Empirical Analysis of Investors’ Expectations from Commodity Trading with Special Reference to Kothrud Area, Pune

Mrs. Ranpreet Kaur
Asstant Professor,
BVDU, IMED, Pune-411038.

Abstract:
Capital Market is showing phenomenal growth. This is evidenced by the growth of 30% to 40% every year in day to day traders. However, this growth is secondary market transactions. Relatively commodity market is one where individuals are getting the feel but do not show out growth as compared to growth in Equity Trading. In respect of shares the investors are choosing different sectors and have handful information from the internet and have changed from risk aversions to risk takers. They have become bold enough to sustain ups and downs of the share market and are showing more confident stance as compared to be seen before five years.

Before 1990 share investment was considered as rich man’s game and perceived as an absolute risk. There is a paradigm shift and now more and more individuals are training themselves to enter and make the decisions in more professional manner. However, the same level is not found in case of Trading in Commodity Market. Comparatively, few players are familiar with Commodity Market and Trading. The reasons may be owing to
- Lack of Awareness, High Risk Perception, Involvement of higher amount, Low returns as compared to risk,
- Lack of information for making the decision.

Why the growth is not there? is a fascinating question for any inquiring mind? The root of this question goes to expectation of traders in commodity market. The study pertains to unfold the different dimensions both economic and non economic of such investors as regards trading in commodity.

Key Words- Capital market, Commodity Market, Growth, Risk, Trading etc.

Introduction: Investment decisions are always considered imperative and vital for management of savings from the individual’s perspective since the past decades to till date. Now a day’s Investment expectations are getting attention and intensified growth due to fluctuations and volatilities in economy. There are variety of investment alternatives are available in India. It is always subject matter of discussion for investors as where to invest savings to achieve investment objectives. Research reflects that Investors are now moving towards stock trading as that there is escalation in capital market and it is getting growth specifically in trading in secondary market i.e among investors and traders. According to the analysis done by S&P Dow Jones Indices (SPDJI), the sensex has gained 537% on market price return basis since August 1996 to date, this return only take into account only market price movements of the index. In case when total return for sensex i.e BSE index which include return from the market price movements as well as from dividends paid by constituent stocks are reinvested into the index the it add to 759%. But in case of commodity market and trading the graph of return is far below. In commodity market individuals are getting the feel but do not show out growth as compared to growth in Equity Trading. It reflects that risk appetite and returns expectations from investment in getting change. Now a day’s investors profile are getting change from risk averse to risk taker as ready to take risk if risk is compensated by proportionate return but still scenario is different in Commodity trading. There are number of reason for the same which can be awareness of
Commodity trading, risk return perception, huge amount of Investment, inappropriate risk return payoff, Access and lack of information for taking investment decision.

**Objective of the Study**
1. To understand current scenario of commodity and the commodity trading in India
2. To identify the factors those influence the commodity Markets.
3. To categorize the investors engaged in commodity trading as -
   - Non commodity traders
   - Partial commodity traders
   - Purely commodity traders
4. To study the factors relating to expectations both economic and non economic like Information or otherwise from and for commodity trading.
5. To suggest the measures to make it conducive to trade in commodity market to different role players.

