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INVESTOR'S AWARENESS ABOUT COMMODITY MARKET
WITH SPECIAL REFERENCE TO SALEM CITY

Mr. C. Boobalan[1] and Dr. K. Selvavinayagam[2]
[1]Research Scholar – Periyar University and Assistant Professor,
Sri Vidya Mandir Arts & Science College   Uthangarai – Tamilnadu.
[2]Research Supervisor and Principal, Periyar University Constituent College,
Pennagaram – Tamilnadu.

ABSTRACT

In the present scenario investor's awareness about commodity market has been on the rise. The Stock broking service is in a position to know whether the investors are aware of the commodity market or not. To get the suggestion from the investor's for the further development in providing awareness programme for the growth of the organization and SEBI. The objectives are to study of awareness, preference, demographic profile, investment objective and satisfaction level. Descriptive research design is used in this study. The self administrated questionnaire was used to collect data from the respondents. Using a random sampling approach, a total of 200 customers were interviewed at various stock broking. Tools used for analysis are percentage analysis and chi square for analyzing primary data. Hence, it is conducted that arrangement of commodity market workshop, experts' advice, create awareness about college student, mock trading, trading tips and more advertisement to investors will help to improve investors' awareness level.

KEYWORDS: Commodity market, Investor's awareness, Stock Broking, Respondents.

INTRODUCTION :

Investment is not only physical form of investment and it has so many other areas, namely, financial investment. The awareness is the key for taking systematic and calculated risks to make the use of the returns available. In order to be the better investor, one should have the sound knowledge about the investment opportunities, return and risk possibilities and the ways to avert the risk. The financial economics considers the theories related to the investment possibilities and the investor behaviour.

A commodity market is a physical or virtual market place for buying, selling and trading raw or primary products, and there are currently about 50 major commodity markets worldwide that facilitate investment trade in approximately 100 primary commodities. Commodities are split into two types: hard and soft commodities. Hard commodities are typically natural resources that must be mined or extracted (such as gold, rubber and oil), whereas soft commodity are agricultural products or livestock (such as corn, wheat, coffee, sugar, soybeans and pork).

Multi Commodity Exchange of India Ltd (MCX) is an independent commodity exchange based in India. It was established in 2003 and based at Mumbai. It is the India's largest commodity derivatives exchange where the clearance and settlements of the exchange happens and the turnover of the exchange for quarter ended December 2017 was 12.82 trillion rupees. MCX offers as options trading in gold and

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futures trading in non-ferrous metals, bullion, energy, and a number of agricultural commodities (Mentha oil, cardamom, crude palm oil, cotton and others).

Commodity market has shown terrific growth in the last decade and also has a long record in our country. The study was conducted to find out the investors awareness in commodity market with reference to Broking firm, Salem city. This study also deals with the investor's preference from commodity market.

STATEMENT OF THE PROBLEM

The possibilities of investment and investors opinion based on their awareness vary from investors to investors. Salem area is newly developing for the commodity market. The investors profile is more or less the same in Salem and different from other major cities. The investor awareness is conditioned by demographic, technical and information factors. A detailed analysis will throw light on the area of investment.

OBJECTIVES

1. To determine the demographic profile of investor in commodity.
2. To identify the preference of investment in commodity market.
3. To evaluate the investors awareness towards commodity market in the current scenario.

Hypotheses for the study

Ho = There is no association between gender and awareness level.
Ho = There is no association between age and awareness level.
Ho = There is no association between education and awareness level.
Ho = There is no association between occupation and awareness level.

Need for the study

The investors are all around the world may feel that commodity market is better investing option. The Indian commodity market is also catching up of the investment attitude and providing the profitable investment awareness. This also enhances the social recognition and prestige of the investors. The investors' interest is renewed act like to invest in this sector for sustainable development.

Sample Design

Salem is one of the fastest growing districts of Tamil Nadu. The present study is a sample survey to select respondents from Salem city. The information related to the investors has been received from the broking office.

Sample size

The estimated sample size is 200. Random sampling technique has been used to elicit information from the people.

