

Unlocking Investor Perspectives: Awareness, Perception, And Investment Patterns of Gold ETFs in Puducherry

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ABSTRACT

This study examines investor awareness and perception towards Gold Exchange Traded Funds (Gold ETFs) in Puducherry, a region where traditional investment in physical gold remains dominant. The research aims to analyze the level of awareness, factors influencing investment behaviour, and demographic determinants affecting investors' perceptions of Gold ETFs. Using a descriptive and analytical research design, primary data were collected from 108 respondents through a structured questionnaire, and statistical tools such as Chi-square, Correlation, and ANOVA were applied for analysis. Findings reveal that while most investors are moderately aware of Gold ETFs, factors such as low transaction cost, high liquidity, and online convenience significantly influence their investment decisions. The results also indicate strong associations between awareness, satisfaction, and demographic variables like income and education. Despite positive perceptions of safety and returns, Gold ETFs form a small share of most portfolios, reflecting partial adoption. The study concludes that enhanced financial literacy and awareness initiatives can increase investor participation in Gold ETFs, fostering a shift toward modern and transparent investment instruments.

Keywords: *Gold Exchange Traded Funds (Gold ETFs), Investor Awareness, Investment Perception, Physical Gold, Investment Behavior, Financial Literacy, Puducherry, Demographic Factors.*

INTRODUCTION

Exchange Traded Funds (ETFs) have emerged as a popular investment option in India, particularly for investors seeking exposure to gold. Gold ETFs offer a combination of the benefits of investing in physical gold and the convenience of trading on stock exchanges. With increasing financial literacy and changing investment patterns, understanding investor awareness and perception becomes crucial. This study aims to explore the level of awareness, perception, and influencing factors behind investing in Gold ETFs among investors in Puducherry. It also examines how demographic variables such as age, income, and education impact investment behaviour towards Gold ETFs. Despite these advantages, awareness and adoption of Gold ETFs in India remain relatively low compared to traditional physical gold, especially in smaller cities and Union Territories like Puducherry. Puducherry, with its unique socio-economic profile and blend of urban and semi-urban population, offers an interesting context to study how investors perceive Gold ETFs, how aware they are of this investment option, and what factors influence their perception.

This project aims to analyse the level of awareness among investors in Puducherry regarding Gold ETFs, to identify the factors influencing their investment perception, and to examine the barriers that hinder wider adoption. The findings of this study are expected to help financial institutions, policymakers, and advisors develop better strategies to promote modern gold investment avenues and support informed investment decisions among retail investors.

OBJECTIVES OF THE STUDY

1. To know the awareness level and perception of the Investors towards Gold ETFs.
2. To analyse the factors influencing investment in Gold ETFs in puducherry.
3. To identify the investment patterns of the investors investing in Gold ETFs in Puducherry.

REVIEW OF LITERATURE

1. A Study on Performance of Gold ETF in India During Covid-19

SCB Selvan & G Ramraj (2021) - This study evaluates the resilience of Gold ETFs in India during the COVID-19 pandemic. The authors analyze data from leading ETFs to assess return and risk characteristics amidst extreme market volatility. Using performance metrics such as the Sharpe ratio and beta, the research finds that Gold ETFs provided consistent positive returns, validating their role as a hedge in times of economic uncertainty. It observes increased investor inclination towards gold instruments, driven by fear of equity market crashes and currency depreciation. The findings reinforce the relevance of gold as a defensive asset and promote Gold ETFs as an accessible and liquid mode of investing in the precious metal. However, the study is restricted to the COVID-19 window and suggests a need for broader, long-term evaluations.

2. Impact of COVID-19 on Performance of Gold ETFs in India

Sandeep Garg (2022) - This paper assesses the impact of the Covid-19 crisis on the performance of Gold ETFs in India. Using data collected from prominent gold ETF schemes over the pandemic timeline, the study analyzes return behavior, volatility patterns, and correlation with other asset classes. It utilizes statistical methods such as correlation analysis, standard deviation, and risk-return ratios. The results suggest that Gold ETFs performed well during Covid-19, exhibiting resilience compared to equity markets. The research confirms gold's role as a hedge against systemic risk. This study is particularly significant as it extends the literature by adding new data points and revalidates gold ETFs' effectiveness during black swan events. It also offers practical implications for investors looking to include non-correlated assets in their portfolios to reduce risk during market downturns.