**Literature Review**

In 2006 R. T. Nirmal Kumar acknowledged that a perception of majority of investors that future trading will direct to profits and it is not used for other reason like hedging. In his research work he stated on commodity derivatives as it is preferred for reducing the risk involved in trading but in real time investors are not taking derivatives trading for reducing their risk involved in trading and profit making is considered to be an important factor for them. (Ref.1). In 2006 Narender L Ahuja, Asst. prof. Institute for Integrated Learning in Management in his research work explained the growth and development of commodity future as he stated that there is add on into the number of commodities allowed for derivatives trading, the number of modern exchanges, as well as the value of futures trading in commodities. In his research paper titled “Commodity Derivatives Market in India: Development, Regulation and Future Prospects” he argues that since 2002 commodity market experienced the boom as from the early stage of 1875. He stated that still there are several obstacles to be overcome and issues to be settled for a continuous development of the commodity market. (Ref.3). In 2009 Nilanjan Ghosh, Senior Vice President Takshashila Academia of Economic Research Limited has discussed and researched on the issue as how the scope of commodity derivative trading can be Strengthen and expanded and also focused on Impact and influence of commodity futures trading on commodity prices. Researcher also explained the role of commodity derivative markets in the global meltdown.(Ref.7) In 2011 Dr Kedar Nath Mukherjee in his research stated that the uncertainty will be there in utility and appropriateness of commodity futures contracts in developing the agricultural commodity market(underlying asset), particularly in an agro-based economy like India. He concluded that in commodity future market disseminating information, leads to risk management by an accurate price discovery. He stated that focused should be given to make strong market Structure. (Ref.6). In 2011 Rajnarayan Gupta stated that trends show that there is strong growth prospective for commodity trading specially in derivative market for future. In his study titled “Commodity Derivative Market in India: The Past, Present and Future” asserted that the real growth path will depend upon the approach and outlook of the policy
makers and the effectiveness of the authoritarian system. (Ref.5). In 2011 Dr. R T Nirmal Kumar, Professor and Balaji, K Asst professor, School of Management Studies, Surya Group of Institutions, Anna University Tharamani, had researched on the perception of Investors towards future trading in his paper titled “An Empirical Investigation on the Investors” Perception Towards Commodities Futures Trading In India With Special Reference To Puducherry, India”. He argued that there is impressive growth of the commodity derivative market in the India since 2004. He stated in research work due to restriction and prevention of institutional players for participating in the commodity futures market, the retail individual investors have come out as major players in the commodity market. In the research work he concluded that there is no significant relationship between the Gender and the Category of Investment. (Ref.1). In 2013 Mr. Sharma K R S Asst. Professor, Dept of MBA & Research Centre, East West Institute of Technology, Bangalore stated that the strategies and corrective measures that can be taken to encourage commodity market and trading in this market so that this market can achieve new heights. (Ref.2). In Jan 2013 Sivarethinamohan Dean-Faculty of Management Disha Technical Campus, Raipur, India and P. Aranganathan, Associate Professor & Head MIET Engineering College Trichy, India observed from the statistical analysis that there was a significant association between the respondents’ age and the various factors such as Terms, conditions & Benefits, Easy transactions. They also stated that there was a significant association between the respondents’ Profession and factors such as Awareness & knowledge, Affordable brokerages & tax exemptions. (Ref.8). In Jan 2014 Mr. P.Periasamy & Dr. R. Salish stated the various initiatives taken by the central government and Forward Markets Commission to the common public for better understanding of the operation of FMC towards Commodity Derivative Market in India post Liberalization. (Ref.9)

Research Methodology: Research is of descriptive nature as research target to study and examine the current scenario of commodity and the commodity trading in India and explore the factors those influence the commodity markets. This Research also aims to understand and study the expectations both economic and non economic like Information or otherwise from and for commodity trading of retail individual investors’ for investment in Commodity so it can be stated as descriptive research. Population considered for the research work will be of all the Individuals who trade in commodity for their own purpose in Kothrud, Pune. All Individuals who trade in commodity for their own purpose in Kothrud, Pune of the age group of the 18 to 65 is considered as Sampling Frame. 400 retail individual investor’s data is collected for the research work. For retail individual investor’s non probability sampling will be used as population is infinite or undefined. In non probability sampling, Purposive sampling will be used for the collection of primary data of retail individual investors.

