Perception of Investors towards Indian Commodity Derivative Market with Inferential Analysis in Chennai City

Dr. P. Periasamy,

Associate Professor of Finance,
MBA Department, Jain University,
Bangalore, India

ABSTRACT

This study is an attempt to find out the perception of investors towards the Commodity Derivatives Market (CDM) with special reference to Chennai City in India. In this research work, the researcher has tried to find out the expectations of investors and awareness among them about Indian Commodity Derivatives Market, their investment options, Commodity Exchange Preferences, Spot and Future Market Factors, Suggestions to strengthen the scope of the Commodity Derivatives Market, Chennai investors awareness about the Commodity Derivatives Market and various operating nuances being practised in Commodity and Commodity Derivatives Market in India.

This Research study is of Descriptive Research Design, wherein data are collected both from Primary Sources as well as Secondary Sources. The Primary data are collected from the Specific Sample Groups with the help of well-constructed questionnaires through direct contact and also telephonic interviews and stratified random sampling technique has been applied to find out the exact sample size. Population for the study is Commodity Derivatives Market investors in Chennai City during the study period 2011 - 2015. Inferential Statistics in which Analysis of Variance, Duncan Multiple Range Test, Chi-square test, Friedman test, Pearson Correlation test, Regression Analysis, Structural Equation Modelling elsewhere used in this study to prove various hypotheses related to expectations, awareness, investment patterns, spot and future market factors, perceived suggestions of investors of Chennai City. It was finally tried to find out whether the factors related to expectations, awareness, pattern of investment, spot and future market factors, suggestions to strengthen the scope of the Indian Commodity Derivatives Market have some influence over investors perception or not. The findings of this research work have come out with some constructive suggestions after having gone through proper data analysis. To mention a few, the background of the promoters needs to be scrutinized properly that would minimize a lot of problems associated with Commodity Exchanges/Commodity Derivatives Market in India. To conclude, necessary steps are to be implemented towards the suggestions recommended them, there are plenty of scopes for improving the perception level of investors towards Indian Commodity Derivatives Market in Chennai City.

Keywords: CDM, ANOVA, DMRT, Correlation, Regression.

INTRODUCTION:

As a matter of choice derivative markets was the Chicago Board of Trade (CBOT) which was carved in stone in 1848 to make a hit with farmers and merchants together. The CBOT's main load was to equal the quantities and qualities of the grains that were traded, to come up to snuff futures trade. The CBOT soon offers, futures contracts on many diverse between the lines liquid in both the commodities and the wholesale markets. The Derivatives market is bursting forth at a literally faster same old stuff, not abandoned in the so called extended

nations of North America, Europe and Japan besides in the developing economies like China, India, Brazil, Israel, Korea, Mexico and Singapore. In a survey conducted by ISDA, International Swaps and Derivatives Association in 2013, found that 92 percent of the world's 500 largest companies use derivatives to manage risk of interest rate risk (92%), currency risk(85%), Commodity risk (25%) and equity risk (12%) firms in over 90 percent of the countries represented in the same used derivatives.

The proposed norms for commodity derivatives market, which will be notified on 28 September 2017, also emphasized on the strengthening of risk management and investor protection norms for commodity derivatives exchanges. All the existing registered member of national and regional level Commodity Derivatives Exchanges will have to again register with SEBI, within three months from the date of merger.

There are 10 to 15 percent of the total members, who are jewellers, corporate and co-operative societies, currently member of Commodity Exchanges in India. These regulations will enable functioning of the commodities derivatives market and its brokers under SEBI norms and integration of commodities derivatives and securities trading in an orderly manner.

In a special move, SEBI has relaxed a primary market norm and removed the current restriction on the maximum number of anchor investors (currently 25) for allocation of above Rs.250 crores in a public issue. As per the existing norms, an anchor investor in a public issue has to make an application for at least Rs.10 crores worth of shares.

Further, a minimum of two and a maximum of 15 such investors are allowed for allocation of above Rs.10 crores and up to Rs.250 crores. For allocation of above Rs.250 crores worth of shares to anchor investors, the present rules say there has to be a minimum of five and a maximum of 25 such investors, with the minimum allotment being Rs.5 crores per such investor. SEBI relaxed this rule on Monday and said that in a public issue, the case of allocation of shares worth above Rs.250 crores there can be 10 additional investors for every additional allocation of Rs.250 crores. In such cases, however, the minimum allotment will remain to be Rs.5 crores per additional anchor investor, SEBI said in a release.

