

# AN EMPIRICAL STUDY OF GOLD INVESTMENT BEHAVIOUR AMONG SALARIED EMPLOYEES IN COIMBATORE CITY

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## ABSTRACT

Gold has traditionally been an important investment avenue in India because of its perceived value as a store of wealth, liquidity and role in portfolio diversification. Salaried employees generally seek investment avenues that support wealth creation, financial security and protection against economic uncertainty. The present study examines gold investment behaviour with special reference to salaried employees in Coimbatore City using secondary data. The study is based on published reports, government and regulatory sources, gold-market publications, research articles, books and other reliable secondary sources. It examines trends in gold prices, forms of gold investment, major factors associated with gold investment and the role of gold in household investment decisions. Gold continues to occupy an important place in Indian investment culture, while the available forms of investment have expanded beyond physical jewellery to financial and digital alternatives. The study also discusses liquidity, safety, inflation protection, expected returns, cultural preferences and market conditions as factors relevant to gold investment decisions.

**Keywords:** *Gold Investment, Investment Behaviour, Salaried Employees, Coimbatore City, Gold Market.*

## 1. INTRODUCTION

Investment is an important part of personal financial planning. Individuals allocate their savings among different assets according to income, risk tolerance, liquidity requirements, expected returns and financial objectives. In India, gold has historically been one of the most familiar savings and investment assets. It is purchased not only for consumption and social purposes but also for wealth preservation and financial security. Changes in economic conditions, inflation, interest rates, household income and gold prices can influence the attractiveness of gold as an investment avenue.

Salaried employees form an important segment of household investors because they receive relatively regular income and generally plan their savings around recurring financial commitments. Their investment decisions may include bank deposits, insurance, mutual funds, shares, real estate and gold. Gold can be held in physical forms such as jewellery, coins and bars, or through financial and market-linked products such as gold exchange-traded funds, gold-related mutual fund products, sovereign gold bonds and digital gold.

Coimbatore is an important commercial and industrial centre in Tamil Nadu with activity in manufacturing, textiles, engineering, services, education, healthcare, information technology and trade. This creates a relevant setting for examining investment behaviour. However, a secondary-data study must distinguish between evidence directly relating to salaried employees in Coimbatore and broader evidence about Indian investors. Therefore, this study uses published evidence to understand the broader gold-investment environment and identifies the need for focused local research.

## 2. REVIEW OF LITERATURE

The World Gold Council (2025)<sup>1</sup>: Reported that investment interest in India strengthened considerably, with annual investment demand reaching its highest level since 2013. It also observed increasing demand for bars and coins, gold ETFs and digital gold. The report suggests that the Indian gold-investment market is expanding beyond traditional jewellery towards investment-oriented products.

Government of India (2024)<sup>2</sup>: The Economic Survey 2023–24 discussed the importance of

savings, investment and financial conditions in the Indian economy. It provides a broader economic context for understanding household financial decisions and the factors that can influence investment behaviour. The report is useful for examining gold investment within the wider Indian economic environment.

Reserve Bank of India (2024)<sup>3</sup>: In its Annual Report 2023–24, provided information on developments in the Indian economy, financial system and monetary conditions. Such economic and financial developments are relevant to understanding the environment in which individuals make savings and investment decisions. The report therefore provides contextual support for studying investment behaviour in India.

Reserve Bank of India (2024)<sup>4</sup>: Handbook of Statistics the RBI's Handbook of Statistics on the Indian Economy 2023–24 provides systematic statistical information on national income, savings, employment and household financial assets and liabilities. These data are useful for analysing the broader savings and investment environment in which gold investment decisions take place.

SEBI (2024)<sup>5</sup>: SEBI's investor-education materials emphasise the importance of financial planning, understanding risk and return, inflation and different investment options. Its educational resources also include material on alternative methods of investing in gold. This highlights the importance of financial awareness when individuals evaluate investment products.

The World Gold Council (2024)<sup>6</sup>: Reported that global gold investment reached a four-year high in 2024, while Indian bar-and-coin investment increased from 185.2 tonnes in 2023 to 239.4 tonnes in 2024, representing a 29% increase. The report also noted stronger investment activity through gold-backed ETFs and continued interest in physical investment products. These findings indicate increasing investment interest in gold in India.

Kothari and Garg (2019)<sup>7</sup>: Explained the principles of research methodology, including research design, data collection, sampling, classification, analysis and interpretation. Their work provides a methodological foundation for conducting empirical studies using systematic research procedures. In the present study, their methodology supports the use of a structured approach to secondary-data collection and analysis.

### 3. OBJECTIVES OF THE STUDY

1. To study the overall trends in gold investment and gold prices using secondary information.
2. To identify the major forms of gold investment available to individual investors.
3. To discuss the relevance of gold investment for salaried employees in Coimbatore City.

### 4. RESEARCH GAP

A considerable amount of literature discusses gold investment behaviour in India and in different cities or investor groups. However, focused secondary research connecting the broader gold-investment environment with salaried employees in Coimbatore City is limited. In addition, the development of nonphysical gold investment options has changed the investment landscape. This study therefore consolidates available secondary evidence and presents a focused discussion relevant to salaried employees in Coimbatore. The study does not claim to measure the preferences of all Coimbatore salaried employees because no original survey was conducted.

### 5. RESEARCH METHODOLOGY

**Research Design:** The study adopts a descriptive and empirical research design based on secondary information.

**Nature of Data:** The study uses secondary data collected from published and institutional sources. No questionnaire or personal interview data are used.

**Sources of Data:** Major sources include publications and reports of the Reserve Bank of India, World Gold Council, Securities and Exchange Board of India, Government of India publications, research journals, books, financial reports and other credible published sources.