Scope of study

The study helps us to know about the investor's awareness towards commodity market.

Sources of data collection

The primary data are collected from the various broking services with reference to Salem city through a close ended, open ended and multiple choice questions. Secondary data were collected from websites.

Duration of collection of data

The data have been collected for this study during the period of January 2018 to June 2018.

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Available online at www.lbp.world

Limitation of the study

1. The study is limited to selected area of Salem city only.
2. There may be respondent bias.
3. The study is limited to 200 investors.

LITERATURE REVIEW

1. Narender L Ahuja (2006) made a stud on "Commodity Derivatives market in India: Development, Regulation and Future Prospective" and concluded that Indian commodity market has made enormous progress since 2003 with increased number of modern commodity exchanges, transparency and trading activity. The volume and value of commodity trade has shown unpredicted mark. This had happened due to the role played by market forces and the active encouragement of Government by changing the policy concerning commodity derivative. He suggested the support of barrier free trading in the future market and freedom of market forces to agree on the price.

2. Monga et al (2016) conducted a study to comprehend investment alternatives available, factors associated with it, positive and negative aspect of different forms of investment and thereby help to create general awareness among investors. Data was collected from conveniently selected 300 respondents through interviews using a self developed questionnaire. Findings revealed that investment in jewellery was the most preferred form of investment. However, gold coins, bullion bars and ETF are also gaining ground slowly. Respondents tend to look for options which assure them greater returns and are free from unnecessary push and bustle.

3. Periyasamy, S (2016) examined the impact of Investor Awareness Program and its impact on prospective investors in India. The study is analytical in nature. The data required for the study is primary in nature. Primary data was collected through a well-structured questionnaire by adopting random sampling method. This study examines the change in attitude of the participants of the program towards investment in stock markets.

4. M. Venkateswari and Dr.R. Karthikeyan (2017) observed that the Commodity Future is an avenue to invest directly in commodity market. The aim of the study is to evaluate Investor's trading frequency habits, goals of investors, literacy and awareness level and emotional risk tolerance. A sample of 100 respondents is taken for this study. The study concludes that most of the investors are involved in short term trading. It indicates that the investor is ready to take high risk in trading.

6. Mr.WilliamRobert.P (2017), highlighted the need for Awareness Programme The awareness programme attended by the investor in commodity is very high. Majority of the investor is awareness to some extent. Large number of investor in commodity wants to earn high return in short term period. The investment avenues of individual investors depends mainly on annual income and risk taking capacity. The female investors in Chennai are not much aware of commodity market so proper awareness program should be conducted to improve the awareness level of among them.

Research Gap

Studies have been conducted on the awareness and attitude of investors about the stock market. People lack awareness about the commodity market in India. Studies are limited in exposing the behaviour of the investors in next layer towns. This research work will be focussing on this area of investment in Salem town.

RESULTS AND DISCUSSION

Table. 1 - Demography profile of the investor

Demography	Variables	Frequency	Percentage (%)
Gender	Male	158	79
	Female	42	21

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Age	Upto 30	52	26
	31-50	101	50.5
	Above 51	47	23.5
Education	School level	31	15.5
	Graduate	92	46
	Professional	46	23
	Others	31	15.5
Occupation	Business	66	33
	Profession	60	30
	Employed	45	22.5
	Agriculture / Others	29	14.5
Monthly income	Below Rs.20000	39	19.5
	Rs.20001 to Rs.40000	65	32.5
	Above Rs.40001	96	48
Monthly savings	Below 20%	72	36
	20% to 40%	109	54.5
	Above 41%	19	9.5

Source: Primary data

Table 1 vividly provides an insight into the demographic features of the investors located in Salem region. Most of the investors (79%) are male. It shows that still a long march has to be treaded to make the female members to enter into the commodity market. The respondents in the age group of 31 – 50 participate actively in the commodity market. This may be due to their income earning capacity and the interest to earn more for their future. The agriculturists do not contribute to the group of investors in the commodity market. Those with higher income tend to enter more in the commodity market which is evident from 48% of investors in the above Rs.40001 income group. The monthly savings of 128 respondents is on the better side with 9.5% of respondents saving above 41%.

