Original Article
ISSN (Online): 2582-7472

ShodhKosh: Journal of Visual and Performing Arts
May 2024 5(5), 1143–1156

INVESTOR’S BEHAVIOUR TOWARDS COMMODITY MARKET

Thriveni S. R[1], Dr. Irshad Nazeer[2]

[1] Research Scholar, Management Research Centre, Presidency College (affiliated to Bengaluru City University), Bengaluru, India
[2] Professor, Department of Management, Presidency College, Bengaluru, India

Corresponding Author
Thriveni S.R, srthriveni791@gmail.com

DOI
10.29121/shodhkosh.v5.i5.2024.4973

Funding: This research received no specific grant from any funding agency in the public, commercial, or not-for-profit sectors.

ABSTRACT

Earning money is important it is also important to make money work for you through investments in better markets can fulfil this desire. . investing in better markets can fulfil this desire. Investors invest their hard-earned money keeping the intention to earn good returns. Investors choose their investment avenues based on their financial goals. All the investor's goals vary from person to person. Investor based on their intentions collect the information and form their perception and attitude towards the investment options available in the market. Investment decisions are influenced by internal and external factors. Internal factors demographic factors, personal factors, external factors and behavioural biases. Such as inflation, market conditions, regulatory system and political conditions of the country.

Commodity markets offer investment opportunities for retail investors to invest in Commodity exchange-traded funds. Commodity Exchange Traded Funds (ETFs) are one of the investment avenues available to investors who want to be exposed to the commodity market and earn good returns. Commodity Exchange Traded Funds are funds which invest in commodities, such as precious metals, agricultural commodities, hard metals and Energy and livestock etc., Commodity prices are influenced by the performance of the economy or the forces of demand and supply. Instability in commodity prices can give investors leverage which helps them generate revenue. The commodity market operates through various platforms, including commodity exchanges like the Multi Commodity of India (MCX) and the National Commodity and Derivatives Exchange (NCDEX). These platforms enable standardized contract agreements for trading.

According to the traditional theory of finance, investor exhibit rationality in their investment decisions but normally human nature is often irrational, leading to biased decisions based on psychological expectations. The study objective is to understand the investment behaviour of retail investors towards commodity markets and commodity Exchange Traded Funds. Primary data was collected through a structured questionnaire and secondary data was gathered from researched articles, journals and online platforms.

Keywords: Exchange Traded Funds, Investment Behavior, Commodity Market, Irrationality, Trading, Retail Investors

1. INTRODUCTION

Commodity markets are the very oldest in the world. Indian commodity markets have a long history. A commodity market is where the buying and selling of hard and soft commodities take place. Hard commodities are available in the form of natural resources and soft commodities may or may not be natural resources such as agricultural commodities, livestock etc., in India we have seen tremendous changes in the volume of investing and trading in commodity markets in these two commodities. Changes in commodity prices will have a high impact on the country's economic growth conditions. Inflation rate and exchange rate impact positively as well as negatively on business activities of countries in international economic conditions. Commodity markets in India are experiencing unparalleled growth and have attained critical. Investors can invest in commodities markets by buying them in the market, investing in companies that produce products by processing raw materials or investing in exchange-traded funds through future contracts, where the value is derived from backed assets. These markets are highly accessible to the corporate and rich-class investors. Traditional commodity markets have served as the physical backbone for exchanging raw materials There was a time when retail investors were not able to invest in commodity markets, only corporate and institutional investors were exposed to invest in commodities.

The Exchange Traded Funds were introduced by SEBI. Nifty Bees was the very first exchange-traded fund (ETF) introduced in India and it tracks the Nifty 50 Index. It was launched by Benchmark Asset Management in India in December 2001. Gold Exchange Traded Funds initially dominated the industry. The ETF industry completed 21 years and has become increasingly popular among investors in India due to its convenience, diversification, and low costs. This allows investors to participate in commodity markets with more liquidity and flexibility without possessing the physical assets themselves. The continuous pricing and liquidity throughout the trading days means that exchange-traded funds can be hedged, lent or subjected to any other strategies used by equity investors.

1.1: HOW CAN RETAIL INVESTORS INVEST IN COMMODITY MARKETS?

Commodity Exchange Traded Funds: Retail investors can invest in commodities through ETF & ETNs: Commodity funds invest in commodities, such as gold, oil or livestock. They also invest in commodity futures and options. Some commodity funds invest in the stocks of companies, like gold funds which invest in the stocks of gold mining companies. ETFs typically invest in a portfolio of physical commodities or commodity futures. They are traded on stock exchanges making them easy to buy and sell like stock.

Exchange Traded Notes: Exchange Trade Notes are debt securities issued by financial institutions promising a return based on the performance of a specific commodity index.

Precious metals: Retail investors can invest in precious metals either in the physical form or in gold and silver Exchange Traded Funds and also in the gold bonds issued by RBI through various public sector banks and post

Commodity Mutual Funds: A commodity fund is a mutual fund that invests in the trade of a particular commodity. This allows the investors an opportunity to earn returns on their investments.

1.2: CLASSIFICATION OF COMMODITY EXCHANGE TRADED FUNDS :

- **Hedge fund Exchange Traded Funds**- hedge funds are now more accessible to retail investors who want to gain exposure to this alternative assets class. This can be done in two ways.
- **Indexing**: track the performance of a particular hedge fund benchmark. Hedge fund ETFs that follow this strategy do not aim to beat the benchmark but provide similar returns.
- **Directly Mirroring Hedge Funds**: hedge funds publish reports on their holdings. ETF managers can replicate investments or trading decisions undertaken by a particular hedge fund
- **Agricultural ETFs (exposure in one fund)**: retail investors can also buy the current dip in agri commodities prices using the Teucrium Agricultural Funds (TAGS). It is an ideal way to ingress into agricultural investment the way of the unique fund of fund structure inherent in TAGS. TAGS offers a perfect complement to a traditional 60/40 stock/bond portfolio for diversification, all in the convenience of one dynamic fund. A combination of funds adds exposure to corn, wheat, soya beans and sugar.