SEBI will put out a discussion paper for public comments on a proposal to exempt those cases from the mandatory open offer obligations in which an increase in voting rights has happened due to the expiry of call notice period and forfeiture of shares in a listed company. An expert committee on clearing corporations, headed by K.V. Kamath, has submitted its proposals to SEBI in July and recommended allowing interoperability between clearing corporations.

The committee has also made proposals related to investment by a clearing corporation, a review of the norm on transfer of 25% profit every year by stock exchanges to clearing corporations; review of norms on transfer of 25% profits every year by depositories to their Investor Protection Fund; and the existing norms on liquid assets for the purpose of calculation of net worth of a clearing corporation.

REVIEW OF LITERATURE:

Perception Studies:

There is numerous research studies exclusively done on perception by researchers and scholars, they have done more than three hundred commodity researches, and most of them are recently originated. In the span often to twenty years' time, a lot of studies have come out on perception of Indian investors, on commodity, derivatives market, in India and abroad, which helped the researcher to do this research in finding the problem statement and tools for data analysis and a lot more.

D.V.Gakhar (2016), completed an examination of Indian Derivatives Market, titled as, A Study of Impact on Volatility and Investor Perception (1996 to 2014). As per his examination, the Commodity derivative market has a critical part to play in the financial improvement of a nation. He has additionally examined investment pattern, risk, derivatives awareness level (DAL) , the eventual fate of the derivatives market in India.

Commodity Perceptions Study Carried Out in India:

N.S.Pandey and P.Kathavarayan (2015), Investment preferences towards commodity market and other venture options(An Empirical investigation with reference to selected residents in Pondicherry), The target of the paper is to look at the investors' preferences towards commodity market and other investment alternatives, this examination proves with the result that most of the investors prefers commodity derivatives market for investment options.

Sivarethinamohan and Aranganathan (2013), A Study on Investors' Preference in Indian Commodities Market, on each money related plan and plan is having its own upsides and downsides and the financial specialists have their own particular inclinations for various plans and plans. The real ranges of ventures accessible for Indian

Investors incorporate Equity Market, Derivatives, Bonds, Debentures, Commodity market, and so on, Indian speculators pick diverse zones as indicated by their recognition and demeanours. Some of them are effective with their speculations and some can't appreciate the natural product in time because of a few reasons of their venture items. Today, the CDMs turn out to be an exceptionally significant road of venture.

Perception Studies Carried Out in Abroad :
FAO Commodity and Trade Policy Research, working paper (2013), The impact of commodity development projects on smallholders' market access in Developing Countries, contextual analyses of FAO Projects, they have talked about the piece of an activity by the Trade and Markets Division of the Food and Agriculture Organization (FAO) to break down examples of smallholder showcase investment.
Roxana Angela Calistru (2012), the credit subordinates showcase a danger to budgetary dependability, examined about Credit subsidiaries happened as an answer for the requirements of overseeing credit chances by the money related establishments, essentially banks. Other than the part of methods for supporting and differentiating credit dangers, CDMs grown up noticeably enticing for those liable to go out on a limb to profit. In this way, the clients of credit derivatives for defensive designs were dwarfed by the theoretical ones. The outcome comprised in a regularly developing OTC market, with tremendous volumes exchanged.

RESEARCH GAP IDENTIFIED :

It is TAER meeting which has given the examiner a suggestion to do an investigation in CDM, they had driven a social affair on Oct fourth 2010 on CDM's challenges and openings, it contains such an expansive number of troubles one of challenges is to finished an examination in impression of theorists about CDM in India. Since by then a lot of acknowledgment considers have been done however most by far of them are from the northern bit of India, not a lot of are from the southern bit of India. That triggers the investigator to do an investigation on this topic. On 26th September 2016, there was an utilization of TAER gathering board proposals in India, which is uniting of thing promote controller Forward Market Commission (FMC) with Securities and Exchange Board of India (SEBI).

RESEARCH METHODOLOGY:

Introduction:
The Researcher has adopted the basic research methodological procedure in this descriptive research design, and the sampling area is Chennai city, to find the exact number of sample size, in Chennai city the speculators (who invest their money into the commodity derivatives) are approximately six thousand in numbers which is considered to be the total population size for this study.
Researcher has followed the stratified random sampling to arrive the sample size, six hundred, in the Chennai region the investors are scattered around all the regions, where in the researcher could find in the East region one thousand eight hundred investors, in the west one thousand seven hundred and in the south one thousand two hundred finally in the north one thousand three hundred investors are there in the Chennai region, the researcher has picked ten per cent of each region to get exact sample size, thereby the sample size is derived as six hundred.
In this study a constructive questionnaire has been used , which contains questions pertaining to the objectives of the study and data collected through personal contact, telephonic interview from the sample size, analysed with the help of statistical tools like descriptive statistics, inferential statistical tools like Analysis of Variance with Duncan Multiple Range Test, Chi- square test, Friedman test, Pearson Correlation test, Regression analysis, Structural Equation Modelling fitness Testing this research. The following table explains the same in the nutshell form.

