



Study on Gold as an Investable Commodity

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Abstract—

Gold has long been recognized as one of the most reliable and valuable investment options due to its stability, liquidity, and ability to preserve wealth over time. As an investable commodity, gold plays a significant role in financial markets by providing security to investors, especially during periods of economic uncertainty, inflation, and market volatility. This study focuses on analyzing gold as an investment option and understanding its impact on investor behavior and decision-making. A descriptive research approach has been adopted, and primary data has been collected from 100 respondents through a structured questionnaire to examine their awareness, preferences, and reasons for investing in gold. The findings of the study indicate that a majority of investors prefer gold for its safety and long-term stability, and it is widely used as a tool for portfolio diversification and risk reduction. The study also reveals that gold acts as an effective hedge against inflation, helping investors protect their purchasing power. However, certain limitations such as price fluctuations and the absence of regular income have also been identified. Overall, the study concludes that gold remains a strong and dependable investment option and continues to play an important role in achieving financial stability, particularly during uncertain economic conditions.

Keywords

Gold Investment; Investable Commodity; Inflation Hedge; Portfolio Diversification; Wealth Preservation; Financial Stability.



I. INTRODUCTION

Gold has been one of the most valuable and trusted assets for centuries and continues to play an important role in the global financial system. Traditionally, gold was used as a medium of exchange and a store of value, but in modern times it has become a popular investment option. As an investable commodity, gold is widely preferred by investors because of its stability, liquidity, and ability to protect wealth during periods of inflation and economic uncertainty.

Gold is considered a safe-haven asset, meaning that investors often invest in gold during financial crises and market volatility to reduce risk and preserve capital.

With the development of financial markets, investment in gold is no longer limited to physical forms such as jewelry, coins, and bars. Investors can now invest in gold through modern financial instruments such as Gold Exchange Traded Funds (ETFs), Sovereign Gold Bonds, and digital gold. These options provide convenience, transparency, and security to investors. In countries like India, gold also holds cultural and social importance, making it one of the most preferred investment choices among individuals. This study aims to analyze gold as an investable commodity and understand its role in investment decisions, wealth preservation, and portfolio diversification.

II. LITERATURE REVIEW

The concept of gold as an investment asset has been widely studied by researchers and financial experts over the years. Previous studies suggest that gold acts as a hedge against inflation and currency fluctuations. During periods of rising inflation and economic instability, the value of gold generally increases, helping investors protect their purchasing power. Researchers have also highlighted that gold plays a significant role in portfolio diversification because it has a low correlation with other financial assets such as stocks and bonds.

Several studies have shown that investors prefer gold during financial crises due to its safe-haven characteristics. Gold helps reduce overall investment risk and provides stability to investment portfolios during market downturns. However, some researchers have pointed out that gold does not provide regular income such as

dividends or interest, which may reduce its attractiveness for certain investors.

In the Indian context, gold investment is influenced not only by financial factors but also by cultural and traditional beliefs. Many investors consider gold as a symbol of wealth and security. With advancements in financial markets, there has been a gradual shift from traditional gold investment towards modern forms such as ETFs and Sovereign Gold Bonds. Overall, previous studies indicate that gold remains an important and reliable investment option in both domestic and global markets.

III. METHODOLOGY

This study follows a descriptive research design to examine gold as an investable commodity and understand investor behavior, preferences, and perceptions towards gold investment. The research focuses on identifying the factors that influence investment decisions, such as safety, liquidity, returns, and protection against inflation.

The study is based mainly on primary data collected through a structured questionnaire. The questionnaire was designed to gather information regarding awareness of gold investment, preferred forms of investment, reasons for investing in gold, and challenges faced by investors. A total of 100 respondents from different age groups, occupations, and income levels were selected for the study.

A convenience sampling method was used to select respondents based on accessibility and availability. The collected data was organized and analyzed using simple statistical techniques such as percentage analysis and comparative methods. The results were presented through tables, charts, and graphs for better understanding and interpretation.

IV. RESULTS AND DISCUSSION

The findings of the study indicate that a majority of respondents consider gold as a safe and reliable investment option. Most investors prefer gold for long-term investment purposes because it helps preserve wealth and provides financial stability during uncertain economic conditions. The study also reveals that many respondents believe gold



acts as an effective hedge against inflation and currency fluctuations.

The analysis further shows that gold plays an important role in portfolio diversification by reducing overall investment risk. While many respondents still prefer physical gold such as jewelry and coins due to traditional and cultural reasons, there is increasing awareness about modern investment options such as Gold ETFs and Sovereign Gold Bonds because of their convenience and security.

However, the study also identifies certain challenges associated with gold investment. Respondents expressed concerns regarding price volatility, storage issues, and the absence of regular income from gold investments. Despite these limitations, the overall perception of gold remains positive, and it continues to be a preferred investment option among investors seeking safety and stability.

V. CONCLUSION

The study concludes that gold remains one of the most reliable and preferred investment options due to its stability, liquidity, and wealth preservation capabilities. Gold plays an important role as a safe-haven asset, especially during periods of economic uncertainty, inflation, and market volatility. It also contributes significantly to portfolio diversification and risk reduction.

Although gold has certain limitations, such as price fluctuations and lack of regular income, it continues to be a dependable investment option for long-term financial security. The study suggests that investors should include gold as part of a diversified investment portfolio to achieve balanced returns and minimize financial risk. Overall, gold continues to hold significant economic, financial, and cultural importance in modern investment practices.

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