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Investors Perception towards Commodity Trading in India

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Abstract

This study aims to measure the investors' perception and attitude towards Indian stock market especially in Commodity Trading with reference to the investors in Tamilnadu. This research is descriptive research and it is going to measure the variables which influencing the investors' perception and attitude towards commodity trading. So the descriptive research is taken to describe the features in testing the current scenario. Convenient sampling technique has been adopted. Universe of this study was infinite in nature. So it is appropriate to apply non probability sampling. Trail survey was used to select the sample size measuring internal and construct validity and reliability of the instrument being tested. Based on the pilot study, researcher infers that the standard deviation of the population is low. Major findings of this study include, Income has significant impact on frequency of trading in commodity market, selection of mode of trading and selection of market segments. Age and income has significant impact on taking exposure. Forty six functional variables are used in this study to measure investors' perception. These variables have been explained 72% influence on measuring investor perception.

Keywords: Investor Perception, Commodity Trading, Indian stock market and Stock Exchange

I. INTRODUCTION

Future contracts are just a step ahead the forward contract, wherein the settlement is done in standardized manner. The contracts are being cleared by clearing houses, so no question of counter party risk arise therein. In commodity derivatives, the crux of future contracts is to lock up the future price of your commodity on the day of contract and cover the risk to go down of price in case of short and rise in case of long. This is basically used to transfer the risk. For e.g. if you are a producer of a commodity and expect a fall in selling price in future say at the time of harvesting, it can short the commodity market for specified quantity and get the agreed price, and no matter where the price of such commodity goes.

Likewise if an industrialist knows the need of any commodity like cotton for textile over the year, he can also go for long in present and can cover the demand supply gap which can lead the hike in prices later on. While entering in the future contracts of agricultural products, one should keep in mind the time of sowing and harvesting besides the monsoon related factors, which lead the direct impact on the supply of that product. An investor can transect with the approved clearing member of commodity exchange concerned. To open an account he has to fill the necessary document like know your client form and Risk disclosure document accompanied by the prescribed identity proof. For opening a Léger account, the investor has to submit a canceled cherub of the bank concerned in which he has his personal account. Before opening an account with a clearing member, he is expected to evaluate certain key factors like net worth, market credibility, credit facilities and the kind of services provided.

It is mandatory to post the required margin in your account for trading in commodity derivative market. The initial margin money for commodity in future is approximately 5% of the contract value. However the daily price fluctuation risk is cleared on the basis of Mark to the Market. The additional and special margin is demanded whenever it is felt that is necessary in consideration of the volatility and price movement.

The trading terminal of MCX or any other commodity market will provide you the necessary information about the opening, high or low prices besides the expiry month, symbol, unit, volume and open interest. The volume here would mean that the number of contract executed and the open Interest of the future contracts are not closed out on a particular day which is simply stated in the contracts.

History of Stock Exchange

Stock exchange means anybody or individuals whether incorporated or not, constituted for the purpose of assisting, regulating or controlling the business of buying, selling or dealing in securities. The only stock exchanges operating in the 19th century were those of Mumbai setup in 1875 and Ahmadabad set up in 1894. These were organized as voluntary nonprofit making associations of brokers to regulate and protect their interests. Before the control on securities under the constitution in 1950, it was a state subject and the Bombay securities contracts act of 1925 used to regulate the trading in securities. Under this act, the Mumbai stock exchange was recognized in 1927 and Ahmadabad in 1937.

During the war boom a number of stock exchanges were organized. Soon after it became a central subject and the central legislation was proposed. This committee was headed by Mr. A.D.Gorwala who went with the bill for securities regulation. On the basis of the committee's recommendations and public discussion, the securities contract of regulation act became law in 1956. The Indian stock market has been assigned an important place in financing the Indian corporate sector. The principal functions of the stock markets are:

- ❖ Enablingthe mobilizing resources for investment directly from the investors.
- ❖ Providing liquidity for the investors and monitoring.
- ❖ Disciplining the company management.

