Investment Objective, Investment Portion and Risk Taking Capacity of the Respondents in Agricultural Commodity Market of Narmadapuram Division with Reference to Soyabean and Wheat Crop

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Abstract
Narmadapuram division consists of Harda, Betul and Hoshangabad district and they are chosen for the present study as per stratified random sampling. The said districts were selected because Soyabean and Wheat crop are cultivated at large while comparing with other districts. The study pertaining about the commodity market covers the period of 3 years (2014-2016). In the present study the investment objectives, investment portion and risk taking capacity of the respondents in agricultural commodity market of Narmadapuram division.
Key-words: Narmadapuram, Agricultural Commodity Market, Investment

Introduction

Commodity Futures, which forms an essential component of Commodity Exchange, can be broadly classified into precious metals, agriculture, energy and other metals. Current futures volumes are miniscule compared to underlying spot market volumes and thus have a tremendous potential in the near future. Futures trading in commodities results in transparent and fair price discovery on account of large-scale participations of entities associated with different value chains. It reflects views and expectations of a wider section of people related to a particular commodity. It also provides effective platform for price risk management for all segments of players ranging from producers, traders and processors to exporters/importers and end-users of a commodity. It also helps in improving the cropping pattern for the farmers, thus minimizing the losses to the farmers. It acts as a smart investment choice by providing hedging, trading and arbitrage opportunities to market players. Historically, pricing in commodities futures has been less volatile compared with equity and bonds, thus providing an efficient portfolio diversification option. India has very large agriculture production in number of Agri-commodities, which needs use of futures and derivatives as price-risk management system. Fundamentally price pay for goods and services depend greatly on how well business handle risk. By using effectively futures and derivatives, businesses can minimize risks, thus lowering cost of doing business.

Commodity players use it as a hedge mechanism as well as a means of making money. For e.g. in the bullion markets, players hedge their risks by using futures Euro-Dollar fluctuations and the international prices affecting it. For an agricultural country like India, with plethora of mandis, trading in over 100 crops, the issues in price dissemination, standards, certification and warehousing are bound to occur. Commodity

Market will serve as a suitable alternative to tackle all these problems efficiently. Now it could be understand the importance of commodity markets in countries like India. But the awareness of the commodity markets, benefits are very less among the agriculturists, general public and even some time among investors. But without investors the commodity markets was not functioning. So the researcher wants to enlighten about the commodity markets among the all above said and the topic

rises. So the present work was undertaken to record the investment details and risk taking capacity of respondents in agricultute commodity market of Narmadapuram division.

Methodology

A research is conducted with the main purpose of contribution of something new and unique to the prevailing stock of knowledge in any field by developing a new concept or effecting advancement in the connotation of existing concepts. It can be properly accomplished through any study only through preplanned and well defined steps applying perfectly applicable methods in each steps there by facilitating the collection, analysis, and drawing conclusion smoothly and meaningfully. With a view to effectively carry out the study conceptually and methodologically structured research design is a must. [5-7]

Fig. 1: Narmadapura Division of Madhya Pradesh

Research Design

As the present study is descriptive in nature, it is important to obtain conceptual clarity through explanation given in various books and contributions made by various research studies pertaining to the topic of the present study that concentrates on establishing the functions of commodity market. As the first step, literature relevant to the concepts is reviewed then objectives are formulated and hypotheses are framed. Based on the objectives, questionnaire is formulated for the collection of primary data which is paramount for the study. Primary data is collected by distributing questionnaire to the sample investors. Collected primary data are rigorously analyzed using suitable techniques to obtain true and reliable results which are interpreted to depict significant findings and draw into an appropriate conclusion. Hypotheses are framed and tested using suitable statistical tools. [8-10]

Plan of Analysis

In order to accomplish the objectives of the study, the collected data are classified, grouped and

presented in the forms of tables. These data are thoroughly analysed using relevant statistical tools viz., percentage analysis, one way ANOVA, Independent sample t-Test, Chi- square test SPSS packages to generate meaningful results. Results are interpreted to come out with findings and suggestions. Then conclusion is drawn based on the findings and suggestion offered in the study. [8-10]

Results and Discussion

Investment Objective of the Respondents

Investment objective is considered as an important factor influencing to create the investment. Table 1 deals with the investment objective.

