



## RESEARCH ARTICLE

## AN EMPIRICAL CONJECTURE ON THE PERFORMANCE OF GOLD PRICE DURING AKSHAYA TRITIYA

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### Abstract

Gold is primarily a monetary asset and partly a commodity. As much as two thirds of gold's total accumulated holdings relate to "Store of value" considerations. Gold is valued in India as a savings and investment vehicle and is the second preferred investment after bank deposits. India is the world's largest consumer of gold in jewellery as investment.

Akshaya Tritiya which is widely celebrated in all parts of India by various communities of the society irrespective of their religious faith and social grouping, literally means one that never diminishes, and the day is believed to bring good luck and success. Thus this article brings out the picture of changes in gold price during Akshaya Tritiya and its impact in gold consumption

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## INTRODUCTION

The word 'Akshaya Tritiya' nowadays quite famous, by advertisement media is particularly considered auspicious day for buying long term assets like gold and silver, including ornaments made of the same; diamond and other precious stones, and also considered to deal with the real estates. People believe that the day is so auspicious, that any venture initiated on the day of Akshaya Tritiya shall continue to grow and bring prosperity. Hence, it is normal to see many of the new ventures, like starting a business, pillar work for construction etc on the Akshaya Tritiya Day.

### MODERN WAY OF AKSHAYA TRITIYA

Nowadays, Akshaya Tritiya is associated with gold purchase, and became a 'gold buying festival', and many people wait for the day to make investments in gold. There are lots of vigorous campaign conducted by banks, jewellery shops and financial institutions, thus Akshaya Tritiya has gained prominence. Although modern retailers are exploiting the materialistic urge in people, there is today a very high awareness regarding Akshaya Tritiya. The World Gold Council (WGC) expects demand to rise for the festival season, with medallions, bars and the exchange traded funds, expected to be the top pick for the upcoming festival. Being a time-tested investment asset class, gold has helped investors preserve and increase the value of their wealth.

### OBJECTIVES OF THE STUDY:

- To channelize the performance of gold price during Akshaya tritiya.
- To find whether the Akshaya tritiya gives a positive impact or negative impact on Gold price.
- To find the strength and weakness of Gold price during Akshaya tritiya.

This study is empirical in nature. The prices are taken from GOLD-RATE terminal and from news papers. Theoretical references are collected from the books, journals and websites. The period of the study is limited to Three years.

### Inference:

During 2013, before Akshaya tritiya the value of gold seems to be both positive and negative traces with maximum decrease of Rs 100. Even though increase amount like 110,100, 70, shows healthy path, the decrease amount like -100,-30 clearly shows the indication of Akshaya tritiya is upcoming with poor movement of price in the gold with lower trend. After Akshaya tritiya the price movement of gold further has fluctuation towards increase and decrease

**Inference:**

During 2013, before Akshaya tritiya the value of gold seems to be in negative path with maximum decrease of Rs 250. Since the turn down amount like -250,-170,-120, clearly shows the indication of Akshaya tritiya is upcoming with poor movement of price in the gold with lower trend. It also shows a positive trend which has limited effect in the price variation in the market. After Akshaya tritiya the price movement of gold further declines

**CONCLUSION:**

The last 10 years data suggests that gold prices have appreciated from 5800 in 2004 to 28600 in 2014. This translates to total or absolute return of around 400%.

Akshaya Tritiya is traditionally believed to be an auspicious day and buying gold this day helps in growing wealth. This tradition was introduced long back so that such investments would help us save for the rainy day. Hence, this investment can actually act like an emergency fund. Investment in gold has produced 20% CAGR for the past 20 years. However, it may not be a great idea speculating in gold with the belief that gold prices will only move upwards, if investors who want to invest in gold during Akshaya Tritiya, here are various investment options available:

1. Gold Jewellery
  2. Gold bar / coins
  3. E-gold (National Spot Exchange Limited)
  4. Exchange traded fund (Gold ETF)
  5. Gold funds
- Purchasing physical gold from showrooms involve higher charges such as VAT whereas buying e-gold involves lesser charges.
  - In case you consider storing physical gold in a bank, you might be charges Rs. 1000 – 2000 in the form of locker charges. Moreover, few banks might force you to buy insurance policies when you approach them for lockers.
  - There is always the question of purity when it comes to purchasing physical gold. When you buy gold in paper format, you need to worry about this.
  - Liquidity is never a concern with e-gold.
  - Gold ETFs can be bought regularly to eliminate the risk of timing the markets and average the cost. SIPs are also available for some gold funds.