The two major stock exchanges in India are:

- **National Stock Exchange (NSE)**
- **Bombay Stock Exchange (BSE).**

Stock Market

A stock market is a public market for the trading of company stock and derivatives at an agreed price. These are securities listed on a stock exchange as well as those only traded privately. The stock market is one of the most important sources for companies to raise money. This allows businesses to be publicly traded, or raise additional capital for expansion by selling shares of ownership of the company in a public market. The size of the world stock market was estimated at about \$36.6 trillion US at the beginning of October 2008. The total world derivatives market has been estimated at about \$791 trillion face or nominal value, 11 times the size of the entire world economy. Stock exchanges are the perfect type of market for securities in the government and semi government bodies or other public bodies issued by the joint stock companies. In the stock market, purchases and sales of shares are affected in conditions of free competition. Government securities are traded outside the trading ring in the form of over the counter sales or purchase.

The bargains that are struck in the trading ring by the members of the stock exchanges are at the fairest prices determined by the basic laws of supply and demand.

Trading With Stock Market

This section will introduce us about the process and instruments that are used to help a customer or a client to trade with arcadia securities. This process is almost similar to any other trading firm but there will be some difference in the cost of brokerage commission.

Trading

It is a process by which a customer is given facility to buy and sell share. This buying and selling can only be done through some broker and this is where Arcadia helps its customer. A customer willing to trade with any brokerage house needs to have a Demat account, trading account and saving account with a brokerage firm. Anyone having following document can open all the above mentioned account and can start trading.

Techniques and Instruments for Trading

Trading requires that we must open a Demat Account. Demat refers to a dematerialized account. You need to open a Demat Account in order to buy or sell stocks. So it is just like a bank account where actual money is replaced by shares. We need to approach the Depository Participants to open the Demat Account. A depository is a place where the stocks of investors are held in electronic form. The depository has agents who are called the depository participants. The head office is the place where all the technology rests and details of all accounts held is like the depository.

Capital Market Participants

Banks, Exchanges, Clearing Corporations, Brokers, Custodians, Depositories, Investors and Merchant Bankers.

Types of Investors

Institutional Investors are MFs / FI / FIIs / Banks, Retail Investors, Arbitrageurs / Speculators, Hedgers, Day traders/Jobbers.

Combination of Futures and Option

Hedging means minimizing the risk and minimizing the losses. Under index futures and index options investor can minimize his losses. Hedging does not remove losses but removes unwanted exposure of unnecessary risk. One should not enter into a hedging strategy hoping to make excess profits.

Statement of the Problem

Investors' perception is the knowledge about the investment on investors. The investors' behavior, attitude and ability of knowledge about the investment in commodity trading have to be tested from time to time for making an efficient investment. Investment has completed not only making an Investment but also it must be effective and acceptable in the current scenario. Terribleness and new knowledge has involved in Commodity Trading, so therefore Investors' perception result in investors' awareness on investing in the market. It leads to more investment in the company and high pooling of prospective investors' will ultimately create wealth. It is known fact that there were more amounts of investors' perception, attitude and behavioral finance matters helps in winning.

Investors' perception issues leads risk on uncertainties there may be chance of misguiding investments. Therefore the research problem is study of investors' perception within an organization to obtain high investment levels. Hence, it is to understand that the above facts have to be tested periodically so that the research begins.

Literature Review

Shenbagraman (2008) reviewed the role of some non-price variables such as open interests, trading volume and other factors, in the stock option market for determining the price of underlying shares in cash market. The study covered stock option contracts for four months from November 2002 to February 2003 consisting 77 trading days. The study concluded that net open interest of stock option is one of the significant variables in determining future spot price of underlying share.

The results clearly indicated that open interest based predictors are statistically more significant than volume based predictors in Indian context. But given the huge volume of investments, foreign investors could play a role of market makers and book their profits. They can buy financial assets when the prices are declining thereby jacking-up the asset prices and sell when the asset prices are increasing (Gordon & Gupta, 2003).

Ahuja, Narender (2010), concluded that Indian commodity market has made enormous progress since 2003 with increased number of modern commodity exchanges, transparency and trading activity. The volume and value of commodity trade has shown unpredicted mark. This had happened due to the role played by market forces and the active encouragement of Government by changing the policy concerning commodity derivative. He suggested the promotion of barrier free trading in the future market and freedom of market forces to determine the price.

