



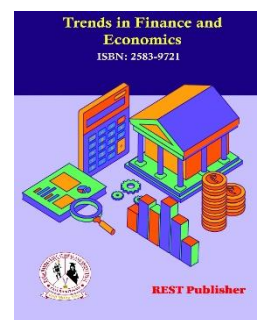
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# Retail Investors' Perception and Satisfaction Towards Gold Futures Market with Reference to Twin Cities of Hyderabad

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**Abstract.** This study examines retail investors' perception and satisfaction levels in the gold futures market, specifically in the twin cities of Hyderabad. The paper explores factors influencing investment decisions, risk perceptions, and the overall satisfaction of retail investors. A structured questionnaire was used to gather data, and statistical tools were employed to analyze the results. The findings indicate key determinants that influence investor behavior and provide insights into improving market participation and satisfaction levels.

**Keywords:** Retail Investors, Gold Futures, Perception, Satisfaction, Hyderabad, Investment Behavior.

## 1. INTRODUCTION

The gold futures market has emerged as a significant investment avenue for retail investors seeking to hedge risks and gain from price fluctuations. Hyderabad, a major financial hub, has witnessed increased participation in gold futures trading. Understanding the perception and satisfaction levels of retail investors can help regulators and financial institutions tailor their offerings to meet investor needs effectively.

## 2. LITERATURE REVIEW

**Brahmabhatt, and P.S Raghu Kumari:** In this study they analyzed the investor behavior and their preferences. The objectives for their study were to understand about various investment avenues available in the market, to understand the pattern of investors while making the investments, & to find out the factors that investors consider before investing. Through their study it was revealed that people like to invest in stock market. The percentages of income they make as investment depend on their annual income.

**Neel Kamal Purohit (2013)** in his research has found out that income has significant impact on frequency of trading in stock market, selection of mode of trading and selection of market segments. Age and income has significant impact on taking exposure.

**Sunil kumari** on investment attitude of rural investors (august 2012-july 2013) states that all of the rural investors consider the risk and return on investment and most of them are also dependent on financial advisor's opinion because of lacking the depth knowledge of market. But generalization of the study is subject to its limitations like unwillingness of respondents, limited period of time, lack of literacy of rural investors etc. it is concluded that psychological theory planned behavior reflects in rural people's investment.

**Gunjan Tripathi (2014)** has found in his research that education, profession and gender do not affect the derivative investing behavior. However income is found to have a significant role on derivatives. He also added that investors are using these securities for different purposes namely risk management, profit enhancement, speculation and arbitrage.

Several studies have explored investor behavior in derivative markets, highlighting factors such as risk appetite, financial literacy, and market awareness. Prior research suggests that while gold futures provide hedging benefits,

retail investors often perceive them as complex instruments. This study builds on existing literature by focusing on Hyderabad's retail investor segment.

### Objectives of the study

1. To study the influence of various factors for investor's perception towards various type of gold investment.
2. To evaluate investor satisfaction concerning liquidity, profitability, and risk management.

## 3. RESEARCH METHODOLOGY

A quantitative approach was adopted, utilizing primary data collected through a structured questionnaire distributed among retail investors in Hyderabad. The sample size comprised 250 respondents selected using a stratified random sampling method. Statistical tools such as regression analysis and factor analysis were employed to derive meaningful insights.

### Data Analysis and Findings

1. Perception of Retail Investors: Most retail investors view gold futures as a viable investment alternative, driven by potential returns and hedging capabilities. However, concerns about price volatility and lack of financial literacy are prevalent
2. Investment Decision Factors: Key factors influencing investment decisions include historical price trends, market news, expert recommendations, and global economic conditions.
3. Satisfaction Levels: While many investors appreciate the transparency and liquidity in the gold futures market, dissatisfaction arises from complex trading mechanisms, margin requirements, and regulatory compliance issues.
4. Challenges Faced: Major challenges include price unpredictability, limited risk management knowledge, and occasional market manipulation fears
5. Demographic Profile: The majority of investors were between 30-50 years old, with a higher proportion of male investors.
6. Investment Motives: Wealth creation and portfolio diversification were the primary reasons for investing in gold futures.
7. Risk Perception: A significant portion of respondents viewed gold futures as a high-risk investment, mainly due to price volatility and lack of awareness.
8. Satisfaction Levels: While many investors appreciated the profit potential, concerns regarding market transparency and brokerage fees impacted overall satisfaction.
9. Key Influencing Factors: Market knowledge, economic conditions, and past experiences were identified as major determinants of investor perception and satisfaction.

**Discussion:** The findings suggest that despite the potential of gold futures, retail investors remain cautious due to perceived risks and limited knowledge. Regulatory bodies and financial institutions should focus on investor education programs to enhance awareness and build confidence in the gold futures market.

## 4. CONCLUSION AND RECOMMENDATIONS

The study concludes that retail investors in Hyderabad show moderate interest and satisfaction in the gold futures market. To improve participation, financial literacy programs, enhanced market transparency, and reduced transaction costs are recommended. Future research can explore investor behavior in other cities for a comparative analysis.

The gold futures market in India presents significant opportunities for retail investors. While perception remains positive, addressing challenges through education, regulatory reforms, and market accessibility will enhance investor satisfaction. Future research could focus on comparative studies between retail and institutional investors in the gold futures segment.

1. Investor Education: Financial literacy programs and workshops should be introduced to educate retail investors on gold futures trading strategies.

2. Regulatory Enhancements: Strengthening regulations to ensure fair trading practices and protect retail investors from fraudulent activities.
3. Market Accessibility: Simplifying trading platforms and offering user-friendly interfaces to encourage broader participation.

Risk Mitigation Strategies: Encouraging investors to adopt hedging strategies and portfolio diversification to reduce risk exposure.

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