3. Examining Factors Influencing Investment in Digital Gold and Gold ETF using PCA Technique

Arpita Gurbaxani et al. (2023) - This study investigates the psychological and financial factors that influence investment decisions in Digital Gold and Gold ETFs. Using Principal Component Analysis (PCA), the authors extract key determinants such as trust, return expectations, ease of access, and technological adoption. The paper identifies demographic segments more inclined to choose digital formats over physical gold. It concludes that investor education, mobile accessibility, and perception of gold's safety drive investment choices. The comparative lens on Digital Gold and Gold ETFs reveals that ETFs enjoy more trust from risk-averse investors due to their regulatory backing and liquidity. The paper is vital for understanding investor preferences in the fintech-driven era.

4. Price Discovery and Volatility Connectedness in Indian Gold Market

Chanchal Saini & Ishwar Sharma (2024) - This research examines the relationship between gold spot prices, futures, and Gold ETFs in India using time-series econometric tools like VAR models and Granger causality. The authors find strong volatility connectedness among these three market segments, with the futures market often leading in price discovery. However, Gold ETFs are found to play an increasingly important role in transmitting market information. The study enhances the understanding of Gold ETFs as dynamic instruments, reflecting real-time price movements and integrating with broader commodity markets. Its findings contribute

significantly to portfolio risk management and arbitrage strategies, highlighting the ETFs' growing efficiency and systemic relevance.

5. Unlocking Golden Potential: A Comparative Analysis of the Top 5 Gold ETFs in India

PC Vaishna (2024) - This study compares the performance of the top five Gold ETFs in India based on parameters like returns, liquidity, tracking error, and expense ratios. It highlights that while all ETFs follow the same benchmark (domestic gold price), their performance varies due to fund management efficiency and tracking differences. The research points out that certain ETFs outperform others consistently, suggesting the need for due diligence by investors. The study also reflects on how branding and institutional backing affect investor perception. The findings are useful for retail investors and fund advisors to identify best-performing gold-based products and for understanding competitive dynamics within the ETF market.

RESEARCH METHODOLOGY

Research Design

In this study, the research design outlines the methodology used to investigate investor awareness, perception, and investment behaviour towards Gold Exchange Traded Funds (Gold ETFs) in Puducherry. The design ensures that the data collected is relevant, reliable, and sufficient to test the hypotheses and achieve the research objectives. Descriptive Research was adopted for the study.

Data Collection

Primary Data was collected through a structured questionnaire distributed to investors in Puducherry - Awareness of Gold ETFs, Perception and attitudes toward Gold ETFs, Investment behaviour and satisfaction levels, Demographic details (age, gender, education, income, occupation). Purposive sampling method was used in this study. Only the fully furnished relevant data collected from the respondents were used for analysis by fixing the final sample size as 108. Though it was adequate for basic statistical analysis, it might not be large enough to generalize the findings to the entire investor population of Puducherry. Secondary Data was gathered from Journals, research articles, and dissertations on Gold ETFs, Reports from the NSE, RBI, and AMFI, Online sources and financial websites providing ETF performance data, Previous academic studies cited in the literature review.

Statistical Tools and Techniques Used for Analysis

The collected data was coded, tabulated, and analysed using statistical tools with the help of SPSS software. The following techniques were applied:

- i. Descriptive Statistics – to summarize demographic data and overall responses using frequencies and percentages.
- ii. Weighted Average Method – This method ranks various factors based on their importance by assigning weights to responses.
- iii. Correlation Analysis – to identify relationships between awareness and satisfaction, or perception and investment decisions.
- iv. Chi-Square Test – to determine the association between categorical variables such as income level and investment amount, awareness level and knowledge level.
- v. ANOVA (Analysis of Variance) – to test whether mean satisfaction levels differ across groups. Each test was performed at a 5% level of significance ($p < 0.05$).

