



Vacillation Curve on Gold ETF in India

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Abstract: There are so many investment options out there, but still ETF (Exchange Traded Funds) are mostly an unknown name to new investors.

Here, we have picked three top ranked Gold ETF from BSE (Bombay Stock Exchange) and we have shown their trends from their introduction moment in the market divided by three timelines

1. Before Demonetization in India
2. After Demonetization till the time of First Lockdown in India
3. From First Lockdown (Corona Virus 2019) till March,2022

We have picked three Gold ETFs from BSE, they are –

1. Nippon India Gold Bees ETF
2. Icici Gold ETF
3. Axis Gold ETF

INTRODUCTION

As a Master's pursuing student who recently got job and started getting steady monthly income in their hand, we wondered what should we do with our savings, what is the right option, can we do it by ourselves etc.

Like old tradition and very easy way of savings is FD (Fixed Deposit), but when we studied about it, looks like we are losing money with less interest rates and high inflation.

Then, we started looking for various investment instruments, like Real Estate (Commercial rental property, Land etc.) which needs a huge amount of money. Then Stock Market comes into picture, here we have different instruments inside the stock market like Mutual Fund, Bonds – Government, Corporate, Future & Options etc.

Now ETFs comes into picture as one of the investment instruments. An exchange traded fund is one type of tool in the investment market that relies on exchange traded product and sets their value on the underlying asset. They can be traded on daily basis on stock exchange. ETFs generally holds the values of index in stock exchanges, bonds, liquidity, commodities such as silver, gold etc. For hedging fund to secure one's investment portfolio or to diversify their portfolio, one can choose ETFs as a tool.

Types of ETF –

1. Equity ETF
2. Bond ETF
3. Commodity ETF
4. Sectoral/ Thematic ETF
5. International ETF

All have values based on their underlying Assets.

In the ETF, one investor usually invests in gold ETF, as the ETFs based on Indexes have more expense ratio than an Index Mutual Fund, and in ETF there is no cumulative compounding effect.

Here, we want to see the performing trends of the most rated Gold ETFs in India.

LITERATURE REVIEW

A literature review is an analysis of existing research which is relevant to a particular field or topic. If we want to know how the ETFs got introduced in the Indian market, here how - Benchmark Mutual Fund were one of the pioneers to introduce ETFs in Indian market. They first pitched the idea of Gold ETF in Indian market place with SEBI (Security and



Exchange Board of India) in May,2002. This ETF introduced in 2004 and shortly after that, in 2007, AMC introduced first Indian Gold ETF called GOLDBEES by Nippon India.

The demand for Gold ETFs increased extensively between the time period of 2008 and 2013. The global recession, market crashing with stock prices and credit crisis of 2008 made individuals look for safer investment markets and gold being a safe asset, a lot of investors invested into gold ETFs.

Over the period starting from the dawn of Gold ETFs and all other ETFs, the market under asset management as the share of ETFs in the overall market has been increased 119% since 2020. Over the time frame October 2019-2020, the share of ETFs in the mutual fund industry has also increased from 6% - 7%. Asset under management (AUM) for the share under ETFs has also grown by 14.45x from 2013 to 2019 period.

METHODOLOGY

We first determine the time periods to show case the trend of the Gold ETFs.

Concurrently, we extract data from relevant data sources.

Then, we validate the data using outliers.

If we find errors in validation of the data, we extract the data from reliable data sources again.

At last stage, we perform various visualization using python on Google Colab using Matplotlib library.

The Data source is BSE (Bombay Stock Exchange), Google Finance and the type of dataset is in CSV file. And to perform this data visualization, we have used MS Excel and Google Colab.

RESULTS

We have upward trends in all the three ETFs in all the three chosen time period despite surviving the demonetization creating sudden concerns, amid lockdown in an economic crisis has been stunningly well.

DISCUSSION

While starting to develop the project, we missed a simple fact, that is all the three Gold ETF would be in the same radar of pricing as their underlying asset is Gold, and the price wouldn't differ. But, as always with a big but, the price differences and performance differences will also lie on various factors like management of the fund, promoters of the fund etc. We surely can build models to predict pricing for each ETF fund while circumspection of their various liabilities. The future encounter with this project would be building this project or merging this with machine learning techniques. Where we can test and train the data to build a proper model to know about future growth.

Or making the dashboards powerful enough to handle more, powerful big data as to say. To create more visually stunning, custom dashboards with the opaque data for end user satisfaction. Where they can customize with the filters or they can sort, which hasn't been established in this project as of now. We can also track the timelines injected in the scope with milestones and clear deliverables.

CONCLUSION

After implementing the visualization on the three Gold ETFs for the chosen data periods we see utmost upward trend in all the three ETFs. The three Gold ETFs have almost same trend for them as their underlying asset is same. But there are more factors added to their values as their management, any news particular to the fund etc. There are few backdrops on the spikes and sudden falls on the prices that is unknown due to our data source availability.

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