Table 1: Distribution of investors based on investment objectives

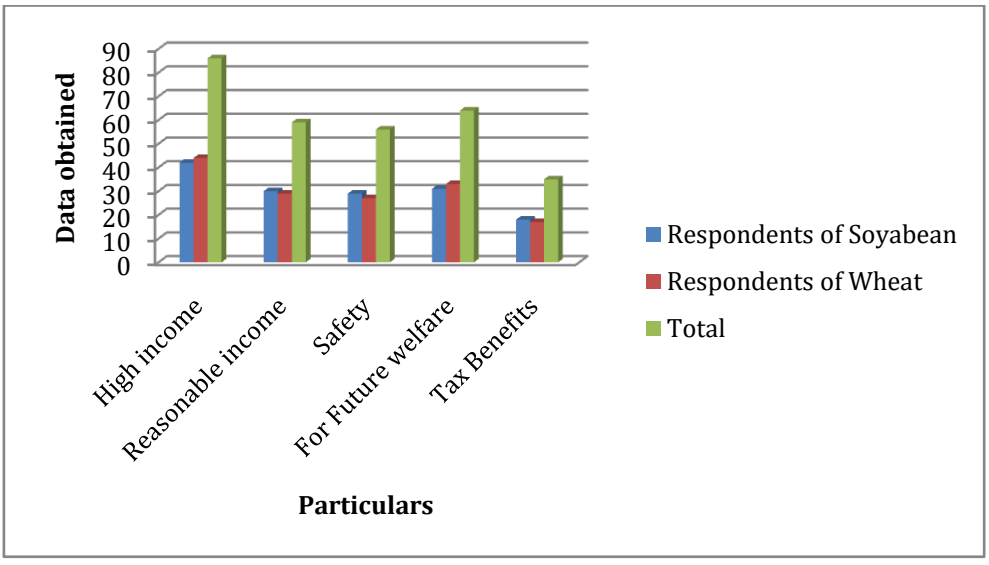
S/No.	Particulars	Respondents of Soyabean	Respondents of Wheat	Total
1.	High income	42 (28)	44 (29.3)	86 (28.6)
2.	Reasonable income	30 (20)	29 (19.3)	59 (19.6)
3.	Safety	29 (19.3)	27 (18)	56 (18.6)
4.	For Future welfare	31 (20.6)	33 (22)	64 (21.3)
5.	Tax Benefits	18 (12)	17 (11.3)	35 (11.6)
Total		**150 (100%)**	**150 (100%)**	**300 (100%)**

Sources: Primary Data

Note: Figures in parentheses are indicates percentage to total

H0: There is no relationship between the Investment objectives of the respondents of commodity market and the investors.

Tool	Df	Level of Significance	Calculated Value	Tabulated Value	Results
X^2 test	5	0.05	2.5250	9.4228	H0 accepted



Graph 1: Distribution of investors based on investment objectives

Table 1 gives the data and information related to the investment objectives background of the respondents. Out of total 300 respondents, 28.6 % of them opined as high income and 19.6 % of the respondents opined as reasonable income and 11.6 % of the respondents invested for the tax benefit and 21. 3% of the respondents invested for the future welfare and 18.6 % of the respondents invested only for the safety. The majority (28.6 %) of the respondents have invested only for getting high income.

As the calculated value (x^2 =2.5250) is less than the tabulated value (x^2=9.4228), the stated hypothesis is accepted and hence, it is concluded that, there is no relationship between the investment objectives and the investors in the commodity market.

Investment Portion of the Income of the Respondents

Investment portion of the investor's income is considered as one of the most important factors affecting creation of investment portion of their income. Table 2 deals with the investment portion of their income.