STATEMENT OF THE RESEARCH PROBLEM :

This study is about perception of Investors towards Indian commodity derivative markets with special reference to investors of Chennai city, Tamil Nadu, India. The researcher has taken an attempt to find out how Indian commodity derivative market functions, what are the opportunities prevailing and what are the challenges faced by the Indian commodity derivative market with regard to commodities Derivative market in Chennai city, Tamil Nadu, India. A study of this sort is relatively new in India; this market has been flourishing since 2008 even then there is no study which will talk about the commodity derivative market in Tamil Nadu, India, especially in Chennai.

NEED AND SCOPE OF THE STUDY:

Thereby the researcher took this as an opportunity to do a research on this recent thirst area which may bring out nuances about commodity derivative market and its complicated market operations for the benefit of people who are being part of it for so many years. In Chennai there are people who have invested their funds in commodity derivatives, but need to know something more than what they know about commodity market and their perception has not been studied before, gave the researcher an opportunity to carry out this research, though there are researches in the similar area of study done in India but not exactly in Chennai that too in the recent years.

As this subject starts with the study of investor behaviour, it studies about the psychology and Organizational behaviour of investors, which means it is a study of behavioural finance. It also covers statistical applications in behavioural studies, thereby it touches behavioural statistics and financial planning, investor's decision towards investment decisions, it studies widely about the Indian commodity market, derivatives market, stock market, Asset management Companies, Brokerage Organizations, regulatory authorities, government, different ministries of government, especially the ministry of finance and ministry of consumer affairs and public distribution in India.

This study covers wide area of Indian commodity derivative market particularly about the expectations of Indian investors, the level of awareness about CDM which prevails among the investors and their investment pattern, examine the factors which are determining the spot and future CDM, if possible with the view of the sample investors some constructive steps to improve the scope of the Indian CDM in all possible ways and means, this study covers about its various operations, players involved in trading and investing commodity derivatives in Chennai of Tamil Nadu only for the period of May 2011 to August 2016 only.

OBJECTIVES OF THE STUDY :

1. To study the expectations of Investors towards commodity Derivative Market in Chennai.
2. To study the investor's level of awareness about commodity, Derivatives market in Chennai.
3. To examine the investment pattern of investors of commodity derivatives market in Chennai.
4. To examine the factors influencing spot and futures commodity derivatives market in Chennai.
5. To suggest remedies to strengthen the scope of the Indian commodity derivatives market.

HYPOTHESES USED FOR THE STUDY:

1. There is no significant difference between Gender of investors with respect to Factors of Perception of Investors of CDM
2. There is no significant difference between Localities with respect to Factors of Perception of Investors of CDM
3. There is no significant difference between Age Group of Investors with respect to Factors of Perception of Investors of CDM.
4. There is no significant difference between the Educational Qualifications of Investors with respect to Factors of Perception of Investors of CDM.
5. There is no significant difference between Occupation of Investors with respect to Factors of Perception of Investors of CDM.
6. There is no significant difference between Job Experiences of Investors with respect to Factors of Perception of Investors of CDM.
7. There is no significant difference between CDM Experience of Investors with respect to Factors of Perception of Investors of CDM.
8. There is no significant difference between Monthly Income of Investors with respect to Factors of Perception of Investors of CDM.
9. There is no significant difference between Monthly Savings of Investors with respect to Factors of perception of investors of CDM.
10. There is no significant difference between Percentage of Savings Invested in CDM of Investors with respect to Factors of perception of investors of CDM.
11. There is no significant difference between Percentage of Savings Invested in CDM of Investors with respect to Factors of perception of investors of CDM.
12. There is no association between levels of issues of CDMs between Level of Strengthen the scope of CDMs.
13. There is no association between levels of issues of CDMs between levels of expectations of investors on CDM.
14. There is no association between levels of risk reduction and Level of perception of Investors of CDMs.

15. There is no association between the level of strengthening the scope of CDM and level of perception of CDMs.
16. There is no significant difference between mean ranks towards Factors of perception of CDM.
17. There is no significant difference between mean ranks towards expectations of investors on CDMs.
18. SEM Hypothesis: Null hypothesis (H0): The hypothesized model has a good fit. Alternate hypothesis (H1): The hypothesized model does not have a good fit.