Roy, Ashutosh (2020), suggested the participation of banks in the commodity futures market for effective commodity price risk management as financing by banks could provide efficient hedge against price risk. Bhattacharya, Himdari (2007), pointed out that significant risk returns features and diversification potential has made commodities popular as an asset class. Indian futures markets have improved pretty well in recent years and would result in fundamental changes in the existing isolated local markets particularly in case of agricultural commodities.

Online Stock Trading in India

An empirical investigation “In 2007, Nidhi Wailand Ravinder Kumar research report examined the investors preference for traditional trading and online trading, investors perception on online trading and comparing current usage of online trading and offline trading. Still choose brokers for trading, whereas net traders are more comfortable with online trading for its transparency and complete control of the terminal.

Bose, Suchismita conducted research on “The Indian Derivatives Market Revisited” in the year 2008. They found that Derivatives products provide certain important economic benefits such as risk management or redistribution of risk away from risk-averse investors towards those more willing and able to bear risk. Derivatives also help price discovery that is the process of determining the price level for any asset based on supply and demand. These functions of derivatives help in efficient capital allocation in the economy and at the same time their misuse also poses a threat to the stability of the financial sector.

Objectives of the Study

1. To study the over view of the investors perception in India.
2. To suggest and help the company in investor's online services for buying and selling commodity products.
3. To analyze and conclude what is the perception of the customers towards online trading, its usefulness and its ease in availability.

Research Methodology

Research Design

The research design chosen is descriptive as the study reveals the state of facts existing. Descriptive research studies are those studies which are concerned with describing the characteristics of a particular individual, or a group. The study is concerned whether certain variables are associated with the study. And also the study is concerned with specific predictions, with narration of facts and characteristics concerning an individual, group or situation.

Methods of Data Collection

While deciding about the method of data collection for the study the researcher should keep in mind the two types of data collection.

Primary Data

Data has been collected from few respondents by communicating with them directly and discussing their views about the organization. Most of these included informal discussion with the employees. One of the other sources of collecting the primary data was by distributing the questionnaires and getting back the responses for them. Such questionnaires were distributed among the production employees and also the executive level employees.

Secondary Data

Secondary data has been collected from books and journals of the organization and in the college library.

Sampling Technique

Sampling is that part of statistical practice concerned with the selection of individual observations intended to yield some knowledge about a population of concern, especially for the purposes of statistical inference.

Judgment Sampling

Judgment sampling is a type of analysis and probability sampling which involves the sample being from that part of the investor's population which is close to hand in sky commodities. That is a sample population selected because it is readily available and convenient. It may be through meeting the investor's or including a person in the sample when one meets them or chosen by finding them through the investor's face to collected.

Data Analysis

Primary and Secondary data are collected and scheduled to the suitable table for the purpose of analysis.

Tools for Data Analysis

The collected data have been analyzed with the help of tools like simple percentage method, chi square test. Data collected was analyzed by using the tools like Percentage analysis, Chi Square test and Correlation.

Table - 1 Demographic Profile of Respondents

| Sl. No | Level of Satisfaction | Respondents | Percentage |
|--------|-----------------------|-------------|------------|
| 1 | Male | 108 | 98.182 |
| 2 | Female | 2 | 1.818 |
| | Total | 110 | 100 |
| 1 | Student | 0 | 0 |
| 2 | Professional | 24 | 21.8 |
| 3 | Businessman | 40 | 36.3 |
| 4 | Private Employee | 36 | 32.7 |
| 5 | Government Employee | 10 | 9.0 |
| | Total | 110 | 100 |
| 1 | Share | 56 | 50.9 |
| 2 | Mutual Funds | 14 | 12.7 |
| 3 | Debentures | 19 | 17.2 |
| 4 | Bonds | 21 | 19.0 |
| 5 | Derivatives | 0 | 0 |
| | Total | 110 | 100 |
| 1 | 0 - 5% | 10 | 9.0 |
| 2 | 6 - 10% | 15 | 13.6 |
| 3 | 11 - 15% | 25 | 22.7 |
| 4 | 16 - 20% | 48 | 43.6 |
| 5 | 21 - 25% | 12 | 10.9 |
| | Total | 110 | 100 |
| 1 | Self | 33 | 30 |
| 2 | Friends and Relatives | 56 | 50.9 |
| 3 | Consultant | 20 | 18.1 |
| 4 | Newspaper | 1 | 0.9 |
| 5 | Agent | 0 | 0 |
| | Total | 110 | 100 |
| 1 | Yes | 110 | 100 |
| 2 | No | 0 | 0 |
| | Total | 110 | 100 |

