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MMK: ACE
SMT.MITHIBAI MOTIRAM KUNDNANI: ACCOUNTANCY COMMERCE ECONOMICS

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FROM THE DESK OF THE EDITOR…!

After Covid-19 the education world has been changing very fast with drastic majorchanges in the research dimensions. UGC and MHRD have launched many virtual platforms with online depositories, e-books and other online teaching/learning materials. Combination of the traditional technologies' with mobile/web technologies to a single platform with depositories would enhance better accessibility and flexibility to education.

The main objectives of NEP 2020 clearly define the pivotal role in catalysing interdisciplinary /multi-disciplinary research culture at UG level.

Students' research at undergraduate and post graduate level is the key to success towards real life education. Implementation of this student centric research requires establishment of the Academic Bank of Credits (ABC), a national level facility which will be a bank for academic purposes with students as academic account holders. A minimum of 20 credits of the 160 credits in four years undergraduate degree programmes will be earned via research activities according to guidelines prepared under NEP 2020.

Further, it will encourage and make it possible for all students to open an academic bank account to commute credits to award any degree/research fellowship/certificates.

The ability to integrate classroom knowledge with practical problems is important to decide research problems of the real world and to provide realistic solutions for the same. Four years Undergraduate bachelor's degree programme objectives are clearly defined in these directions. This calls for developing research experiences in students and developing system of offering real life research projects with keen interest towards pursuing realistic research projects. Here role of research organisations, higher institutions or research centre can support research internships as providers.

Keeping such ideas in mind, I feel humbled to bring out the Third students special Issue of our reputed E-Journal "MMK: ACE", including research papers for the first time from students' community at various undergraduate, post graduate and Doctoral level Programmes of our College. This volume develops the fact finding empirical approach among students community at higher education.

I extend my sincere gratitude to the Management of H.S.N.C. Board and our respected Principal Prof. Dr. CA Kishore Peshori for their constant support and motivation towards a strong Research foundation.

Finally, a big thank you to the Peer-reviewers and Publishing House for helping us in publishing this E-Journal. I invite feedback and suggestions from our Readers, Researchers and Academicians for further improvement in our E-Journal "MMK: ACE".

Dr. Aashish S. Jani
Vice-Principal & Executive Editor

ISSN No:-2456-2165

PRINCIPAL'S MESSAGE…!

Dear Members of the Academia,

It brings me immense joy and pride to witness the continued growth of SMT. M.M.K. College, especially in the realm of research, as evidenced by the expansion of our esteemed Research Centre in Commerce (Business Policy & Administration) and the recent approval in Accountancy.

I extend my heartfelt gratitude to the dynamic editorial team, led by Dr. Aashish Jani, Vice Principal, for their unwavering commitment and dedication to advancing the cause of research at our institution. Their tireless efforts have played a pivotal role in steering our academic community toward the frontiers of knowledge.

In the spirit of our rich cultural heritage, I am pleased to include a Sanskrit shloka in this research endeavour, symbolizing the fusion of tradition and progress in our scholarly pursuits:

"चरैवेतिचरैवेति…"
"Keep Walking, Keep Walking",

The present focus on student-centric research in this Third edition of MMK: ACE is indeed a commendable initiative taken at the opportune moment. It reflects our collective commitment to nurturing the research acumen of our students, a vital aspect of our academic mission.

I express my sincere appreciation to the Research Committee, whose proactive approach has not only fostered the development of new faculty but has also provided a platform for meaningful research at both undergraduate and postgraduate levels. The previous volumes of MMK: ACE have been well-received by the academic community, and I am confident that this edition, emphasizing student research, will further elevate our standing.

Kudos to the editorial team for curating diverse themes that delve into various facets of the Economy and Education sector. I extend my appreciation to the Course Coordinators, specialized students, academicians, research guides, and scholars whose valuable contributions have enriched the content of this journal.

I applaud the continuous efforts of the editorial board in cultivating and promoting a robust Research Culture across all multidisciplinary programs. Your dedication is instrumental in inspiring our faculty and students to embrace the role of researchers and critical thinkers.

As we embark on this intellectual journey through the pages of MMK: ACE, I wish the entire team the very best. May the ideas shared in this volume pave the way for positive outcomes and catalyze many more students and teachers to embark on the rewarding path of research and scholarly exploration.

