Investor Behavior towards Commodity Market - with Reference to Karimnagar District, Telangana State

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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 (assets). The number investment alternatives have been increasing due to the changes in Global conditions. To become successful, Investor has to keep large amount of savings in diversified portfolio and Invest wisely. Risk and return are the two sides of Investment, so one should try to analyze how much risk intended to take and how much return intended to generate. While making Investment decisions investor must have enough financial knowledge. Among the various investment options, investing in commodities can be an important alternative to diversify a portfolio beyond traditional securities. Many of the investors are still not in favor of investing in commodities. The Current study examines the Investor's awareness and perception towards commodity market. Descriptive research design is selected to study. Using a convenience sampling approach, a total of 68 customers were interviewed at select stock broking in select areas of Karimnagar district of Telangana state.It is identified and concluded that most of the Investors in commodity market are satisfied with commodity trading and having a positive attitude towards commodity market. It is found that prices of commodities are affected by various factors such as national and International i.e. Interest Rates, Crude Oil price, American Dollar's Price, Economical and Political conditions. Further it is found from the study that majority of the respondents strongly Prefer to invest in the commodity Crude Oil, Gold, Silver, Natural Gas, Aluminum and Least Preferred Commodities are Zinc, Copper, Lead. Investments in commodity trading are increasing nowadays in metro and urban area.

***Keywords*: Investment, Investment alternatives, Commodity Market, Influencing factors.**

I. INTRODUCTION

The Indian financial market provides a lot of investment alternatives. Most of the investors usually invest in Post office, insurance, Mutual funds, Bank fixed deposits, lands, Public Provident Fund, Recurring Deposits, bonds or Debentures and so on. A few of us—who are having knowledge on stock market invest in shares. The number investment alternatives have been increasing due to the changes in Global conditions. Commodities are the one of the best alternative for those who want to diversify their portfolios beyond shares.

Commodities having a great potential to become unique asset class for those traders and investors who are making investment in Secondary market. Most of the investors consider making investing in commodities as quite complicated and risky. But commodities are easy to understand because the price of commodities is based supply and demand. Investors should understand the advantages and risks of trading in commodities before making large investments.

Basics of Commodity:

Commodity is a group of assets/goods that are important in day–to-day life, such as energy, metal and food. It may be divided as every kind of movable good that can be purchased and sold, except for actionable claims and money.

Commodities may be divided into five major sectors: Energy, Agriculture, Precious metals, Metals & materials, and services. Agri-commodity comprises of Rice, Wheat, Cotton seed, crude palm oil, Pepper, Turmeric, soybean, coriander, etc; While bullion comprises Silver and gold. Energy includes Natural gas, crude oil, furnace oil and Brent crude among others, whereas metals consists of Zinc, aluminum, copper, lead, nickel, etc.

History of commodity trading:

In the modern days Commodity trading is trace its origins back to the 17th century in Osaka, Japan; Organized trading on an exchange has been started in 1848 with the establishment of the Chicago Board of Trade (CBOT).

The first milestone in India towards Commodity trading is establishment of Bombay Cotton Trade Association in the year 1875 and having more than 130 years rich history of organized trading in commodities in India. India had a vibrant futures market in commodities till 1960 and it was discontinued due to natural calamities, war, and the consequent shortages. The advantage of liberalization helped the cause of laying emphasis on the importance of commodity trading. By the beginning of 2002, there were about 20 commodity exchanges in India, trading in 42 commodities, with a few commodities being traded internationally.

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LEADING COMMODITY MARKETS OF INDIA:

Currently the government of India has allowed National commodity exchanges, similar to the NSE & BSE, to trade commodity derivatives in an electronic trading environment. These exchanges are expected to offer a nation-wide anonymous, order driven; screen based trading system for trading. The Forward Markets Commission (FMC) will regulate these exchanges. The following are the major commodity trading Exchanges in India:

1. Multi Commodity Exchange – MCX
2. National Commodity and Derivatives Exchange – NCDEX
3. National Multi Commodity Exchange – NMCE
4. Indian Commodity Exchange – ICEX

The commodities that are traded today are: Energy such as Crude Oil, Natural Gas, Gasoline etc and Precious Metals such as Gold, Silver, and Platinum etc. Further Other Metals such as Nickel, Aluminium, Copper etc and Agro-Based Commodities such as Wheat, Corn, Cotton, Oils, Oilseeds etc are traded. Also, Soft Commodities such as Coffee, Cocoa, Sugar etc and Livestock such as Live Cattle, Pork Bellies etc are being traded in these days.