Sources of data Collection
Primary Data
i) The structured Questionnaire for Retail Individual Investors
ii) Unstructured interviews and discussions with retail individual investors.
Secondary Data
i) Websites of organizations, web links relevant to proposed research work and National Stock Exchange website
ii) Books and research journals relevant to research work
iii) New articles
iv) Available literature

Secondary data Analysis and Interpretation-

Current Scenario: There are 26 exchanges operating in India at present and operating for futures trading activities in as many as 146 commodity items. As per the suggestion of the FMC, the Government of India recognized the National Multi Commodity Exchange (NMCE), Ahmadabad; National Commodity and Derivative Exchange (NCDEX), Mumbai, Multi Commodity Exchange (MCX) and Indian Commodity Exchange (ICEX) as nation-wide multi-commodity exchanges.

In January 2005, 59 commodities were traded this number was increased to 94 commodities in December 2006 in the commodity futures market. These commodities included major agricultural commodities such as rice, coffee, jute, cotton, wheat, major pulses (such as urad, arahar and chana), edible oilseeds (such as mustard seed, coconut oil, groundnut oil and sunflower), spices (pepper, chillies, cumin seed and turmeric), metals (aluminium, tin, nickel and copper), bullion (gold and silver), crude oil, natural gas and polymers, among others. Gold reported as for the largest share of trade in terms of value. A temporary ban was imposed on futures trading in urad and turdal in January 2007 to ensure systematic market conditions. An efficient and well-organized commodities futures market is generally acknowledged to be helpful in price discovery for traded commodities.(ref.20)

Factors influencing the Commodity and Commodity Markets: It is imperative to understand and study the different dynamics that can prompt a commodity to increase or decrease in price and can influence on commodity market. Commodity prices are influenced by varieties of factors which are stated below-

- **Weather Condition** – Weather condition can have enormous impact on the commodity market since most of the commodities transacted are of the agricultural kind. For agricultural commodities production depends highly on climatic conditions. Weather conditions as draughts, too much rain, stern winters or bizarrely hot summers can also wreak havoc with agricultural commodities.

- **Political Condition** – Political disorder is another issue that has often influenced the commodities. For example the conflict and war in Iraq increased anxiety in the area in past. Because the country was amongst the main oil producers, the cost of oil fluctuated with unusual frequency. The same can be said in reference to anything that can interfere with the flow of normal business.
Supply and demand – Another important factor said to be supply and demand as for the commodities demand is more as compare to supply price hike can be observed and for the commodities supply is more as compare to demand decrease in price can be seen.

Economic Conditions – Economic conditions like budget, rate of unemployment, levels of current account, GDP growth rates, inflation rates, levels of current account and more is allied with commodities prices and commodity trading.

Price fluctuations - There are other states of affairs that can influence the prices of commodities. Price movement’s direct to uncertainty in the commodity market so it influences the trading and commodity market.

Technology - Technological changes influence the demand and supply of the commodity. Advanced and superior technology decreases the cost of production, which lead to increase in the profit margin. It encourages the seller to boost the supply.

Government Regulations and policy - Increase in taxes influences the cost of production and, therefore decreases the supply, because of lower margins in the profit. On the other side, subsidies and tax concessions and boost the supply as it is taken more profitable for the firms to supply goods.

Prices of Other Commodities- As resources have alternate uses, the amount and cost of commodities is not only influenced by price, but also of the prices of the other commodities. Increasing prices of other products makes them more profitable in comparison to the given commodity.

Factors of Production prices (inputs): The cost of production increases, when the amount payable to factors of production and cost of inputs increases which results into reduction in the profitability. As result, seller reduces the supply of the commodity. Conversely, decline in prices of factors of production or inputs; boost the supply because of decline in cost of production and subsequent rise in profit margin. (ref.22) Turnover amount is in crore