SAMPLING DESIGN:

Primary data were collected by a structured survey through a scientifically developed questionnaire. It contains questions which are pertaining to investors' expectations, awareness, their investment pattern, investment commodity group choices, and factors influencing the spot and future CDM, their general suggestions and in addition to their demographic and behavioural variables of the respondents and their opinion on CDM in India especially among the Chennai market investors who have invested their money into Commodity market. To understand investors' perception towards the Indian commodity derivatives market, a well-structured questionnaire was prepared and distributed to 600 sample investors those who have invested their money in commodity market in the Chennai city, only60sample investors were considered for pilot study among total 600 of investors who have invested their money into commodity markets.

In accordance with the pilot study conducted the questionnaire was edited and 600 sample investors identified in various regions, only 600 duly filled up questionnaire were able to be collected from the 650 collected questionnaires of Investors by personal contact and telephonic interview method to collect the responses,

How stratified Random sample size was obtained from the population:

Chennai region	East	West	North	South	Total
Number of investors in stratum	1800	1700	1300	1200	6000
Strata Sample Size	180	170	130	120	600

Formule: (sample size/population size) x stratum size

(6000 Population size) by adopting stratified random sampling technique, East – out of 205 collected 180 completed questionnaires were picked up from the total populations of that region (1800):West – out of 195 collected 170 completed questionnaire were picked up from the total population of that region.(1700):In South – Out of 135 questionnaires only 120 fully completed picked up from the regional population of 1200.In the North region-out of 155 questionnaires collected 130 questionnaires were duly completed in all respects from the regional population of1300. The collected data were analysed with the help of Statistical Package for Social Science.

TOOLS AND TECHNIQUES FOR ANALYSIS:

Inferential Analysis:

As per the sample investors information provided in their respective questionnaires, the inferential statistical analysis was done on this study on the various hypotheses formed. Twenty hypotheses were framed and analyzed with the help of inferential statistical tools like Analysis of Variance with Duncan Multiple Range Test, Chi- square test, Friedman test, Pearson Correlation test, Regression analysis and subsequently interpreted with tables and diagrams.

DATA ANALYSIS AND DISCUSSION:

Inferential Analysis on Sample:

Differences between two groups in the mean scores of variables are studied using Student t test are discussed in this section. Also ANOVA followed by Duncan Multiple Range Test (DMRT), Chi-square test, Friedman test, Correlation Analysis, Multiple Regression Analysis. All the analysis part have been done and attached herewith as a separate word document.

SUMMARY OF FINDINGS, SUGGESTIONS AND CONCLUSION:

Findings from Inferential Statistics:

There is no significance difference between male and female of investors with regard to Awareness issues, Warehousing issues, Exchange related issues, Contractual issues, Common Issues, risk reduction, strengthen the scope of commodity derivatives market and expectations of investors on Commodity derivatives market. Since

P value is greater than 0.05. Hence the null hypothesis accepted with regard to Awareness issues, Warehousing issues, Exchange related issues, Contractual issues, Common Issues, risk reduction, strengthen the scope of commodity derivatives market and expectations of investors on Commodity derivatives market because these factors place a very vital role in changing the perception of investors towards commodity derivatives market thereby they have to be properly addressed otherwise they will ultimately affect the overall perception of investors towards commodity derivatives market in India.

Since P value is less than 0.05, the null hypothesis rejected at the 5 % level, with regard to common issues, strengthen the scope of commodity derivatives market. Hence there is significance differences between urban and rural with regard to common issues, strengthen the scope of commodity derivatives market.Based on Mean score, urban investors are better identified with issuescommon issues, strengthen the scope of commodity derivatives market, because urban investors are having more exposure to more investment analysisassistance thanrural investors in investing their money into profitable investment opportunities. Therefore the urban investorsin the study have faced issues with regard to common issues, strengthen the scope of commodity derivatives market and these factors influencing the perception of Commodity derivatives market in India, as per the data available in the above statement

Based on DMRT, Below 35 years of age and above 55years of age group are significantly differing with other age groups with regard to awareness issues, warehousing issues, clearing house issues, exchange related issues, contractual issues, overall issues of commodity derivatives market, risk reduction, strengthen the scope of commodity derivative market and expectations from commodity derivative market by the investors but at the same time there is an associating between 36-45 age group with the 45-55 age group with respect to awareness issues, warehousing issues, clearing house issues, exchange related issues, contractual issues, overall issues of commodity derivatives market, risk reduction, strengthen the scope of commodity derivative market and expectations from commodity derivative market by the investors of CDM. Hence the regulator has to concentrate more awareness among the below 35 age group of investors.Under 35 years of age group is significantly differing with other age groups with regard to risk associate issues and common issues of perception of investors of CDM which means there are possibilities for the regulator to bring in lot of awareness among the age group of below 35 years of age and that will be the cash cowing effort for the commodity derivatives market in India for the sample investors as far as the above table is concerned

Based on DMRT, Up to H.Sc qualified investors are significantly differing with other educational qualification of investors with regard to awareness issues, risk associated issues, warehousing issues, clearing house issues, exchange related issues, contractual issues, overall issues of commodity derivatives market, risk reduction and expectations from the commodity derivative market by the investors of CDM.