Thus Gold is as volatile as stocks and mutual funds. There is no guarantee that it will keep rising. There might be global or domestic issues that could dent the performance of gold. However, if you invest in it regularly and for long, it should remain a safe haven in your portfolio.

**REFERENCE:**

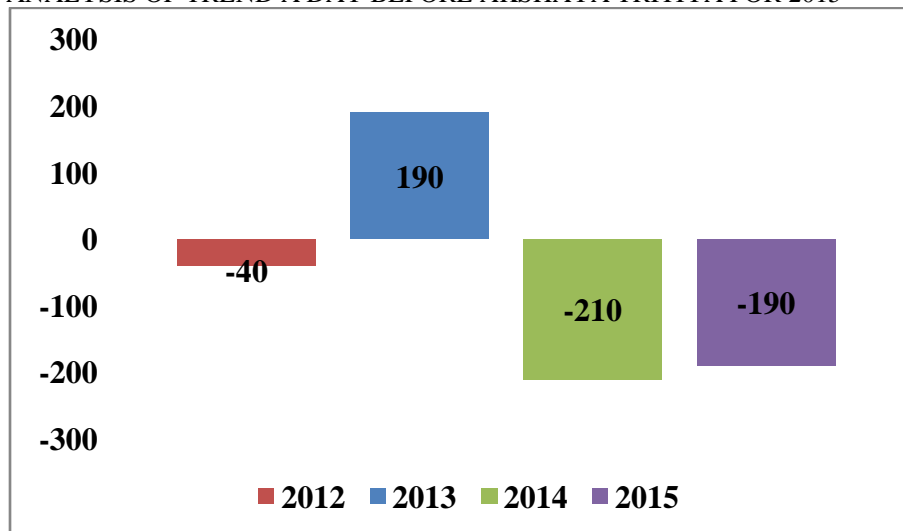
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➤ **PRICE DETAILS OF 2014 AKSHAYA TRITIYA (01-05-2014)**

