Students' Investment Analysis and Awareness about the Commodity Market in Bengaluru Urban

Priya Poudyal

IV Semester MCOM

Kristu Jayanti College (Autonomous), Bengaluru, India

Email of Author:kiranpoudyal33655@gmail.com

--***--

Abstract - The commodity market forms a vital component of the financial system by enabling price discovery, risk management, and efficient allocation of resources across the economy. With increasing financial innovation, digital trading platforms, and easy access to market-related information, students today represent an emerging category of potential investors. Despite this growing exposure, awareness and participation of students in commodity markets remain relatively low when compared to traditional investment avenues such as bank deposits, gold, mutual funds, and equity markets.

The present study aims to examine the level of awareness, investment behaviour, and perception of risk among students in Bengaluru Urban with regard to the commodity market. The study is based on both primary and secondary data. Primary data were collected through a structured questionnaire administered to undergraduate and postgraduate students pursuing commerce, management, and related courses. Secondary data were sourced from books, academic journals, research articles, SEBI reports, and publications of commodity exchanges. Descriptive research design was adopted, and simple statistical tools such as percentage analysis and descriptive interpretation were used for data analysis.

The findings of the study reveal that while a majority of students possess basic awareness about the existence and importance of commodity markets, their understanding of trading mechanisms, contract structures, regulatory frameworks, and risk management tools is limited. Actual participation of students in commodity market investments is found to be low due to high risk perception, lack of technical knowledge, limited capital, and inadequate practical exposure. The study further highlights the significant role of digital media and academic curriculum in creating awareness among students.

The study concludes that strengthening financial literacy through structured academic initiatives, workshops, and practical training can enhance students' awareness and confidence in commodity market investments. The insights derived from this research are expected to be useful for educational institutions, policymakers, and market participants in promoting informed and responsible participation of young investors in commodity markets.

1. Introduction

Investment behaviour among students has become an important area of academic and practical interest in recent years. With rapid economic development, financial globalization, and technological advancement, students today are exposed to a wide range of financial products and services at an early age. Investment decisions taken during student life often influence long-term financial habits, making it essential to study their awareness and understanding of various investment avenues.

The commodity market represents one of the oldest and most significant segments of the financial system. Commodities such as agricultural products, precious metals, base metals, and energy resources form the backbone of economic activity. Commodity markets facilitate price discovery, reduce uncertainty through hedging mechanisms, and contribute to overall economic stability. In India, organized commodity trading has gained prominence with the establishment of national exchanges such as MCX and NCDEX under regulatory supervision.

Bengaluru Urban is widely recognized as an educational, technological, and financial hub. The city hosts a large population of undergraduate and postgraduate students from diverse academic backgrounds. Easy access to smartphones, internet connectivity, trading apps, and financial information has increased students' exposure to financial markets. Despite this, commodity markets are often perceived as complex, risky, and speculative in nature. Many students restrict their investments to traditional instruments due to limited knowledge and fear of losses.

This study focuses on analysing students' awareness levels, investment preferences, and behavioural attitudes towards commodity market investments in Bengaluru Urban.

Understanding these aspects is essential for designing effective financial education programs and encouraging informed participation of young investors in commodity markets.

2. Review of Literature

The review of literature provides an overview of existing studies related to investment awareness, student investment behaviour, and commodity markets. Several researchers have emphasized that financial literacy plays a crucial role in shaping investment decisions. Studies on student investors reveal that while students show interest in learning about financial markets, their practical knowledge is often limited.

Research related to investment avenues indicates that students are more familiar with traditional options such as savings accounts, fixed deposits, gold, and mutual funds. Awareness regarding derivatives, futures, and commodity trading is comparatively lower. Studies on commodity markets suggest that high volatility, complex contract structures, and lack of investor education contribute to low participation among retail and student investors.

Behavioural finance literature highlights that psychological biases such as risk aversion, herd behaviour, and overconfidence significantly influence investment decisions, especially among young and inexperienced investors. Students tend to rely on peer opinions, social media, and short-term market trends rather than fundamental analysis.

