



# A Study And Creating Awareness On Investment In Digital Gold

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## Abstract:-

The term "digital gold" refers to a virtual way of investing in the golden metal. An option to purchase actual gold is to do so digitally. Digital gold is a new-age way of buying the yellow metal without the need for physical gold. One can purchase gold online, and an equivalent amount of that is kept as physical gold in an insured vault. The minimum amount one can buy is as low as one rupee.

This study focuses on securing gold without any physical form. The study shows how current technologies can be applied to invest in E-Gold and to raise awareness of human error and E-Gold among the public. The study illustrates how various classes of people are encouraged to save and spend their small savings. As people are hesitant to visit jewellery stores and gold dealers, being able to procure gold online has become a perfect solution for many investors. Primarily, there are three main companies that are offering digital gold in India: Augmont Gold Ltd., MMTC-PAMP India, and Digital Gold India Pvt. Ltd. The way gold is purchased and sold today has been transformed by digital gold. The study goes on to discuss the role of digital gold in people's lives and to study the recent boom in digital gold. The study information is gathered from secondary data. The study goes on to discuss more information on digital gold, which outlines the characteristics, benefits, and drawbacks of digital gold.

*Keywords: digital gold, securing gold, gold investment, trading, recent boom.*

## Introduction:

Buying physical gold certainly has its downsides. There are issues of identifying its legitimacy and purity, and then there are problems of safekeeping and storage. Digital gold, on the other hand, can be bought online and is stored in insured vaults by the seller on behalf of the customer. It also helps us overcome all the aforementioned issues with physical gold purchases. Every other day, a new thing is made available at your fingertips thanks to technological advancements. All you require is Internet/mobile banking, and you can invest in gold digitally anytime, anywhere. Applications such as Paytm and PhonePe are providing a platform for investing in digital gold.

Previously, purchasing gold was limited to festivals and other special events, but, with digital gold, one can purchase gold at any time and from any location.

Today, Gold is no longer used as currency, but it can still be used as money. In fact, gold has been a store of value for over 3,000 years.

Due to the global pandemic, people are hesitant to visit jewellery stores and gold dealers, preferring instead to procure gold online. Several mobile apps and e-wallets, such as Paytm, Google Pay, and PhonePe, allow you to invest in digital gold, as do brokers such as HDFC Securities.

Digital gold can be purchased online for as little as Rs. 10. Gold as an investment asset that provides good returns over time includes having your gold delivered to your location whenever you want. You can also liquidate your digital gold and sell it at real-time market prices whenever you want, reducing human error compared to physical gold. It reduces larger investments like infrastructure, employees, management costs, maintenance risk, and so on. It will take just a few taps to invest in or buy gold digitally. Hence, digital gold is an easy process for buying or investing in gold.

### Objectives:

- ❖ To study the application of current technology in Digital Gold
- ❖ To encourage all levels of people to invest in digital gold.
- ❖ To raise awareness of errors in physical gold.
- ❖ To avoid subsequent expenses
- ❖ To analyze the recent surge in digital gold

### Review of Literature:

**Dr. P. Menakadevi, Dr. P. Prabha, Dr. M. Latha Natarajan (2021)** States that gold is an attractive investment as it has its own benefits, that there are various factors pushing investors to purchase gold instruments, but information of the features, characteristics, and benefits is lacking. And most of the investors are not aware of any of the schemes because they mostly prefer gold jewellery, invest in gold ETF and sovereign Gold Bond which gives more profit. Had has also described in detail about the different ways of gold investment.

**Zaimy Johana Johan (2020)** shares the customer preferences in gold investment (Gold-i) during the effect of Covid-19 pandemic on the economy. He has also shown the gold price chart when movement control order (MCO) started. The chart shows the supply and demand which also shows the customers investment preference. The author has used sampling techniques for the research.

**Dr. K. Mohan, Sugandhi Subramanian (2012)** the authors briefs about the electronic gold and how it benefits the investors. This paper can be relatable to my study. Here the authors start with why invest in gold and demand in investing in gold/ jewellery. The Study extends in providing the comparison of investing in various parameters such as e-series, ETFs, Goldbars/ coins and jewellery.

### Characteristics:

#### 1. Universality and Flexibility:

With digital gold, you could buy and sell gold online anytime and anywhere as per your comfort and convenience; thus, you will save both time and effort by traveling less.

## 2. **Non-reversibility:**

Online gold currency transactions are final and cannot be reversed, like in the case of credit and debit card transactions. These characteristics allow digital gold currency platforms to run smoothly without spending a large budget on dispute resolutions.