DATA ANALYSIS AND INTERPRETATIONS

I.WEIGHTED AVERAGE METHOD

Analysing the Factors Affecting the Investment Choice of Gold ETFs

Table No.1 Factors Affecting the Investment Choice of Gold ETFs

Interpretation

Based on the weighted average method analysis, “Brand / Reputation of Fund House” emerged as the most influential factor in investment decision-making, securing the highest weighted score of 243 and ranked 1st overall. This indicates that investors place the greatest importance on the credibility and trustworthiness of the fund house. The “Advice of Financial Advisor” followed closely with a score of 237, ranked 2nd, showing that expert guidance also plays a key role in investment choices.

The “Market Trends” factor ranked 3rd with a total of 236, highlighting the importance of current market conditions in influencing investor behaviour. “Online Platform Convenience” achieved a score of 219, placing it 4th, suggesting that while accessibility and digital ease matter, they are not the top priority. Lastly, “Past Performance / Returns” was ranked 5th with a score of 195, indicating that historical returns, though important, are considered less significant compared to the other factors.

II.CORRELATION ANALYSIS

Factor	1	2	3	4	5	Total	Rank
Past performance / returns	58(1)	25(2)	16(3)	6(4)	3(5)	195	5
	=58	=50	=48	=24	=15		
Brand / reputation of fund house	20(1)	52(2)	27(3)	7(4)	2(5)	243	1
	=20	=104	=81	=28	=10		
Market trends	35(1)	33(2)	29(3)	7(4)	4(5)	236	3
	=35	=66	=87	=28	=20		
Advice of financial advisor	36(1)	32(2)	26(3)	11(4)	3(5)	237	2
	=36	=64	=78	=44	=15		
Online platform convenience	46(1)	25(2)	25(3)	7(4)	4(5)	219	4
	=46	=50	=75	=28	=20		

Analysing the relationship between

- Perception about Gold ETF over the Physical Gold and the Satisfaction Level on Gold ETF Investments
- Perceived risk comparison between Gold ETF & Mutual Funds and the factors influencing investment choice

Table No.2 Correlation Analysis Result Table

S. No.	Variables	Pearson Correlation (r)	Sig. (2-tailed)	Level of Significance	Result
i.	Comparison of Gold ETFs with Physical Gold (Safety & Return) vs Overall Satisfaction with Gold ETF Investments	0.953	0.000	Significant at 1% level	H ₀ Rejected
ii.	Comparison of Gold ETFs with Equity Mutual Funds (Risk) vs Influence on Choice to Invest in Gold ETFs	0.948	0.000	Significant at 1% level	H ₀ Rejected

Note:

- N = 108
- Correlation is significant at 0.01 level (2-tailed)
- Pearson's correlation method was used for analysis

Interpretation:**i. Gold ETF vs Physical Gold & Satisfaction**

The Pearson correlation value of $r = 0.953$ indicates a very strong positive association between investors' comparison of Gold ETFs with physical gold and their overall satisfaction with Gold ETF investments. Since the significance value ($p = 0.000$) is less than 0.01, the null hypothesis is rejected, confirming that perception of safety and returns strongly influences satisfaction levels.

ii. Gold ETF vs Equity Mutual Funds & Investment Choice

The correlation coefficient of $r = 0.948$ also shows a very strong positive relationship between perceived risk comparison and the factors influencing investment choice.

The result is statistically significant at the 1% level, leading to rejection of the null hypothesis.

III. CHI-SQUARE TEST**Analysing the Association between**

- Portfolio Share of Gold ETFs and Average Monthly Investment
- Annual Income and Average Monthly Investment in Gold ETFs
- Annual Income and Portfolio Share Allocated to Gold ETFs
- Perception of Gold ETFs and Investment Horizon
- Familiarity with Gold ETFs and Knowledge Level
- Factors Influencing Investment and Future Investment Plans