With warm regards,

Prof. Dr. CA Kishore Peshori
(Principal)

ISSN No:-2456-2165

CONTENTS
RESEARCH PAPERS & ARTICLES ON ACCOUNTANCY

CONTENTS

ISSN No:-2456-2165

CONTENTS

RESEARCH PAPERS & ARTICLES ON ECONOMICS

ISSN No:-2456-2165

A Study on the Perception of Indians towards Gold as the Safest Alternative

MMK: ACE VOLUME 3: PAPER NO. 20

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Abstract:- Most Indians seem to be reluctant to invest in the stock market because they worry about losing money as a result of market ups and downs. Gold investing is one of the oldest and most used methods preferred by Indians, as gold prices have not decreased in the past 30 years, making it the safest investment. People find gold investing convenient because it does not require the same level of understanding as the stock market. Since they feel protected, the majority of consumers choose to put their savings in gold jewellery or other gold-related products. They believe that gold investments are the safest since it is the best source of long-term security. In order to comprehend Indians' attitudes towards gold investing, a study is being conducted. This study investigates Indians' beliefs regarding gold as the safest investment option.

Keywords:- *Gold market, Gold, Investment, Perception.*

I. INTRODUCTION

The gold market has seen incredible transformation over the last three decades. Demand and supply are structured and dynamic in quite different ways than they were thirty years ago. Gold is a relatively heavy atom with 79 protons and electrons and 118 neutrons, making it uncommon in the universe. Because of this, even in the intense heat and pressure of the 'chemical forges' of supernovae, the deaths of massive stars that generate the majority of chemical elements make it challenging to synthesise them.Metals like silver, gold, and the platinum group metals cannot be produced in a factory from other raw materials, unlike diamonds and many other valuable gemstones. All we have is what is on the planet Earth.The popularity of investing in gold increased after Bretton Woods collapsed in 1971, and the price hasn't been stable since. Gold prices have experienced their fair share of highs and lows with the US invasion of Iraq and the economic crisis of 2008, but have remained between $1,200 and $1,400 per ounce since roughly 2011.Furthermore, no nation in the world today supports its currency with a gold standard. The majority of nations have substantial gold reserves. Even while gold is still used to make coins, jewellery, medals, and other tokens, contemporary science has uncovered a wide range of additional applications in multiple different fields. Many modern equipment, such as computers, cell phones, and televisions, are made of gold. Following are the key attributes of gold investment.

A. Gold's key attributes – 1. Return

- **A sustainable source of income:** Gold has always been seen by investors as a valuable asset during times of ambiguity. However, historically, it has produced long-term gains in both prosperous and difficult economic times. Gold is particularly resilient and has the potential to generate strong returns in a variety of market circumstances due to its numerous sources of demand (Figure 1). On the one hand, gold is frequently used as an investment to safeguard and grow wealth through time, but on the other side, it is also a consumer commodity due to demand for jewellery and technology. The need for countercyclical investments during uncertain economic times is what raises the price of gold. Pro-cyclical consumer demand helps the economy perform well when it is growing. These elements work together to make gold able to offer stability.

B. Gold's key attributes – 2. Diversification

The benefits of diversification:

It can be challenging to locate efficient diversifiers. As market volatility and uncertainty increase, many assets become more closely interrelated as a result of investing decisions to take a risk or not. Due to this, many 'diversifiers' fall short of safeguarding investors' portfolios when they most need them. Gold differs from equities and other risk investments in that if these assets fall in value, so does gold's inverse relationship with them. The Global Financial Crisis (GFC) is an example. Equities and other risky assets, as well as hedge funds, real estate, and the majority of commodities—long seen as portfolio diversifiers—saw value declines. Contrarily, the price of gold maintained steady and rose, reaching 21% in US dollars between December 2007 and February 2009. Additionally, gold's performance held up well during the most recent severe equities market declines in 2020 and 2022.

C. Gold's key attributes – 3. Liquidity

- A Robust and Active Market: The gold market is huge, international, and very liquid. Our estimates place the value of actual gold held by investors and central banks at around US$4.8 trillion, with an additional US$1.0 trillion in open interest in derivatives traded on

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exchanges or in the over-the-counter (OTC) market.Additionally, the gold market is more liquid than many other significant financial markets, such as the euro/yen and the Dow Jones Industrial Average, while trading volumes among principal dealers are comparable to those of US 1-3 year treasuries and US T-Bills. In 2022, the daily average trade volume for gold was over US$132 billion. OTC spot and derivatives contracts totalled US$78 billion during that time, and daily gold futures trades on several international exchanges totalled US$52 billion. With an average daily trading volume of US$2.3 billion, physically-backed gold exchange-traded funds (gold ETFs) provide an additional source of liquidity.Large, buy-and-hold institutional investors can easily be accommodated due to the size and depth of the market. In sharp contrast to many financial markets, gold's liquidity persists even during difficult economic times. Another significant benefit of gold is that it enables investors to pay obligations when less liquid assets in their portfolio are hard to sell or are overpriced.

