

## **Investors Perception and Satisfaction Level on Sovereign Gold Bond Scheme a Study at Ujit\Re Belthangady Taluk (D.K)**

**Gurudath Shenoy<sup>1</sup> and Ashwitha<sup>2</sup>**

Assistant Professor<sup>2</sup>, Department of Business management, S.D.M College (autonomous) Ujire

Assistant professor<sup>2</sup>, Department of Commerce, Kristu Jayanti College, Bangalore

### **ABSTRACT**

*The real material wealth of the society is determined by the productive capacity investors ability in its economy. Productive capacity of investors purely depends on investments made by individuals in financial assets. Today one of the most preferred & liquid asset for investment is Gold. Investments in gold have more returns only when it is purchased as a coin or as a biscuit & not in any other form. If gold is not traded its value will not appreciate & the investors cannot get back expected returns. To avoid this barrier & to boost investors' confidence & also to make them earn optimum returns on their investments made, government of India has initiated sovereign gold bond scheme with the approval of Reserve bank of India with effect from April 2015 for the benefits of investors. Unused gold can be utilized as investment in this scheme, where they are paid interest as well as they are eligible to get the gold at the time of exit too. This paper emphasizes on sovereign gold bond scheme, which is one of the gold monetization scheme introduced by our government for the benefit of Investment community.*

*Keywords: utilized, Productive, Appreciate, Optimum, community & Sovereign.*

### **INTRODUCTION**

Gold is considered as a liquid asset which is also an essential element in the developing economy. Today India is considered as second largest importer of gold in the world. A study has revealed that India imports close to an average of 900 to 1000 tones gold every year because of higher domestic consumption. Some of the investors prefer to have gold as investment rather than the money invested in the banks which provide fixed interests. But from the other angles when we look at the Indian financial markets, people purchase gold and keep it in their almirahs & bank lockers of the banks where they hold their bank accounts. This will not generate any returns nor the liquidity, because gold remain idle & unused. In order to provide benefit for the investors gold monetization scheme was introduced for the benefit of investors. One of the prominent scheme under this was sovereign gold bond scheme. This scheme was introduced with an intention of converting idle gold reserves of individuals, entities etc. as a productive investment, where investors get higher returns as well as the tax benefits.

### **REVIEW OF LITERATURE**

According to **Dr. Guruswamy S** bonds issued by the government do not have any risk of default as in the cases of poor credit rated private bonds. Government will always honor obligations on bonds. Hence investments are totally safe, interest in bonds is generally fixed & known to investors. Since it is payable at specific period on maturity, investors need not have to be panic being invested in government bonds.

According to **Badlani** RBI guidelines issued for infrastructure financing agencies in financial markets should come out with appropriate allocation of risks & diverse financing techniques should take care of such optimal risk allocation.

According to **Kavitha Mukarjee** tax saving schemes in India has become a stronger instrument that helps investors in building their savings as well as claiming exemptions under Income tax. Most of the women investors are also turned very much keen in investing on tax saver bonds.

According to **Bhatia H L** financial instruments can maintain its rate of growth only if it is supported by strong sensitive & responsive financial system. Here flow of money & investments in the markets should balance one another.

According to **Amjed khan** investors in India invested in those instruments which are having higher credit rating (AAA) as it ensures cent percent safety & low risk profile of their investments, unless interest income

is put in good use (Long term market linked instruments) the entire tax free instrument may not provide optimum result. In case if investor has a cumulative interest payment, the same has to be utilized to meet required goal.

## OBJECTIVES

- ❖ To understand the expectations of investors.
- ❖ To analyze the benefits on gold bond investments.
- ❖ To study the factors considered by investors on investments in Sovereign gold bond schemes.
- ❖ To study the perception and satisfaction level of investors.
- ❖ To give findings based on analysis of the study.

## PROBLEM STATEMENT

Most of the investors in the market considered gold as liquid investment. By traditional women believe that gold is a form of social security given to women for her emergency or for facing any kind of unforeseen situations. Today demand for gold is increasing and the gold prices are on the verge of rise. If gold is kept as ornament for makeup, functions wear and occasional wear it will not yield returns. What is required in gold markets is value should appreciate on one side and on the other side it must generate some income to the investors. By investment made in gold bond it reduces risk, pay interest at 2% payable at the end of every six months and gold remains safe and secure.

This study is descriptive as well as analytical in nature. Targeted audience selected for this study are existing investors and planning investors who are willing to invest in sovereign gold bond scheme. Area selected for this study is Ujire (both town as well as interior) situated in Belthangady taluk of D.K district. Data for this study is collected from both primary and secondary sources. Primary data is collected from the questionnaire given to the respondents and also by observation and interview methods. Secondary data is collected from books, periodicals, magazines and related sites. Collected data is later tabulated and analyzed. Analysis is carried out using suitable statistical tools. From the analysis done findings of the study is presented.