Sources: Primary Data

From the above table that out of 110 respondents 108 (98.18) respondents are from the male, 2(1.818) respondents are from the female. So most of the respondents are male in India from the above table that out of 110 respondents. 2 respondents are from the below 25, 18(16.3) respondents are from the 26 to 30, 20(18.1) respondents are from the 31 to 35, 28(25.4) respondents are from the 36 to 40, 42(38.1) respondents are from the above 40. So most of the respondents' ages are from above 40 years in India.

From the above table that out of 110 respondents. 45 (0) respondents are from the student, 24(21.8) respondents are from the professional, 40(36.3) respondents are from the businessman, 36(32.7) respondents are from the private employee, 10(9) respondents are from the Government employee. So most of the respondents' designations are from businessman.

From the above table that out of 110 respondents. 56(50.9) respondents are from the share, 14(12.7) respondents are from the mutual funds, 19(17.2) respondents are from the debentures, 21(19) respondents are from the bonds so most of respondents in type of instrument from the Shares in India.

From the above table that out of 110 respondents. 10(38.01) respondents are from the 0 - 5%, 15(13.6) respondents are from the 6 - 10%, 25(22.7) respondents are from the 11 - 15%, 48(43.6) respondents are from the 16 - 20%, 12(10.9) respondents are from the 21 - 25% so most of respondents to invest the commodity market on investors income level 16 - 20% in India.

From the above table that out of 110 respondents. 33(30) respondents are from the self, 56(50.9) respondents are from the Friends and Relatives, 20(18.1) respondents are from the consultant, 1(0.9) respondents are from the newspaper, so most of respondents to invest the sources of information in commodity market an investors option Friends and Relatives in India.

From the above table that out of 110 respondents. 110(100) respondents are from the Yes, 0(0) respondents are from the No, so most of respondents invest in commodity market from Yes in India.

Table - 2 Familiar with Commodities

| Sl. No | Level of Satisfaction | Respondents | Percentage |
|--------|-----------------------|-------------|------------|
| 1 | Gold | 0 | 0 |
| 2 | Sliver | 0 | 0 |
| 3 | Copper | 0 | 0 |
| 4 | Nickel | 2 | 1.8 |
| 5 | Lead | 11 | 10 |
| 6 | Aluminum | 17 | 15.4 |
| 7 | Zinc | 23 | 20.9 |
| 8 | Crude OIL | 28 | 25.4 |
| 9 | Natural GAS | 29 | 26.3 |
| | Total | 110 | 100 |

Sources: Primary Data

From the above table that out of 110 respondents. 2(1.8) respondents are from the nickel, 11(10) respondents are from the lead, 17(15.4) respondents are from the aluminum, 23(20.9) respondents are from the zinc, 28(25.4) respondents are from the crude oil, 29 (26.3) respondents are from the natural gas. So most of the respondents have the response of Natural GAS in India.

Table - 3 Factor Considered to Investing in Commodity Market

| Sl. No | Level of Satisfaction | Respondents | Percentage |
|--------|-----------------------|-------------|------------|
| 1 | Capital Appreciation | 4 | 3.6 |
| 2 | Maturity Period | 34 | 30.9 |
| 3 | Return | 56 | 50.9 |
| 4 | Risk | 10 | 9.0 |
| 5 | Liquidity | 6 | 5.4 |
| | Total | 110 | 100 |

Sources: Primary Data

From the above table that out of 110 respondents. 4(3.6) respondents are from the capital appreciation, 34(30.9) respondents are from the maturity period, 56(50.9) respondents are from the return, 10(9) respondents are from the risk, 6(5.4) respondents are from the liquidity. So most of the respondents are investing and satisfied in India.

