International Journal of Creative and Open Research in Engineering and Management
ISSN: **3108-1754 (Online)**
Volume 02 Issue 08 August-2026 | Impact Factor: 3.5

A Study on Investor Awareness Towards Commodity Market in Karvy Stock Broking Limited

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How to Cite this Article:

SHYAM, K. (2026). A Study on Investor Awareness Towards Commodity Market in Karvy Stock Broking Limited. International Journal of Creative and Open Research in Engineering and Management, <i>02</i>(8), 1-9. https://doi.org/10.55041/ijcope.v2i8.233

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ABSTRACT

The commodity market provides investors with opportunities for diversification, wealth creation, hedging, and price-risk management. Investor awareness is essential for understanding commodity trading, futures contracts, market movements, risk, and investment opportunities. This study examines investor awareness towards the commodity market with reference to Karvy Stock Broking Limited. It evaluates investors' knowledge, investment preferences, risk perception, factors influencing investment decisions, and satisfaction with advisory services. Primary data were collected from 100 respondents through a structured questionnaire and analyzed using percentage analysis. The findings indicate reasonable awareness among respondents, strong preference for gold, and significant importance of financial knowledge, advisory services, and continuous investor education.

Keywords: Investor Awareness, Commodity Market, Commodity Trading, Risk Perception, Financial Literacy

1. INTRODUCTION

Investment is an important component of financial planning and wealth creation. Individuals allocate their savings to different avenues such as bank deposits, shares, mutual funds, bonds, insurance, real estate, gold, and commodities. Among these alternatives, the commodity market provides opportunities for portfolio diversification, price-risk management, hedging, and wealth generation. The commodity market facilitates the trading of agricultural and non-agricultural commodities through standardized contracts and organized trading mechanisms. Gold, silver, crude oil, natural gas, copper, aluminum, agricultural commodities, and other products are commonly associated with commodity trading. Commodity markets perform important economic functions through price discovery, efficient allocation of resources, market transparency, and risk management. Futures contracts enable producers, manufacturers, exporters, importers, and investors to manage adverse price movements. Spot trading involves immediate purchase and delivery, whereas futures trading involves agreements to buy or sell commodities at predetermined prices on future dates. These contracts are widely used for hedging and investment purposes. Investor awareness is one of the major determinants of participation in commodity markets. Awareness includes knowledge of trading procedures, contract specifications, market risks, expected returns, regulatory provisions, and available investment opportunities. Investors with better financial knowledge are generally better positioned to evaluate market information and manage investment risks. Education, financial literacy, investment experience, income, occupation, access to information, technological knowledge, media exposure, and professional advice can influence investor awareness. Commodity investments can provide diversification because commodity prices may behave differently from conventional financial assets. Precious metals such as gold and silver may also be viewed as instruments for wealth preservation and inflation protection. However, commodity prices can be affected by weather conditions, global supply and demand, geopolitical developments, government policies, currency movements, inflation, transportation costs, and international economic conditions. Consequently, adequate knowledge and risk-management capability are important before entering commodity trading. Technology has further changed commodity trading through electronic platforms, mobile applications, online brokerage services, real-time information, market analytics, and digital services. Brokerage firms support investors through market information, research reports, advisory services, trading facilities, and customer assistance. Investor-awareness programmes can improve understanding of market operations and risk-management practices. The present study therefore focuses on investor awareness towards the commodity market with reference to Karvy Stock Broking Limited. It examines awareness levels, investment preferences, futures knowledge, risk perception, and the usefulness of advisory services.

2. REVIEW OF LITERATURE

Sharma and Verma (2018) examined investor awareness towards commodity-market investment and reported that awareness varied according to education, income, and investment experience. Kumar (2019) studied retail investors and found a preference for commodities such as gold, silver, and crude oil, with market information and advisory services influencing investment decisions. Patel and Reddy (2020) emphasized financial literacy and reported that financially knowledgeable investors better understood futures, hedging, and market risks. Singh (2020) found that prompt market analysis, investment guidance, digital trading facilities, and customer service improved investor confidence. Nair and Joseph (2021) observed that retail investors often perceived commodity futures as risky because of price volatility and limited knowledge, while experienced investors considered futures useful for diversification and risk management. Agarwal and Mehta (2022) reported that digital platforms, mobile applications, real-time information, and online trading increased commodity-market accessibility. Rao and Desai (2023) highlighted the effectiveness of seminars, workshops, webinars, newsletters, and awareness programmes in improving investor understanding. Joshi and Kapoor (2023) identified market trends, economic conditions, risk perception, expected returns, and professional advice as important influences on investment decisions. Prakash and Iyer (2024) emphasized investor protection and regulatory transparency, while Mishra and Gupta (2025) highlighted artificial intelligence, digital platforms, analytics, and personalized advice.

3. OBJECTIVES OF THE STUDY

1. To evaluate the extent of investor awareness towards the commodity market with regard to Karvy Stock Broking Limited.
2. To explore the factors influencing investors' decisions to participate in commodity market trading.
3. To measure investors' awareness regarding commodity trading methods, futures contracts, and risk-management practices.
4. To assess the efficacy of Karvy Stock Broking Limited's investment advisory and awareness services.
5. To make appropriate recommendations for enhancing financial literacy, investor awareness, and commodity-market participation.

4. RESEARCH METHODOLOGY

The study follows a descriptive research design. Primary data were collected through a structured questionnaire from 100 respondents selected through convenience sampling. Secondary information was obtained from books, journals, SEBI reports, commodity-exchange publications, financial sources, and official websites. The collected responses were classified, tabulated, and analyzed for interpretation.