Types of Commodity Markets:

Broadly we can find there are four markets that exist within the commodity markets. These are the products that combine to create the overall constituency called the commodity markets.

1. **Commodity Spot Markets**: The commodity spot market is a market where a buyer and a seller for commodities enter into a contract for immediate delivery of a commodity. In spot market there is no speculation and all transactions will result in delivery. Of course, commodities being bulky products will not result in effective immediate delivery but will be done through the exchange of Warehouse Receipts. The actual delivery will eventually be done in a few days and till then will be represented by the warehouse receipt.

2. **Commodity Forward Markets:** In a commodity forward market the buyer and the seller of a commodity will enter into a contract for delivery of a commodity at a later date. The date, quantity and price of the commodity contract will be decided in advance and the parties to a forward commodity contract will pay a margin. Mostly, commodity forwards are unregulated and hence do not carry the exchange counter guarantee. Hence forward contracts will carry counter party risk. Forward contracts will necessarily result only in delivery and cannot be squared off.

3. **Commodity Futures Markets:** The nature of a commodity futures market will be exactly like a forward contract in the sense that it will entail delivery of the commodity at a future data but at a price, date and time decided today. Commodity futures contracts are traded on the recognized exchange like the MCX or the NCDEX. Unlike forwards, commodity futures are standardized and can be squared off before the expiry date. Commodity futures contracts do not have counter party risk as the contract is guaranteed by the exchange and the clearing corporation acts as the counter party for each transaction.

4. **Commodity Options Markets**: Like a commodity futures contract, an options contract will also be free of counter party risk. Options on commodities are yet to be introduced but have been approved. An option buyer will have limited risk to the extent of the premium paid whereas the option seller will have limited profit to the extent of the option premium received. Commodity options will lead to development into futures. A commodity call option will devolve into a long futures position while a commodity put option will devolve into a short futures position.

Players in the Commodity Market:

The contracts in commodity futures and options are fairly standardized; there are 3 broad kinds of players who are active in the commodity markets.

1. **Hedgers:** Hedgers are those who actually have an underlying position in that commodity. Hedgers are not in the commodity market for making profits but they just want to protect their risk. For example, cotton farmer and the spinning mill, are both hedgers as they are trying to protect their price risk at a future date. Hedgers are more interested in measuring the risk and better planning of their future cash flows.

2. **Speculators:** Unlike hedgers, speculators do not have underlying positions in the commodity. Speculators are in the commodity markets to make profits from price movements. They operate on the long side and the short side. Speculators are active in futures and in options and are focused purely on making profits out of price movements.

3. **Arbitrageurs:** Arbitrageurs are unique players in the commodity markets who capitalize on the spread between the spot price and the futures price. By buying in the spot market and selling in the futures market, these arbitrageurs lock in the price differential and thus arbitrage acts as a fixed income instrument for them. Both arbitrageurs and speculators play an important role in the commodity markets as they provide liquidity to markets.

Top 10 most traded commodities in the world:

Commodities act as basic building blocks for the World economy, upon which most other goods are created. Commodities are fall into two broad categories. 'Hard' commodities such as natural resources that must be mined or extracted. These include energies such as natural gas, oil and metals such as gold and aluminum. On the other hand 'Soft' commodities, includes Agricultural products such as crops and livestock.