Although numerous studies have examined investment behaviour and financial literacy, limited research specifically focuses on students' awareness of commodity markets in metropolitan Indian cities such as Bengaluru. This gap in existing literature justifies the relevance of the present study.

3. Objectives of the Study

The objectives of the study are:

- To analyze the level of awareness among students regarding the commodity market
- To study the investment behaviour of students in Bengaluru Urban
- To examine students' perception of risk associated with commodity market investments
- To identify factors influencing students' investment decisions

4. Research Methodology

The research methodology describes the systematic framework adopted for conducting the present study and ensures the reliability and validity of the research findings. The study is descriptive in nature and focuses on analysing the awareness level and investment behaviour of students towards the commodity market in Bengaluru Urban. A descriptive research design is considered appropriate as it helps in describing characteristics, attitudes, opinions, and behaviour of a particular group in a systematic manner.

The methodology has been designed to collect relevant data, analyze it using suitable tools, and draw meaningful interpretations in line with the objectives of the study. Both primary and secondary sources of data have been used to ensure comprehensive coverage of the subject.

4.1 Data Collection

Primary data were collected through a well-structured questionnaire designed to capture demographic details, awareness levels, investment preferences, risk perception, and regulatory knowledge. The questionnaire consisted of both multiple-choice and opinion-based questions. Secondary data were collected from textbooks, academic journals, research papers, SEBI reports, commodity exchange publications, and official websites.

4.2 Sample Design

The study population includes undergraduate and postgraduate students pursuing commerce, management, economics, and related courses in Bengaluru Urban. A convenience sampling technique was adopted due to time constraints and ease of access to respondents. The sample represents students from various educational institutions within the city.

4.3 Statistical Tools Used

The data collected through questionnaires were classified, tabulated, and analyzed using simple statistical tools such as percentage analysis and descriptive interpretation. These tools help in understanding trends, patterns, and relationships within the data in a clear and meaningful manner.

5. Data Analysis and Interpretation

The analysis of data collected from students provides valuable insights into their awareness and investment behaviour with respect to the commodity market. The findings indicate that

students possess higher awareness of traditional investment avenues compared to commodity markets. This can be attributed to greater exposure, simplicity, and perceived safety of traditional investments.

Awareness of commodity markets among students is largely theoretical. Many respondents are familiar with the term "commodity market" but lack detailed understanding of trading mechanisms, contract specifications, margin requirements, and settlement procedures. Actual participation in commodity trading is limited, indicating a significant gap between awareness and action.

Gold is identified as the most preferred commodity among students due to its reputation as a safe and stable investment. Other commodities such as silver, crude oil, and agricultural products attract comparatively less interest. A majority of students perceive commodity markets as high-risk due to price volatility and insufficient knowledge. Digital platforms, academic curriculum, and online media are the primary sources of information.

6. Findings of the Study

The major findings of the study are as follows:

- Students have general awareness of the existence of commodity markets, but lack in-depth knowledge
- Participation of students in commodity market investments is relatively low
- High risk perception and lack of practical exposure discourage investment
- Digital media and academic learning play a key role in creating awareness
- Knowledge about regulatory bodies and investor protection mechanisms is limited

7. Suggestions and Recommendations

Based on the findings of the study, the following suggestions are offered:

- Educational institutions should incorporate commodity market concepts into their curriculum
- Regular workshops, seminars, and guest lectures should be organized to improve awareness
- Students should be encouraged to use demo trading and simulation platforms for practical exposure
- Awareness programs on investor protection and regulatory frameworks should be promoted

8. Conclusion

The present study provides valuable insights into the level of awareness and investment behaviour of students in Bengaluru Urban with respect to the commodity market. The findings indicate that although students are increasingly exposed to financial information and digital investment platforms, their participation in commodity markets remains limited. This gap between awareness and actual investment activity can be attributed to factors such as high risk perception, lack of technical and practical knowledge, limited capital availability, and insufficient understanding of regulatory frameworks.