4.1 STATISTICAL TOOL

Percentage Analysis

Percentage analysis is selected as the appropriate statistical tool because the study measures categorical responses relating to investor awareness, futures-trading knowledge, investment preferences, risk perception, and advisory-service satisfaction. It enables the responses of 100 respondents to be summarized clearly and facilitates direct comparison between different response categories. The source study specifically used percentage analysis along with tabular presentation, bar diagrams, and pie charts.

5. DATA ANALYSIS AND INTERPRETATION

The study because they directly correspond to the major objectives: overall investor awareness, knowledge of commodity futures, and effectiveness of Karvy Stock Broking Limited's advisory services.

Table 5.1: Awareness about Commodity Market

Category	Number	Percentage
Highly Aware	24	24%
Aware	46	46%
Neutral	16	16%
Less Aware	9	9%
Not Aware	5	5%
Total	**100**	**100%**

Interpretation: The table shows that **46%** of respondents are aware of the commodity market, while another **24%** are highly aware. Thus, a substantial majority demonstrate awareness of commodity-market operations. However, 14% are either less aware or not aware, indicating the continuing need for investor education. The report identifies 46% as the highest response category.

Table 5.2: Commodity Futures Trading Awareness

Category	Number	Percentage
Highly Aware	22	22%
Aware	43	43%
Neutral	18	18%
Less Aware	11	11%
Not Aware	6	6%
Total	**100**	**100%**

Interpretation: The findings indicate that **43%** of respondents are aware of commodity futures trading, while 22% are highly aware. Therefore, 65% possess at least a positive level of awareness about futures trading. Nevertheless, 17% remain less aware or unaware, suggesting the importance of explaining futures contracts, trading procedures, and associated risks to investors.

Table 5.3: Satisfaction with Karvy Stock Broking Limited's Commodity Trading and Advisory Services

Category	Percentage
Highly Satisfied	22%
Satisfied	48%
Neutral	16%
Dissatisfied	9%
Highly Dissatisfied	5%
Total	**100%**

Interpretation: The results show that **48%** of respondents are satisfied with Karvy Stock Broking Limited's commodity trading and advisory services, representing the largest response category. A further 22% are highly satisfied. Thus, the advisory services receive a generally positive assessment, although some respondents remain neutral or dissatisfied and may require improved guidance and customer support.

6. RESULTS

1. The study indicates that investor awareness has an important influence on participation in the commodity market.
2. **46%** of respondents are aware of commodity-market operations, making awareness the largest response category.
3. **24%** of respondents are highly aware of the commodity market.
4. **43%** of respondents are aware of commodity futures trading.
5. Gold is the most preferred commodity, selected by **36%** of respondents, followed by silver at 28%.
6. Wealth creation is the primary investment objective, reported by **34%** of respondents.

7. Investors consider commodity trading to involve moderate to high levels of risk, with 38% identifying the risk as high.
8. Financial knowledge, market information, investment experience, and professional advice are important factors influencing commodity investment decisions.
9. Karvy Stock Broking Limited's advisory services receive a generally positive response, with **48%** of respondents reporting satisfaction.
10. Investor education, research reports, advisory services, and awareness programmes can improve financial literacy and confidence.
11. The findings indicate that better knowledge of futures contracts, price movements, and risk-management practices can support more informed investment decisions.

7. SUGGESTIONS

1. Karvy Stock Broking Limited should regularly conduct investor-awareness programmes, seminars, webinars, workshops, and training sessions.
2. Awareness programmes should specifically explain commodity trading, futures contracts, market analysis, and risk-management practices.
3. The company should strengthen its research and advisory services by providing timely market information and investment alerts.
4. Educational materials should be made available through online and offline platforms.
5. Personalized investment guidance should be provided according to investors' knowledge and risk tolerance.
6. User-friendly digital trading facilities should be strengthened to improve investor convenience.
7. Commodity trading procedures should be simplified for new investors.
8. Financial-literacy programmes should emphasize diversification, hedging, investment planning, and commodity-market risks.
9. Investors should understand market risks before making commodity investments and should avoid speculative trading without adequate knowledge.
10. Brokerage firms and regulatory authorities should jointly conduct programmes covering safe trading practices and investor protection.

8. CONCLUSION

Investor awareness is a fundamental factor influencing participation and decision-making in the commodity market. The study shows that a considerable proportion of respondents possess awareness of commodity-market operations and commodity futures trading, although a smaller group still requires additional financial education. Gold and silver emerge as the most preferred commodities, reflecting investors' preference for relatively familiar and wealth-preserving assets. Wealth creation and diversification are important motivations for commodity investment, while risk perception remains a significant consideration. The study also indicates that investors require adequate knowledge of commodity prices, futures contracts, market conditions, and risk-management practices before making investment decisions. Karvy Stock Broking Limited's advisory and awareness services have a positive role in supporting investors, with the largest proportion of respondents expressing satisfaction with these services. Continuous investor education, timely market information, professional advisory support, digital trading facilities, and transparent market practices can further improve investor confidence. Strengthening financial literacy and simplifying commodity-market information can encourage more informed participation and reduce misconceptions about commodity trading. Overall, the development of a knowledgeable investor base, supported by effective brokerage services and appropriate regulatory supervision, can contribute to the sustainable development of India's organized commodity market.

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