From the above table that out of 110 respondents. 24(21.8) respondents are from the always, 47(42.7) respondents are from the often, 34(30.9) respondents are from the sometimes, 5(4.5) respondents are from the rarely.

Table - 4 Kind of Investment

| Sl. No | Level of Satisfaction | Respondents | Percentage |
|--------|-----------------------|-------------|------------|
| 1 | Equity | 21 | 19.0 |
| 2 | Fixed Deposit | 41 | 37.2 |
| 3 | Mutual Funds | 26 | 23.6 |
| 4 | Gold | 18 | 16.3 |
| 5 | Insurance | 4 | 3.6 |
| | Total | 110 | 100 |

Sources: Primary Data

From the above table that out of 110 respondents. 21(19) respondents are from the equity, 41(37.2) respondents are from the fixed deposit, 26(23.6) respondents are from the mutual funds, 18(16.3) respondents are from the gold, 4(3.6) respondents are from the insurance. So most of the respondents are satisfied in the fixed deposit.

Table: 5 Performance of the Share

| Sl. No | Level of Satisfaction | Respondents | Percentage |
|--------|-----------------------|-------------|------------|
| 1 | Once in a Month | 27 | 24.5 |
| 2 | Quarterly | 36 | 32.7 |
| 3 | Half Yearly | 27 | 24.5 |
| 4 | Once in a Year | 20 | 18.1 |
| 5 | Rarely | 0 | 0 |
| | Total | 110 | 100 |

Sources: Primary Data

From the above table that out of 110 respondents. 27(24.5) respondents are from the once in a month, 36(32.7) respondents are from the quarterly, 27(24.5) respondents are from the half yearly, 20(18.1) respondents are from the once a year. So most of the respondents are satisfied in India.

Table: 6 Capital Market Instruments

| Sl. No | Level of Satisfaction | Respondents | Percentage |
|--------|-----------------------|-------------|------------|
| 1 | Highly Satisfied | 28 | 25.4 |
| 2 | Satisfied | 38 | 34.5 |
| 3 | Neutral | 30 | 27.2 |
| 4 | Dissatisfied | 10 | 9.0 |
| 5 | Highly Dissatisfied | 4 | 3.6 |
| | Total | 110 | 100 |

Sources: Primary Data

From the above table that out of 110 respondents. 28(25.4) respondents are from the highly satisfied, 38(34.5) respondents are from the satisfied, 30(27.2) respondents are from the neutral, 10(9) respondents are from the dissatisfied, 4(3.6) respondents are from the highly dissatisfied.

Table: 7 Opinion for People not Investing in Commodities

| Sl. No | Level of Satisfaction | Respondents | Percentage |
|--------|-----------------------|-------------|------------|
| 1 | Time Constraint | 18 | 16.3 |
| 2 | Financial Constraint | 43 | 39.0 |
| 3 | Lack of Knowledge | 33 | 30 |
| 4 | Volatile Market | 12 | 10.9 |
| 5 | Risk Constraint | 4 | 3.6 |
| | Total | 110 | 100 |

Sources: Primary Data

From the above table that out of 110 respondents. 18(16.3) respondents are from the Time constraint, 43(39) respondents are from the Financial constraint, 33(30) respondents are from the Lack of Knowledge, 12(10.9) respondents are from the Volatile Market, 4(3.6) respondents are from the Risk constraint. So most of the respondents are having the Financial Constraint in India.

Table: 8 Online Commodity Trading

| Sl. No | Level of Satisfaction | Respondents | Percentage |
|--------|-----------------------|-------------|------------|
| 1 | Short Term Investors | 25 | 22.72 |
| 2 | Long Term Investors | 85 | 77.2 |
| | Total | 110 | 100 |

Sources: Primary Data

From the above table that out of 110 respondents. 25(22.72) respondents are from the Short term investors, 85(77.2) respondents are from the long term investors. So most of the respondents are long term investors in online commodity trading.