**Study Area and Population:** The contextual focus is Coimbatore City and salaried employees. Since the study is based on secondary data, the population is not directly surveyed. Evidence specific to Coimbatore is used only where it is available; otherwise, broader Indian evidence is treated as contextual.

## 6. GOLD AS AN INVESTMENT AVENUE

Gold has several characteristics that have contributed to its continued use as an investment asset. It is widely recognized, can be converted into money, and has historically been used as a store of value. Physical gold also has cultural and social importance in India, particularly in the form of jewellery.

At the same time, gold investment involves considerations such as price volatility, making charges for jewellery, purity, storage and security for physical holdings, and product-specific charges for financial alternatives. Jewellery purchased for personal use should not automatically be treated as equivalent to investment-grade gold because purchase costs and resale conditions may differ.

The development of gold-related financial products has introduced additional choices. Investors can obtain gold exposure through exchange-traded products, mutual-fund structures and other regulated market instruments, subject to applicable rules and risks. Digital gold is another form available in the market, but investors should examine the provider, custody arrangement, pricing and applicable regulatory framework before investing.

## 7. FACTORS INFLUENCING GOLD INVESTMENT BEHAVIOUR

- **Safety and Wealth Preservation:** Investors often associate gold with preservation of wealth. This perception can support demand, especially when households are concerned about economic uncertainty.
- **Inflation and Purchasing Power:** Gold is commonly discussed as an asset that may help preserve purchasing power over long periods. However, its price does not move in a fixed relationship with inflation in every period.
- **Liquidity:** Gold can generally be converted into cash, although the amount realized depends on the form of gold, market price, purity, charges and transaction conditions.
- **Expected Return:** Changes in gold prices influence investors' expectations. Past price increases do not guarantee future returns.
- **Cultural and Social Factors:** Jewellery has strong cultural importance in India and may be purchased for weddings, festivals and family occasions. Such purchases can overlap with investment motives.

- **Financial Awareness:** Awareness of gold ETFs, mutual funds and other products can influence the form in which an investor chooses to hold gold.

## 8. FORMS OF GOLD INVESTMENT

1. **Jewellery** – Gold purchased mainly in ornaments; making charges, purity and resale value should be considered.
2. **Coins and Bars** – Physical investment-grade gold; purity, storage and security are important.
3. **Gold ETFs** – Market-linked units providing exposure to gold; market price and fund expenses are relevant.
4. **Gold Mutual Funds** – Funds providing gold-related exposure; expense ratio and market risk should be considered.
5. **Sovereign Gold Bonds** – Government-issued securities linked to gold value, subject to applicable issue terms.
6. **Digital Gold** – Gold exposure purchased through digital platforms; provider, custody, pricing and applicable rules should be examined.

## 9. DISCUSSION WITH REFERENCE TO SALARIED EMPLOYEES IN COIMBATORE

For salaried employees, investment decisions are generally connected with regular monthly income, household expenditure, emergency requirements and long-term financial goals. Gold may therefore be considered alongside bank deposits, insurance, mutual funds, equity and other investment avenues. The appropriate form depends on the employee's objectives, risk tolerance, liquidity needs and financial knowledge.

Coimbatore's diversified economic structure provides a relevant context for studying such behaviour, but published secondary data should not be interpreted as a direct survey of all salaried employees in the city. National-level evidence can explain broad gold-investment patterns, while city-specific reports, where available, can provide local context. This distinction is important for maintaining methodological accuracy.

The shift from jewellery and physical gold towards financial forms also suggests that investment behaviour should not be measured only by the quantity of jewellery purchased. Future studies can examine whether salaried employees

distinguish between consumption-oriented gold purchases and investment-oriented gold holdings.

## 10. LIMITATIONS OF THE STUDY

The major limitation is the dependence on secondary data. Published information may not provide a complete or current picture of salaried employees specifically in Coimbatore City. Different sources may use different definitions, time periods and populations, which can restrict direct comparison. The study therefore avoids claiming survey-based percentages or relationships that are not supported by an appropriate dataset. Gold prices and market conditions also change over time, so interpretations should be linked to the period covered by the source.

## 11. KEY FINDINGS

1. Gold continues to have an important place in Indian household wealth and investment discussions.
2. Gold investment is available in both physical and non-physical forms.
3. Safety, wealth preservation, liquidity, expected returns, inflation concerns, cultural factors and financial awareness are commonly discussed determinants of gold investment behaviour.
4. Physical jewellery has characteristics that differ from financial gold products because purchase and resale costs can affect the investment outcome.
5. Secondary evidence is useful for understanding broad trends, but it cannot by itself establish the exact preferences of every salaried employee in Coimbatore City.

## 12. SUGGESTIONS

1. Salaried investors should compare different forms of gold investment according to their financial goals rather than treating all gold products as identical.
2. Investors should verify purity, charges, liquidity and resale conditions before purchasing physical gold.
3. Investors considering financial or digital gold products should examine product structure, provider credibility, costs and applicable regulations.
4. Financial literacy programmes can help salaried employees understand the differences between

jewellery, physical bullion and financial gold products.

5. Future researchers should conduct a primary survey among salaried employees in Coimbatore to validate the factors identified from secondary literature.

## 13. CONCLUSION

Gold remains a significant investment avenue in India because of its historical acceptance, liquidity, wealth-preservation perception and cultural relevance. For salaried employees, gold can form part of a diversified savings and investment strategy, but the choice between jewellery, physical bullion and financial forms should depend on individual financial objectives and product characteristics. The secondary evidence reviewed in this study indicates that gold investment behaviour is influenced by economic, financial and social considerations. However, a secondary-data approach cannot establish the exact behaviour of all salaried employees in Coimbatore City. A future primary survey combining demographic variables, investment preferences, risk perception and financial awareness would provide stronger city-level evidence.

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