INVESTORS' DECISION TOWARDS COMMODITY TRADING: PATH ANALYSIS APPROACH

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ABSTRACT

The article tries to find out the investors' decision towards commodity trading in Coimbatore city. One objective of this study is reached through proper methodology. Sample size was 200 in all obtained through convenience sampling technique in Coimbatore city. Researcher designed questionnaire is with 5 point scale in the continuum of agreeing. Reliability of this tool is 0.75 and 0.95. Path analysis was used for data analysis. The study found that there is influence of attitude and perception on preference. The study found that low relationship between perception and investors' awareness. Hence, it is suggested that the investor has to discuss about the market condition and performance with the share broker and dealers beyond discussing only with friend to make efficient investment decisions. Hence, it is concluded that the arrangement of commodity market experts and specialist seminar to investors will help to improve investors' awareness level.

Keywords: Commodity Trading; Coimbatore city; Convenience sampling technique; Path Analysis.

Introduction:

The study was conducted by assortment of knowledge from numerous investors. Several haven't invested with in commodity trading; therefore correct steps ought to be taken to enhance the attention of investment choices obtainable within the market. The respondents have largely invested with in share market and not in commodity trading thanks to lack of awareness to interchange commodity trading. The performances of a number of the commodities in commodity trading are extremely volatile. The expectations of the investors are quite high. Several expect high rate of come back for more investment through commodity trading.

The immense geographical extent of Bharat and her immense population is capably complemented by the scale of her market. The broadest classification of the Indian market will be created in terms of the commodity trading and bond market. The commodity trading in Bharat contains of all palpable markets that we have a tendency to bump into in our daily lives. Such markets are social establishments that facilitate

exchange of products for cash. The price of products is calculable in terms of domestic currency.

Commodity is any physical substance like food grains, metals, that is lay to rest changeable with the other product of identical sort with that on capitalist or merchant is ready to shop for or sell, typically future contract. The Indian forward contracts (regulation) act (FCRA), 1952 defines sorts of merchandise allowed for commodity trading. This FCRA defines all kinds of mobile property apart from cash, unjust claims and securities as 'goods' for commodity trading. At present, all product and merchandise of agricultural, metals, minerals and fossil origin are recognized underneath FCRA for commodity trading. The Government of India has set up on a change, called National Commodity Exchange for commodity trading. The commodities permitted by the Government of India for trading through this exchange are: nonferrous precious metals like Gold and Silver, cereals and pulses, ginned and unpinned cotton, oil seeds, oil and oil cakes, raw jute and jute goods, sugar, potatoes and onions, coffee and tea, rubber and spices.

Review of Literature:

(Naik, Gopal, & Jain, 2002) emphasized that agricultural commodity futures exchange has not absolutely developed as competent mechanism of value discovery and risk management. The study found some aspects answerable for deficient market like poor management, infrastructure and supplying. Dominance of spectators conjointly dejects hedgers to participate within the market.

(Desgupta & Basab, 2004) delineate the monopolistically competitive nature of the Indian commodity derivate market that stabilizes the damage. Result showed the co movement among future costs, production call and inventory choices.

(Ahuja, 2006) ended that Indian commodity market has created monumental progress since 2003 with increased range of recent commodity exchanges, transparency and commerce activity. The amount and worth of commodity trade has shown unexpected mark. This had happened because of the role contend by economic process and therefore the active encouragement of presidency by ever-changing the policy regarding commodity by-product. He advised the promotion of barrier free commerce within the future market and freedom of economic process to work out the worth.

(Senthil, 2012) investigated the investor's behavior in terms of goals, preferences, factors influencing whereas choosing the schemes, service expectations etc. The study found that the investor's main goal is wealth appreciation and suggests that the open-end fund firms ought to management the fees to be paid by the retail investors and produce the expense to an inexpensive level.