Up to H.Sc qualified investors are significantly differing with other educationally qualified investors with regard to strengthen the scope of the commodity derivatives market, which means there are possibilities for the regulator to educate or impart more knowledge on commodity derivatives market among the UG and PG qualified investors easily over the commodity derivatives market in India for the sample investors as far as the above table is concerned. Up to H. Sc qualified investors are significantly differing with other educationally qualified investors with regard to common issues and therefore if the common issues are addressed properly either by the government authorities or by the regulatory bodies, it will be easy for them to be convinced and they will also be contributing more to the development of CDM, there- by a chance of improvement in the perception of investors towards CDM in this educational category.

Based on DMRT, Business occupation sample investors are significantly differing with other occupational groups of sample investors with regard to awareness issues, clearing house issues, exchange related issues, contractual issues, overall issues of commodity derivative Since P value is less than 0.01, null hypothesis is rejected at 1% level with regard to Awareness issues, overall issues of commodity derivatives market, risk reduction, expectations of investors towards commodity derivatives market, Hence there is significance difference between Locality of investors with regard to the awareness issues, overall issues of commodity derivatives market, risk reduction, expectations of investors towards commodity derivatives market. Based on mean score, the urban locality investors have faced lot of issues with regard to awareness issues, overall issues of commodity derivatives market, risk reduction, expectations of investors towards commodity derivatives market the maximum extend than rural investors in all dimensions because urban investors are having more options to select good investment options than the rural investors, as per the table. Business occupation sample investors are significantly differing with other occupational groups of investors with regard to risk associate issues, warehousing issues andcommon issues and strengthen the scope of commodity derivatives market of perception of investors of CDM which means there are possibilities for the regulator to bring in lot of awareness

among the business occupational group of investors who are potentially likely to contribute more to the development of CDM in Indiaand that will be the economic booming effort for the commodity derivatives market in Indiaeither by the government or by the regulatory bodies in Indian CDM segment.

Based on DMRT, Up to 3 year of job experience group of investors are significantly differing with other job experience group of investors with regard to awareness issues, risk associated, warehousing issues, clearing house issues, exchange related issues, contractual issues, overall issues of commodity derivatives market, risk reduction, strengthen the scope of commodity derivative market and expectations from commodity derivative market by the investors, up to 3 years of job experience group is significantly differing with other age groups with regard to common issues of perception of investors of CDM which means there are possibilities for the regulator to bring in lot of awareness among the up to 3 years experienced investors group that will be the motivating effort from the commodity derivatives market in India for the sample investors as far as the above table is concerned.

Based on DMRT, the group of sample investors who are having up to three years of experience in commodity derivatives market,significantly differing with other groups of investors who are having more than three years of experience in commodity derivative marketwith regard to awareness issues, warehousing issues, clearing house issues, exchange related issues, contractual issues, overall issues of commodity derivatives market, risk reduction,and expectations from commodity derivative market by the investorsThegroup of sample investors who are having up to three years of experience in commodity derivatives market, significantly differing with other groups of investors who are having more than three years of experience in commodity derivatives market with regard to risk associated issues and strengthen the scope of commodity derivatives market that may ultimately affect the perception of investors of CDM which means there are possibilities for the regulator to bring in lot of awareness among the group of investors who are having less than three years of experience in commodity derivatives market that will be the good kind of effort for put in by either the government of India or the regulatory bodies as far as commodity derivatives market in India for the sample investors that may improve upon the perception of investors in the near future.

Based on DMRT, Below Rs.25000 of income and above one lakh rupees monthly income group are significantly differing with other income categories with regard to awareness issues, warehousing issues, clearing house issues, exchange related issues, contractual issues, overall issues of commodity derivatives market, risk reduction, strengthen the scope of commodity derivative market and expectations from commodity derivative market by the investors but at the same time there is an associating between Rs.26000 to Rs.50,000income category with the Rs.50000 to Rs.100000 income category with respect to awareness issues, warehousing issues, clearing house issues, exchange related issues, contractual issues, overall issues of commodity derivatives market, risk reduction, strengthen the scope of commodity derivative market and expectations from commodity derivative market by the investors of CDM. Below Rs.25000 of income and above one lakh rupees monthly income group are significantly differing with other income categories with regard to risk associate issues and common issues of perception of investors of CDM which means there are possibilities for the regulator to bring in lot of awareness among the income group of below Rs.25000 per month and above one lakh income generating investors and that will be the cash cowing effort for the commodity derivatives market in India which will in turn increase the perception of investors positively at least in the years to come.