AGRICULTURAL ETF LIST IN INDIA

1. Investco DB agricultural fund
2. Teucrium wheat fund
3. First Trust Alternative Absolute Return Strategy ETF
4. Teucrium corn fund

ICICI Prudential NIFTY Commodities ETF is an investment fund that seeks to track the performance of the NIFTY Commodities Index and represents the commodity sector of the Indian stock market. This ETF is managed by ICICI Prudential Asset Management Company, one of the largest asset management firms in India. By investing in ETFs, investors can gain exposure to a diversified portfolio of commodities such as energy, metals, agriculture and others, without individually purchasing and managing them. ETF is traded in NSE like any other stock and can be bought and sold throughout the trading day at market prices. Investors can gain exposure to stocks such as Hindalco, BPCL, JSW Steel and NTPC by investing in these exchange-traded funds.

COMMODITY MUTUAL FUNDS:

To invest in a diversified portfolio of commodity-related assets such as stocks of commodity-producing companies, commodity futures and options. These funds provide retail investors with an opportunity to access commodities indirectly through professional management.

1.3: TYPES OF COMMODITY FUNDS:

- **Basic/True Commodity Funds**: which are invested in naturally occurring physical assets like metals
- **Natural Resources Funds**: These funds primarily invest in organizations or companies which deal with natural resources like petroleum, oil, minerals, gold etc.
- **Future funds**: Future funds are the riskiest commodity funds. The fund manager of the future fund takes a call on future trading of the commodity. The NAV of these funds can rise or fail dramatically based on the call made by the fund manager.
- **Combination funds:** Combination funds follow a combined strategy of investing in basic commodities and commodity futures. The futures offer a chance to earn good returns while basic commodity investing helps to reduce volatility.
- **Index funds:** These funds are passively managed. In these funds, the fund manager uses the corpus to buy a commodity at the standard rates based on the benchmark. Commodity mutual funds include: PIMCO, PCRAX & T.Rowe New Era Fund (PRNEX).

Commodity Pools: are investment funds that pool funds from multiple investors to trade commodities. These funds are typically managed by professional commodity trading advisors (CTA) and provide retail investors with the opportunity to invest in commodity markets indirectly.

1.4: HOW TO BUY COMMODITY EXCHANGE TRADED FUNDS?

A retail Investor who is interested in a commodity market can purchase a commodity ETF. An investor requires only a brokerage to purchase the security. Or can place an order to purchase through the investors trading account and receive the security once the purchase is complete. Commodity Exchange Traded Funds are highly liquid assets and most investors can complete their commodity Exchange Traded Funds (ETFs) trading very fast compared to other investment funds. Investors

1.5: THE FOLLOWING ARE SOME OF THE BENEFITS OF INVESTING IN COMMODITIES ETF FUNDS AND COMMODITY MUTUAL FUNDS:

Diversification: Investors may consider exchange-traded funds to diversify investment portfolios. These Exchange Traded Funds provide exposure to commodity contracts backed by assets such as gold, oil, gas, precious metals, agricultural goods, and other commodities.

- **Real-time Prices**: Commodity Exchange Traded Funds are publicly traded on the stock exchange. As a result, they can be purchased and sold at any moment during trading hours. Investors can open Demat and Trading accounts in the Bank and can buy and sell commodity Exchange Traded Funds on their own by taking advantage of an online trading mechanism.
- **Passively Managed Funds**: Commodity ETFs are managed passively. The brokerage or asset-managed companies will be carefully observing the performance indices of commodities and take up the decisions to buy and sell ETFs to maximize their investor's returns. The funds intend to carefully monitor the underlying commodity's price changes.
- **Hedging**: Commodities are good for hedging since they have a negative correlation with stocks and bonds.
- **Inflation protection:** usually, commodity mutual funds tend to offer returns at par with the global market adjustments. Therefore, they act as a good hedge against inflation.
- **Tenure agnostic:** as an investor, we can use commodity funds to meet our long-term as well as short-term goals.
- **Low Cost:** Commodity Exchange Traded Funds are low-cost investment avenues. Investing in commodities may be costly and time-consuming. It is also necessary to have prior expertise working with futures and derivatives

transactions. Commodities Exchange Traded Funds are passively managed funds since they follow a commodity index. As a result, as compared to actively managed plans, the cost of fund management is minimal.

1.6: RISKS IN COMMODITY INVESTING

- **Principal Risk:** commodity prices can be extremely volatile and the commodities industry can be affected by events which occur in the international market such as competition, government regulations and economic conditions, and export and import control etc., these factors will impact the price changes in the commodities.
- **Volatility**: Mutual funds or Exchange Traded Funds that track a single commodity sector show the average volatility. Funds backed by various commodities that use futures, options or derivatives instruments can further increase volatility.
- **Asset concentration:** commodity funds can provide diversifying investment opportunities for retail investors. However, these funds are non - diversified themselves because most of the investment is concentrated on one or two commodities so changes in the market value of a single investment could cause changes in the prices. Exchange-traded funds provide more diversification and provide better returns than futures and options.
- **Investing in commodity securities is speculative** and highly volatile which will have an impact on the performance of the funds significantly.

1.7: INVESTOR'S CONSIDERATION: DIVERSIFICATION vs. SPECIALIZATION

Diversifying or specializing across various commodities and currencies can help mitigate risks associated with price volatility and currency fluctuations. Retail investors must decide between diversifying across various commodities or specializing in a specific commodity sector, investors need to balance risk and rewards in the commodity market.

1.8: THE INTERCONNECTED DYNAMICS OF COMMODITY PRICES, Exchange Rates and the Global Economy highlight the complex relationship between commodity prices and exchange rates, requiring investors to understand market trends. Investors, policymakers, and economists must remain attuned to this relationship.

