

The Influence of Investors Behavior towards Business Growth of Commodity Trading In Coimbatore City

D.DIVYA,

Research Scholar, Dept of Management, GRD Institute of Management, Coimbatore

DR.S.KAVITHA,

Associate professor, Dept of Management, GRD Institute of Management Coimbatore

Introduction

One of the fascinating developments in money market over the last fifteen to twenty years has been the growing quality of derivatives. In several things, each hedgers associated speculators realize it a lot of enticing to trade a spinoff on a quality, goods than to trade quality and goods itself. The gradual evolution of goods markets in Asian country has been of nice significance for each the country's general economic prosperity and also the money sector especially. Some goods derivatives area unit listed on exchanges. Precious Metals area unit at the highest of preference for mode of investment among all the classes of commodities like base metals, agriculture merchandise and energy merchandise in goods market.

Commodity is any physical substance like food grains, metals, that is entomb changeable with the other product of a similar kind with that on capitalist or merchandiser is in a position to shop for or sell, typically future contract. The Indian forward contracts (regulation) act (FCRA), 1952 defines styles of product allowed for commodity trading. This FCRA defines all types of transportable property aside from cash, unjust claims and securities as 'goods' for commodity trading. The Government of India has set up on a change, called National Commodity Exchange for commodity trading. The Government of India has set up on a change, called National Commodity Exchange for commodity trading. The commodities permissible by the govt. of Asian country for commerce through this exchange are: nonferrous precious metals like Gold and Silver, cereals and pulses, ginned and unpinned cotton, oil seeds, oil and oil cakes, raw jute and jute product, sugar and Gur, potatoes and onions, low and tea, rubber and spices.

Indian markets have already thrown open associate avenue for retail investors and traders to participate: in artifact derivatives. For people who wish to diversify their portfolios on the far side shares, bonds and realty, commodities area unit the most effective possibility. Commodities really provide huge potential to become a separate plus category for market-savvy investors, arbitrageurs and speculators. Retail investors, United

Nations agency claim to grasp the equity markets, might notice commodities a massive market. However commodities area unit simple to grasp as so much as fundamentals of demand and provide area unit involved. Retail investors ought to perceive the risks associated blessings of mercantilism in commodities futures before creating an investment. Traditionally, valuation in commodities futures has been less volatile compared with equity and bonds, therefore providing associate economical portfolio diversification possibility. Like all alternative market, the one for artifact futures plays a valuable role in data pooling and risk sharing. The market mediates between consumers and sellers of commodities, and facilitates selections associated with storage and consumption of commodities. Within the method, they create the underlying market additional liquid.

Objective of the Study

- To study the influence of investors behavior towards business growth of commodity trading in Coimbatore city.

Hypothesis of the Study

- There is no influence of perception on preference.
- There is no influence of attitude on preference.
- There is no influence of preference on business growth.
- There is no relationship between perception and attitude

Scope of the Study

Scope of the study is as follows

- The study is centred at Coimbatore city.
- Study is related only with commodity investors.

Review of Literature

- **Roy and Ashutosh (2006)** instructed the participation of banks within the commodity forward market for effective commodity worth risk management as finance by banks may offer economical hedge against worth risk.
- **Bhattacharya and Himdari (2007)** discovered that vital risk returns options Associate in diversification potential has created commodities well-liked as a quality category. Indian futures markets have improved practically in recent years and would lead to elementary changes within the existing isolated native markets notably just in case of agricultural commodities.
- **Nath, Golka Lingareddy and Tulsi (2008)** stressed that mercantilism in commodity futures contributed to a rise in inflation as result showed that in the fundamental quantity of future mercantilism the cash price of chosen commodities and their volatilities had denote outstanding increase.

- **Kaur, Gurbandini and Rao (2010)** the commodity spot and future costs had closely half-track one another in chosen Agri commodities and no vital volatility has been found within the costs of future and spot contracts of these agricultural commodities.
- **Brajesh, Kumar, Pandy and Ajay (2009)** ascertained that goods forward market in Bharat offer higher hedging effectiveness in agricultural commodities as compared to non agricultural commodities and worth risk management role of Indian goods forward market has additionally raised with raised activity in market.
- **Senthil (2012)** investigated the investor's behavior in terms of goals, preferences, factors influencing whereas choosing the schemes, service expectations etc. The study found that the investor's main goal is wealth appreciation and suggests that the open-end investment company firms ought to management the costs to be paid by the retail investors and produce the expense to an affordable level.
- **Kumar, Brajesh, Pandy and Ajay (2013)** investigated the short run and long-standing time market potency of Indian goods forward market. They tested four agricultural and even non- agricultural commodities for market potency and unbiasedness. The result confirmed the long-standing time potency of goods futures costs and unskillfulness of futures costs in brief run costs. He found several factors like lack of participation of commercialism members, low market depth and skinny volume with Government's interference in goods markets etc., as major evils for inefficient worth risk management.

Research Methodology

Research Design

To obtain better answer to the research question, a proper research design is to be framed (Cooper & Schindler 2001; Davis & Cosenza 1988). Descriptive research design has been adopted for the present study. Descriptive study is a fact-finding investigation with adequate interpretation. It focuses on particular aspects or dimensions of the problem studied. It is designed to get the descriptive information and provided information and formulation of more sophisticated studies.