Based on DMRT, Below Rs.5000 and above Rs.20000 savings per month groups are significantly differing with other savings groups with regard to awareness issues, risk associated, warehousing issues, clearing house issues, exchange related issues, contractual issues, common issues, overall issues of commodity derivatives market, risk reduction, strengthen the scope of commodity derivative market and expectations from commodity derivative market by the investors of CDM which means these two groups of people should be motivated either by the government of India or by the regulators of commodity derivatives market in India thereby increasing the possibility of more investment especially from these group of investors into commodity derivatives market, that will be the welcoming signal for these groups of investors to gain more in the years to come.

Based on DMRT, above thirty percent savings could be invested into CDM per month group is significantly differing with other percentage of savings invested in CDM groups with regard to awareness issues, risk associated, warehousing issues, clearing house issues, exchange related issues, contractual issues, common issues, overall issues of commodity derivatives market, risk reduction, strengthen the scope of commodity derivative market and expectations from commodity derivative market by the investors of CDM which means this group of people should be motivated to invest more into commodity derivatives either by the government of India or by the regulators of commodity derivatives market in India thereby increasing the possibility of more

investment especially from this group of investors, that will be the welcoming signal for this group of investors to gain more in the years to come.

Since P value is less than 0.01, the null hypothesis is rejected at the 1 percent level of significance. Hence concluded that there is an association between level of issues of CDM and the level of risk reduction in CDM of the investors. Based on the raw percentage, the level on issues of CDM is low at 7.5 per cent and the level of risk reduction in CDM is low at 7.3 per cent. But at the same time when the level on issues of CDM is high at 47.8 per cent, but the level of risk reduction on CDM is low at 46.1 per cent. At 64.5 per cent the level on issues of CDM is low, but at the same time the level of 66.5 per cent higher at the level of risk reduction on CDM. At 11.8 percent of high level of issue of CDM the level of risk reduction is high at 12.1 percent; hence there is an association between level of risk reduction and level on issues of CDM of investors.

Since P value is less than 0.01, the null hypothesis is rejected at the 1 percent level of significance. Hence concluded that there are associations between levels of issues of commodity derivatives market and the level of scope of strengthening of commodity derivatives market of investors. Based on the row percentage, there is a low level (66.0%) of issues of commodity derivative market with 69.5% of low level of strengthening the scope of CDM and at 1.3 percent of level of issues of commodity derivatives market the level of strengthening the scope of CDM stood at 1.2 percent. At 0.6 percent of high level of issue of CDM the level of strengthening the scope of CDM stood at 0.7 percent lower. At 59.8 percent there is a high level of issues of CDM and at the same time the level of strengthening the scope of, CDM stood on high level of 58.4 per cent, hence there is an association between level of strengthen the scope of CDM and level of issues of CDM of investors.

Since P value is less than 0.01, the null hypothesis is rejected at the 1 percent level of significance. Hence concluded that there is an association between level of expectations of investors on commodity derivatives market and level on issues of commodity derivatives market of investors. Based on the row percentage, the level on issues of commodity Derivatives market is considered to be low 63.5%, and the level of expectations of investors on Commodity Derivative market monthly is also low at 59.4%, but at 6.3% the level on issues of commodity derivative market is low but the level of expectations of investors on CDM is high at 6.6%. And the level on issues of CDM is high at 3.6%, but level of expectations of investors on CDM is low at 3.5% and finally there high, high match where there is meet of level on issues of CDM(58.6%) with level of expectations of investors on CDM(65.6%) Hence there is an association between level of expectations of investors on CDM and level of issues of CDM of investors

Since P value is less than 0.01, the null hypothesis is rejected at the 1 percent level of significance. Hence concluded that there is an association between level of expectation of investors on CDM and the level of risk reduction of investors. Based on the row percentage, the level of risk reduction is (9.8%) Low at the same time the level of expectation of investors is also low (9.4%, and at 51.8% the level of risk reduction is low with the level of expectation of investors is high at 56.3%. But at the same time at 44.8% the level of risk reduction is high and at the same time the level of expectation of investors on CDM is low at 43.5%. And at the 15.2 % level of risk reduction is high with the level of expectations of investors looking high at 16.6%hence there is an association between level of risk reduction and level of expectations of investors.