2. REVIEW OF LITERATURE

1. **Da Costa Neto et al., (2019):** Investor behaviour in ETF markets: a comparative study between the US and Emerging markets, International Journal of Emerging Markets ahead-0f-print. The study applied well-established Santana and Wadhvani's (1992) seminal model to evaluate evidence of feedback trading in emerging markets such as Brazil, Korea, Mexico and India. The study reveals that there is evidence of feedback trading in emerging markets such as Brazil, Korea, Mexico and India, but the presence of such trading is not shown in developed states such as the United States. This says that developed country investors are prone to pursue fundamental-driven investment strategies while emerging markets investors appear to have information-guided behaviour.

2. **Marilyn Mac Gruder Barnewall**: Barenewall distinguished between relatively simple investor types such as Passive investors and Active investors. Passive investors are those investors who have become wealthy passively. These investors have a greater need for security than they have risk tolerance. Investors who are earning regular income such as corporate executives, lawyers, and employees tend to have passive investment behavior. Passive investors with smaller economic resources an investor has more likely the person is to be passive investors. Active investors are defined as those individuals who have earned their wealth in their lifetime. Active investors have a higher tolerance for risk because they believe in themselves.

3. **Samina Gill, et al. (2018)**, investment decisions have become significant activities in day-to-day life. Learning about attributes, which influence investors' decisions is the need of present, so investment firms/ agents can help investors make timely and accurate decisions. Researchers found that information search and predictors are mediating variables. Dependent variables are investment decisions and Independent variables are investors' perception, personality, and expectations.

4. **Shalini kalra sahi, et, al (2013):** the research study indicated that investors possess numerous beliefs and preferences that bias their financial investment decisions. These biases reveal that investment managers have to focus on designing the investor's mind rather than the flaws of the investor's mind. Researchers suggested that understanding an individual investor's psychology would help better comprehend the way the individual investor's decisions are made.

5. **Shabbir (2020)** as per the study the researcher advised investors to invest in assets such as precious metals like gold and silver because of to rise in inflation. A rise in inflation reduces the value of money, so investors can invest in assets to preserve the value and also gain reasonable returns on their investments.

6. **Yousaf et al (2021)** found in their research that investors started investing more in gold compared to other investment avenues during the covid-19 pandemic period due to because of price fluctuations in the international financial and commodities market and researchers found that there was a significant correlation. The COVID-19 pandemic brought changes in the macroeconomic environment and cyclical changes in the economy.

7. **Warren Buffett (2024):** Five key money lessons on value investing. Warren Buffett advised investors to do their research while making investment decisions. Investors prefer to read and analyse financial statements on their own. Companies with strong competitive advantage over competitors are likely to grow in the long run. He believes that investing should be an objective decision and instead of following the market, it is advisable to ignore the noise.

3. RESEARCH OBJECTIVES

1. To study the various retail investment avenues in the commodity market in India.
2. To understand the investors' preferred investment avenues in the commodity market.
3. To study the various factors that influence the investor's behaviour towards the commodity market.

3.1: RESEARCH DESIGN:

To study adopted descriptive and analytical research methods. Primary data was collected from the retail investors in the commodity market through a Structured questionnaire. Secondary data through the existing research articles, newspapers and online sources such as Google and Google Scholar. The data was analyzed by using the percentage of responses received on each factor by the respondents.

3.2: LIMITATIONS OF THE STUDY:

The scope of the Study was limited to Bengaluru. The study was focused on studying retail investors' behaviour towards the commodity market. The sample size was only fifty respondents, so generalizing the outcome cannot be valid.

4. DATA ANALYSIS AND INTERPRETATION

A. DEMOGRPHIC DETAILS OF RESPONDENTS

Table No 01: Showing Demographic Details of the Respondents.

Particulars		Number	Percentage
Gender			
	Male	25	50
	Female	25	50
Age			
	20-25	3	6
	26-30	9	18
	31-35	10	20
	36-40	17	34
	40-50	6	12
	above 50	5	10
Qualification			
	PUC	3	6
	GRADUATE	10	20
	POST GRADUATE	33	66
	PhD	4	8
Income			
	Below 3 lakh	10	20
	3 lakh -5 lakh	14	28
	5lakh-8 lakh	8	16
	8lakh-10 lakh	6	12
	Above 10 lakh	12	24
Occupation			
	Employee	28	56
	self employee/Business	6	12

	professional	12	24
	Home maker	4	8
Marital status			
	Married	45	90
	Unmarried	5	10

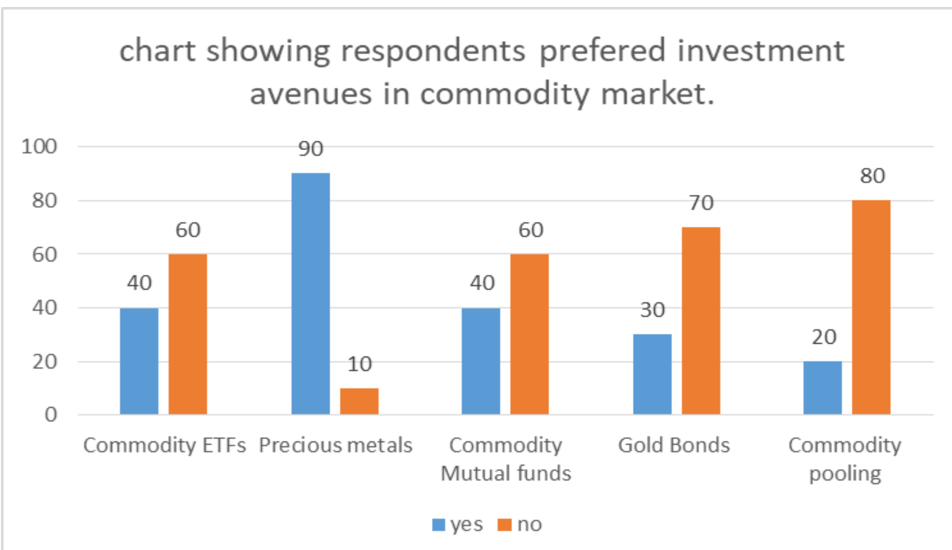
Data sources: Primary Data (Questionnaire)

Interpretation: Data was collected from respondents' sample frame consist of retail investors in the commodity market by way of commodity Exchange traded Funds, precious metals commodity mutual funds etc, in the commodity market. Respondents consist gender of male and female in equal proportion, majority of the respondents are employees that is 56 percent, followed by professionals 24 percent. All the respondents are literate (100%) and majority of them are postgraduates (66%). 90 percentage of respondents are married. 28% respondents falls under the income group of 3 lakh to 5 lakh rupees income, 24 % respondents belong to the income group of above 10 lakh per annul.