Commodity markets are become more popular with traders because prices of commodities can be very volatile, meaning there are often opportunities to profit by going long or short. Prices of Commodities can affect due to consumer trends, govt policies, weather conditions, infrastructure, economic performance, reserve levels and currency valuations, among others. The top ten most traded commodities in the world are:

1.Brent crude (oil) 2.Steel 3.WTI crude (oil) 4.Soya beans 5.Iron 6.Corn 7.Gold 8.Copper 9.Aluminum 10.Silver..

FACTORS AFFECTING THEPRICES OF COMMODITIES:

Factors affecting the prices of various commodities can be divided into Generic and specific factors.

1. GENERIC FACTORS

Generic factors are those factors which will affect to all the prices of commodities in general are Supply and Demand, Forex Rates, Export/Import parity, Risk and Return, Trading, Clear and settlement and Current scenario news such as

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2. SPECIFIC FACTORS

Specific factors are those factors which will affect a particular commodity or a class of commodities: Precious metal factors include Global macro economics, stock market volatility and US dollar Vs other major currencies. Industrial Metals factors include Demand of Industry, Supply of substitute metals, Rules
and regulations of government and projects of infrastructure. Energy factors include production

Advantages and Disadvantages of Commodity Trading:

The following are the various advantages and Disadvantages of Commodity Trading:

Advantages:

- Exposure to different growth opportunities.
- Diversification benefits.
- Protection against inflation.

Disadvantages:

- Highly volatile.
- No income generation

II. 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 to maximize the wealth and minimize the risk on investment made by them. While constructing Portfolio, investors are searching for new Investment alternatives such as Commodity Trading. Commodity trading is having more potential to earn greater returns in comparing to stock market and easy to understand. But most of the Investors are assuming commodity trading is risk and complex. Against this backdrop, the Current study is aimed at to know the behavior of investors towards the commodity market and to identify various factors influencing commodity trading and to understand the most preferred commodities by the investors in commodity trading.

III. OBJECTIVES OF THE STUDY

1. To analyze the demographical factors of commodity Investors.
2. To find out various factors Influencing Investment in Commodity Market.
3. To Study the behaviour of Investors towards Commodity Market.
4. To find out investor’s preference towards various commodities in Commodity Market.

IV. SCOPE OF THE STUDY

The Scope of the study is confined to understand investments behavior of investors in commodity market in select places of Karimnagar district of Telangana.

V.LITERATURE REVIEW

Kapil, Sheeba, and Kanwal Nayan Kapil (2010) conducted a study and offer arguments and insights as to why the Indian commodity market needs the participation of the commodity trading advisors. To discuss the various issues related to CTAs applicability in India. The paper builds on the concept that CTAs would add the desired price discovery, volume, and depth to the Indian commodity market.

Iqbal et al. (2013) conducted a study to identify the relationship and link between financial market anomalies and investor behavior. To represent the behavior of Institutional and individual investors in financial markets. The paper also discuss that either investor behaviors have a direct or indirect impact of stock market change. The investor to behave in specific ways. The paper explains that Due to lack of having adequate information and sophistication an individual investor performs poorly as compared to institutional investors. The most compelling factors behind stock market anomalies are investor over reaction, overconfidence, overestimation, investor’s less sophistication level and investor biased behavior.

Chen, Y. L., & Chang, Y. K. (2015) Identifies the impact of the trading positions of hedgers (i.e., users of commodity, merchants and producers), speculators, and swap dealers on the price formation process in the energy, metal and agricultural futures markets. This study also offers evidence that the role of swap dealers, similar to speculators in futures markets. The findings highlight the role of hedge funds, producers and swap dealers in price formation processes. In commodity futures-information that is beneficial to speculators, traders, regulators and academics.

Mellios et al (2016) objective of the study is to address, in an a continuous-time framework, the issue of using commodity futures as a tool or vehicles for hedging purposes when, in particular, the convenience return or yield as well as the market prices of risk evolve randomly over time. Empirical evidence shows that the convenience yield playing a strong impact on the hedging and speculation positions and the interaction among time-varying risk premium determines the magnitude and the sign of these positions.