Since P value is less than 0.01, the null hypothesis is rejected at the 1 percent level of significance. Hence concluded that there is an association between level of expectations of investors on CDM and level of strengthening the scope of CDM of investors. Based on the row percentage, the level of strengthening the scope of CDM is low (55.6%) and the level of expectations of investors on CDM is also low at 49.4%. As 7.9% of level of strengthening the scope of CDM is low with the level of expectations of investors on CDM is high at 7.9%. on the other hand the level of strengthen the scope of CDM is high with the low level of expectations of investors on CDM, finally the level of strengthen the scope of CDM is high with high level of expectation of investors on CDM , hence there is an association between level of strengthen the scope of CDM between level of expectations of investors on CDM because when the level of strengthen the scope of CDM of investors increased the level of expectations of investors on CDM also increases and hence there is an association between this two is proven.

Since P value is less than 0.01, the null hypothesis is rejected at the 1 percent level of significance. Hence concluded that there is a significant difference between mean ranks towards factors of perception on CDMs. Based on mean rank contractual issues got the highest mean rank 5.49 among the other issues of factors of perception on CDMs, and the second mean rank given to warehousing issues (4.44) and third one is awareness issues (4.20) and apart from the first three mean ranked factors other issues have shared fourth to seventh mean places respectively risk associated issues (3.95) ,clearing house issues (3.50%),common issues (3.48%) and exchange related issue (2.945) shows that the there is a significant difference among the factors of perception on CDMs.

Since P value is less than 0.01, the null hypothesis is rejected at the 1 percent level of significance. Hence concluded that there is a significant difference between mean ranks towards an expectation of investors on CDMs. Based on the mean rank ' number of commodity groups are transacted' mean rank 9.80among the other expectations of investors on CDMs, and the second mean rank given to increasing the volume traded in markets' (9.18)and the third one is 'hedge against volatile price' at 7.06 when compared to the other nine expectations of investors on CDMs. Least mean rant, that is the 12th ranking was given to 'obtain exposure to the underlying where it is not possible to trade in the underlying eg. Weather derivatives (4.77) followed by 'helps in the futures as well as current prices (5.06) and the 10th mean rank is given to 'increase investment and savings in the long run (5.34), therefore there is a significant difference among the 12 ranked factors proved

The correlation coefficient between factors of perception of investors on CDM and Issues associated with CDM co-ordination is 0.450, which indicate 45% percentage positive relationships between factors of perception of investors of CDM with the risk associated issues is significant at the 1 % level. The correlation coefficient between warehouse issues and awareness issues stood at 0.418, which indicates 41.8 percent positive relationships between warehouse issues with awareness issues, hence it is significant at the 1 % level. The correlation coefficient between clearing house issues with awareness issues is 0.533, which indicate 53.3 percentage positive relationships between clearing house issues and awareness issues and is significant at the 1 % level and similar the other factors are positively correlated with each other.

The correlation coefficient between risk reduction and overall Issues associated with CDM the co-ordination is 0.686 which indicate 68.6% percentage positive relationships between risk reduction with overall issues of CDM is significant at the 1 % level. The correlation coefficient between strengthen the scope of CDM and overall issues of CDM stood at 0.816, which indicates 81.6 percent positive relationships between the strengthen the scope of CDM with overall issues of CDM hence it is significant at the 1 % level. The correlation coefficient between expectations of investors on CDM with overall issues of CDM is 0.749 which indicate 74.9 percentage positive relationships between the expectations of investors on CDM and overall issues of CDM and is significant at the 1 % level and similarly the other factors are positively correlated with each other.

The multiple correlation coefficient is 0.778 measures the degree of relationship between the actual values and the predicted values of the Adjustment. Because the predicted values are obtained as a linear combination of Overall Issues (X_1) and Risk Reduction (X_2), Strengthen the scope of CDM (X_3) coefficient value of 0.778 indicates that the relationship between adjustment and the three independent variables is quite strong and positive.

The multiple correlation coefficient is 0.764 measures the degree of relationship between the actual values and the predicted values of the Adjustment. Because the predicted values are obtained as a linear combination of Investors awareness issues (X_1) and Risk Associated Issues (X_2), Warehousing Issues, Clearing House Issues (X_4),Exchange Related Issues (X_5), Contractual Issues (X_s),Common Issues (X_7)the coefficient value of 0.764 indicates that the relationship between adjustment and the two independent variables is quite strong and positive.