Table No 02 :Showing Respondents Investment's in Commodity Market in Various Retail Investments Avenues.

Items	Response(frequency)		Response (percentage)	
	yes	no	yes	no
Commodity Exchange Traded Funds	20	30	40	60
Precious metals	45	05	90	10
Commodity Mutual funds	20	30	40	60
Gold Bonds	15	35	30	70
Commodity pooling	10	40	20	80

Sources: primary data(questionnaire)



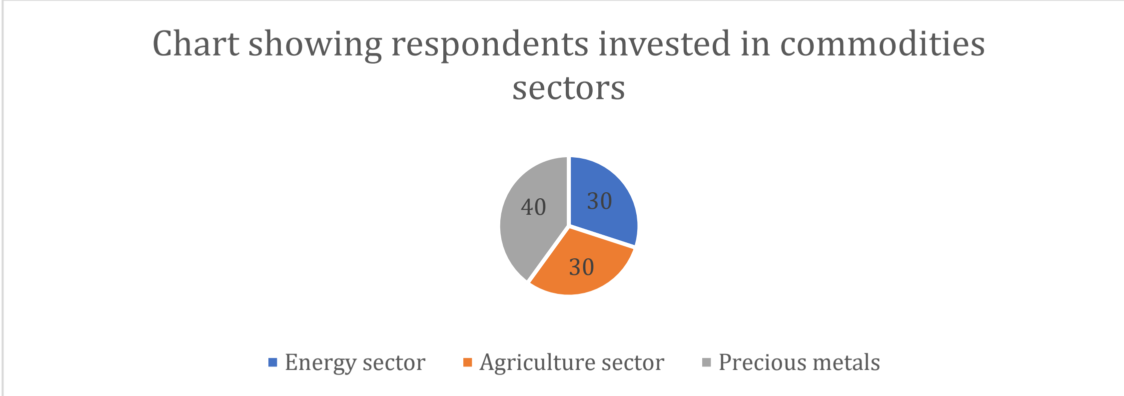
Sources : Primary data (questionnaire)

Inference: from the analysis it was understood that majority of respondents (90%) invested in precious metals such as gold and silver because of convenience, longevity and flexibility features along with other retail investment avenues such as Commodity Exchange Traded Funds (40%) commodity mutual funds (40%). 30% of respondents are invested in gold bonds and 20% of respondents are invested in commodity pooling agencies.

Table No 03: Investment in various commodity sectors by the investor's.

Sector	Frequency	Percentage
Energy sector	15	30
Agriculture sector	15	30
Bullion market	20	40
Total	50	100

Sources: Primary data

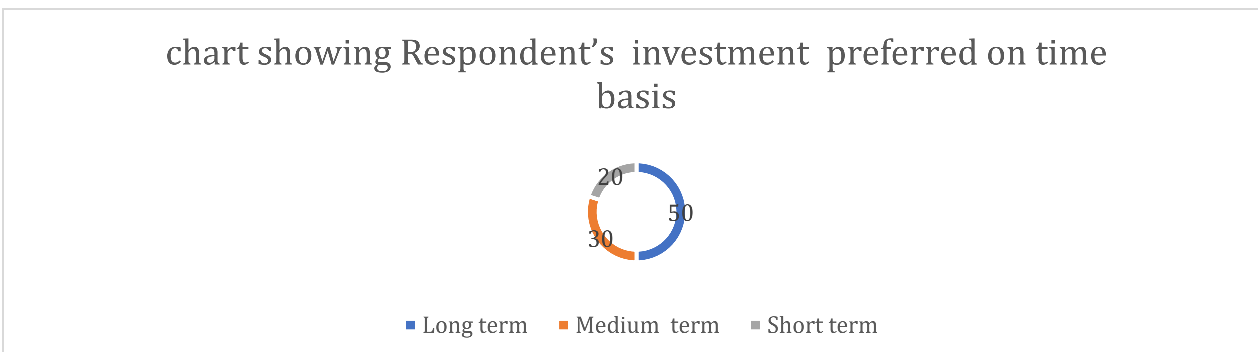


Data sources: primary data (questionnaire)

Inference: From the data analysis it was found that majority of the respondents were invested in bullion market, which can understood that investors prefer to invest in precious metals such as gold and silver because of low risk, high degree of liquidity and flexibility associated with bullion market compare to other commodity sectors

Table No 04: Showing respondents preferred time length for investment

Period	Frequency	Percentage
Long term	25	50
Medium term	15	30
Short term	10	20
Total	50	100



Sources: Primary Data

Inference : As per the analysis majority of the respondents prefer to do investments in long term perspective (50%). 30 percent respondents prefer medium term investments and the rest of 20 percent investor's prefer short term investment. Majority of investors are avoid risk, and prefer to invest in safer and secured investment options. Least investors are risk takers, who prefer to do trading activities regularly.

