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INVESTORS AWARENESS TOWARDS COMMODITY MARKET

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ABSTRACT

In Modern days, the field of investment is becoming more dynamic than olden days. International and National factors are growing rapidly that change the values of specific Investments. The aim of the study is to examine the investors awareness towards commodity market and to identify various factors influencing commodity trading and to understand the most preferred commodities by the investors in commodity trading. The research found out four factors that is trading frequency habits, goal of an investors, literacy awareness level and emotional risk tolerance. The study adopted descriptive research design, by collecting data from 155 respondents by using questionnaire. Collected data were analyzed with the help of percentage analysis and statistical package for social science(SPSS)and the hypothesis were tested using anova, correlation and T-test. Further it is found from the study that majority of the respondents strongly prefer to invest in the commodity Gold, Crude Oil, Silver, Natural Gas, Aluminum and Least Preferred Commodities are Zinc, Copper, Lead Investments in commodity trading are increasing nowadays in metro and urban area

INTRODUCTION

The Indian commodity market requires huge investments and better trading activity both in the national as well as the regional commodity markets. The participation of non-professional people trading commodity markets makes the market a risky venture. Non-professional participants simply add to the instability factor of the market. There is a terrible need for professional experts who are able to provide advice on commodity trading and build commodity inclusive portfolios. Such professional awareness, expertise, and guidance in commodity trading can come from professional commodity traders called commodity trading advisors.

Investment is the commitment of funds in an asset or financial instruments with the aim of generating future returns in the form of interest, dividend or appreciation in the value of the instrument. Investment is involved in many areas of the economy, such as, business management and finance no matter from households, firms, or Governments. An investor has numerous investment options to choose from, depending on his risk profile and expectation of returns. Different investment options represent a different risk-reward trade off. Low risk investments are those that offer assured, but lower returns, while high risk investments provide the potential to earn greater returns. Hence, an investor's risk tolerance plays a key role in choosing the most suitable investment.

NEED OF THE STUDY

In Modern days Investors are looking for multiple Investment alternatives to make their portfolio effective and also to reduce the risk and maximize returns. The prime objective of investors is the level of awareness towards gold exchange traded fund in stock market. the Current study is aimed at to know the behavior of investors towards the commodity market

SCOPE OF THE STUDY

1. The study is carried out to know the trading frequency habits, literacy awareness level, emotional risk tolerance and goal of an investors towards commodity market
2. The study assesses the preference of choosing the market by the respondents
3. This study also helps to know about trading mechanism of commodity market and future trading level.

OBJECTIVES OF THE STUDY

PRIMARY OBJECTIVES

To examine the level of awareness towards gold exchange traded fund in stock market

SECONDARY OBJECTIVES

- To examine investment information seeking behaviour of gold exchange traded fund investors.
- To ascertain investment factors of investors.
- To find out the emotional risk tolerance.

LIMITATION OF THE STUDY

- Since the study based on the convenient sampling it may not depict the accurate outcome.
- The findings a based solely on the information provided by the respondent and there is possibility of biased result.

REVIEW OF LITERATURE

Jyoti and Lahoti(2017): The research gives better comprehension of financial backer's mentalitand mindfulness in regards to gold speculation choices and shows where at present actual gold's situation among the other gold speculation instruments is. Financial backers go through a data search and market investigation prior to settling on the gold venture choice.

Nair and Ravichandran(2018): A casual relation found between Gold and Silver. The traditional form of investing in gold is slowly making way for other ways to invest in gold, particularly gold futures. Gold price positively influences Silver price too. We find investor's tendency to switch to gold investment when they find the market to be too risky Investment in gold market has its own risk involved in it. It is better to analysis the risk involved before making the investment.

Singh and Agrawal(2019): The conduct of the retail financial backers are guided by their prescient abilities, price tag of stocks as a source of perspective point and having certainty on past exchanging. The financial backers like to put resources into momentary skyline and they do have the keenness to hang on the looser stocks and to sell the stocks which are unstable or have high speed exchanges.

Manasha and Seethalakshmi (2020): The objectives of the study is to understand the various investment options for investors. Based on the research it is found that many investor still prefer jewellery, gold coins and gold bullion bars forms of investment and prefer to invest in .ETF and Futures and options which gives more profit and easy form of investment

Mishra and Mohapatra (2020): This paper tended to the issues of person's financial backers' mindfulness and inclination for Gold and Gold determined protections concerning Gold ETFs. The Asset Management Companies need to spread more mindfulness about the different Gold Exchange Traded Fully.

RESEARCH METHODOLOGY

RESEARCH DESIGN

In this study, Descriptive Research Design is used in research topic.

SAMPLING TECHNIQUE

To study the project a simple random sampling technique under descriptive method is used.