## 3. **Exchangeability and Immediacy:**

Gold purchased online could be easily exchanged for digital currency. With the technology that supports digital currencies, transactions and exchanges occur immediately with smartcontracts.

## 4. **Investment:**

Digital gold investments could be utilized for various investments; hence, they are a safe investment option. At any given time in the future, there would be no proportionate risk. As far as the security of the actual gold is concerned.

## 5. **Asset protection and High Liquidity:**

Digital gold currencies hold 100% of ownership in gold units, which can be redeemed with digital certificates. Furthermore, you could easily sell digital gold online, converting it into cash instantly. After you sell the desired amount of gold successfully, the amount will be transferred to your registered bank account in just a few hours.

## **Effective features of E-Gold**

1. Gold balances held in dematerialized form as against safe keeping them in bank lockers or at home.
2. Investing in e-gold gives the comfort of easy liquidity, safety and low cost.
3. Pledging is a very simple and transparent process. This could potentially create a new market for Gold financing.
4. Transparent pricing and seamless entry and exit to investors during trading hours.
5. No purity issue and storage risk.
6. No storage charges to investors for buying e-gold.
7. Standard buying and selling prices across the country.
8. Systematic investment is possible for retail investor.

## **How do I buy digital gold?**

You start by going to one of the websites that let you invest in digital gold, including Paytm, HDFC Securities, G-Pay, etc.

### 1. **Enter an amount in INR or grams:**

You can purchase gold at a set price or by the gram at the current market rate. Gold can be purchased for as little as ₹ 1. An automatic calculation of the grams is generated when you type in the rupees.

### 2. **Choose your payment method:**

Several payment options, including an account, card, etc., will be available to you once the KYC procedure is finished.

**3. Store your gold in a secured locker:**

Your account is instantly updated and accessible around the clock. Every time, you can frequently verify the value of a gram.

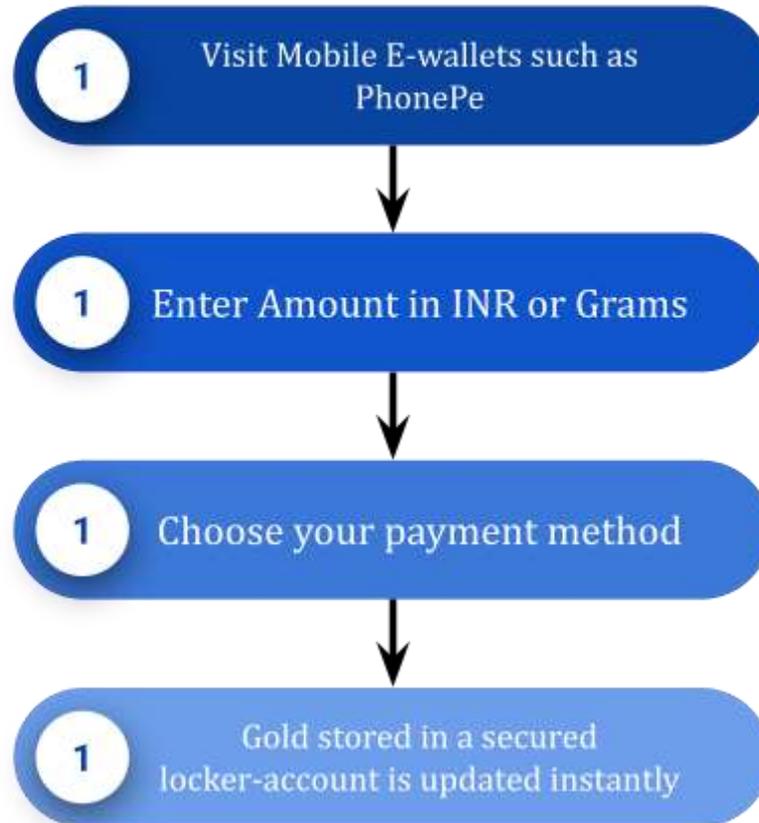
**4. You can sell it whenever you want:**

At any time, you have the option to sell your gold directly to the platform via digital means. Anyone can now sell the gold they purchased and stored digitally at any moment and from any location.

**5. Take physical delivery of the gold:**

If you decide not to sell your gold, you can have it delivered to your door in the form of coins or bullion.

# Digital Gold Buying Process



## Is it safe to invest in digital gold?

Yes, digital gold is easy to store and is more secure because you do not have to keep the physical gold with yourself. You can also sell the gold online on the same platform where you store it.