D. Why gold appeals to human psyche and how?

Gold is considered as a scarce asset. Gold has been coveted for a very long time. Over the course of human history, over 209,000 tonnes of gold have been extracted, with about two-thirds of it occurring since 1950 and because gold is practically unbreakable or indestructible, it is still accessible in almost all of its original forms or available in one form or another.

Gold is a prominent element of festivals and festivities in certain civilizations. In Eastern cultures, metal plays a significant role in religious rites and gifts given at happy times like weddings and festivals. The wedding clothing of women and grooms throughout South Asia also strongly incorporates gold.As old as time itself, humans have had a fascination with gold.

There is a certain allure to the rare material. Empires that possessed gold prospered; conflicts were fought to control areas with rich gold deposits; and explorers and treasure hunters dedicated their entire lives to the pursuit of the metal.The first gold was found as bright, golden nuggets. As the proverb goes, "Gold is where you find it," and gold was initially found in its natural state, in streams all over the planet. Certainly, it was the first metal that early hominids were aware of.Each and every human culture adopted gold. It was enjoyable to work with and play with due to its brilliance, lustre, and natural beauty as well as its exceptional malleability and resistance to tarnish.Gold was discovered by many different groups in many different places because it is extensively distributed across the geologic world. Nearly everyone who discovered it was impressed with it, and their budding culture was as well.

The first metal that our species had access to was gold. When considering the evolution of iron and copper-working, we consider them to have made the biggest contributions to the economic and cultural advancement of our species. However, gold came first.The easiest metal to work with is gold. In contrast to the majority of other metals, which are typically found in ore-bodies that are difficult to process, it occurs in a nearly pure and usable state. Gold's early applications were undoubtedly ornamental, and in early civilizations, deities and nobility were associated with it due to its brilliance and permanence (it never corrodes nor tarnishes).

II. REVIEW OF LITERAURE

- **The Financial Express 2019, according to Somasundaram PR**, managing director (India) of London-based WGC, the World Gold Council (WGC) estimates that Indian households may have amassed up to 25,000 tonnes of gold, maintaining their position as the largest gold owners in the world. “We conducted a study two years ago and found that household stocks ranged between 23,000 and 24,000 tonnes." "The stocks may be 24–25 thousand tonnes at this point,"
- **Suresh, A., and Keerthika, R. 2019** concentrate on the influence of educational literacy on people's behaviour while making investment decisions. Therefore, the study's objectives are to examine the relationship that now exists between yearly incomes and investment choices made with electronic gold formats as well as the impact of educational literacy on investors' behavioural patterns while taking into account contemporary gold investment contours. Karl Pearson's correlational analysis and linear regression are used in the study to achieve this. The study's final finding is that there is a correlation between annual income and preference for digital gold investments available on the market, with portfolio and fund manager factors in investment behaviour being the only factors that are influenced by educational level of literacy.
- **Menakadevi, Prabha, and Natarajan, M. L. 2021** the objective of this study is to conduct a quantitative analysis of investors' justifications for buying gold as well as to pinpoint components that support a better understanding of gold schemes and complex gold investment behaviour. Research indicates that the majority of investors pick physical gold for jewellery and prefer to invest in gold ETFs and sovereign gold bonds, which have greater returns, because they are unaware of any scams.

III. GOLD MARKET OVERVIEW: MARKET SIZE AND COMPOSITION

Gold makes up a small but important share of all investable assets.The stock of gold bullion, bars, coins, and ETFs—held by investors is close to US$3 trillion, despite the fact that it is a sizable and liquid market. Without accounting for central banks' holdings of foreign reserves, this amounts to about 1% of the estimated $266 trillion in financial assets invested globally.