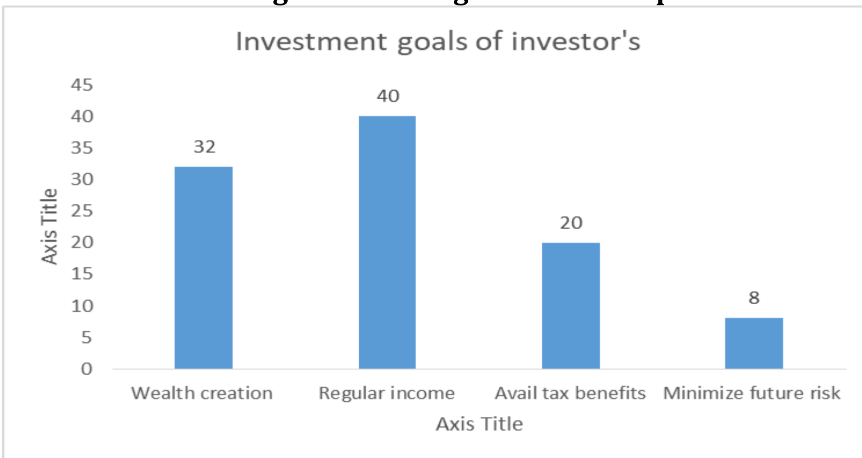
Table No 05: Showing Investment Goals of the Investors.

Items	Frequency	Percentage
Wealth creation	16	32
Regular income	20	40
Avail tax benefits	10	20
Minimize future risk	04	8

Sources : Primary data

Inference: From the data it can understood that majority of the investor's I.e 40 percent major intention is to earn regular income. So they always prefer to do investment avenues which perform constantly and generate income on regular basis. 32 percent of the respondents goal is to create wealth, so they prefer high performing investment avenues which yield more returns over a period of time. 20 percent respondents intended to get tax benefits. And only 8 percent respondents intention is to minimize future risk.

Chart showing investment goals of the respondents



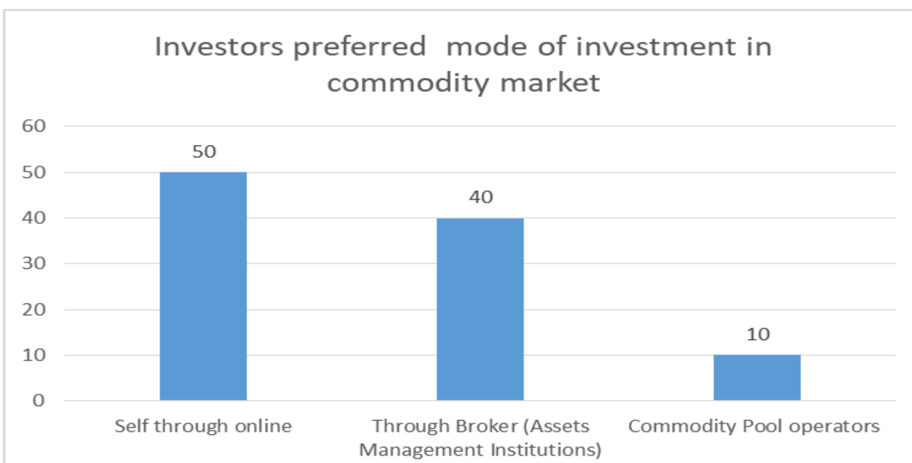
Sources : Primary data

Table 06: Mode Of Investment in Commodity Market.

Mode	Frequency	Percentage
Self through online	25	50
Through Broker (Assets Management Institutions)	20	40
Commodity Pool operators	05	10
Total	50	100

Sources: Primary data

Chart showing respondents preferred mode of investment in commodity market



Data source: Primary data

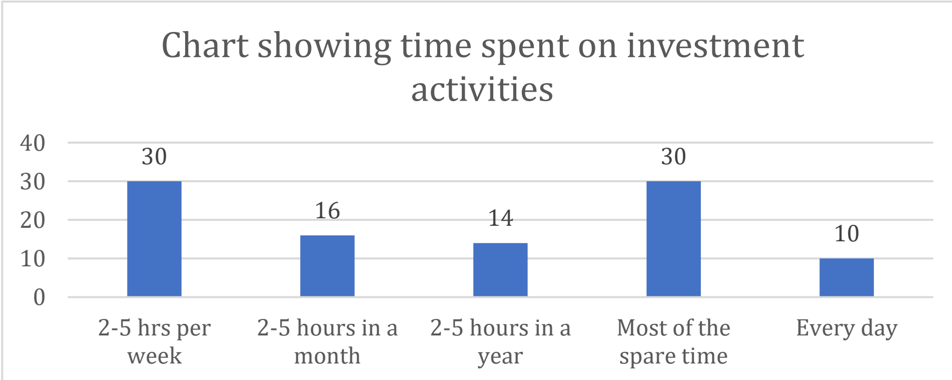
Interpretation: From the analysis it can be understood that due to digitization majority of the respondents prefer to invest on their own by using internet (50%). Financial literacy level of the respondents are high, Most of the respondents are from highly educated background. So they have high degree of confidence on their self and on their investment decisions. 40 percent of the respondents defends on the investment professional to do investment and only 10 percent prefer to invest through commodity pool operators.

Table No 07: Showing Time Spent by Respondents on Investment Activities.

Time period	Frequency	Percentage
2-5 hrs per week	15	30
2-5 hours in a month	8	16
2-5 hours in a year	7	14
Most of the spare time	15	30

Every day	5	10
Total	50	100

Data sources: Primary data

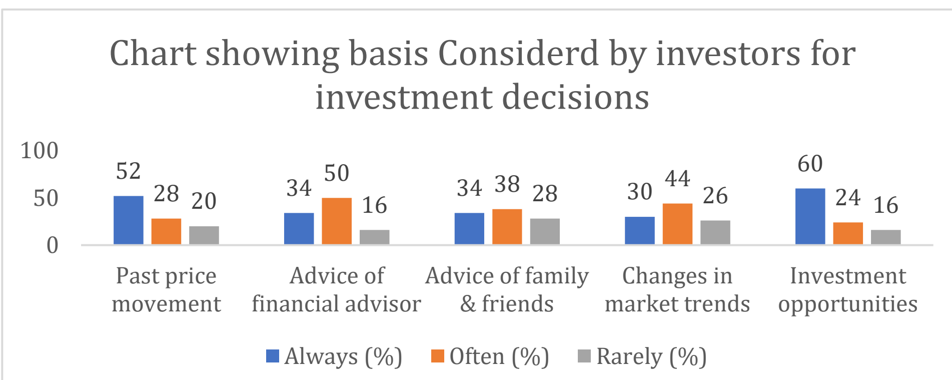


Data sources: Primary data

Inference : From the graph it can interpret that 30 percent respondents are spending 2 to 5 hours per week and 30 per cent of investors use most of their spare time on observing, collecting, and analyzing the market for making investment decisions and to follow up on the market performance. It shows that overall 70 percent of respondents are actively involved in investment. Overall 30 percent of respondents are passive investors, who are rarely involved in investment activities.