Table. 2 - Investors participation as commodity market

Particulars	Frequency	Percentage (%)
Hedger	91	45.5
Speculator	83	41.5
Arbitrageur	26	13
Total	200	100

Sources: Primary data

From the table 2, it is clearly shown that 45.5 percent of the respondents participate as Hedger, 41.5 percent of the respondents participate as Speculator and 13 percent of the respondents participate in Arbitrageur. Hence, majority of the respondents in commodity market is hedger and speculator. The investors in Salem District are ready to calculated risks. Now 41.5 % of investors are risk takers this indicates that the commodity market in this area is developing.

Table. 3 - Awareness of the investors

Particulars	Frequency	Percentage (%)
Aware	44	22
Little bit aware	122	61
Not aware	34	17
Total	200	100

Source: Primary data

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From the table 3, show that it is highlighted that 22 percent of the respondents' awareness towards commodity market is aware, 61percent of the respondents are little bit aware and 17 percent of the respondents' are not aware. Hence, majority of the respondents in commodity market is little bit aware. The lack of full information is an important factor influencing the awareness levels of the investors. As of now the awareness level is not encouraging, steps may be taken to make the investor informed about their investment decision.

Table. 4 - Awareness programme attended

Particular	Frequency	Percentage (%)
Yes	132	66
No	68	34
Total	200	100

Source: Primary data

Table 4 implies that 66 percent of the respondents have attended the awareness programme and about 34 percent of the respondents have not attended the awareness programme. Hence, majority of the respondent have attended the awareness programme. In spite of participation their awareness level is low, if needs to be improved a lot.

Table. 5 - Source of investment Information

Particulars	Frequency	Percentage (%)
Friends / Peer investors	62	31
Brokerage	54	27
Online / Satellite channel	43	21.5
Financial advisors	22	11
Self	19	9.5
Total	200	100

Source: Primary data

The table 5 explain the percentage of source of investment information about the commodity market of the respondents. Among the 200 respondents, 31 percent of respondents are friends & Peer investors, 27 percent of respondents are Brokerage, 21.5 percent of respondents are online, 11 percent of respondents are financial advisors and 9.5 percent respondents are self. Majority of the respondents comes under friends & Peer investors. Peer pressure influences the investment decision of investors. Hence, prospective investment companies need to concentrate on group rather than the individual.

Table. 6 - Investors' preference of commodity exchange

Particular	Rank
MCX	1
NCDEX	2
NMCE	3

Source: Primary data

From the table 6 it shows the ranking method, it's observed that MCX 1st rank of investor's preference, NCDEX having the 2nd rank of investor's preference and NMCE having the 3rd rank of investor's preference.Majority of the respondents comes under MCX.

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Table. 7 - Investors' preference of commodity market

Types of commodity	Rank
Gold	1
Silver	3
Natural gas	6
Crude oil	2
Zinc	5
Copper	4
Agricultural product	7

Sources: Primary data

From the table reveals that ranking method, it is observed that Gold is 1st rank of investor's preference, Crude oil the 2nd rank of investor's preference, Silver the 3rd rank of investors preference, Copper having the 4th rank of investors preference, Zinc having the 5th rank of investor's preference, Natural gas the 6th rank of investors preference, and Agricultural product the 7th rank of investor's preference. The majority of the respondents very highly prefer to invest in the commodity like Gold, Crude oil and silver. These commodities offer more prospects of revenue generation.

Table. 8 - Experience in commodities trading

Particulars	Frequency	Percentage (%)
Less than one year	68	34
Two to five years	85	42.5
Six to eight years	35	17.5
Above eight years	12	6
Total	200	100

Source: Primary data

Table 8 shows that 34 percent of respondents participating commodity trading is less than one year, 42.5 percent of respondents two to five-year experience, 15.5 percent of respondents six to eight year to participating the market and 6 percent of respondents above eight years for participating in commodity trading. Hence, majority of respondents experience in last couple of years. The number of years of experience affects the right form a choice of investment.