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

Monga et al (2016) made the study with the basic concern to understand investment alternatives available and factors associated with it, positive and negative aspect of different forms of investment and thereby help to create general awareness among investors. Data is collected from conveniently selected 300 respondents through interviews using a self developed questionnaire. Findings revealed that investment in jewellery was the most preferred form of investment. However, gold coins, bullion bars, ETF etc., are also gaining ground slowly.

Jena, Pratap Kumar, and Phanindra Goyari (2016) studied the relationship between commodity, stock and bond prices in India using the Dynamic Conditional Correlation (DCC) model. This study is done on the basis of secondary data on daily returns for three alternative asset classes from June 10, 2005 to June 30, 2011. Therefore, the specific variables are corporate bond yield collected from Bloomberg, commodity futures index (Comdex) from the Multi Commodity Exchange (MCX) and S&P CNX Nifty index collected from National Stock Exchange (NSE) of India, of India. The results show that both Stock prices and commodity are positively correlated but bond and commodity prices are negatively correlated. There is higher return with less volatility in commodity price, which implies that it is more efficient in asset allocation compared to a traditional asset like bond. When there is an increase in the market risk with stock market volatility, the conditional relation between stock and commodity price declines. It is good news for the investor to make asset allocation to commodity market and vice versa.

Ftiti, Z., Kablan, S., & Guesmi, K. (2016) were analyzed the relationship between commodity prices and credit to the private sector in commodity-exporting in developing countries. It extend the findings of non-empirical studies dealing with this issue for the case of African countries and complement the literature on the methodological side by investigating this relationship using wavelet analysis.

Mr.William Robert.P (2017) has been conducted a study to know the level of Awareness of Investors towards Commodity Market at Chennai city. The objectives is to study level of awareness, preference, demographic profile and the factors influencing the investment in commodity. Descriptrive research design is used in this study. The self administrated questionnaire was used to collect data from the respondents. Findings of the study are The awareness programme attended by the investor in commodity is very high. Majority of the investor is awareness to some extent. Large number of investor in commodity wants to earn high return in short term period. The investment avenues of individual investors depends mainly on annual income and risk taking capacity, The investor preference falls on Crude Oil, Silver, Copper and Gold.

Han, L., & et al. (2017) conducted a study for investor attention in order to examine how attention impacts commodity futures prices. To study the impact of investor attention on market efficiency.13 commodity futures and the interaction between returns and attention, even after controlling for important macroeconomic factors. Results show that rising attention, on one hand, increases information efficiency and attention arbitrage opportunities, whereas, on the other hand, decreases market efficiency by facilitating herd behavior of investor.

RESEARCH METHODOLOGY:

Type of Research: Based on the objectives of the study, the present study is descriptive in nature.

Nature of Data: The study is based on primary data through survey method. The self-administrated questionnaire was applied to collect data from the various respondents. The questionnaire comprised various questions pertaining to investments behaviors of respondent's commodity market. Using a convenience sampling approach, a total of 68 Investors were interviewed during April 2019 at various commodity trading centers in Karimnagar region.

Tools used for analysis: Percentage analysis, Mean analysis, Chi-Square and weighted average Analysis for analyzing primary data.

VI. ANALYSIS AND INTERPRETATION

1. DEMOGRAPHICAL

Gender of Investor		
Gender	**Frequency**	**Percentage(%)**
Male	59	86.76
Female	09	13.24
Total	68	100.00
Age of Investor		
Age	**Frequency**	**Percentage(%)**
Below 25 Years	19	**27.94**
25 to 40 Years	35	**51.47**
40-60 years	10	**14.71**
Above 60 years	04	**5.88**
Total	68	**100.00**
Occupation of Investor		
Occupation	**Frequency**	**Percentage(%)**
Business	22	**32.35**
Govt Employee	11	**16.18**
Professional	29	**42.65**
Other	06	**8.82**
Total	68	**100.00**
Marital status		
Marital status	**Frequency**	**Percentage(%)**
Married	48	**70.59**
Unmarried	20	**29.41**
Total	68	**100.00**
Annual Income		
Income of Investor	**Frequency**	**Percentage(%)**
Less than Rs 1,50,000	06	**8.82**
Rs 1, 50,000 to Rs 3,00,000	14	**20.59**
Rs 3,00,000 to Rs 5,00,000	19	**27.94**
Above Rs 5,00,000	29	**42.65**
Total	68	**100.00**