CONCLUSION:

This research was basically intended to find out ways and means to help the farmers in India to get themselves into this commodity derivatives market and get them some benefits, but this study has taken a different direction towards the end, and academically it means to find out whether the various objectives framed are met out or not because in India the cost of farming is drastically increasing and the revenue to the farmers are decreasing steeply. This research seems to be a very vast area of study, wherein a lot of things with regard to commodity market, market operations, various players, marketing nuances, terminologies, technology and international commodity derivatives, derivatives exchanges, volume of trade and potential of market has been understood.

The researcher has started to study the various expectations of the investors, and study the level of awareness of commodity derivatives market, and examine the investment pattern of investors, various factors influencing the spot and futures market(derivatives) and looked for suggestions to improvise the commodity derivatives market from its present position. In order to increase the perception of investors towards commodity derivatives market in Chennai city, the people those who are associated with the suggestions made in this research , should start with understanding of the expectations of investors, understanding the expectations of investors will help the people associated with commodity derivatives market, could create some sort of awareness among the investors.

Creating awareness will increase the good investment pattern among the investors provided the spot and future commodity market factors are addressed properly and their valuable suggestions have to be considered carefully which in-turn will create the possibility of improving the perception of investors towards commodity derivatives market in India in the days to come.

REFERENCES:

Ahmed A. El-Masry, (2006). Derivatives use and risk management practices by UK non-financial companies, *Managerial Finance,* Vol. 32 (2), pp.137 – 159.

Ahmet Sensoy N, Erk Hacihasanoglu, Duc Khuong Nguyen et al (2015). Dynamic Convergence of commodity futures: Not all types of commodities area like, *Resources Policy* PP.150–160.

Amir H. Alizadeh, a.Konstantina Kappou b.Dimitris Tsouknidis c.IliasVisvikis et al (2015). Liquidity effects and FFA returns in the international shipping derivatives market, Transportation Research Part E 76 (2015) 58–75.

Amir H. Alizadeha, Konstantina Kappoub, Bunhill Row, DimitrisTsouknidisc, IliasVisvikisd et al (2015). A Cass Liquidity effects and FFA returns in the international shipping derivatives market.

Ankur Rajoria (2005). The retail investors' perception and awareness about derivatives market and its instruments. *Commodity and Commodity Market in India*

AnkurRajoria, (2006). *Commodity and Commodity Market in India,* A project report.

AnnNaisy Jacob (2016). A study on experiences and perceptions of capital market investors in financial derivatives.

Arnould, E.J., & Thompson, C.J. (2005). Consumer Culture Theory (CCT): Twenty Years of Research. *Journal of Consumer Research,* 31, 868-882.

Babita Kumar Gagandeep Banga Ajay Jindal et al (2012). Perception and Attitude of Farmers and Agri Firms Towards Commodity Finance, *NMIMS Management Review,* Volume XXIIOctober PP-89 -111, November 2012.

Bhalla V.K.(2013). *Investment Management – Security Analysis and Portfolio Management,* 14th edition, S.Chand& Co Ltd., New Delhi 110 055.

Craig, S.C., & Douglas, S.P. et al (2006). Beyond national culture: implications of cultural dynamics for consumer research. *International Marketing Review,* 23(3), 322-342

Dempster, N. (2006). The Role of Gold in India, World Gold Council, September.

Dharamveer and Mr. Barinder Singh et at (2011). Indian commodity market: growth andprospects, *International Journal of Marketing and Technology,* Vol.1 Issue.2, Page 73 to86,July 2011.

Divya Verma Gakhar (2012). Indian Derivatives Market: A Study of Impact on Volatility and Investor Perception. doi: 10.18178/ijssh.2016.6.12.772

E Mamoun Amrouk, Nigel Poole, Nicholas Mudungwe, and EverjoyceMuzvondiwa et al (2013). *The impact of commodity development Projects on smallholders' market access in Developing Countries, case studies of FAO/CFC Projects,* An FAO report – Food and Agricultural Organisation –USA -2013 –PP 1 to 48.

Europe CEIC Database Team,(2011). Current Global Commodity Price trends and future prospects.

FAO Commodity and Trade Policy Research Working Paper (2013). The impact of commodity development Projects on smallholders' market access in Developing Countries.

Farook, L. (2005). *Dubai Gold Market: 'City of Gold' retains its glitter,* GulfNews.

Federal Reserve Bank of San Francisco (2002). Working Paper No. 2005-26, In September 2002

Frank H. Bezzina, Simon Grima,(2012). Exploring factors affecting the proper use of derivatives: An empirical study with active users and controllers of derivatives, *Managerial Finance*, Volume: 38 Issue: 4 2012.