



Customers Expectations Towards Sale of Gold Coin Service in India Postoffices

KEYWORDS

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ABSTRACT *It is quit nature that everyone has attraction in buying gold. In India, particularly in Tamil Nadu, purchasing of gold is one of the traditional culture of the people. Many of the companies providing the service of selling gold coins. But, the purpose of the study is to analyze the customer's expectations towards sale of gold coin service in India Post Offices. India post has more than 1,55,015 Post Offices out of which only 630 Post Offices has this facility across India. Customers expect to increase this services in to all branches of Post Office.*

INTRODUCTION

One of the most important precious metal in this world is gold which is used for making jewellery and other products. In general, people get think that keeping money with them does not gives stable increase in that value. But, gold is not like that. It provides gradual increase in that value. Both men and women purchase gold jewellery and coin to show their richness and social status. As this thought raises, the purchasing level of gold is increases. When there is more demand, then there is a need to satisfy the demand. So that many of the companies do their business in selling gold. India Post has started their services in Sale of Gold Coin through their postoffices. Due to modern scenario, there is a need to make alternate services which gives more benefit to their business.

OBJECTIVE OF THE STUDY

This paper is prepared to analyze the risk & problems faced by customer when buying gold and their expectations in sale of gold coin service in India Post offices.

SALE OF GOLD COINS

India Post Gold Coins – Best option for investment and gifts

India post has introduced gold coins with India Post Logo for sale to the customers across India. The gold coins are of the denominations of 0.5 gram, 1 gram, 5 grams and 8 grams of 24 carat with 99.99% purity. The gold coins are manufactured by Valcambi, Switzerland and have the benefits of internationally recognized certification, quality packaging, product standardization and assayer certificate. This facility is available in 630 Post Offices across India.

For small investors, Post Office is the attraction

Small investors are buying gold coins from post office for obvious reasons. The gold coin prices are low as compared to many other suppliers. This makes the services very competitive and economical. Post Office gold coins, with the low prices in the market, have been the preferred choice of the small investors. Further, it is available at 630 locations and Post Offices is focusing on the low-end denominations like 0.5 gram, 1 gram, 5 gram and 8 gram.

Special discount and special campaign

Considering the introduction of new coins with India Post Logo, they are organized a special compaign until June 30, 2010 and during this period, the gold coins are sold with special offer of 6% discount. And for the period of 01.10.2011 to 30.11.2011 they gave the following discount offers

Buying of Gold Coin	Discount Rate
Buy upto 5 gram	5%
6 gram to 20 gram	5.5%
21 gram to 50 gram	6%
51 gram to 200 gram	6.5%
Above 201 gram	7%

RISK & PROBLEMS FACED BY CUSTOMER WHEN BUYING GOLD

Of course, there are many other respectable businesses that we haven't had the chance to cover (yet). Diversity and competition are the best things that can happen in business and we therefore encourage you to look beyond the alternatives presented here. Nevertheless, when doing your own due diligence, pay increased attention to the following:

Overpriced purchase

Even with coins, you should strive to pay a minimum premium over the spot price. The typical price over spot should not be more than 5%-7%, i.e. \$50-\$80 per ounce. Hence, if the current spot price is \$1,200, you shouldn't pay more than \$1,300 per pure gold (99.9% gold) coin such as the 1 ounce Gold Eagle. Minimum shipping will likely be around \$20 and you can add up to \$2 for each ounce.

Collectible coins such as the Saint Gaudens often sell at multiples of their actual gold content. This doesn't mean they are overpriced. However, the only way to verify the prices with collectible coins is comparative shopping and paying attention to the year of issuance and other factors. Therefore, Gold in Mind recommends gold bullion coins. With gold bullion coins (the plain, pure gold, mass-produced coins such as Gold Eagle), you simply need to check the spot gold price, add about \$50, and you'll know what the correct price should be.

Counterfeit coins and bars

This risk is non-existent if you buy from the dealers recommended on Gold in Mind. However, purchases of Gold coins from eBay or private sellers can pose this risk. Make sure to thoroughly verify the credentials of the seller you intend to buy from. Gold bars should always come with a certificate.

Paper gold

Some companies offer and advertize "gold shares", "gold certificates", etc. These range from physical gold-storing ETFs (Electronically Traded Funds) and shares of gold mining companies to indexes that purely track the gold price. The

first two may be valid investments but require substantially more due diligence and investing experience.

Apart from understanding the gold market, you should educate yourself about the way the fund (ETF) or gold mine is managed, verify the credibility of the management, and know if the auditing of the underlying gold reserve is sound. Remember that paper promises are only as good as their issuer.

Some of the "gold certificates" out there may be pure scam, not entitling you to any ownership of the physical metal. Therefore, never buy gold from companies who fail to disclose their full address, telephone number, email address, the name of the CEO, and so on. If you don't understand the terms and conditions and can't verify the credentials of the individuals behind the business, step away from the purchase.

Purchases of gold from banks: gold deposit, gold deposit insurance, title

Many banks offer you the possibility to buy and deposit gold with them. When you deposit gold with a bank, you should be aware that this gold is typically kept on the bank's balance sheet. In case of the bank's bankruptcy, your gold is treated as a deposit and only insured to the amount of normal deposit insurance. In case of bankruptcy, all regular deposits are sold off to satisfy creditors and you may only get back a small portion of your gold's value. Therefore, it is advisable to take physical delivery of your gold even if buying from a bank. You can place it in your safe deposit box immediately. By taking physical delivery, the gold is taken off the bank's balance sheet and the title is transferred to you.

Outright scams: discount gold

Some websites advertise cheap gold, claiming they have exclusive access to a special reserve, mine, or offer a similar story. The advertised prices can be as low as one third of the

gold spot price. This is, of course, nonsense. Any gold dealer, big or small, in Mumbai, London or New York, will buy gold at or near the real-time spot price established by global gold exchanges such as the London Bullion Market or COMEX. There is no need for anybody to sell their gold to you at a significant discount. A few percent may be OK, anything over is very suspicious.

Glenn Beck, Superior Gold Group, Goldline scam allegations

According to Mother Jones (December 8, 2010), "Los Angeles County judge has ordered that Superior Gold, one of Glenn Beck's former (2009) advertisers, be placed into receivership and all of its assets—bank accounts, real estate, and presumably gold stored for customers—frozen. .. The lawsuit alleged that among other things, Superior had defrauded its customers by overcharging them, fraudulently inducing them to buy overpriced collectors' coins rather than the bullion that they wanted, and taking customers' money for coins they never produced." In an earlier article, Mother Jones presented indications that Glenn Beck's other gold advertiser, Goldline, may be using similar tactics, too. Peter Schiff, an investment professional we often quote, made his own investigations into Goldline and arrived at a similar conclusion: "There is no question in my mind .. that Goldline is in fact ripping off their customers .. they are charging much too much for the coins they are selling."

CONCLUSION

To satisfy the demand, many of the companies do their business in selling gold. India Post has started their services in Sale of Gold Coin through their postoffices. Due to modern scenario, there is a need to make alternate services which gives more benefit to their business. India post has more than 1,55,015 Post Offices out of which only 630 Post Offices has this facility across India. They get security in buying gold coins in post offices in India when compare the private companies services. Customers expect to increase this services in to all branches of Post Office.