From the above Table 1 (demographic profile) of the investor indicates most of the investors i.e., 51.47% are between 25 to 40 years and 27.94% of investors are less than 25 Years and the rest of the investors are 5.88% are more than 60 years. Out of the total Investors 86.76% are male and 13.24% are male which indicates commodity trading is done by male. From the study it is found that, 42. 65% are investor's are Professionals followed by 32.35% of investor's occupation is Business whereas 16.18% investor's occupation is Govt Employees and remaining 8.82% investor's are having different occupation which is neither Govt or Business or Professionals. It is found that 70.59% of investors are married and 29.41% of investors are unmarried. It can be found from the above table that 42.65% of Investors income is more than Rs.5,00,000 per year whereas 27.94% of Investors income is between Rs 3,00,000 Rs 5,00,000 while 20.59% of investors income is between Rs 1,50,000 and Rs 3,00,000 and remaining 8.82% of investors are earning less than Rs 1,50,000 per Year.

2. Level of Attitude towards Commodity Market: Chi-square test is a powerful test for testing the significance of the disagreement between theory and

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3. experiment as given by Karl Pearson. Chi-square test is able to find out the deviation between the Observed values and Expected value is just by chance. If O_i (i=1, 2…n) is a set of observed (experimental) frequencies and E_I (i=1,2,……..n) is the corresponding set of expected (theoretical or hypothetical) frequencies , then Karl Pearson's Chi-Square is given by

Chi-square Value = $\sum (O_i - E_i)^2 / E_i$

TESTING OF HYPTHOSIS:

The following hypotheses have been under taken for the study of attitude of investors towards mutual funds.

- No significance Difference between Gender and attitude of investment in commodity Market
- No significance Difference between Age and attitude investment in commodity Market
- No significance Difference between Occupation and attitude investment in commodity Market
- No significance Difference between Annual Income and Attitude investment in commodity Market

Table 2.1: Association between gender and attitude towards the mutual fund

	Attitude			
Gender	**Positive**	**Neutral**	**Negative**	**Total**
Male	28	18	13	59
Female	05	02	02	09
Total	33	20	15	68

The Calculated Chi-square Value is 0.701
Degrees of freedom = (c-1) (r-1) = (3-1) (2-1) = 2
Table Value of Chi-square is 5.991 at 5% Level of significance
Calculated Chi-square (0.701) < Table Value of Chi-square (5.991)

Hence null hypothesis is accepted i.e., there is no association between gender and attitude of investors towards Commodity market at 5% level of significance.

Table 2.2: Association between age and attitude towards the mutual fund

	Attitude Level			
Age	**Positive**	**Neutral**	**Negative**	**Total**
Below 25 Years	10	05	04	19
25 to 40 Years	20	07	08	35
40-60 years	06	01	03	10
Above 60 years	01	02	01	04
Total	37	15	16	68

The Calculated Chi-square Value is 3.601
Degrees of freedom = (c-1) (r-1) = (3-1)(4-1) = 6
Table Value of Chi-square is 12.592 at 5% Level of significance

Calculated Chi-square (0.3.601) < Table Value of Chi-square (12.592). Hence it is insignificant and the null hypothesis is accepted i.e., there is no association between age and attitude of investors towards Commodity market at 5% level of significance.

Table 2.3: Association between occupation and attitude towards the mutual fund

Occupation	**Attitude**			
	Positive	**Neutral**	**Negative**	**Total**
Business	16	04	02	22
Govt Employee	04	02	05	11
Professional	17	06	06	29
Other	04	01	01	06
	41	13	14	68

The Calculated Chi-square Value is 9.3669
Degrees of freedom = (c-1) (r-1) = (3-1)(4-1) = 6.
Table Value of Chi-square is 12.5922 at 5% Level of significance
Calculated Chi-square (9.3669) < Table Value of Chi-square (12.5922)

Hence the null hypothesis is accepted at 5% level of significance. Hence there is no association between attitude of investors towards commodity market and Occupation.