Table No 08: Showing Respondents Consider Basis For Their Investment Decision

Basis	Always (%)	Often (%)	Rarely (%)
Price movement in the past	52	28	20
Advice of financial advisor	34	50	16
Advice of family & friends	34	38	28
Changes in market trends	30	44	26
Investment opportunities	60	24	16



Data sources: Primary data

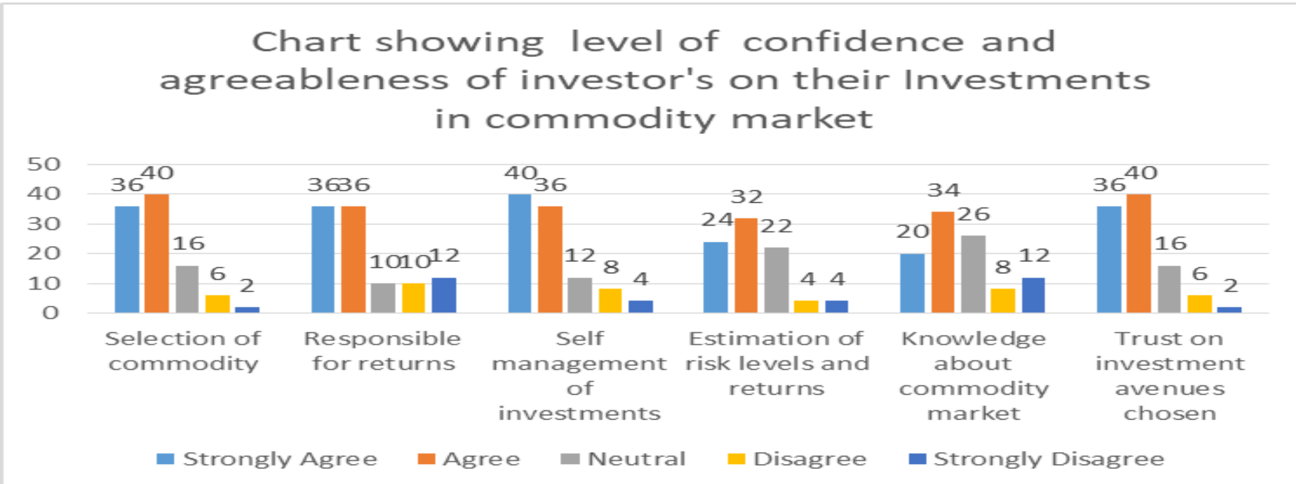
Interpretation: As per the analysis, it is understood that respondents make investment decisions based on certain criteria. 52 per cent of the respondents always consider past price movements to predict future performance. 50 per cent of respondents take advice from financial experts often to make investment decisions. Investment opportunities availability is always considered by the respondents(60%). 38 per cent of respondents always consider changes in the commodity market as a base for investment decisions.

Table No 09: Showing confidence levels of investor's at selecting investments avenues in commodity market. (In terms of percentages).

Agreeableness	Selection of commodity	Responsible for returns	Self management of investments	Estimation of risk levels and returns	Knowledge about commodity market	Trust on investment avenues chosen
Strongly Agree	36	36	40	24	20	36

Agree	40	36	36	32	34	40
Neutral	16	10	12	22	26	16
Disagree	06	10	08	04	08	06
Strongly Disagree	02	12	04	04	12	02
Total percentage	100	100	100	100	100	100

Sources: Primary data



Sources : Primary data.

Inference:

From the analysis, it was understood that 40 per cent of the investors agree that they can select the best commodities to invest in, and 36 per cent strongly agree that they can choose commodities to invest in.

36 per cent of investors strongly agree and 36 per cent agree that they consider themselves responsible for the returns earned on their investments. 40 per cent strongly agree and 36 per cent of respondent agree and consider that they can manage their investments on their own and strongly believe in their management skills. Only four per cent of investors doubt self-management skills and strongly disagree.

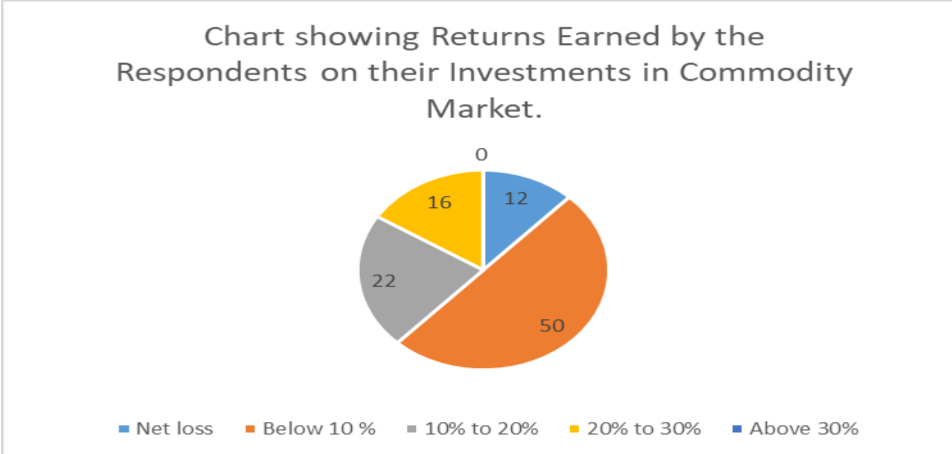
32 per cent of respondents agree and 24 per cent strongly agree that they can estimate the risk and returns on commodities while investing in the commodity market. 22 per cent of respondents remain neutral on their estimation skills.