Table. 9 - Frequency of trading

Frequency of trading	Frequency	Percentage (%)
Daily	63	31.5
Weekly	66	33
Monthly	21	10.5
Quarterly	23	11.5
Occupationally	27	13.5
Total	200	100

Source: Primary data

Table 9 point out that 3. 15 % of investors trading in Daily, 33 percentage of investors weekly basis, 10. 5 percentage of investors trading in monthly 11. 5 percentage of investors trading in quarterly and 13. 5 percentages of investors trade occasionally. The majority of investors prefer investment daily and weekly.

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Table. 10 - Investment objectives

S. No	Investments objectives	SD	D	N	A	SA
1	Capital appreciation	4	13	43	24	16
2	Liquidity	-	8	19	53	20
3	Safety	11	16	36	25	12
4	Maximum Return	7	10	40	27	16
5	Tax benefit	16	36	25	17	6

Source: Primary data

Table 10 contrary to today belief that investors' proper safety, many (20%) like to avail liquidity, capital appreciation and maximum return is also an important factor that affecting the investors decision

Table. 11 - Percentage of profits

Percentage of profits	Frequency	Percentage (%)
5 to 10	11	5.5
11 to 20	52	26
21 to 30	98	49
Above 30	39	19.5
Total	200	100

Source: Primary data

From the table 11, it is clearly understood that 5.5 percent of respondents expected the profit 5 percent to 10 percent, 26 percent of respondents expected the profit 11 percent to 20 percent, 49 percent of respondents expected the profit 21 percent to 30 percent and 19.5 percent of respondents expected the profit above 30 percent. Investors are expecting the more profit in short term period.

Table. 12 - Risk taking ability of investors

Nature of risk	Frequency	Percentage (%)
Low risk	65	32.5
Moderate risk	112	56
High risk	23	11.5
Total	200	100

Source: Primary data

From the table 12, it can be inferred that 32.5 percent of the investors were low risk takers. 56 percent of the investors were moderate risk takers and 11.5 percent of the investors were high risk takers. Majority of the investors moderate risk takers because they want to play a safe in the market. This clearly indicates that the risk taking ability of the investors are not up to the mark as in the case of advanced countries.

Table. 13 - Satisfaction towards commodity market

Investors Satisfaction	Frequency	Percentage (%)
Highly dissatisfied	18	9
Dissatisfied	40	20
Neutral	62	31
Satisfied	55	27.5
Highly Satisfied	25	12.5
Total	200	100

Source: Primary data

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The table 13 shows that the percentage of satisfaction level of commodity market respondents. 9 percent of respondents Strongly Disagree, 20 percent of respondents Disagree, 31 percent of respondents neutral, 27.5 percent of respondents satisfied and remaining 12.5 percent of respondents highly satisfied.

Table. 14 - Opinion about future Market

Particulars	Frequency	Percentage (%)
Bullish	85	42.5
Bearish	61	30.5
No idea	54	27
Total	200	100

Source: Primary data

From the table 14 show that 42.5 percent of respondent's opinion about commodity market is bullish. 30.5 percent of respondent's opinion about commodity market is bearish, 27 percent of respondent's expressed no idea. Hence, majority of the respondents given the opinion about future commodity market are sideway and bullish. This optimistic trend indicates that the economy has been on the right track.

Hypothesis Testing
Hypothesis - 1
H_0: **There is no association between Gender and the awareness level of investor's.**

Gender * Awareness level Cross tabulation

		Awareness level			
		Aware	Little Bit Aware	Not Aware	Total
Gender	Male	38	97	23	158
	Female	6	25	11	42
Total		44	122	34	200

Chi-Square Tests

	Value	df	P - Value
Pearson Chi-Square	4.099	2	.129

RESULT:-

Since the Calculated value is greater than the table value the null hypothesis is rejected. Hence there is association between gender and awareness level of investors.