SOURCES OF DATA

Primary data is collected from people by using structured questionnaire. The secondary data was collected by company website, books and internet, Wikipedia.

STRUCTURE OF QUESTIONNAIRE

1. Open end
2. Close end

SAMPLE SIZE

The sample size 155 responded was taken into consideration for this study.

PERIOD OF STUDY

This period of study is 3 months

ANALYTICAL TOOLS

- Anova
- Correlation

RESULT ANALYSIS AND DISCUSSION

ONE WAYANOVA

STATISTICAL ANALYSIS

Null Hypothesis (H_0): There is no significant difference among various age group on the literacy awareness level.

Alternate Hypothesis (H_1): There is significant difference among various age group on literacy awareness level

DESCRIPTIVE

	N	Mea n	Std deviatio n	Std. Error	95% Confidence Interval for mean		Minimum
					Lower Bound	Upper Bound	
1	5	2.40	.894	.400	1.29	3.51	1
2	34	2.21	.808	.139	1.92	2.49	1
3	74	2.24	.658	.077	2.09	2.40	1
4	43	2.26	.727	.111	2.03	2.48	1
Total	156	2.24	.713	.057	2.13	2.36	1

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	.177	3	.059	.114	.952
Within Groups	78.566	152	.517		
Total	78.744	155			

RESULT

The P value .952 is more than 0.05 or $p > .005$ hence null hypothesis is accepted. There is no significant difference among various age group on literacy awareness level.

ONE WAY ANOVA ANALYSIS

One-way Anova is a statistical technique that is used to compare the means of more than two groups.

STATISTICAL ANALYSIS

Null Hypothesis (H_0): There is no significant difference among various age group on trading frequency habit.

Alternate Hypothesis (H_1): There is significant difference among various age group on trading frequency habit.

DESCRIPTIVES

	N	Mean	Std deviation	Std. Error	95% Confidence Interval for mean		Minimum
					Lower Bound	Upper Bound	
Less than 20	5	2.80	.447	.200	2.24	3.36	2
20-35	34	2.44	.991	.170	2.10	2.79	1
35-50	74	2.23	.915	.106	2.02	2.44	1
50 and above	42	1.95	.987	.152	1.64	2.26	1
Total	155	2.22	.955	.077	2.07	2.37	1

ANOVA

	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	6.360	3	2.120	2.386	.071
Within Groups	134.182	151	.889		
Total	140.542	154			

RESULT

ANOVA was performed to examine the difference among age group on trading frequency habit.

Results of ANOVA showed P value 0.071 is more than 0.05 or $p > .005$ hence null hypothesis is accepted. There is no significant difference among age group on trading frequency habit.

CORRELATION

STATISTICAL ANALYSIS

Null Hypothesis(H_0): There is no relationship between trading frequency habit, goal of an investors, literacy awareness level, emotional risk tolerance.

Alternate Hypothesis(H_1): There is relationship between trading frequency habit, goal of an investors, literacy awareness level, emotional risk tolerance.

		Trading Frequency Habits	Goal of an investor	Literacy Awareness Level	Emotional Risk Tolerance
Trading Frequency Habits	Pearson Correlation	1	.299**	.260**	.095
	Sig.(2-tailed)		.000	.001	.240
	N	156	156	156	156
Goal of an investor	Pearson Correlation	.299**	1	.075	.121
	Sig.(2-tailed)	.000		.351	.132
	N	156	156	156	156
Literacy Awareness Level	Pearson Correlation	.260**	.075	1	.108
	Sig.(2-tailed)	.001	.351		.178
	N	156	156	156	156
Emotional Risk Tolerance	Pearson Correlation	.095	.121	.108	1
	Sig.(2-tailed)	.240	.132	.178	
	N	156	156	156	156

Correlation is significant at the 0.01 level (2 -tailed).

Result

The correlations between .095 and the .240 exhibit a positive correlation. The correlations between .121 and the .132 exhibit a positive correlation. The correlations between .108 and the .178 exhibit a positive correlation.

SUGGESTIONS

- From survey it is found the most of the potential customers are concerned about the brokerage charges. If it can charge moderate brokerage it will help to attract more and more customers.
- More agents and marketing executives should be appointed to educate customers
- Investing in gold as a benefit is constantly useful for long haul.
- You may invest in gold ETF or gold funds either directly with a mutual fund distributor.
- You can also invest in these funds with the help of a mutual fund distributor.

CONCLUSION

The study concludes that information on overall commodities and awareness and fluctuations on gold towards domestic into international and also market news creates much impact on gold and it helps all the clients to invest in gold and the demand for is always on the rise, since a trunk of gold is always monetary assets and great social status value and other forces that affect financial assets, the factors affecting gold are very different

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