34 per cent of respondents agree that they have enough knowledge about commodity markets and 22 per cent of respondents remain neutral and are not confident in their knowledge about commodity markets. Maximum respondents trust that they chose the right commodities avenues for investments (40 per cent agree and 36 per cent of respondents strongly agree).

Table 10: Showing average returns earned by the respondents on through investments in commodity market

Returns	**Frequency**	**Percentage**
Net loss	06	12
Below 10 %	25	50
10% to 20%	11	22
20% to 30%	08	16
Above 30%	00	00
Total	50	100

Sources : Primary data



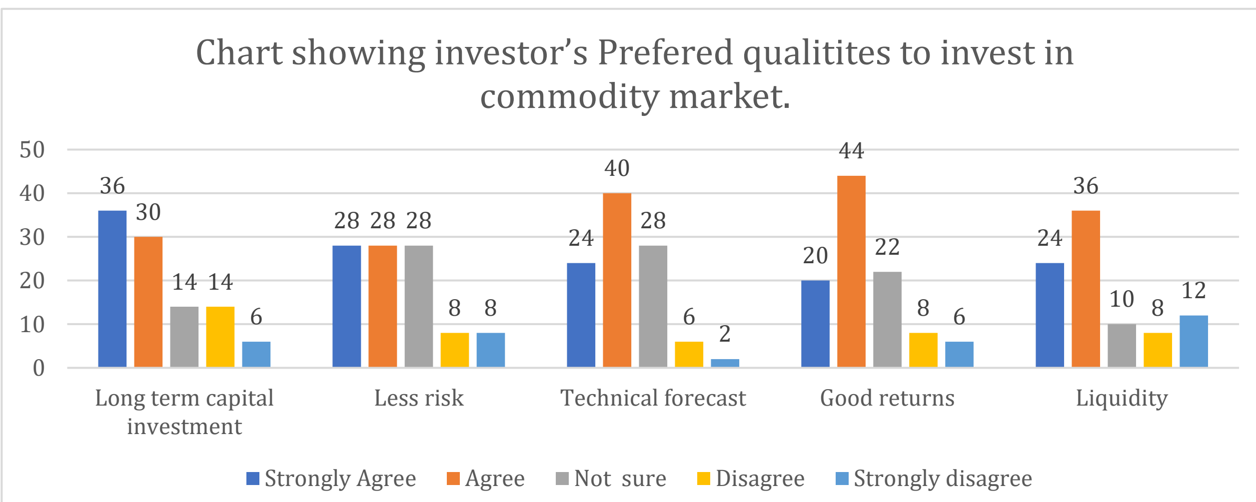
Sources: Primary data(questionnaire).

Inference: From the chart, we can infer that the majority (50 per cent) of the respondents earned below 10 per cent returns on their investments. 22 per cent of respondents received 10 to 20 % returns, and 16 per cent of them earned 20 % to 30% returns. Very less respondents earned the highest returns. 12 per cent of the respondents incurred a net loss from their investments.

Table No 11: Showing investors preferred qualities to invest in commodity market.

Qualities	Long term capital investment	Less risk	Technical forecast	Good returns	Liquidity
Strongly Agree	36	28	24	20	24
Agree	30	28	40	44	36
Not sure	14	28	28	22	10
Disagree	14	8	6	8	8
Strongly disagree	6	8	2	6	12

Sources: Primary sources(questionnaire)

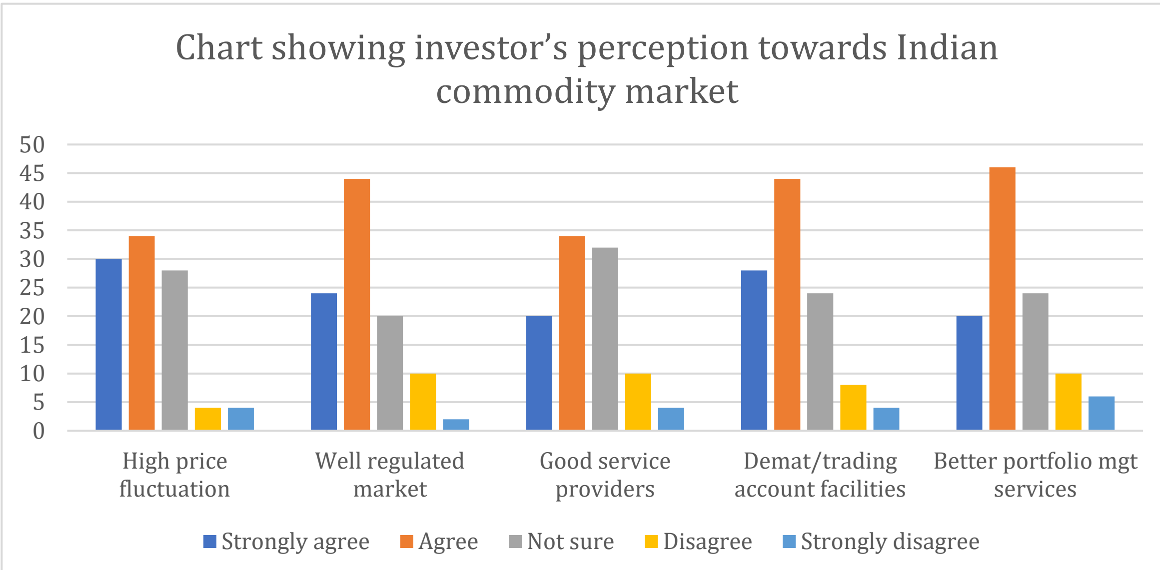


Inference: As per the analysis majority of respondents agreed and highly preferred factors are less risk and good returns for investing in the commodity market, next preference was assigned to the other qualities such as long-term investment and liquidity features. Sentiment and investors behavior in the stock market influences on commodity ETFs prices (Baker & Wurgler 2006; chau et.al 2011; Moskowitz etal 2012).