Framework of the Study

This framework of the study is unique in introducing the dependent variable business growth, mediator variable preference and independent variables perception and attitude.

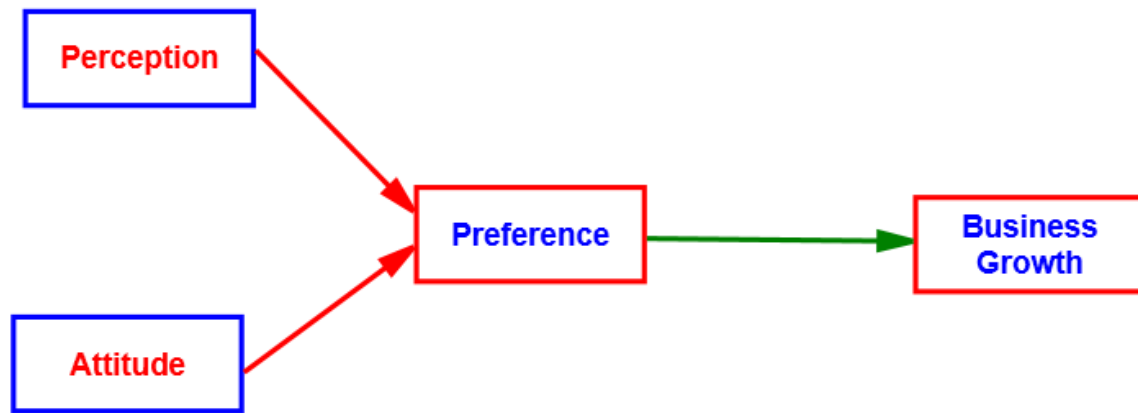


Figure:1 Conceptual framework of the Study

Research Gap

Investors perception, attitude, preference and business growth, which are studied individually alone but combined research is not found in previous studies. This study is unique in introducing the dependent variable business growth, mediator variable preference and independent variables perception and attitude. The title is “INFLUENCE OF INVESTORS BEHAVIOR TOWARDS BUSINESS GROWTH OF COMMODITY TRADING IN COIMBATORE CITY.”

Statement of the Problem

The possibility of investment and the investors opinion based on their preferences vary from person to person. Attitude and perception play a major role in the investment decision, tax exemption and other factors are also taken into consideration. Apart from the above factors, there are demographic factors which influence the decision on commodity investment. This article discusses the “INFLUENCE OF INVESTORS BEHAVIOR TOWARDS BUSINESS GROWTH OF COMMODITY TRADING IN COIMBATORE CITY.”

Data Collection

Under this technique convenience sampling technique was opted. Sample size was 110. The sampling area was Coimbatore city.

Reliability

For all the items in the questionnaire design, the alpha values ranged from 0.80 and 0.95. This indicates high reliability of the items in the questionnaire. With these results, consistency, dependability and adoptability are confirmed.

Period of the Study

The study was carried from the Coimbatore city between the periods of Oct 2017 to Nov 2017.

Tool for Data Analysis

Path analysis was adopted in this study. Path analysis was used for influence of exogenous variables with respect to mediator variable on endogenous variable.

Analysis and Interpretation

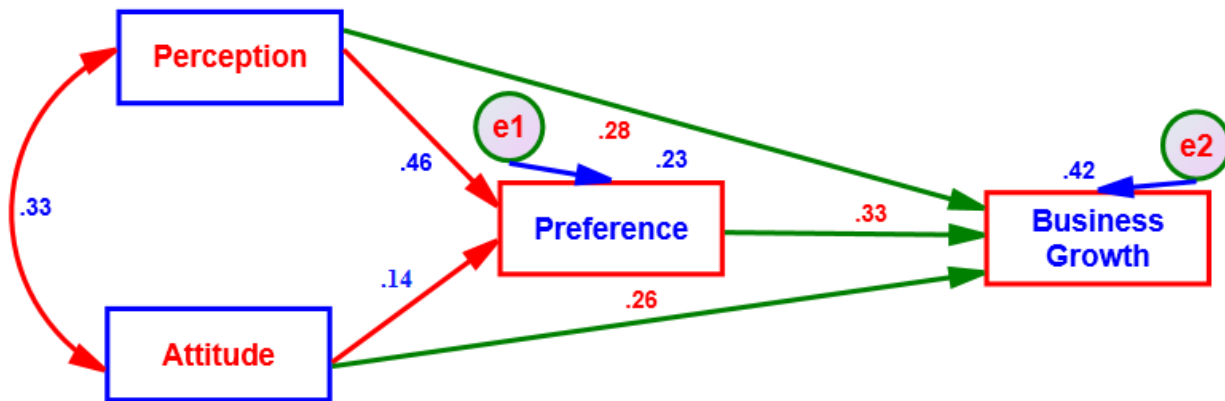


Figure:2 Investors Behavior towards Business Growth of Commodity Trading

Table: 1 Model Fit Indication

Chi-Square	P	RMS	GFI	AGFI	NFI	CFI
0.231	0.434	0.000	0.999	0.999	0.999	0.999

From the above table it is found that the calculated chi-square value is 0.231, p value is 0.434 which is greater than 0.05, which indicates that perfectly fit. Here GFI (Goodness of Fit Index) value and AGFI (Adjusted Goodness of Fit Index) values are greater than 0.90 which represent it is a good fit. The calculated CFI (Comparative Fit Index) value and NFI (Normed Fit Index) values are greater than 0.90 which means that it is a perfectly fit. It is found that RMS (Root Mean Square) value is 0.000 which are less than 0.08, which indicates that it is perfectly fit.