Table No-1: Recognized Commodity Exchange’s Turnover

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>MCX</td>
<td>165,147</td>
<td>961,633</td>
<td>1,621,803</td>
<td>2,505,206</td>
</tr>
<tr>
<td>NMCE</td>
<td>13,988</td>
<td>18,385</td>
<td>101,731</td>
<td>24,072</td>
</tr>
<tr>
<td>NBOT</td>
<td>58,463</td>
<td>53,683</td>
<td>57,149</td>
<td>74,582</td>
</tr>
<tr>
<td>NCDEX</td>
<td>266,338</td>
<td>1,066,686</td>
<td>944,066</td>
<td>733,479</td>
</tr>
<tr>
<td>Others</td>
<td>67,823</td>
<td>54,735</td>
<td>14,591</td>
<td>37,997</td>
</tr>
<tr>
<td>All Exchanges</td>
<td>571,759</td>
<td>2,155,122</td>
<td>2,739,340</td>
<td>3,375,336</td>
</tr>
</tbody>
</table>

Total value of trading at the Commodity Exchanges during the fortnight was Rs. 3, 78,758.22 crore from 1st March 2010 to 15th March 2010. Rs.73, 50,974.95 crore was the collective value of trades as of 1st April, 2009 upto 15th March, 2010 for the financial year 2009-10. The figures for the previous year were Rs. 2, 62, 8139 crore and Rs. 49, 07,310.41 crore.
Total traded volume Market (USD Billion): As from the below table it can be stated that non agriculture commodity derivatives had increased in traded volume as compared to agriculture commodities. So it can interpret that investors also preferred trading in other than agriculture commodities in year 2013. (ref.12)

Table No-2: Total traded volume Market (USD billion)

<table>
<thead>
<tr>
<th>Market</th>
<th>2013 (USD billion)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Commodity Derivatives of which</td>
<td>3330</td>
</tr>
<tr>
<td>Non Agriculture</td>
<td>2930 (88 %)</td>
</tr>
<tr>
<td>Agriculture</td>
<td>400 (12 %)</td>
</tr>
</tbody>
</table>

Initiatives taken by Forward market Commission to promote Commodity trading

In the Commodity Futures Market, the products at present allowable are futures and forward. “Options” have not been allowed. In order to make sure that the stakeholders have a appropriate understanding of the operations of commodity markets, the Commission has taken various initiatives such as awareness programmes, capacity building programmes, internships and other activities for raising awareness about the commodity futures market build capacities among the stakeholders. (ref.20). List of Initiatives taken by forward market commission during the past five years

Table No-3 Initiatives taken by Forward market Commission-

<table>
<thead>
<tr>
<th>Year</th>
<th>Capacity Building Programmes</th>
<th>Awareness Programmes</th>
<th>Summer Internship</th>
<th>Participation in Exhibition/ Expos etc</th>
<th>Stakeholder Meetings</th>
</tr>
</thead>
<tbody>
<tr>
<td>2007-08</td>
<td>8</td>
<td>114</td>
<td>--</td>
<td>--</td>
<td>6</td>
</tr>
<tr>
<td>2008-09</td>
<td>18</td>
<td>197</td>
<td>--</td>
<td>1</td>
<td>6</td>
</tr>
<tr>
<td>2009-10</td>
<td>63</td>
<td>515</td>
<td>15 students (7 Institutes)</td>
<td>2</td>
<td>8</td>
</tr>
<tr>
<td>2010-11</td>
<td>79</td>
<td>829</td>
<td>--</td>
<td>2</td>
<td>5</td>
</tr>
<tr>
<td>2011-12</td>
<td>100</td>
<td>818</td>
<td>5 students (3 institutes)</td>
<td>3</td>
<td>10</td>
</tr>
<tr>
<td>2012-13</td>
<td>100</td>
<td>872</td>
<td>-</td>
<td>-</td>
<td>15</td>
</tr>
<tr>
<td>2013-14</td>
<td>103</td>
<td>1027</td>
<td>11</td>
<td>-</td>
<td>15</td>
</tr>
</tbody>
</table>


It can be stated from the table that FMC had taken lot of efforts to promote the future market in commodity trading as awareness program for investors and exhibitions are also planned and organized more as compared to previous years. Even FMC had focused on capacity building programmes and summer internship also to promote commodity trading in derivatives as from previous year’s proportion had improved.