Table No 12: Showing Investor's Perception on Indian Commodity market

Response	High price fluctuation (%)	Well regulated market	Good service providers (%)	Demat/trading account facilities (%)	Better portfolio mgt services (%)

		(%)			
Strongly agree	30	24	20	28	20
Agree	34	44	34	44	46
Not sure	28	20	32	24	24
Disagree	04	10	10	8	10
Strongly disagree	04	2	4	4	6
Total	100	100	100	100	100



Sources: Primary Data (Questionnaire)

Inference: From the analysis, investors are having good perception towards the Indian commodity market. The majority of the respondents agree that the Indian commodity market is well regulated, SEBI follows good norms in commodity stock exchange operations and provides good services to the investors. Many financial institutions are providing Demat account and trading account facilities to the people. Investors can easily avail of banking services very fast through online banking services. Respondents agreed that the Indian commodity market provides good portfolio management opportunities to investors such as physical commodities, Commodity Exchange Traded Funds (ETFs), Commodity Mutual Funds etc.

5. FINDINGS

From the analysis, investors are having good perception towards the Indian commodity market. The majority of the respondents agree that the Indian commodity market is well regulated, SEBI follows good norms in commodity stock exchange operations and provides good services to the investors.

- From the analysis, it was found that the majority of the respondents invested with a motive to earn a high rate of returns on regularly basis.
- The majority of the investors prefer to invest where the degree of risk is less and which gets good returns. So commodity market offers such investment avenues which can satisfy both the motives of the investors.
- Most of the respondents are passive investors, because they are salaried employees, getting fixed regular income. Commodity market offers exchange traded funds which are best suitable for passive investors.
- The majority of respondents (90%) invested in precious metals such as gold and silver because of convenience, longevity and flexibility features along with other retail investment avenues such as Commodity Exchange Traded Funds (40%) and commodity mutual funds (40%).
- The majority of the respondents consider that they can manage their investments. 40 per cent of the investors agree that they can select the best commodities to invest in, and 36 per cent strongly agree that they can choose commodities to invest in. Digitalization of commodity markets and various online portals provide enough information and it's also convenient for investors to do investment and trading on their own.

- The majority of respondents consider themselves responsible for the returns which they getting and they are not considering external factors influence on performance of commodity market. So, investor's have high internal locus of control.
- The majority of the respondents that is 32 per cent of respondents agree and 24 per cent strongly agree that they can estimate the risk and returns while investing in the commodity market, and 22 per cent of respondents remain neutral on their estimation skills.
- The majority of the respondents, 34 per cent respondents agree that they have enough knowledge about commodity markets and how they operate. Another 22 per cent of respondents remain neutral and they are not confident in their knowledge about the commodity market.
- As per the data the various criteria considered as a basis for investment decisions by the respondents were, Most of the investors (52%) always make investment decisions based on their experience and often 50 percent respondents prefer to take expert advice. 60 per cent of respondents always consider the availability of best Investment opportunities.

6. CONCLUSION

The commodity market offers various investment avenues for retail investors. Exchange Traded Funds (ETFs) are traded in commodity markets in our country. In the International commodity market, Commodity Exchange Traded Funds are the most popular investment avenues for investors, they are well-regulated markets. Investors can easily avail enough information about the performance of the commodities on real real-time basis and they can make timely decisions regarding buying and selling of Commodity ETFs. Indian commodity markets are very effective in only precious metals Exchange Traded Funds. These are very popular among Indian investors. Most of the Investors always consider safety one of the most important factors while investing. And also they expect to get high returns from their investment. Gold ETF and Silver ETF are widely traded in the commodity market because investors consider them safe investments in the long term. Financial institutions and Asset management companies such as SBI Gold ETF, ICICI Prudential, HDFC Banks and Morgan, Kotak Gold ETFs, Nippon ETF, Invesco ETF etc, are widely providing investment services to the investors. Factors driving investment decisions in commodity market considering to impact on returns through information revelation and price pressure or investor's sentiments (Moskowitz etal 2012). There is a potential impact on the risk and return of commodity Exchange Traded funds.

CONFLICT OF INTERESTS

None.

ACKNOWLEDGMENTS

None.

REFERENCES

Augusto Costa, Marcelo Klotzle, Antonolo carlo Figuriredo Pinto (2019): investor behavior in ETF markets: a comparative study between the US and Emerging markets, International Journal of Emerging Markets ahead-0f-print.

A. Parameswara Gupta (2022): Level of investor's satisfaction with ETFs, advantages and perception towards investment- IJARIIE- Volume(8), (1). ISSN(O) -2395-4395.

Haruthai., Kasemharuethaisuk ,Taweesak samanchuen (2023): Factors influencing behaviour intention of digital investment services of mutual fund distributors adoption in Thailand. MDPI, (Sustainability journals), volume 15, (3).doi:10.3390/5415032279.

Iver ekeland, Delphine Lantier, Bertrand Villeneuve (2018): Hedging pressure and speculation in commodity markets, 74th International Atlantic Economic conference. Research gate

Bhaskar krishnappa, Thandava Murthy. (2022): Assessment of price volatality of commodities traded on MCX India relationship between future price of selected commodities and different parameters on economic factors affecting commodity, Journal of positive psychology. Vol-6, issue-3. pp: 5137-5161.

Viswanathan,. P Govindaswamy (2016). A study on investors perception towards commodity trading in sky commodity India Pvt ltd at Chennai. Emperor international journal of finance and management research @mayas publication. Vol-11, Issue-07, july 2016. pp 81-97.

E. Ramesh, N.V Sriranga Prasad, S. Parminder Singh. (2019): Investor Behavior towards Commodity market with reference to Karimnagar District, Telangana state.IJRTE, Vol:8, Issue -4, November 2019. ISSN:2277-3878.

Tom James (2016): commodity market trading and investment, A practitioners guide to the markets.springer Link, Palgrave Macmillan Studies in Banking and Financial Institutions.

Sharma A., kumar, A (2019): A review paper on behavioral finance; A study of emerging trends qualitative research in financial markets. Vol-12 (2), PP.137-157.ISSN:1775-4179.

Seilan anbu(2020): Performance Analysis of Indian commodity Market.