Table: 2 Regression Weights of Investors Behavior towards Business Growth of Commodity Trading

DV		IV	Estimate	S.E.	C.R.	B	p
Preference	<---	Perception	0.037	0.007	5.444	0.464	0.001
Preference	<---	Attitude	0.08	0.015	2.396	0.143	0.027
Business Growth	<---	Attitude	0.092	0.026	3.516	0.259	0.001
Business Growth	<---	Perception	0.022	0.006	3.388	0.279	0.001
Business Growth	<---	Preference	0.327	0.078	4.197	0.332	0.001

H₀: There is no influence of perception on preference.

H_A: There is an influence of perception on preference.

Through the path analysis, regression weight as the value of CR is 5.444. The Beta value is 0.464 which indicates that 46.4% of influence is perception on preference. The p value is 0.01; here the p value is less than 1% and the hypothesis is rejected; hence it can be concluded that the perception positively influences preference.

H₀: There is no influence of attitude on preference.

H_A: There is an influence of attitude on preference.

Through the path analysis, regression weight as the value of CR is 2.396. The Beta value is 0.143 which indicates that 14.3% of influence is attitude on preference. The p value is 0.027; here the p value is less than 5% and the hypothesis is rejected; hence it can be concluded that the attitude positively influences preference.

H₀: There is no influence of attitude on business growth.

H_A: There is an influence of attitude on business growth.

Through the path analysis, regression weight as the value of CR is 3.516. The Beta value is 0.259 which indicates that 25.9% of influence is attitude on business growth. The p value is 0.01; here the p value is less than 1% and the hypothesis is rejected; hence it can be concluded that the attitude positively influences business growth.

H₀: There is no influence of perception on business growth.

H_A: There is an influence of perception on business growth.

Through the path analysis, regression weight as the value of CR is 3.388. The Beta value is 0.279 which indicates that 27.9% of influence is perception on business growth. The p value is 0.01; here the p value is less than 1% and the hypothesis is rejected; hence it can be concluded that the perception positively influences business growth.

H₀: There is no influence of preference on business growth.

H_A: There is an influence of preference on business growth.

Through the path analysis, regression weight as the value of CR is 4.197. The Beta value is 0.332 which indicates that 33.2% of influence is preference on business growth. The p value is 0.01; here the p value is less than 1% and the hypothesis is rejected; hence it can be concluded that the preference positively influences business growth.

Table: 3 Covariance of Investors Behavior towards Business Growth of Commodity Trading

IV		IV	Estimate	S.E.	C.R.	r	Label
Perception	<-->	Attitude	1.495	0.443	3.379	0.326	0.001

H₀: There is no relationship perception between investors attitude.

H_A: There is a relationship perception between investors attitude.

Through the path analysis, covariance weight as the value of CR is 3.379. The r value is 0.326 which indicates that 32.6% of relationship between perception and investors attitude. The p value is 0.01; here the p value is less than 1% and the hypothesis is rejected; hence it can be concluded that there is a relationship perception between investors attitude.

Findings of the Study

- There is an influence of perception on preference.
- There is an influence of attitude on preference.
- There is an influence of attitude on business growth.
- There is an influence of perception on business growth.
- There is an influence of preference on business growth.
- There is a relationship perception between investors attitude.

Recommendation of the Study

- The path analysis found that there is low influence of investors attitude on investors preference. Hence, it is recommended that the investors should choose the right product to enter into the market on the basis of time ability skill. It helps to reduce the risk of their investment of commodity trading.
- The success of any commodity trading depends upon the satisfaction of the customer. In order to retain the financial institutions and existing investors should offer satisfied returns to their investors and various schemes should be introduced to attract the new investors.
- The study found that influence perception and preference on business growth. Hence, it is suggests that more transparency about the commodity business and their performance would help the investors to channelize their investments safely.

Conclusion of the Study

The article tries to find out the influence of investors behavior towards business growth of commodity trading in Coimbatore city. One objective of this study is reached through proper methodology. Sample size was 110 in all obtained through convenience sampling technique in Coimbatore city. Researcher designed questionnaire is with 5 point scale in the continuum of agreeing. Reliability of this tool is 0.80 and 0.95. Path analysis was used for data analysis. The study found that there is influence of attitude and perception on preference. The analysis highlighted that there is influence of attitude and perception and preference on business growth. Hence, it is concluded that the investors should choose the right product to enter into the market on the basis of time ability skill. It helps to reduce the risk of their investment of commodity trading.

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