Findings and observations (Statistics)

1. India is amongst top producers for variety of Commodities, as well as a major consumer of bullion and energy products.
2. In Indian Economy Agriculture contributes about 22% to GDP. Workforce employees about 57% of the labor force on total of 163 million hectors of land Agriculture sector is an important factor in achieving a GDP growth of 8 to 10%. So it can be acknowledged that India can be promoted as a major centre for trading of commodity derivatives.

3. Commodities futures’ patterns are mainly driven by international futures prices rather than the changes in domestic demand-supply and hence, the price signals largely reflect international scenario.

4. Presently 26 exchanges are functioning in India and operating for futures trading activities in as many as 146 commodity items.

5. MCX is currently largest commodity exchange in the country in terms of trade volumes, Further it as of now become the third largest in bullion and second largest in silver future trading in the world. MCX had emerged as a major contributor in terms of volume and value both.

6. Out of 19 recognized Exchanges, MCX, NMCE, NCDEX, UCX, ACE and ICEX, contributed 99% of the total value of the commodities traded during the year 2013-14.

7. Gold, Crude oil, Silver, Copper, Natural Gas, Lead, Soy Oil, Zinc, Soybean and Castorseed are the prominently traded commodities from the 113 commodities, regulated by the FMC, in terms of value of trade.

8. The total volume of trade across all Exchanges in 2013-14 was 8,832.76 lakh MT at a value of Rs. 101 lakh Crores. The total of deliveries of all commodities on Commodity Exchange platform is 9,23,893 MT during the year 2013-14.

9. Volume of trading and value of trade had also improved in the year 2012-13 in major commodities as volume improved to Rs. 14510.08 crore and increased value to 17046840.09 crore.

10. Major share of value in MCX in terms of contribution is of Silver gold and crude oil as they carry percentage of approx more than 70% to total value.

11. It can be acknowledged from the table that FMC had taken lot of efforts to promote the future market in commodity trading as awareness program for investors planned and organized more as compared to previous years.(ref.20)

**Primary Data:** Data is collected by filling Questionnaire form the retail individual investors who trade on commodity for individual purpose. Percentage method (%) is applied for the data analysis. Data is collected from 400 investors.

**Data Analysis and Interpretation:** Primary data is collected from 400 respondents from kothrud area in Pune, which are categorized as -

(i) Non commodity traders
(ii) Partial commodity traders
(iii) Purely commodity traders

68 %( 272) respondents are non commodity traders in collected data and 25 %( 100) respondents are partial commodity traders and 7 %( 28) respondents are purely commodity traders.
Table No-4: Summary for Classification of Data

<table>
<thead>
<tr>
<th>Gender</th>
<th>Male (73 %)(292)</th>
<th>Female (28 %)(108)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Professions</td>
<td>Service(Government/private) 36 % (144)</td>
<td>Business 29 % (116)</td>
</tr>
<tr>
<td></td>
<td>Student 32 % (128)</td>
<td>Others 3 % (12)</td>
</tr>
<tr>
<td>Age Group</td>
<td>Below 25 yrs 38 % (152)</td>
<td>25-35 yrs 32 % (128)</td>
</tr>
<tr>
<td></td>
<td>35 -45 yrs 18 % (72)</td>
<td>Above 45 yrs 12 % (48)</td>
</tr>
<tr>
<td>Marital Status</td>
<td>Married 68 % (272)</td>
<td>Unmarried 32 % (128)</td>
</tr>
<tr>
<td>Annual Income (rs.)</td>
<td>Below 2,00,000 28 % (112)</td>
<td>2,00,01-4,00,000 28 % (112)</td>
</tr>
<tr>
<td></td>
<td>4,00,001-6,00,000 38 % (152)</td>
<td>Above 6,00,000 6 % (24)</td>
</tr>
</tbody>
</table>