Table 2: Distribution of commodity market based on income

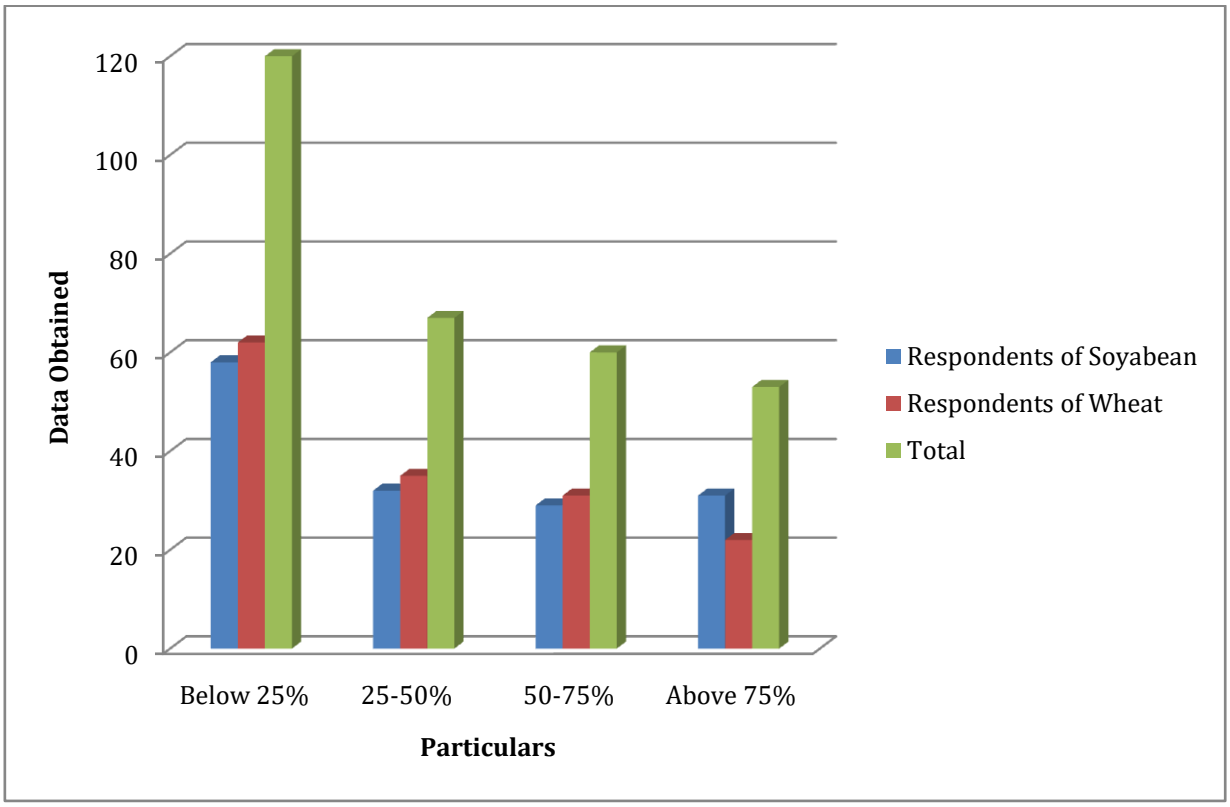
S/No.	Particulars	Respondents of Soyabean	Respondents of Wheat	Total
1.	Below 25%	58 (38.6)	62 (41.3)	120 (40)
2.	25-50%	32 (21.3)	35 (23.3)	67 (22.3)
3.	50-75%	29 (19.3)	31 (20.60	60 (20)
4.	Above 75%	31 (20.6)	22 (14.6)	53 (17.6)
Total		**150 (100%)**	**150 (100%)**	**300 (100%)**

Sources: Primary Data

Note: Figures in parentheses are indicates percentage to total

H0: There is no relationship between the Investment portion of the income of the investors and the investors in the commodity market.

Tool	Df	Level of Significance	Calculated Value	Tabulated Value	Results
X^2 test	5	0.05	1.6342	7.8231	H0 accepted



Graph 2: Distribution of commodity market based on income

Table 2 gives the information related to the investment portion of the income of the respondents. Out of total 300 respondents, the majority of 40 % of the respondents contributed below 25 per cent of their income towards the investment, in which 41.3 % of them invested on wheat and 38.6 % of the respondents invested on soyabean. As the calculated value (x^2 =1.6342) is less than the tabulated value (x^2=7.8231), the stated hypothesis is accepted and hence, there is no relationship between the investment portion and the investors in the commodity market.

