

Gold from/for your bank

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How many of us really buy gold for investment? Is it really investment? When was the last time you sold gold when you wanted money

Gold can be purchased in two forms, as jewelry or as gold bars. In the first place buying gold in jewelry form does not make much sense because for every 100rs of gold you want to buy you end up paying at least 30% more under the pretext of making charges this does not include the fact that most of the gold sold by jewelers in India is impure.

Gold jewelry cannot really be considered an investment in India; the buyers of old gold jewelry are generally the moneylenders who do not really give you the rightful price for the gold you own. More often then not you may have a better return just putting the money in a fixed deposit.

Indians have a mentality where you could sell your house if you do not have money but you will not sell your gold jewelry, which you rarely if ever used.

From an investment point of view gold bars is a good form of investment. Gold bars are standardized whose purity is marked by hallmark. There are no making charges and you more or less know how much you are going to get when you sell the gold bars.

Recently however banks have started aggressively promoting gold bars what do banks get out of this? They make a huge pitch about certified gold but is it really worth it ? call up the bank and ask them for the price of gold then call up a branded gold retailer and find out the cost. Banks are 5 to 8% more expensive, then ask the banks if they will buy back the gold and at what prices? Most banks don't even buy back the gold they sell and even if they buy it back they buy it at the current market rate that is 5 to 8% less then the gold rates the banks are selling it at. But most branded retailers of jewelry don't deduct any amount for gold bars, which they sell.

Cant these Ads then be classified as misleading or misleading? Is it gold from your bank or gold for your bank?