Table 2.4: Association between income and attitude towards the mutual fund

Monthly income (in Rupees)	**Attitude**			
	Positive	**Neutral**	**Negative**	**Total**
Less than Rs 1,50,000	01	02	03	06
Rs 1, 50,000 to Rs 3,00,000	02	03	09	14
Rs 3,00,000 to Rs 5,00,000	12	04	03	19
Above Rs 5,00,000	20	05	04	29
Total	35	14	19	68

The Calculated Chi-square Value is 17.687
Degrees of freedom = (c-1) (r-1) = (3-1) (4-1) = 6
Table Value of Chi-square is 12.592 at 5% Level of significance Calculated Chi-square (17.687) > Table Value of Chi-square (12.592)

Hence it is highly significant and the null hypothesis is rejected i.e., there is association between Income of Investor and their attitude towards Commodity market at 5% level of significance.

4. Level of Awareness:

TABLE 3: Level of Awareness towards Commodity Market

Awareness level of Investor		
Awareness level	**Frequency**	**Percentage(%)**
Total Awareness	16	23.53
Good Awareness	29	42.65
Less Awareness	15	22.06
Unawareness	08	11.76
Total	68	100.00

Source of Awareness		
Source of awareness	**Frequency**	**Percentage (%)**
Friends and Relatives	19	27.94
News Papers	09	13.24
Televisions	11	16.18
Stock Brokers	29	42.64
Total	**68**	**100.00**
Awareness programme conducted by MCX attended		
MCX Programme	**Frequency**	**Percentage (%)**
Attended	52	75.00
Not attended	16	25.00
Total	68	100.00
Method of Investment in commodity market		
Investment made by	**Frequency**	**Percentage (%)**
Own	09	13.24
Through stock Broker	35	51.47
Both	24	35.29
Total	68	100.00

From the above Table 3, it clearly shows that 23.53% of Investors are totally aware about Commodity Market, while 42.65% of investors awareness is Good towards commodity market, Whereas 22.06% investors are having less awareness about commodity market and remaining 11.76% of Investors are unaware about Commodity market. Hence Commodity Exchange has to make steps to increase awareness about commodity market to investors. From the above table it can be inferred that 42.64% of Investors are aware about the commodity trading through the Stock Brokers, while 27.94% of Investors came to know about the commodity trading through Friends and Relatives whereas the remaining through News papers and Television. It is found that 75% of Investors have attended the awareness programme conducted by MCX (Multi Commodity Exchange) and remaining 25% of Investors have not attended. Further ,it is found that 51. 47% of investors are making investments in commodity market through Stock Brokers, 35. 29% of investors making Investments through Stock Brokers and Own (Both) and remaining 13.24% of investors are making investment own.

Table 4: Objectives of Investing:

Objective of Investment in commodity	**Frequency**	**Percentage (%)**
Maximize Wealth	40	58.82
Get Regular Income	19	27.94
Diversification	09	13.24
Total	68	100.00
Respondent Choice while Investing	**Frequency**	**Percentage (%)**
Low Risk and Low Return	11	16.18
Medium Risk return and Medium return	23	33.82
High risk and high return	34	50.00
Total	68	100.00
Respondent character based on investment objective		
Respondent Character	**Frequency**	**Percentage()**
Speculator	42	61.76
Hedging	15	22.06
Arbitrage	11	16.18
Total	**68**	100.00

From the above table 4, it can be understood that 58.82% of the investor's objective is to maximize wealth whereas 27.94% of investor's objective is to get regular Income and, 13.24% of Investors objective in commodity trading is Diversification. From the above data it is found that 50% of investor's choice while making investment is high risk and High return while 33.82 % of investors are for medium risk and medium return and 16.18% of Investors are less risk and less return. From the above study it is identified that 61.76% of Investors are Speculators while22.06% of investors are Hedgers and remaining 16.18% of Investors are Arbitrageurs.