(Iqbal, Hussain, Latif, & Aslam, 2013) Identifies the link and link between capitalist behavior and monetary market anomalies. The paper conjointly explains that either mentioned capitalist behaviors have an immediate or indirect impact of exchange modification or the modification compels the capitalist to behave in specific ways that. The paper explains that a private capitalist performs poorly as compared to institutional investors attributable to having less info and class. The foremost compelling factors behind exchange anomalies are capitalist cocksureness, response, overestimation, capitalist biased behavior and investor's less sophistication level. Thus it should be inferred that capitalist behavior forms wading bird market anomalies.

(Periyasamy, 2016) study examines the impact of capitalist Awareness Program and its impact on prospective investors in Asian nation. The study is analytical in nature. The info needed for the study is primary in nature. Primary information was collected through a well-structured form by adopting sampling technique. This study examines the modification in perspective of the participants of the program towards investment available markets.

Research Methodology:

Research Design:

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

Framework of the Study:

The framework of the study is unique in introducing the dependent variable investment decision, mediator variable attitude and independent variables perception and awareness. The title is "Investors' Decision towards Commodity Trading."
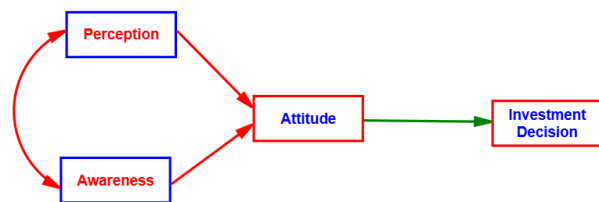
Research Gap:

Investors' awareness, perception, attitude and investment decision, which are studied individually alone but combined research is not found in previous studies. This study is unique in introducing the dependent variable investment decision, mediator variable attitude and independent variables perception and awareness. The title is "Investors' Decision towards Commodity Trading."

Statement of the Problems:

The possibility of investment and the investors' opinion based on their awareness vary from person to person. Attitude and perception play a major role in the investment decision; tax exemption and other factors are also taken into consideration. This article discusses the "Investors' Decision towards Commodity Trading."

Objective of the Study:

To study the investors' decision towards commodity trading in Coimbatore city

Hypothesis of the Study:

➢ There is no influence of awareness on attitude.
➢ There is no influence of perception on attitude.
➢ There is no influence of attitude on investment decision.

> There is no relationship between awareness and attitude.

Scope of the Study:

Scope of the study is as follows
> The study is centered at Coimbatore city.
> Study is related only with commodity investors.

Data Collection:

Under this technique convenience sampling technique was opted. Sample size was 200. The sampling area was Coimbatore city.

Reliability:

For all the items in the questionnaire design, the alpha values ranged from 0.75 and 0.95. This indicates high reliability of the items in the questionnaire. With these results, consistency, dependability and adoptability are confirmed.

Period of the study:

The study was carried from the Coimbatore city between the periods of Jun 2017 to Aug 2017.

Tool for data Analysis:

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

Analysis and Interpretation:

Model Fit Indication

Chi-Square	p	RMS	GFI	AGFI	NFI	CFI
0.001	0.976	0.000	0.99	0.998	0.999	0.999
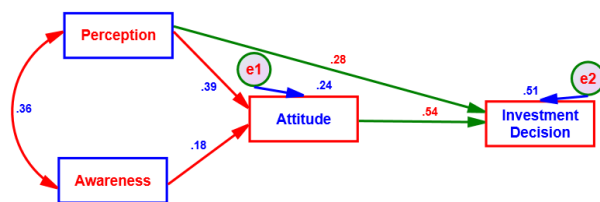
From the above table it is found that the calculated chi-square value is 0.001, p value is 0.976 which is greater than 0.05, which indicates that perfectly fit. Here GFI (Goodness of Fit Index) value and AGFI (Adjusted Goodness of Fit Index) values are greater than 0.90 which represent it is a good fit. The calculated CFI (Comparative Fit Index) value and NFI (Normed Fit Index) values are greater than 0.90 which means that it is a perfectly fit. It is found that RMS (Root Mean Square) value is 0.000 which are less than 0.08, which indicates that it is perfectly fit.