Table No-5: Data Analysis (in percentage)

<table>
<thead>
<tr>
<th>Sr. No.</th>
<th>List of Questions</th>
<th>Yes (%)</th>
<th>No (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.</td>
<td>Whether you are aware of commodity market and do trading into commodity.</td>
<td>32 % (128)</td>
<td>68 % (272)</td>
</tr>
<tr>
<td>2.</td>
<td>For investment in commodity motive is to risk management or return if risk management say yes otherwise say no</td>
<td>39 % (156)</td>
<td>61 % (244)</td>
</tr>
<tr>
<td>3.</td>
<td>Whether you have phobia of losing money in commodity market which restricts your decision of investment for commodities.</td>
<td>85% (340)</td>
<td>15% (60)</td>
</tr>
<tr>
<td>4.</td>
<td>Does trading volume affect your commodity selection and decision of investment in commodities?</td>
<td>71% (284)</td>
<td>29% (116)</td>
</tr>
<tr>
<td>5.</td>
<td>Do you fix a target price before buying and selling?</td>
<td>75% (300)</td>
<td>25% (100)</td>
</tr>
<tr>
<td>6.</td>
<td>If your analysis is different from the Experts analysis whether you change your decision or not</td>
<td>73% (292)</td>
<td>27% (108)</td>
</tr>
<tr>
<td>7.</td>
<td>Do you consider new information in making your decision as you can interpret and forecast fluctuations in market?</td>
<td>71% (284)</td>
<td>29% (116)</td>
</tr>
<tr>
<td>8.</td>
<td>Do you able to anticipate the return favorable/unfavorable in the trading of Commodity?</td>
<td>73% (292)</td>
<td>27% (108)</td>
</tr>
<tr>
<td>9.</td>
<td>Do you consider past performance of commodity before making decisions of investment in commodity?</td>
<td>83% (332)</td>
<td>17% (68)</td>
</tr>
<tr>
<td>10.</td>
<td>From past wrong decisions can you become more cautious in trading for commodity?</td>
<td>69% (276)</td>
<td>31% (124)</td>
</tr>
<tr>
<td>11.</td>
<td>Whether you compare with opportunity cost involved in other investment as compared to commodity trading?</td>
<td>90% (360)</td>
<td>10% (40)</td>
</tr>
<tr>
<td>12.</td>
<td>If a minimum assured return will be there in commodity trading to meet the opportunity cost of other investment. Do you wish to trade and raise amount in the commodities?</td>
<td>93% (372)</td>
<td>7% (28)</td>
</tr>
<tr>
<td>13.</td>
<td>Do you get influenced by decisions of other investors? As in terms of alternatives and volume changed.</td>
<td>87% (348)</td>
<td>13% (52)</td>
</tr>
</tbody>
</table>

Data Interpretation -Findings and Observations

- 68 % respondents are not aware of commodity market and not do commodity trading so it can be stated that most of the respondents do not do commodity trading as they are not aware of the commodity market.
- Respondents trade in commodity to earn returns not only for risk management as 69 % responded for return expectations.
• Investors expect the opportunity cost in other investment to be compensated with return in commodity as 93% respondents said yes as they will be interested to invest and increase amount of trading in commodities.

• Investors prefers to do past performance analysis as past financial performances are also considered by them in decision making as 83 % have said yes.

• Now a day’s Investors considers new information also as they believe it affects return on the commodity trading as 71 % said yes.

• It can be said from the data analysis that Commodity traders try to predict performance in terms of returns as some times show overconfidence.

• Commodity trader’s decisions are also influenced by decision of other investors as 87 % said yes for changing their decision on influence of other traders.

• Investors limit investment in Commodity if they get loss on the investment which reflects their risk averse and conservative behavior as 85% respondents said yes.

• Past experiences are also well considered by Investors and their future action is also outcome of past learning.