Table No.3 Chi-Square Test Analysis Result Table

S. No.	Variables Tested	χ^2 Value	df	Sig. (p-value)	Result	Decision
i.	Portfolio Share of Gold ETFs \times Average Monthly Investment	221.539	9	0.000	Significant	H ₀ Rejected
ii.	Annual Income \times Average Monthly Investment in Gold ETFs	236.380	12	0.000	Significant	H ₀ Rejected
iii.	Annual Income \times Portfolio Share Allocated to Gold ETFs	217.800	12	0.000	Significant	H ₀ Rejected
iv.	Perception of Gold ETFs \times Investment Horizon	95.160	6	0.000	Significant	H ₀ Rejected
v.	Familiarity with Gold ETFs \times Knowledge Level	212.414	16	0.000	Significant	H ₀ Rejected
vi.	Factors Influencing Investment \times Future Investment Plans	243.270	16	0.000	Significant	H ₀ Rejected

Interpretation:

The overall Chi-square analysis reveals that all the selected variables exhibit a statistically significant association with Gold ETF investment behavior. The results indicate that factors such as portfolio allocation, income level, perception of Gold ETFs, familiarity, knowledge level, investment horizon, and influencing factors play a crucial role in shaping investors' decisions. In all cases, the calculated Chi-square values were greater than the critical values and the p-values were less than 0.05, leading to the rejection of the null hypotheses. This confirms that investor behavior towards Gold ETFs is not random but is strongly influenced by economic status, awareness, perception, and investment objectives. The findings highlight the importance of financial awareness and informed decision-making in promoting Gold ETF investments.

IV.ANOVA TESTS

Analysing the Difference between the following Factors with respect to the overall satisfaction with Gold ETFs:

- Factors Influencing Gold ETF Investment
- Preferred Platform Of Investing
- Portfolio Share of Gold ETF
- Monthly Average Investment Amount
- Duration Of Investment

Table No.4 Anova Test Analysis Result Table

S. No	Hypothesis	Independent Variable	df (Between / Within)	F – Value	Sig. (p-value)	Result
i.	H ₀₁ : There is no significant difference between factors influencing Gold ETF investment and overall satisfaction.	Factors Influencing Choice to Invest	4 / 103	355.204	0.000	Significant – H ₀ Rejected
ii.	H ₀₂ : There is no significant difference between preferred platform and overall satisfaction with Gold ETFs.	Preferred Investment Platform	3 / 104	172.945	0.000	Significant – H ₀ Rejected
iii.	H ₀₃ : There is no significant difference between portfolio share and overall satisfaction with Gold ETFs.	Portfolio Share Allocated	3 / 104	169.890	0.000	Significant – H ₀ Rejected
iv.	H ₀₄ : There is no significant difference between monthly investment amount and overall satisfaction.	Average Monthly Investment	3 / 104	137.195	0.000	Significant – H ₀ Rejected
v.	H ₀₅ : There is no significant difference between duration of investment and overall satisfaction with Gold ETFs.	Duration of Investment	3 / 104	150.066	0.000	Significant – H ₀ Rejected

Interpretation:

The ANOVA results reveal that overall satisfaction with Gold ETF investments significantly differs across all selected variables, including influencing factors, preferred investment platform, portfolio share, monthly investment amount, and duration of investment. In all five cases, the calculated F-values were highly significant ($p < 0.05$), leading to the rejection of the null hypotheses. This indicates that investors' satisfaction levels are strongly influenced by their investment behavior, investment size, experience, and preferred mode of investment. The findings confirm

that higher involvement and longer-term participation in Gold ETFs are associated with greater levels of satisfaction, highlighting the importance of investment characteristics in shaping investor perception.

FINDINGS

1. Demographic Insights

- i. Majority of respondents (60.2%) belong to the age group below 30 years, indicating that younger investors are more aware of modern investment options like Gold ETFs.
- ii. Male respondents (66.7%) outnumber females, suggesting that gold investment through ETFs is still male-dominated in Puducherry.
- iii. Over 70% of respondents are graduates or postgraduates, implying that educational qualification has a strong link with financial awareness.

2. Awareness and Knowledge

- i. About 51% of respondents are either *slightly* or *moderately familiar* with Gold ETFs, showing moderate awareness but limited depth of understanding.
- ii. Social media (35.2%) and friends/family (20.4%) are the most common sources of awareness, highlighting the influence of informal and digital communication channels.
- iii. A majority (56.5%) of respondents agreed that increased awareness would significantly affect their investment decisions.