Regression Weights:

DV		IV	Esti mat e	S. E.	C.R.	B	p
attitude	<--	awareness	.037	.008	4.661	.179	***
attitude	<--	perception	.042	.004	10.205	.391	***
investm ent decisio n	<--	perception	.032	.004	8.748	.281	***
investm ent decisio n	<--	attitude	.565	.034	16.865	.541	***

$H_{o:}$ There is no influence of awareness on attitude.
$H_{A:}$ There is an influence of awareness on attitude.
Through the path analysis, regression weight as the value of CR is 4.661. The Beta value is 0.179 which indicates that 17.9% of influence is awareness on attitude. The p value is 0.01; here the p value is less than 1% and the hypothesis is rejected; hence it can be concluded that the awareness n positively influences attitude.

$H_{o:}$ There is no influence of perceptions on attitude.
$H_{A:}$ There is an influence of perceptions on attitude.
Through the path analysis, regression weight as the value of CR is 10.205. The Beta value is 0.391 which indicates that 39.1% of influence is perceptions on attitude. The p value is 0.01; here the p value is less than 1% and the hypothesis is rejected; hence it can be concluded that the perceptions n positively influences attitude.

$H_{o:}$ There is no influence of perceptions on investment decision.
$H_{A:}$ There is an influence of perceptions on investment decision.
Through the path analysis, regression weight as the value of CR is 8.748. The Beta value is 0.281 which indicates that 28.1% of influence is perceptions on investment decision. The p value is 0.01; here the p value is less than 1% and the hypothesis is rejected; hence it can be concluded that the perceptions n positively influences investment decision.

$H_{o:}$ There is no influence of attitude on investment decision.
$H_{A:}$ There is an influence of attitude on investment decision.
Through the path analysis, regression weight as the value of CR is 16.865. The Beta value is 0.541 which indicates that 54.1% of influence is attitude on investment decision. The p value is 0.01; here the p value is less than 1% and the hypothesis is rejected; hence it can be concluded that the attitude n positively influences investment decision.

Covariance:

IV		IV	Estim ate	S.E	C.R	r	p
Perception	<-->	awareness	2.913	.351	8.303	.361	***

H_o: There is no relationship between perception and investors' awareness.

H_A: There is a relationship between perception and investors' awareness.

Through the path analysis, covariance weight as the value of CR is 8.303. The r value is 0.361 which indicates that 36.1% of relationship between perception and investors' awareness. The p value is 0.01; here the p value is less than 1% and the hypothesis is rejected; hence it can be concluded that there is a relationship perception between investors' awareness.

Findings of the Study:

➢ There is an influence of awareness on attitude.
➢ There is an influence of perceptions on attitude.
➢ There is an influence of perceptions on investment decision.
➢ There is an influence of attitude on investment decision.
➢ There is a relationship between perception and investors' awareness.

Recommendations of the Study:

➢ The analysis found that the there is low influence of awareness on investors attitude. Hence, it is recommended that the arrangement of commodity market experts and specialist seminar to investors will help to improve investors' awareness level.
➢ Investor's may take high risk in investment in commodity market to earned high return since many of the investors are only taking moderate return.
➢ The study found that low relationship between perception and investors' awareness. Hence, it is suggested that the investor has to discuss about the market condition and performance with the share broker and dealers beyond discussing only with friend to make efficient investment decisions.

Conclusion of the Study:

The article tries to find out the investors' decision towards commodity trading in Coimbatore city. One objective of this study is reached through proper methodology. Sample size was 200 in all obtained through convenience sampling technique in Coimbatore city. Researcher designed questionnaire is with 5 point scale in the continuum of agreeing. Reliability of this tool is 0.75 and 0.95. Path analysis was used for data analysis. The study found that there is influence of attitude and perception on preference. The study found that low relationship between perception and investors' awareness. Hence, it is suggested that the investor has to discuss about the market condition and performance with the share broker and dealers beyond discussing only with friend to make efficient investment decisions. Hence, it is concluded that the arrangement of commodity market experts and specialist seminar to investors will help to improve investors' awareness level.

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