Table: 9 Percentage of the Earning Invested

| Sl. No | Level of Satisfaction | Respondents | Percentage |
|--------|-----------------------|-------------|------------|
| 1 | 10% | 24 | 21.8 |
| 2 | 20% | 41 | 37.2 |
| 3 | 30% | 32 | 29.0 |
| 4 | 40% | 13 | 11.8 |
| 5 | More than 40% | 0 | 0 |
| | Total | 110 | 100 |

Sources: Primary Data

From the above table that out of 110 respondents. 24(21.8) respondents are from the 10%, 41(37.2) respondents are from the 20%, 32(29) respondents are from the 30%, 13(11.8) respondents are from the 40%. So most of the respondents are having 20% by the required commodities.

Association Between Percentage of the Earning and Online Commodity Trading

The nonparametric chi square test is applied to find the association between Percentage of the earning for the investors and their ranking preference of their investment industry. Different Percentage of the earning stated in the questionnaire is considered for the analysis. Online commodity trading and Investment are in Different Industries. The association between information through online commodity trading and Percentage of the earning is displayed in table - 10

Table - 10 Chi Square Value for Percentage of the Earning and Online Commodity Trading

| Percentage of the Earning | Chi Square Value | Sig | Result |
|---------------------------|------------------|-------|----------------|
| 10% | 23.447 | 0.653 | No Association |
| 20% | 21.296 | 0.441 | Association |
| 30% | 13.292 | 0.430 | Association |
| 40% | 23.143 | 0.223 | Association |
| More than 40% | 11.096 | 0.531 | Association |

Source: Primary Data

From the above table, it is found that the Percentage of the earning plays a crucial role in identifying all the online commodity trading.

Table - 11 Chi Square Value for Earning in Online Commodity Trading

| Percentage of the Earning | Chi Square Value | Sig | Result |
|---------------------------|------------------|-------|-------------|
| 10% | 14.145 | 0.551 | Association |
| 20% | 20.167 | 0.027 | Association |
| 30% | 41.134 | 0.034 | Association |
| 40% | 10.653 | 0.067 | Association |
| More than 40% | 30.654 | .0109 | Association |

From the above table it is found that the information through earning in online commodity trading is useful for investors to invest in Percentage of the earning. The ranking method helps the researcher to identify which Opinion for People Investing in Commodities is most preferred in online commodity trading. Table - 12 presents the mean, standard deviation and their respective rankings based on the mean.

Table - 12 Mean and Standard Deviation for Preference of Opinion for People Investing in Commodities and their Ranks

| | Time Constraint | Financial Constraint | Lack of Knowledge | Volatile Market | Risk Constraint |
|---------------------------|------------------------|-----------------------------|--------------------------|------------------------|------------------------|
| Valid | 110 | 110 | 110 | 110 | 110 |
| Rank | 1 | 3 | 4 | 5 | 2 |
| Mean | 1.9922 | 1.9220 | 2.3450 | 1.3400 | 2.1350 |
| Standard Mean | .05111 | .05036 | .05084 | .05004 | .05093 |
| Median | 3.0000 | 3.0000 | 3.0000 | 3.0000 | 3.0000 |
| Standard Deviation | 2.25342 | 2.23455 | 1.45327 | 2.22457 | 1.24763 |

It is inferred from the above table that the mean is found according to the ranks assigned to the variables by the Opinion for People investing in Commodities. The most preferred in online commodity trading is well established and the investors strongly agree that the People investing in Commodities in capital market alone give more returns with minimum market risk. So they prefer share market as rank 1 followed by Time Constraint, Financial Constraint, Lack of Knowledge, Volatile Market, and Risk Constraint in order. The first preference is due to online commodity trading is well established and the investors strongly agree that the people investing in Commodities in capital market.

Reasons for Investments and their Ranks in Performance

Performance of the share, tax benefits and liquidity are preferred by investors for different reasons. The result of the sample means, standard deviations and their ranks are established below in table -13

Table -13 Mean and Standard Deviation of Reasons for Performance of the Share

| | Liquidity | Return | Tax Benefits |
|---------------------------|------------------|---------------|---------------------|
| Mean | 2.9917 | 2.9800 | 3.0233 |
| Standard Mean | .05187 | .05227 | .04828 |
| Median | 3.0000 | 3.0000 | 3.0000 |
| Standard Deviation | 1.27055 | 1.28023 | 1.18256 |
| Sum | 1795.00 | 1788.00 | 1814.00 |
| Rank | 2 | 1 | 3 |

From the above table, it is concluded that the investors give first preference to better returns followed by liquidity and tax benefits. So, it can be concluded that all type of investors demand more returns with no risk. So they prefer share market fabricated with minimal risk.