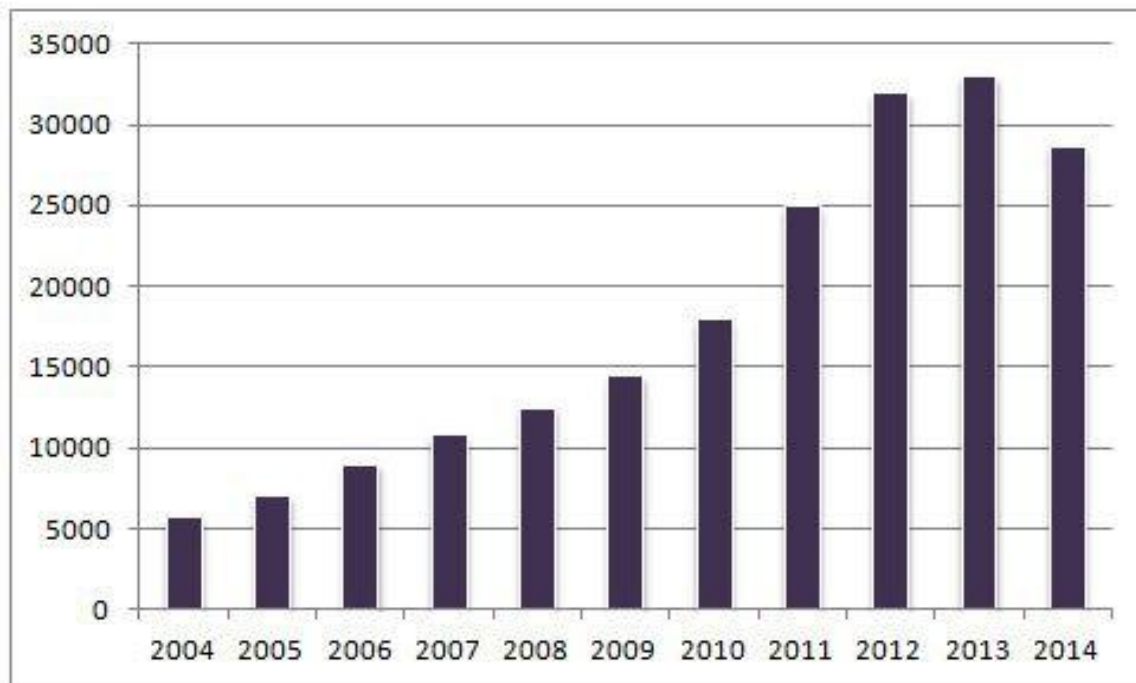
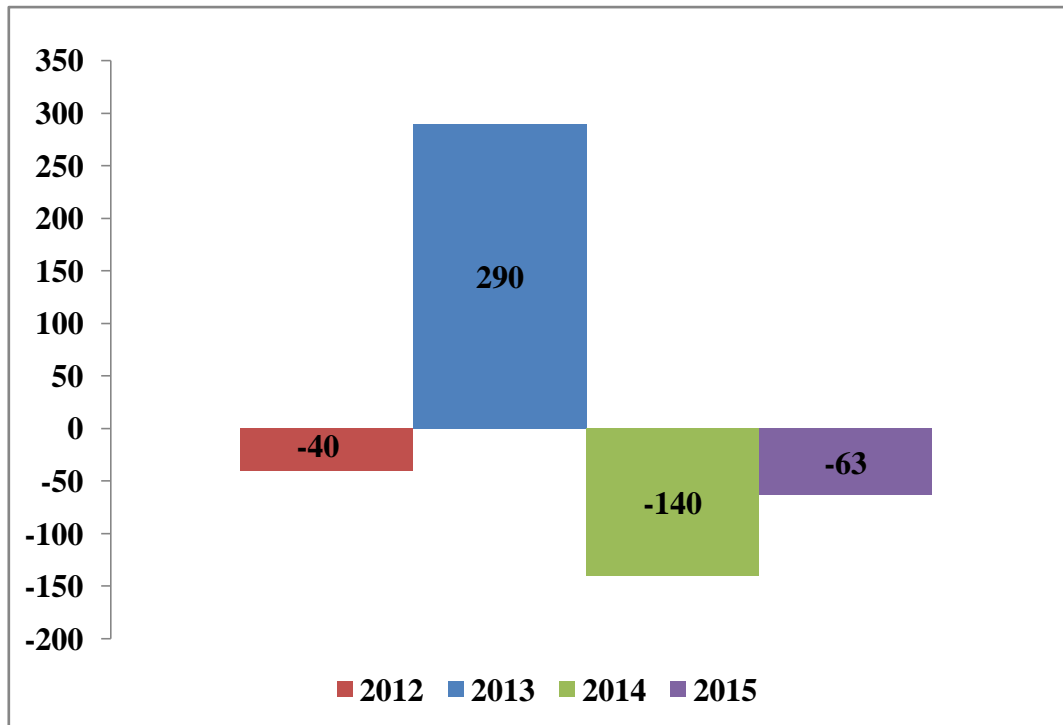
<b>AFTER 10 DAYS OF AKSHAYA TRITIYA</b>				<b>BEFORE 10 DAYS OF AKSHAYA TRITIYA</b>			
<b>Date</b>	<b>Price Per 10gm (₹)</b>	<b>Day Variation (₹)</b>	<b>Variation with respect to Akshaya tritiya (₹ 28,140.00)</b>	<b>Date</b>	<b>Price Per 10gm (₹)</b>	<b>Day Variation (₹)</b>	<b>Variation with respect to Akshaya tritiya (₹ 28,140.00)</b>
11-05-14	28,010.00	0.00	-130.00	30-04-14	28,100.00	0.00	-40.00
10-05-14	28,010.00	-20.00	-130.00	29-04-14	28,100.00	-100.00	-40.00
09-05-14	28,030.00	30.00	-110.00	28-04-14	28,200.00	-30.00	60.00
08-05-14	28,000.00	-230.00	-140.00	27-04-14	28,230.00	0.00	90.00
07-05-14	28,230.00	20.00	90.00	26-04-14	28,230.00	70.00	90.00
06-05-14	28,210.00	-20.00	70.00	25-04-14	28,160.00	10.00	20.00
05-05-14	28,230.00	40.00	90.00	24-04-14	28,150.00	-40.00	10.00
04-05-14	28,190.00	0.00	50.00	23-04-14	28,190.00	100.00	50.00
03-05-14	28,190.00	190.00	50.00	22-04-14	28,090.00	110.00	-50.00
02-05-14	28,000.00	-	-140.00	21-04-14	27,980.00	-	-160.00