The diversification of an investor's portfolio through the use of gold is appealing. The appeal of it as a long-term investment is supported by its relative scarcity. However, its market size is substantial enough to make it pertinent for a wide range of investors, including individuals, institutions, and central banks.People are afraid that their money is not safe in banks because of the bank’s failures. So many people really believe in gold investment.The acquisition of gold is a recommended strategy to help investors diversify their

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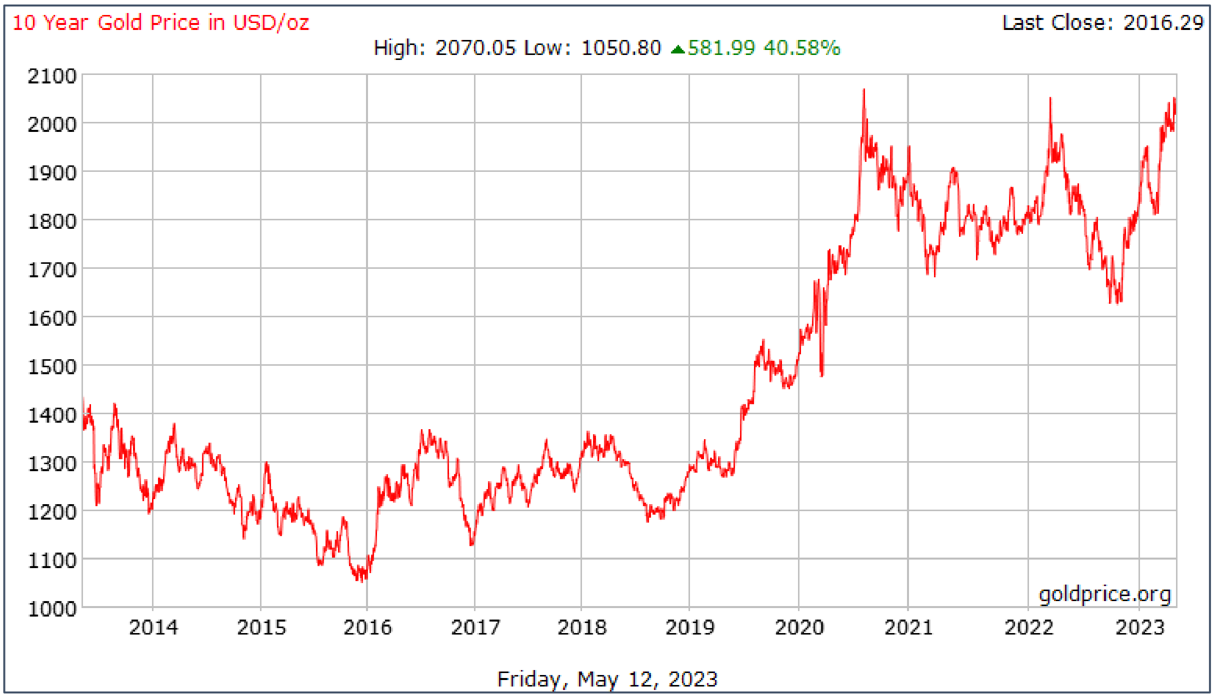
holdings. Long-term investments are attracted by its relative scarcity. However, its market size is substantial enough to make it pertinent for a wide range of investors, from private individuals to institutions and central banks.This overview provides a picture of the above-ground gold stock that is currently in existence, the financial gold market's size in relation to other markets, and the composition of supply and demand that underpins gold's reputation as a sound investment.

- It is estimated that 209,000 tonnes of gold, worth $12 trillion, have been extracted throughout history.
- Of these above-ground stocks, jewellery accounts for nearly half, while gold in investment forms (bars, coins, and physically-backed gold ETFs) makes for nearly a quarter.
- The value of the physical financial gold market, which includes central bank reserves, bars, coins, gold ETFs, and so on, is close to $5 trillion, or over 40% of the total.
- Due to the market's size, big buying and sales by institutional investors and central banks can be accommodated without causing price distortions.
- Diversification also supports the gold market's stability. The sources of demand and supply have seen significant changes in just the last three decades, both sectorial and geographic, leading to a more diverse market.



Gold Price History (Figure1)
Source: https://goldprice.org/gold-price-history.html

IV. OBJECTIVES OF THE STUDY

- To research several factors contributing for gold pricing.
- To analyse the perception of people in investing in gold is the safest alternative.

V. GOLD SUPPLY AND DEMAND COMPOSITION AND TRENDS

The demand and supply for gold come from a variety of sources that are spread throughout a variety of industries and geographical regions.