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Hypothesis - 2

H_0: **There is no association between age and the awareness level of investor's.**

Age * Awareness level Cross tabulation

		Awareness level			
		Aware	Little Bit Aware	Not Aware	Total
Age	Upto 30	12	27	13	52
	31 – 50	22	65	14	101
	Above 51	10	30	7	47
Total		44	122	34	200

Chi-Square Tests

	Value	Df	P – Value
Pearson Chi-Square	3.657	4	.454

RESULT:-

Since the Calculated value is less than the table value the null hypothesis is accepted. Hence it is inferred that there is association between age and awareness level of investors. The age increases at the same time awareness level also increases.

Hypothesis - 3

H_0: **There is no association between education and the awareness level of investor's.**

Education * Awareness level Cross tabulation

		Awareness level			
		Aware	Little Bit Aware	Not Aware	Total
Education	School	10	15	6	31
	Graduate	17	65	10	92
	Profession	9	26	11	46
	Others	8	16	7	31
Total		44	122	34	200

Chi-Square Tests

	Value	Df	P – Value
Pearson Chi-Square	9.138	6	.166

RESULT:-

Since the Calculated value is less than the table value the null hypothesis is accepted. Hence there is association between education and awareness level of investors.

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Hypothesis - 4

H_0: **There is no association between occupation and the awareness level of investor's.**

Occupation * Awareness level Cross tabulation

		Awareness level			
		Aware	Little Bit Aware	Not Aware	Total
Occupation	Business	16	41	9	66
	Profession	13	38	9	60
	Employee	9	24	12	45
	Agri and others	6	19	4	29
Total		44	122	34	200

Chi-Square Tests

	Value	df	P – Value
Pearson Chi-Square	4.085[a]	6	.665

RESULT

Since the Calculate value is less than the table value the null hypothesis is accepted. Hence there is association between occupation and awareness level of investors.

FINDINGS

1. Most of the investors are male.
2. Majority of the investor's are in age group of 31 to 50.
3. Most of the investor's education in graduate.
4. Majority of the investor's occupation in business.
5. Most of the investor's monthly saving are between 20 percent to 40 percent.
6. Majority of the investor's have little bit aware about the investment avenues and market.
7. Most of the investor's attended awareness programme.
8. Most of the investor's are interested to trade with the commodity gold wish is market leader in Salem.
9. Majority of the investors' liquidity, expect maximum return and also capital appreciation.
10. Majority of the respondents expect market will move sideways and bullish.

RECOMMENDATIONS

1. To keep away from false recommendation and rumours.
2. Commodity market is more volatile and the less awareness and lack of awareness affect the right decision.
3. To date news and event towards commodity market may be made available to the investors at nominal cost.
4. Stock brokers must give special attention to senior citizens and female investors for increasing their participation in commodity market.
5. To create awareness the Government, stock exchange and brokers conduct awareness programme regarding commodity market in urban and semi urban areas.
6. The branch manager and market personal should be provided with knowledge about the entire commodity product.

Scope of further study

The Indian commodity market volumes are surging with every passing year. The turnover on the Indian commodity bourses has increased 120 times after electronic trading was introduced. The MCX has

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developed different contracts denominations to accommodate the needs of varied market awareness, ranging from all types of traders such as Hedgers, Speculators and Arbitrageurs. There is scope for analyzing the investor behaviour related to commodity market at different times (i.e., during different phases of business cycle, recession and recovery).

CONCLUSIONS

Awareness about the various uses of commodity can help investors to take calculated risk and increase the return. All the investors want to earn high return in short period. Senior citizens and female investors do not have much awareness towards commodity market. Proper awareness programme has to be conducted to improve the awareness level among the investors. SEBI must provide proper rubrics to the all the investors. In addition that understanding the demographics with help of the chi square tests it was found that there is no association between genders with awareness level and there is association between age, education and occupation with awareness level. Generally awareness level is low in Salem city. Hence, it is conducted that arrangement of commodity market workshop, experts' advice, create awareness about college student, mock trading, trading tips and more advertisement to investors will help to improve investors' awareness level.

Effective awareness has to be created among educational institutes, colleges, industrial, business houses, retired person, agricultural and home maker. Hence it is the need of the hour to create proper awareness programmes among the masses to have online demo, expert advice, workshop, mobile apps, and stock market news paper.

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