Risk Taking Capacity

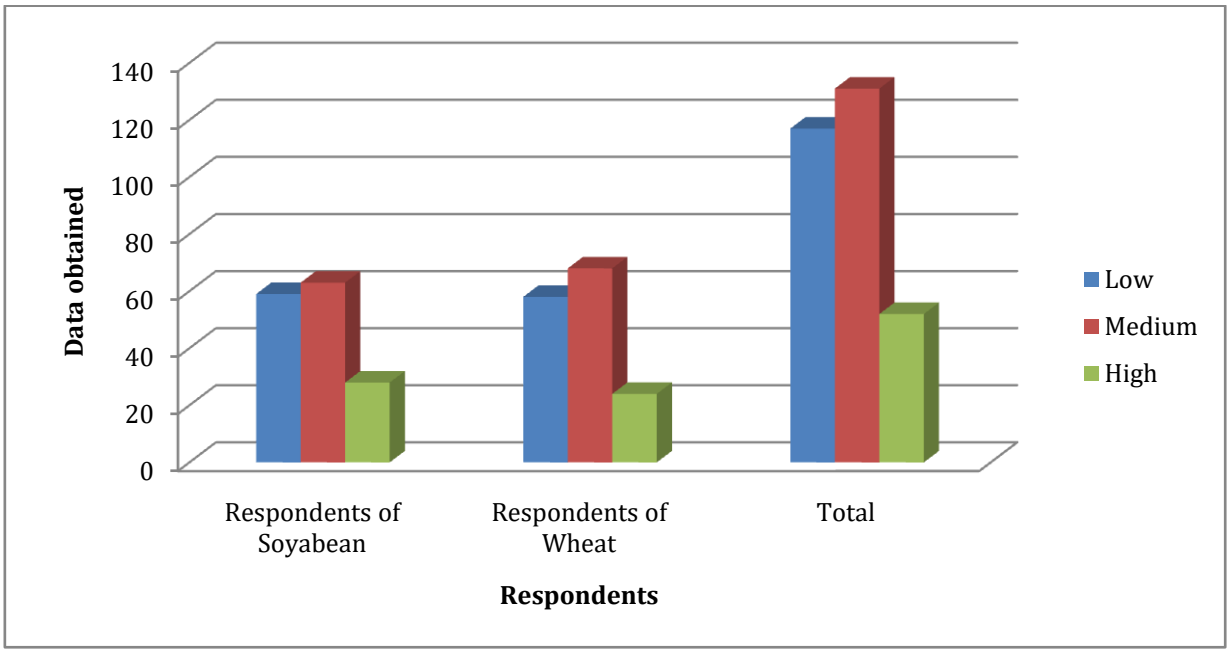
Risk taking capacity of the respondents is very important to be analysed because, investment is purely based on the risk like natural calamities, hazards, etc. Risk taking capacity is mentioned in table 3.

Table 3: Distribution of commodity market based on risk taking capacity

S/No.	Particulars	Respondents of Soyabean	Respondents of Wheat	Total
1.	Low	59 (39.3)	58 (38.6)	117 (39)
2.	Medium	63 (42)	68 (45.3)	131 (43.6)
3.	High	28 (18.6)	24 (16)	52 (17.3)
Total		**150 (100%)**	**150 (100%)**	**300 (100%)**

Sources: Primary Data

Note: Figures in parentheses are indicates percentage to total



Graph 3: Distribution of commodity market based on risk taking capacity

H0: There is no relationship between the Risk taking capacity of the investors and the investors in the commodity market.

Tool	Df	Level of Significance	Calculated Value	Tabulated Value	Results
X^2 test	5	0.05	1.6428	6.8924	H0 accepted

Table 3 gives the information relating to the risk taking capacity of the respondents. Out of total 300 respondents, 43.6% of them had medium level and 39 % of them had low level and 17.3 % of them had high level of risk taking capacity of the respondents. Hence, the majority of the respondents (43.6 %) belonged to medium level of risk taking capacity of investment in the commodity market. As the calculated value (x^2=1.6428) is less than the tabulated value (x^2=6.8924), the stated hypothesis is accepted and thus, there is no relationship between the risk taking capacity and the investors in the commodity market.

Conclusion

Based on well planned questioner, the data were taken and the results were presented. The conclusion drawn from the results were mentioned that out of total 300 respondents, 28.6 % of them opined as high income and 19.6 % of the respondents opined as reasonable income and 11.6 % of the respondents invested for the tax benefit and 21. 3% of the respondents invested for the future welfare and 18.6 % of the respondents invested only for the safety. The majority (28.6 %) of the respondents have invested only for getting high income. Out of total 300 respondents, the majority of 40 % of the respondents contributed below 25 per cent of their income towards the investment, in which 41.3 % of them invested on wheat and 38.6 % of the respondents invested on soyabean. Out of total 300 respondents, 43.6% of them had medium level and 39 % of them had low level and 17.3 % of them

had high level of risk taking capacity of the respondents. Hence, the majority of the respondents (43.6 %) belonged to medium level of risk taking capacity of investment in the commodity market.

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