- **Supply:** A combination of mined (75%) and recycled (25%) gold is used to supply the market. No single region produces more than a quarter of the world's total mine production, which is geographically well-diversified (Figure 2). This lessens the possibility of supply shocks and adds to gold's comparatively low volatility when compared to other commodities with less dispersed mining. When primary gold production cannot keep up with demand, recycling steps in to fill the gap and restore market equilibrium.
- **Demand:** People purchase gold all around the world for a variety of reasons, such as a luxury commodity, a component in high-end electronics, a haven investment, or a way to diversify their portfolios. With significant gold markets existing all throughout the world, the demand for gold is geographically diverse as well. Around 75% of the annual demand for gold is driven by emerging nations, primarily China and India, with developed markets driving the remaining demand.

Gold has always been a mainstay throughout human history. However, there have been substantial structural changes to the global gold market during the past 30 years. The purchase of gold bars and coins, investment in technology, and the consumption of jewellery have all been fuelled in large part by wealth accumulation and economic progress. Institutional investment demand for gold has also been significantly impacted by the launch of physically-backed gold ETFs. Additionally, since 2010, central banks have switched from being net sellers to purchasers, using the asset to diversify their foreign exchange holdings.

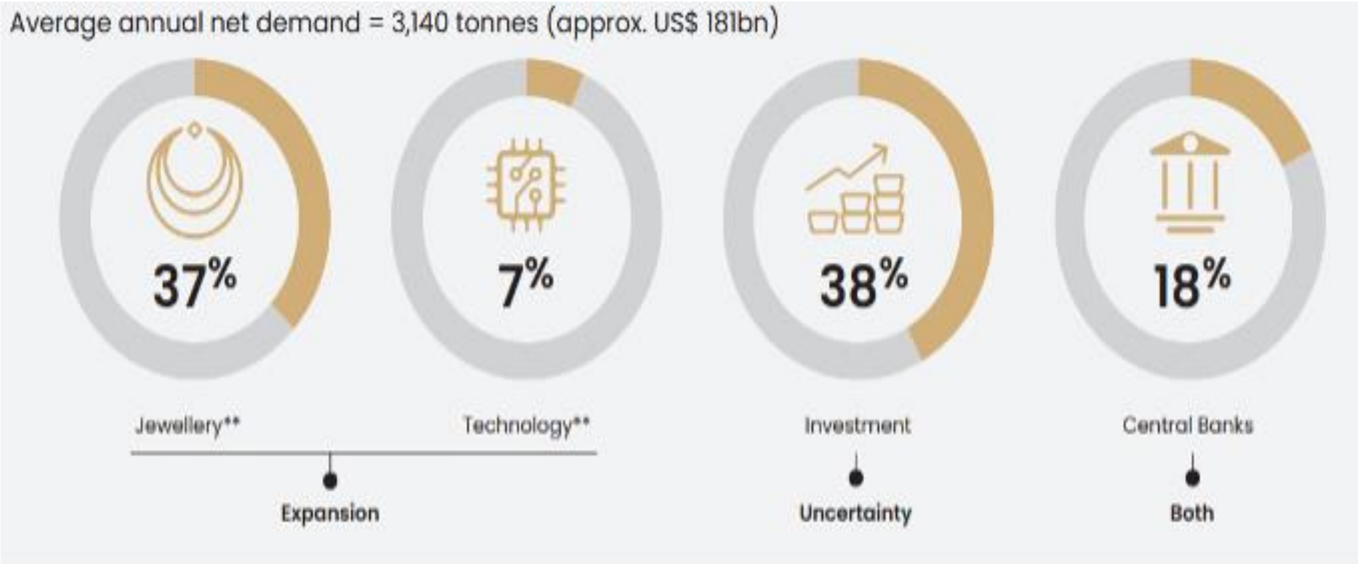


Fig. 2: Gold has a wide range of consumers- Gold As a luxury good, a technology component, and an investment
Source: Metals Focus, Refinitiv GFMS, World Gold Council

VI. FACTORS INFLUENCING THE PRICE OF GOLD

The sustainable development goals set forth by the UN are significantly aided by the gold industry. In addition to serving societal necessities, gold is valued throughout all cultures as an important material. It is well known and understood as a source of financial stability and is essential to many technical and medical applications. The use and production of the yellow metal are the main drivers of the gold market in India. In terms of economic value addition, employment, contribution to foreign exchange profits, and the trade balance, both have a major impact. According to a PricewaterhouseCoopers report for the World Gold Council, gold contributed directly more than $30 billion to the Indian economy.