AFTER 10 DAYS OF AKSHAYA TRITIYA				BEFORE 10 DAYS OF AKSHAYA TRITIYA			
Date	Price Per 10gm (₹)	Day Variation (₹)	Variation with respect to Akshaya tritiya (₹ 25,400.00)	Date	Price Per 10gm (₹)	Day Variation (₹)	Variation with respect to Akshaya tritiya (₹ 25,400.00)
23-05-13	25,040.00	200.00	-360.00	12-05-13	25,590.00	0.00	190.00
22-05-13	24,840.00	-10.00	-560.00	11-05-13	25,590.00	30.00	190.00
21-05-13	24,850.00	390.00	-550.00	10-05-13	25,560.00	-170.00	160.00
20-05-13	24,460.00	-310.00	-940.00	09-05-13	25,730.00	280.00	330.00
19-05-13	24,770.00	0.00	-630.00	08-05-13	25,450.00	-250.00	50.00
18-05-13	24,770.00	-110.00	-630.00	07-05-13	25,700.00	-80.00	300.00
17-05-13	24,880.00	30.00	-520.00	06-05-13	25,780.00	-30.00	380.00
16-05-13	24,850.00	-480.00	-550.00	05-05-13	25,810.00	0.00	410.00
15-05-13	25,330.00	-360.00	-70.00	04-05-13	25,810.00	-120.00	410.00
14-05-13	25,690.00	-	290.00	03-05-13	25,930.00	-	530.00

**TREND ANALYSIS ON PRICE MOVEMENT OF GOLD TOWARDS AKSHAYA TRITIYA FOR 2015**  
**ANALYSIS OF TREND A DAY BEFORE AKSHAYA TRITIYA FOR 2015**



ANALYSIS OF TREND A DAY AFTER AKSHAYA TRITIYA FOR 2015



AFTER 10 DAYS OF AKSHAYA TRITIYA				BEFORE 10 DAYS OF AKSHAYA TRITIYA			
Date	Price Per 10gm (₹)	Day Variation (₹)	Variation with respect to Akshaya tritiya (₹27,170.00)	Date	Price Per 10gm (₹)	Day Variation (₹)	Variation with respect to Akshaya tritiya (₹27,170.00)
04-05-12	27,650.00	60.00	480.00	23-04-12	26,960.00	70.00	-210.00
03-05-12	27,590.00	90.00	420.00	22-04-12	26,890.00	0.00	-280.00
02-05-12	27,500.00	0.00	330.00	21-04-12	26,890.00	-10.00	-280.00
01-05-12	27,500.00	0.00	330.00	20-04-12	26,900.00	190.00	-270.00
30-04-12	27,500.00	100.00	330.00	19-04-12	26,710.00	-10.00	-460.00
29-04-12	27,400.00	0.00	230.00	18-04-12	26,720.00	-40.00	-450.00
28-04-12	27,400.00	30.00	230.00	17-04-12	26,760.00	30.00	-410.00
27-04-12	27,370.00	70.00	200.00	16-04-12	26,730.00	-70.00	-440.00
26-04-12	27,300.00	170.00	130.00	15-04-12	26,800.00	0.00	-370.00
25-04-12	27,130.00	-	-40.00	14-04-12	26,800.00	-	-370.00