## Benefits of Digital Gold:

- The gold can be physically delivered to your door.
- You can invest an amount as low as ₹ 1.
- Digital Gold can be used as collateral for online loans.
- Digital Gold is genuine and the purity is 24K 99.5%.
- Your purchase is stored safely and is also 100% insured.
- You can exchange digital gold for physical jewellery or gold coins and bullion.

## **Disadvantages of Digital Gold:**

- Limit of ₹ 2 lakhs for investment on most platforms.
- Lack of an official government-run regulating body such as the RBI or SEBI.
- Delivery and making charges are further applied to the price of gold.
- To exhibit wealth, which is unattainable.

## **Platforms that allocated for Digital Gold**

- Phonepe
- Google pay
- Paytm
- Groww
- Jar app
- Airtel payment Banks
- HDFC securities

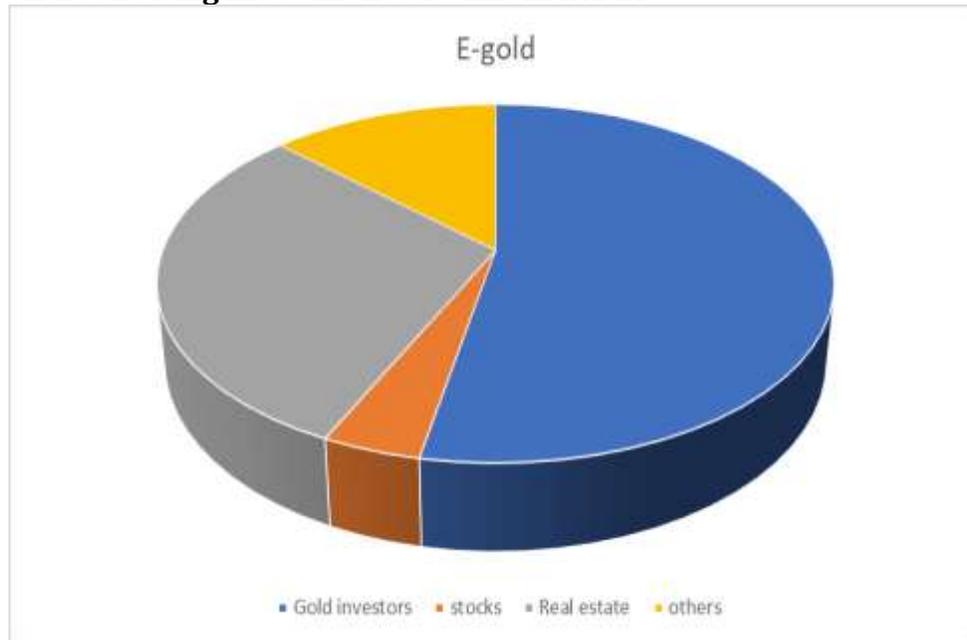
## **Trading:**

Once your account is opened, you can log in and buy e-gold. You can trade from 10 a.m. to 11:30 p.m. on weekdays. Your DEMAT account would be credited with your gold units in T+2 days (date plus one day).

## **Physical Delivery:**

When you redeem e-gold units into your Demat account, you will be able to accept physical delivery of gold whenever you want.

### Chart showing Investment streams in INDIA



### What attracts investors toward digital gold?

- When investing in digital gold, unlike the old traditional technique of purchasing physical gold, the purity of the gold is no longer an issue.
- Because it is kept in a Demat account and cannot be traded by anybody other than the investor, the security is top-notch and theft-free.
- Investing in digital gold incurs no transaction fees.
- The gold can be physically delivered to your door.

### Research Methodology:

The study is empirical in nature. The study makes use of secondary data completely.

Data is collected and examined for different groups of people. Secondary data is gathered from various websites, articles, and other sources.

### Conclusion and Suggestion:

There is little doubt that gold as an investment class should make up a small part of our portfolios. But there are better options to invest in gold, such as sovereign gold bonds and gold ETFs, than digital gold. The main reason is that gold should be included in a long-term portfolio. In that sense, it is better to go with gold bonds, as they pay an additional 2.5% interest. But since bonds are less liquid, for short-term hedges, investing in gold ETFs is a better option, as they fall under the regulatory body of SEBI. Once the investment limit of ₹ 2 lakh is reached and a regulatory body is established, digital gold will be an appealing investment option for those who prefer to invest in physical gold.

As technology continues to rule the world and the people, it is critical for all of us to adapt in order to use technology that will bring about significant changes in society. Digital gold is a technology that could have a significant impact on people in the future. We can start using and learning about digital gold now, which could be useful now or later. As a result, the study explains the most important benefits and features of digital gold, which may persuade people to invest in it. As a result, it is simple compared to other gold

investments, requiring no paperwork or a direct visit to any bank.

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