Major Outcomes from Primary Data and Secondary Data Analysis

• India is amongst top producers for variety of Commodities, as well as a major consumer of bullion and energy products. In Indian Economy Agriculture contributes about 22% to GDP. So it can be acknowledged that India can be promoted as a major centre for trading of commodity derivatives.

• Presently 26 exchanges are functioning in India and operating for futures trading activities in as many as 146 commodity items.

• MCX is currently largest commodity exchange in the country in terms of trade volumes, Further it as of now become the third largest in bullion and second largest in silver future trading in the world. MCX had emerged as a major contributor in terms of volume and value both.

• Major share of value in MCX in terms of contribution is of Silver gold and crude oil as they carry percentage of approx more than 70 % to total value.

• Commodities futures’ patterns are mainly driven by international futures prices rather than the changes in domestic demand-supply and hence, the price signals largely reflect international scenario.

• Respondents are not much aware to commodity trading and they don’t actively trade in equity.

• Opportunity cost is always considered for trading in commodities as how much is gained in other alternative (Comparison).

• Major behavioral factors Identified are attitude, Expectations, Overconfidence, herding, prospect, Heuristic and market information.
• Investors past experience and Influence of decision of other investors affect their decision of Investment in commodity.
• Available market information and interpretation of same reflects the unusual changes in commodities prices due to demand and supply as well as how they perceive new information.
• Attitude toward risk as to take risk or avoid also influence the decision of commodity trading as what type is to choose and how much to invest.

Scope of the Study: This study is restricted to study retail individual trading behavior only for commodity market not for other investment alternatives. This research work is an effort to investigate retail individual behavior in connection to commodity trading so it can assist regulatory authorities to make policy to promote the commodity market and commodity trading. Research work can also assist in knowing important behavioral factors and approach which can lead to promote more domestic retail individual commodity investment and trading.

Scope for Further Research: This research work can be further extended to know the awareness, approach and behavioral factors for other avenues or alternatives of investment. Research work is restricted to kothrud area in Pune so further research process can be extended to other locations also.

Conclusion: Investment decisions are always said to be crucial for investors as they have alternative options from which they have to make selection. In the research work researcher observed form the data analysis that commodity trading is not as well accepted as other alternatives. Knowledge and awareness of investors, risk appetite and approach for commodity market are diverse reasons for this. Opportunity cost/return towards market information is also key factor considered in commodity trading. Regulatory authorities have taken lot of efforts to promote the commodity market and trading in commodity. Awareness programmes, capacity building programmes, and exhibitions are organized. It can be concluded that there is a long way to go ahead in commodity trading so need for more promotion and awareness is required so that investor’s awareness and confidence can be build for commodity trading and it can emerge as a prospect alternative for investment.

References
1. “An Empirical Investigation on the Investors” Perception Towards Commodities Futures Trading In India With Special Reference To Puducherry, India” by Dr. R T Nirmal Kumar, Professor and Balaji, K Asst professor, School of Management Studies, Surya Group of Institutions, Anna University Tharamani published in ZENITH International Journal of Business Economics & Management Research Vol.1 Issue 2, Nov 2011, ISSN 2249 8826 Online available at http://zenithresearch.org.in
2. “A Study of Commodity Futures in India” by Mr. Sharma K R S , Asst. Professor , Dept of MBA & Research Centre, East West Institute of Technology, Bangalore published in Asia Pacific Journal of management print ISSN 2320-5504,June 2013 Vol 2 issue:4
4. “What Every Investor Should Know About Commodities” by Harry M. Kat and Roel C.A. Oomen Professor of Risk Management and Director Alternative Investment Research Centre Cass Business School, City University United Kingdom.


12. www.mcxindia.com

13. NCM module related to commodity Derivative and trading


17. http://www.iforex.in/factors-affecting-commodities


22. http://www.smarterwithmoney.in/Trading/Commodity/Articles/What_Are_the_Major_Factors_That_Impact_Commodity_Prices

23. Forward markets commission report-Annual report 2012-13