provide stable returns such as Bank Deposits, and Gold Jewelry [23]. Gold Jewelry is used as a hedge against inflation and can be used against exigencies as collateral for a gold loan etc. Secondly, these investors also want to plan for long term future needs, and that is why gold ETF, Equity, and Mutual Funds seem appropriate options. The preferences hereunder 20-30 percent are more or less like the ones observed in 10-20 percent of ADI, but the most prominent shift is the Real Estate which has got a high seventh preference unlike the 14th in both 'Up to 30 percent' and 'Less than 10 percent' categories of ADI. 10-20 percent category, too, gave it a lower 12th preference. This is because real estate is a high value and high involvement investment. For a developing country like India, which is not too far from being the most populous country in the world, an investment to the tune of 20-30 percent of ADI is relatively quite a high percentage of Investment/Savings. Therefore, this kind of observation in investment preferences comes pretty much naturally.

V. LIMITATIONS OF THIS STUDY AND SCOPE OF FUTURE RESEARCH

This study assumed that all the individuals and the heads of the households all are rational thinkers and they have homogeneity, equality and symmetry of information.

It is further assumed that every family has one and only one head who is the chief decision-maker for the family especially for the decisions related to investment and savings. The study further assumed that people have disclosed true information as convincing the respondents to provide true details about gold and other investments was not easy. People were reluctant to disclose the information about their income, sources of income and gold and other jewelry possessed by them. The study does not consider the cost data for collecting and analyzing the information required for decision-making. Owing to the lack of time the study concentrated only on households and the gold holdings held by religious institutions like Temples, Gurudwara, Mosques and other places of worship could not be considered in the study. Investor preferences were computed in terms of the relative frequency of the households as the investment options were not directly ranked by the respondents. Gold ETF is still a new product and Indians who show much of affinity towards gold, will take substantial time before gold ETF can replace gold jewelry and gold bullion for investment. Further, research can be carried out on how gold ETF be made popular in India. Also, research can be done on the learnings from abroad about their gold policy and its compatibility as a parallel in India. The future scope includes what kind of national gold policy and the regulatory agency would suit the Indian needs the best. Further, how should the regulatory agency function so that it can change India's negative position of net importer of gold. Research studies can be done firstly, on the ways to improve the refining capacity of India and secondly, how refining be made cost-effective so that India becomes a refining hub of the world. Another area of research is how to strengthen Gems and Jewelry Industry so that India becomes a net exporter of value-added gold products.

VI. CONCLUSION

The present analysis of people's investment preferences of those who invested up to 30 percent of their ADI in different instruments clearly shows that option of bank deposits, and the closely following option of gold jewelry is the most favored investment option. The option of buying life insurance policies ranked third while buying Gold ETFs ranked fourth. In the fifth place is the option of investing in public provident fund. The results suggest that the main aim behind the existing investments of the people is in safeguarding themselves against the risk. All the first five options exercised by the people under the study area are standard investment options for safe and

stable returns. High preference for gold jewelry could be attributed mainly to socio-cultural compulsions, as suggested by a large proportion of low volume investing in gold jewelry. In terms of its reach and application, the gold ETF is still a new product. Nevertheless, a high preference for this option, as suggested by the relative ranking at different levels of investment, indicates that it might pick up in the future because it provides a combination of safety, stability, and ease of trading through the stock market.

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