The study further highlights that students tend to rely more on traditional and familiar investment avenues, while commodity markets are often viewed as complex and speculative. However, students who possess higher levels of financial literacy and academic exposure demonstrate a more positive attitude towards commodity market investments. This suggests that education and awareness play a crucial role in shaping informed investment behaviour.

Overall, the study emphasizes the importance of strengthening financial education at the academic level and providing practical exposure through workshops, seminars, and simulation-based learning. Enhancing awareness about regulatory bodies and investor protection mechanisms can also improve confidence among student investors. By addressing these gaps, educational institutions and policymakers can encourage responsible participation of young investors, thereby contributing to the development of a more inclusive, informed, and efficient commodity market ecosystem.

9. Scope for Further Research

The present study focuses on analysing students' investment awareness and behaviour towards the commodity market in Bengaluru Urban. While the findings provide meaningful insights, there remains considerable scope for future research in this area. Future studies may expand the geographical coverage to include students from other metropolitan cities, semi-urban areas, or rural regions to facilitate comparative analysis and gain a broader understanding of student investment behaviour across different socio-economic contexts.

Further research can also increase the sample size and adopt probability sampling techniques to enhance the generalizability of the findings. Advanced statistical tools such as correlation analysis, regression analysis, and factor analysis may be employed to examine the relationship between awareness, risk perception, and investment decisions in greater depth.

In addition, future studies may explore the impact of financial education programs, digital trading platforms, and fintech applications on student participation in commodity markets. Longitudinal studies tracking changes in awareness and behaviour over time would also provide valuable insights. Comparative studies between commodity markets and other investment avenues such as equity, mutual funds, and cryptocurrencies can further enrich the existing literature.

10. References

- Agarwal, R., & Gupta, S. (2018). *Investment awareness and behaviour of young investors in India*. International Journal of Financial Management, 8(2), 45–56.

- Bodie, Z., Kane, A., & Marcus, A. J. (2020). *Investments* (11th ed.). McGraw-Hill Education.

- Chakrabarti, R., & Sen, G. (2019). Financial literacy and investment behaviour among students: An empirical study. *Journal of Commerce and Management Studies*, 10(1), 22–34.

- Hull, J. C. (2018). *Options, futures, and other derivatives* (10th ed.). Pearson Education.

- Kaur, H., & Vohra, T. (2017). Understanding investor perception towards commodity market in India. *Asian Journal of Research in Banking and Finance*, 7(6), 78–89.

- Kumar, A., & Bansal, L. (2021). A study on awareness of commodity derivatives among retail investors. *International Journal of Research in Economics and Social Sciences*, 11(4), 112–121.

- Markowitz, H. (1952). Portfolio selection. *The Journal of Finance*, 7(1), 77–91.

- MCX India. (2023). *Understanding commodity derivatives market*. Multi Commodity Exchange of India Ltd.

- NCDEX. (2022). *Commodity market operations and investor awareness*. National Commodity and Derivatives Exchange.

- Reserve Bank of India. (2021). *Report on currency and finance*. RBI Publications.

- SEBI. (2020). *Commodity derivatives market in India: Regulations and investor protection*. Securities and Exchange Board of India.

- SEBI. (2022). *Handbook of statistics on Indian securities market*. Securities and Exchange Board of India.

- Shiller, R. J. (2015). *Irrational exuberance* (3rd ed.). Princeton University Press.

- Statista. (2023). Trends in commodity trading and investor participation in India.

- Thaler, R. H. (2016). *Misbehaving: The making of behavioural economics*. W. W. Norton & Company.

- Tripathi, V., & Kumar, S. (2014). Behavioural biases and investment decisions: A study of retail investors. *International Journal of Economics and Business Research*, 8(1), 45–63.

- World Bank. (2022). *Commodity markets outlook*. World Bank Publications.