3. Perception of Gold ETFs

- i. 44.4% of investors perceive Gold ETFs as suitable for *medium-term planning*, and 30.6% see them as *long-term wealth creation tools*.
- ii. Two-thirds of respondents (66.7%) believe Gold ETFs are better than physical gold in terms of safety and returns.
- iii. Most investors (69.4%) consider Gold ETFs *safer* than equity mutual funds.

4. Investment Behaviour

- i. SIP is the most preferred investment method (44.4%), followed by lump-sum investment (37%).
- ii. Nearly half (47.2%) of investors use Gold ETFs for *short-term gains*, while 34.3% invest for *medium-term* goals.
- iii. The most common monthly investment amount is *up to ₹10,000*, with most investors allocating *less than 20%* of their portfolio to Gold ETFs.
- iv. 49.1% increased their investments in the past year, showing rising confidence in this instrument.
- v. 41.7% plan to increase investments further in the future.

5. Statistical Findings

- i. Correlation analysis shows a very strong positive relationship between satisfaction levels and perceptions of Gold ETFs compared to physical gold ($r = 0.953$).
- ii. Another significant correlation ($r = 0.948$) was found between perceived risk levels and factors influencing investment choice, proving that lower perceived risk drives higher adoption.
- iii. Chi-square tests revealed significant associations between income levels and investment amounts ($\chi^2 = 236.380$), and between perception and investment horizon ($\chi^2 = 95.160$).
- iv. Awareness and knowledge levels are also significantly related ($\chi^2 = 212.414$), confirming that familiarity improves understanding and satisfaction.

6. Influencing Factors

- i. Weighted Average Analysis ranked “Brand/Reputation of Fund House” as the most important factor influencing investment decisions, followed by “Advice of Financial Advisor” and “Market Trends.”
- ii. Online platform convenience and past performance ranked lower, showing that trust and expert advice outweigh digital convenience.

The study reveals that young, educated investors predominantly participate in Gold ETF investments, indicating a strong link between financial awareness and educational background. Awareness of Gold ETFs is moderate, with social media and peer influence playing a major role in shaping investment decisions. Investors largely perceive Gold ETFs as safer and more efficient than physical gold and equity mutual funds, particularly for medium- to long-term investment purposes. Investment behavior shows a preference for SIP mode, lower monthly investment amounts, and limited portfolio allocation, reflecting cautious yet growing acceptance of Gold ETFs. Statistical analysis confirms a strong positive relationship between investor satisfaction and perception of Gold ETFs, while income level, awareness, and risk perception significantly influence investment decisions. The results also highlight that trust-related factors such as fund house reputation and expert advice outweigh technological convenience in influencing investor choice. Overall, the findings indicate increasing confidence in Gold ETFs, supported by awareness, perceived safety, and informed investment behavior.

SUGGESTIONS

Based on the findings of the study, it is suggested that greater emphasis should be placed on improving investor awareness through structured financial literacy programs and region-specific promotional activities. Financial advisors and institutions should actively educate investors about Gold ETFs and related digital investment avenues to enhance informed decision-making. Strengthening digital platforms and integrating ETF investments with user-friendly applications can further improve accessibility and participation. Fund houses may introduce innovative and low-cost Gold ETF products to attract small and risk-averse investors. Additionally, targeted awareness campaigns focusing on young investors and long-term wealth creation can enhance market penetration. At the policy level, regulatory support in the form of simplified procedures, transparency in fund performance, and investor-friendly regulations will help build confidence and encourage wider adoption of Gold ETFs.

CONCLUSION

The study concludes that awareness of Gold ETFs among investors in Puducherry is steadily increasing, particularly among young and educated individuals. Investors generally perceive Gold ETFs as a safe, transparent, and convenient investment option compared to physical gold, though detailed product knowledge remains limited. The findings reveal that investment decisions are significantly influenced by fund house reputation, financial advisor guidance, and market trends. Statistical analysis confirms that income level, awareness, and perception strongly affect investment behaviour and portfolio allocation. Most investors prefer SIP-based investments with moderate exposure, reflecting a cautious yet growing confidence in Gold ETFs. Overall, the positive perception, rising participation, and increasing trust in digital investment platforms indicate strong future potential for Gold ETFs as a preferred investment avenue in Puducherry.

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