## SCOPE AND SIGNIFICANCE OF STUDY

This study attempts to understand investors investment pattern and the preferences. Presently investors expect periodic growth with reasonable amount of risk at a normal period of time. One of the important aspect considered is no investor want to hold physical asset for longer period of time which does not yield any returns, invested if a guaranteed returns are available on the same such investments are highly preferred.

It is also possible to study investors behavior on investments in other assets like commodity markets etc. by taking wider area and more number of investors.

## LIMITATIONS OF STUDY

**This study has the following limitations and these are as follows**

- Only 30 respondents are taken in the study.
- Time duration spent for the study is one month only.
- There may be biases in the responses given by the respondents, but however it is tried to the level best to minimize bias responses.
- Only small investors were found more in this study.
- Investors taken in the study are above 30 years and less than 60 years in their respective ages.

## DATA ANALYSIS

Data is analyzed from the responses given by the respondents. Detailed analysis of the same is as shown below

**Table 1: Age of respondents**

Age (in years)	Number of respondents	Percentage (%)
31 – 40	12	40
41 – 50	14	47
51 - 60	04	13
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 2: Gender of respondents**

Gender	Number of respondents	Percentage (%)
Male	20	67
Female	10	33
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 3: Educational Qualification of respondents**

Educational Qualification	Number of respondents	Percentage (%)
Undergraduate	16	53
Graduate & Postgraduate	14	47
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 4: Marital status of respondents**

Marital status	Number of respondents	Percentage (%)
Married	22	73
Unmarried	08	27
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 5: Area of the respondents**

Area	Number of respondents	Percentage (%)
Town	21	70
Village	09	30
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 6: Form of investment preferred**

Investment form	Number of respondents	Percentage (%)
People	20	66
Demat	10	34
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 7: Source from where investors came to know about the scheme**

Source	Number of respondents	Percentage (%)
Advertisement	09	30
Friends & relatives	14	46
Colleagues	07	24
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 8: Place of purchase of investment**

Place of purchase	Number of respondents	Percentage (%)
Bank	13	43
Post office	16	53
Stock brokers	01	04
<b>Total</b>	<b>30</b>	<b>100</b>

**Table 9: Your expectation from this investment**

Expectation	Number of respondents	Percentage (%)
Longterm returns	12	40
Savings & liquid security	18	60
<b>Total</b>	<b>30</b>	<b>100</b>

Table 10: Rating of investment by investors

Rating	Number of respondents	Percentage (%)
Excellent	06	20
Good	14	47
Average	08	27
Satisfactory	02	06
<b>Total</b>	<b>30</b>	<b>100</b>

Table 11: Satisfaction level of respondents

Satisfaction level	Number of respondents	Percentage (%)
Satisfied	20	67
Not Satisfied	10	33
<b>Total</b>	<b>30</b>	<b>100</b>

**CHISQUARE TEST**

Chi square test is a non-parametric test. It is used in this study to study the degree of association between two attributes.

Chi square calculated =  $\sum \frac{(f_o - f_e)^2}{f_e}$

Where 'f<sub>o</sub>' is the observed frequency and 'f<sub>e</sub>' is the expected frequency.

Expected frequency 'f<sub>e</sub>' is given by

$f_e = \frac{\text{Row total} \times \text{column total}}{\text{Gross total}}$

After the calculations are performed, the same is compared with table value taken at given level of significances. Degree of freedom is given by (r – 1) (c – 1) where 'r' is the number of rows and 'c' is the number of columns. If the calculated value is highest than table value null hypothesis (H0) is rejected and if calculated value is less than table value then null hypothesis is accepted and the necessary conclusions are drawn. Level of significance taken in this study is 5%.

**H0:** This is closer association between educational qualifications of respondents and investment from preferred.

**H1:** There is no closer association between educational qualifications of respondents and investment from preferred.

**Note:** As per the condition of chi square test frequency of the taken cell should be higher than 5. To satisfy that condition, those cell where frequency is less than 5 is clubbed with next one to satisfy the condition of this test.

1) **H0: Investment from preferred and education qualification of investors are independent.**

Education qualification	Investment form		Total
	Paper	Demat	
Undergraduate	11	05	16
Graduate & Post graduate	09	05	14
	20	10	30

Here chi square calculated is 0.0661 and chi square tabulated is given by degree of freedom (r – 1) (c – 1) = (2 – 1) (2 – 1) = 1 is 3.841, hence chi square table value is higher than calculated value. Null hypothesis is accepted.