Cluster Analysis Carried out for Identifying the Kind of Investment

Cluster analysis is a statistical tool brought upon the problems of identifying the heterogeneous groups prevailing in the sample. These heterogeneous groups are homogeneous within them. Cluster analysis is carried out with the newly obtained 5 factors of capital market reforms in factor analysis. The formations of new three clusters are shown in table – 14.

Table - 14 Final Cluster Centre for Awareness of the Equity Investment

| Factors | Cluster | |
|----------------------|---------|------|
| | 1 | 2 |
| Equity | 5.00 | 2.00 |
| Fixed Deposit | 2.00 | 1.00 |
| Mutual Funds | 3.00 | 3.00 |
| Gold | 4.00 | 4.00 |
| Insurance | 5.00 | 5.00 |

Source: Primary Data

The above table revealed the emergence of three groups of investors based on their awareness of capital market reforms.

Suggestions of the Study

The simplicity should be made about the companies and their performance so that the investors can decide their investment on suitable shares. Corporate governance has to be implemented in all stock exchanges. Innovative technologies like addition of stock exchanges, Demat, online trading, creation of development of web pages must be brought in capital markets for its growth and to draw the knowledgeable investors.

Strategies like hedging, index futures must emerge in capital market to reduce the market risk, and provisions must be made to return at least the primary amount of investors. Strategies must be employed to encourage women investors. Awareness programmes has to conduct in all places. The competitions of capital market have come from instructional investors like mutual funds and real estate.

So the companies must be careful enough in issuing their shares. Transparency must be made both in primary market and secondary market equally to help the investors to get their capital. Shares, Debentures and bonds are familiar to urban investors. But their counterparts in rural areas do not know anything about them. Investors are the hub of the capital market. Their satisfaction is the most important.

Suggestions

The following suggestions are focused by the investors improve to successes in sky commodities India private limited. To offer more services, securities and returns to increase female investors more than men investors. To focus and motivate the sky commodity India not only above 40 years old investors and also below 40 years old investors also to increase their returns.

To segment the meeting process to new and old investor's, for protect the new investors. To motivate the investors to invest more and more through guidelines by the sky commodity India and instruct the various benefits of investors. To provide clear advertisement about the sky commodities India to increase the investors. They suggest the exchange authorities to take steps to educate Investors about their rights and duties.

They suggest to the exchange authorities to increase the investors' confidences. To suggest the exchange authorities to be vigilant to curb wide fluctuations of prices. The speculative pressures are responsible for the wide changes in the price, not attracting the genuine investors to the greater extent towards the market. Genuine investors are not at all interested in the speculative gain as their investment is based on the future profits, therefore the authorities of the exchange should be more vigilant in imposing to curb the speculative of securities. Necessary steps should be taken by the exchange to deal with the situations arising due to break down in online trading.

II. CONCLUSION

Things have changed for the better with the commodities going on-line coupled with endeavor to stream line the whole trading system, things have changed dramatically over the last 3 to 4 years. New and advanced technologies have breached geographical and cultural barriers, and have brought the countrywide market to doorstep. Brokers have suddenly been thrown to intense competition from their counter parts across the country.

The Regional Stock Exchanges have their own advantages like being nearer to the retail investors and to let the Broker's perish would be detrimental to stock market system there is no brokerage firms with in India with national reach.

In the present scenario and to compete the broker's would require sound infrastructure and trading as per international standards.

The concepts of business have changed and today this has become service to client or to provide the best possible service to client or to engage into new business from the regional center to the metro centers and to impart liquidity introduction of online trading is necessary. Due to invention of online trading there has been greater benefit to the investors as they could sell buy shares as and when required and that to with online trading, it will inspire confidence in investors resulting in increased business of the exchange. The broker's has a greater scope than compared to the earlier times because of invention of online trading.

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