In India, gold is regarded as a lucky metal. The nation's tradition, culture, fashion, and wealth development are all related to the demand for gold. However, on a worldwide scale, variables such as inflation, supply and demand, ETFs, economic conditions, and others determine the price of gold. But inflation is occasionally one of the key variables that affects the gold rate.India is one of the biggest users of gold, accounting for close to 25% of the world's total demand when compared to the global average. Additionally, there is an increase in demand, particularly during the wedding and holiday seasons, which causes the price of the precious metal to rise.

A. Inflation

When there is inflation, the value of money decreases, so many individuals buy in gold to protect their money. As a result, gold appears to be the most secure investment to use as a hedge against inflation if it occurs over an extended period of time. As a result, gold prices increase in an inflationary environment. The price of gold would fluctuate depending on India's inflation in Chennai, Delhi, Kolkata, and other cities around the nation.

B. Supply and Demand

According to data from the World Gold Council, jewellery, coins, and bars are the two key elements that have a long-term impact on consumer demand for gold. Furthermore, rising income levels are what are driving the demand for gold. The demand for the yellow metal increases by 1% for every 1% increase in per capita income. Second, a sharp increase in gold prices discourages gold purchases and vice versa. On a 1% price increase, demand for gold decreases by 0.5%. Religious and cultural considerations greatly impact the desire for gold in India. The majority of individuals purchase gold because it appears to be a secure investment.

C. Effect of the Dollar-Rupee Equation

The exchange rate of the rupee and the dollar has a significant impact on the cost of gold in India. The price of gold will increase if the Indian rupee depreciates versus the dollar since gold is imported all over the world. It will further reduce India's appetite for gold. The fluctuation in rupee-to-dollar exchange rates, however, has no bearing on dollar-denominated gold prices.The relationship between the dollar and gold is typically inverse. A declining dollar drives up the price of gold and vice versa since gold's global value is dollar-denominated. First off, as the value of other currencies rises due to a falling dollar, so does demand for gold and its price. Second, gold is an excellent alternative investment choice to store value during a US economic downturn.

D. Rates of Interest and Gold

Some industry analysts claim that there is typically a negative correlation between gold and interest rates. Gold is frequently employed as a hedge against growing inflation. A rise in yield stimulates the economy, which increases inflation. Additionally, investors like fixed-income assets that, unlike gold, offer a fixed return when gold prices rise. Additionally, the prices stay unchanged as the demand declines.

ISSN No:-2456-2165

E. Correlation between other assets

According to some economists, gold's low to negative correlation with other main asset classes successfully aids in portfolio diversification. Even statistically, gold exhibits no discernible relationship with popular asset classes. Nevertheless, others claim to have proof that when stock prices are decreasing quickly, gold and stock prices might develop an inverse link. Furthermore, the price of gold is unaffected by macroeconomic or microeconomic ups and downs, so you may use it to shield your portfolio from market volatility, which can have a negative impact on the returns on the majority of asset classes.

F. Geo-Political Factors

Global geopolitical unrest is typically favourable for gold. Most asset classes could be negatively impacted by any circumstance that resembles conflict. While the demand for gold grows as a secure place to store money, the gold rate is positively impacted.

G. Volatility

To protect oneself against market risk and volatility, most people choose to invest in or buy gold. When other investments continue to lose value, investing in a physical asset like gold makes it a preferable option for the majority of Indian households. Even when prices are rising or falling or when there is a recession, gold is still seen as a reliable investment. Gold remains in high demand, which keeps prices there the majority of the time.Some reports claim that the world's demand for gold exceeds its supply by 1,000 tonnes. And because there are no plans for new mining operations, the majority of the gold is currently recycled. Therefore, a second factor that affects the fluctuation in gold prices is a smaller supply. On the other side, inflation is a factor that drives up the price of gold globally.

VII. CONCLUSION

Over the past two decades, attitudes towards gold have significantly shifted, as a result of rising wealth in the East and a growing understanding of gold's place in institutional investment portfolios on a global scale. Given its distinctive characteristics as a rare, highly liquid, and uncorrelated asset, gold can serve as a diversifier over time. Due to its dual status as an investment and a luxury good, gold has been able to produce annualised returns of about 8% since 1971, higher than those of bonds and commodities and on par with equities. Due to its historical status as a safe-haven asset, gold performs best in high-risk situations. However, due to its attractiveness as both an investment and a consumer commodity, it can also produce profits in prosperous times. This dynamic, which reflects persistent political and economic unpredictability as well as economic worries about the equity and bond markets, is likely to persist.

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