**2) H0: Investors qualification and expectation from this scheme are independent.**

Education qualification	Investment form		Total
	Long term returns	Savings	
Undergraduate	06	10	16
Graduate & Post graduate	06	08	14
Total	12	18	30

Chi square calculated value is 2.49 and chi square tabulated value is 3.841 at degree of freedom 1. Null hypothesis is accepted.

**3) H0: Rating of this investment scheme and expectations from investment are independent.**

Rating	Expectations		Total
	Long term returns	Savings & liquid security	
Excellent & good	07	13	20
Average & satisfactory	05	05	10
Total	12	18	30

Chi square calculated value is 2.7005 and table value at degrees of freedom 1 is 3.841, table value is higher than calculated value. Null hypothesis is accepted.

**4) H0: Expectations of investors and their satisfaction level are independent.**

Satisfaction level	Expectations		Total
	Long term returns	Savings & liquid security	
Satisfied	07	13	20
Not satisfied	05	05	10
Total	12	18	30

Chi square calculated is 2.7005 and table value at degrees of freedom 1 is 3.841. hence Null hypothesis is accepted.

**FINDINGS OF STUDY**

Findings are based on analysis of study. Analyzed responses are as shown.

- a) It is found from the study that 47% of the respondents are in the age group of 41 – 50 years. (Table 1)
- b) 67% of the respondents taken in the study males. (Table 2)
- c) It is found from the study that 53% of the respondents are undergraduates. (Table 3)
- d) 78% of the respondents taken in this study are married. (table 4)
- e) 70% of the respondents taken in this study are from town limits and 30% are from village limits. (Table 5)
- f) 66% of the respondents prefer to invest in this scheme in paper form and the rest 34% prefer demat form. (Table 6)
- g) It is found from the study that 46% of the respondents came to know about this scheme from their friends and relatives. (Table 7)
- h) 53% of the respondents purchased this scheme from their post offices. (Table 8)
- i) 60% of the respondents expect savings and liquid security from this investment. (Table 9)
- j) 47% of the respondents have rated this investment as good. (Table 10)
- k) 67% of the respondents are satisfied with their investments. (Table 11)
- l) Form of investment preferred and the education qualification of investors are independent. (Chi square test 1)

- m) Investors qualifications and expectations from sovereign gold bond schemes are independent of each other. ((Chi square test 2)
- n) Rating of sovereign gold bond scheme and expectations from this investment are independent of each other. (Chi square test 3)
- o) Expectations of investors and their satisfaction level on the same are independent of each other. (Chi square test 4)

## SUGGESTIONS

Following suggestions are worth considering after analyzing the responses given by the respondents these are as follows

- 1) Investors should leave their sentiments and think practical. Return on investments has to be increased and this is possible when physical gold earns the same.
- 2) Since the scheme is authorized by the government and approved by RBI it is safe and secure, more over it pays regular invest on the investments made. Hence it is suitable to any investors.
- 3) Awareness campaign about this scheme has to be carried out especially by emphasizing on rural areas focused only on limited investment avenues here.

## CONCLUSION

Earnings will add up to the net worth of individual, earnings will increase if investments are well planned. If returns are received regularly, investors prefer such investments as they receive regular income. Value of any investments will appropriate only when it is invested in right avenue of investment. Since this scheme is latest and less than two years old, it takes time to bring better outreach, better returns. Considering the future of sovereign gold bond it has a better prospect in the years to come as it is suitable to any investor and gives stable returns.

## REFERENCES

- 1) Francis J C "Investment analysis & Financing decisions" Tata Mc grew hill publishing house (P-P) (21-30) 2012.
- 2) Gupta A 'Security analysis and portfolio management' (pp) (44 – 51) Lakshmi Narayan Agarwal publishers New Delhi, 4<sup>th</sup> revised edition 2011 – 12.
- 3) Kothari C R 'Research Methodology' New Age international publishers 2012 edition New Delhi.
- 4) Nagaraj U 'Investment management' United publishers Mangalore (p - p) (18 - 21) September 2010 edition.
- 5) Pandey I M "Financial Management" Vikas publishing House New Delhi 2010 edition.
- 6) Raghunandan B V "Financial Management" 2012, revised edition United Publishers Mangalore.
- 7) Raman B S "Financial Management" 2012, revised edition United Publishers Mangalore.
- 8) Srivastava U K 'quantitative techniques for managerial decisions' New Age international (p) Ltd 2003. ISBN: 81-224-0189-9, (p - p) (243 – 245).

## WEBSITES

- [www.moneycontrol.com](http://www.moneycontrol.com)
- [www.rbi.org.in](http://www.rbi.org.in)