5: Factors influencing commodity Market.

Table 5.1: Helping Tool for the Investment Decision:

5.1: Helping Tool for Investment Decision	**Frequency**	**Percentage (%)**
1.Newspapers and Business Magazines	12	17.65
2.Own Research	10	14.71
3.Broker's News	38	55.88
4.Friends	08	11.76
Total	68	100.00

The above table depicts about the helping tool for investment decision. It can be seen from the above table that 55.88% of investors say the major helping tool is Broker's news followed by 17.65% of investors say News papers and Magazines while 14.71% of investors say Own Research and 11.76% of Investors says Friends.

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Table 5.2: Ranking of the factors affecting the Commodity Market

Sl.No	Factors		Strongly Agree	Agree	Neutral	Disagree	Strongly Disagree	Total	Rank
1	Crude oil price changes	Frequency	39	09	06	11	03	**68**	**I**
		Score	195	36	18	22	03	**274**	
2	Higher Rate of Return	Frequency	08	10	42	04	04	**68**	**VII**
		Score	40	40	126	08	04	**218**	
3	Rate of interest	Frequency	17	31	09	06	05	**68**	**IV**
		Score	85	124	27	12	05	**253**	
4	American Dollar's value changes	Frequency	36	10	09	07	06	**68**	**II**
		Score	180	40	27	14	06	**267**	
5	Society Status	Frequency	20	16	12	08	12	**68**	**V**
		Score	100	64	36	16	12	**228**	
6	Investment habits	Frequency	10	07	35	10	06	**68**	**VIII**
		Score	50	28	105	20	06	**209**	
7	Less formalities	Frequency	09	17	25	10	07	**68**	**VI**
		Score	45	68	75	20	07	**225**	
8	International political changes	Frequency	34	13	08	07	06	**68**	**III**
		Score	170	52	24	14	06	**266**	

From the above table 5.2 by the weighted average method, it's observed that Crude Oil Price Changes have 1st rank on factors influencing the investor; American Dollar's Price Change is the 2nd Rank that influenced the investor. International Political Changes are the 3rd rank on factors influenced by investor. Rate of Interest is the 4th Rank on Factors influenced the Investor. Followed by Other Factors Society Status, Less Formalities, Higher Rate of Return and Least Factors influenced the investor is Investment habit. Therefore from the weighted average method majority of the respondents strongly agree to invest in the commodity market which are affected by the factors such as,Crude Oil Price Changes, American Dollar's Price Changes, International Political Changes and Rate of Interest.

6: Preference of Investment:

Table 6.1: Term of Investment in commodity market:

Term of Investment	No of Investors	Percentage (%)
Short term (less than 1 year)	33	48.53
Medium term (1to 3 years)	22	32.35
Long Term (More than 3 years)	13	19.12
Total	68	100.00

From the above table 6.1 it shows that the 48.53% of investors are Short-term in nature, 32.35% of Investors are Medium – term in nature and 19.12% of the Investors are Lon-term in nature.

Table 6.2:espondent preference in commodity Market:

S.No	Type of Commodity		Very High	High	Moderate	Low	Very Low	Total	Rank
1	Gold	Frequency	30	16	9	7	6	**68**	**II**
		Score	150	64	27	14	6	**261**	
2	Silver	Frequency	28	13	14	6	7	**68**	**III**
		Score	140	52	42	12	7	**253**	
3	Lead	Frequency	10	9	28	15	6	**68**	**VI**
		Score	50	36	84	30	6	**206**	
4	Aluminum	Frequency	7	11	32	14	4	**68**	**V**
		Score	35	44	96	28	4	**207**	

5	Natural Gas	Frequency	19	25	12	9	3	**68**	**IV**
		Score	95	100	36	18	3	**252**	
6	Crude Oil	Frequency	41	9	6	10	2	**68**	**I**
		Score	205	36	18	20	2	**281**	
7	Zinc	Frequency	7	7	35	12	7	**68**	**VIII**
		Score	35	28	105	24	7	**199**	
8	Copper	Frequency	15	21	10	3	19	**68**	**VII**
		Score	75	84	30	6	19	**214**	

From the above table 6.2 by the weighted average method, it is observed that Crude Oil have 1st rank on mostly preferred commodity by investor, Gold is the 2nd Rank preferred commodity by the investor. Silver is the 3rd rank on preferred commodity by investor. Natural Gas is the 4th Rank on Preferred commodity by the Investor. Other commodities Aluminum, Lead, Copper and Zinc are least preferred commodity by the investors. Therefore from the weighted average method it can be concluded that majority of the respondents strongly Prefer to invest in the commodity Crude Oil, Gold, Silver, Natural Gas, Aluminum and Least Preferred Commodities are Zinc, Copper, Lead.

VII. FINDINGS

From the above study based on demographical factors it is identified that commodity trading is dominated by Male investors and the majority of the investors age falls between 25 to 40 years, it is found most of the investor's occupation is professional and followed by Business and it is found the investors who are earning more than Rs 5 lakh annual income are investing more in commodity market and taking risk to magnify their profits.

The analysis reveals that there is no association between gender and attitude of investors towards commodity market. Age of investors is not influencing the attitude of investors towards Commodity market and hence it is insignificant in analyzing the attitude of commodity market. There is no association between Occupation of investors and attitude of investors towards commodity market. On other hand it is found Income of Investors is highly significant and influencing the attitude of investors towards commodity market.

In India Multi Commodity Exchange is playing major role in increasing awareness about commodity market and it is conducting Investor's awareness programme at various towns. This programme is attended by most of the investors in Karimnagar town and it helped investors in understanding commodity market, in analyzing the commodity prices and in commodity trading.

From the above study it is identified that some investors are neutral and very less number of investors are having Negative attitude towards commodity market due to less awareness about it and most of the investors are positive attitude towards the market which resulted in increasing in commodity trading.

It is found from the study that most of the investors are speculators i.e., investors who aims to earn profit due to change prices of commodities in short-run which is highly risk-oriented hence the investors should be careful in selecting the commodities and deciding the portfolio and their objective is to minimize risk and maximize return which leads to maximization of wealth.

Commodity market is that market which is affected by various national and international factors. From the analysis of the study it is identified that the major factors influencing the investment in commodity are Changes in prices of Crude oil prices, Fluctuations in American Dollar's Price, Changes International Political conditions and Interest rates.

It is found that the majority of the investors strongly prefer to invest in the commodity Crude Oil, Gold, Silver, Natural Gas, and Aluminum. These commodities are highly variable and having more liquidity due to more demand. Least Preferred Commodities are Zinc, Copper, Lead due to less demand and less volatile. Commodity market provides excellent opportunities for the Investors, exporters, importers, traders and large scale consumer to hedge the commodities against future risk.

VIII. CONCLUSION

Investment is the process of making payment at present and expecting benefits in future. Every Investment deals with future hence it has to consider the risk and uncertainty associated with.

In Modern day's Investors are aimed at maximizing return and minimizing risk by diversifying their investments in various Investment avenues. Apart from the conventional avenues of investment, in these days the Commodity market is becoming as best alternative for Investment. Commodity Markets are the markets where various commodities such as gold, silver, Copper, Crude oil, agri-products, lead, zinc etc., are traded. Speculators, Hedgers and Arbitrageurs play a vital role in Commodity markets. Due to lack of time, money and expertise average investor did not allocate to commodities. But in today's era, there are quite a lot of methods to commodity markets some of which facilitate participation for those who are not even professional traders. To gain profits in short run and long run in Commodity trading Investor should have enough in-depth knowledge in various issues concerned with commodity prices and understands the mechanics of how to trade on it to.

Having being a long history of trading in commodities and related derivatives, It is found Indian commodity markets are largely underdeveloped. Hence, there is a need for Government to play a greater role in developing commodity market.

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