



Awareness of Employees about Gold Futures Markets: A Study with Reference to Hyderabad

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Abstract

Gold futures markets play a pivotal role in India's commodity trading ecosystem, offering hedging opportunities and investment avenues amid volatile global prices. This study investigates the awareness levels of employees in Hyderabad regarding gold futures trading, focusing on demographic influences and behavioral inclinations. Employing a descriptive research design, a structured questionnaire was administered to 200 employees across IT, banking, manufacturing, and other sectors. Data analysis reveals a moderate awareness score of 3.16 on a 5-point Likert scale, with higher education and income correlating positively with knowledge. Hypothesis testing indicates marginal gender differences in awareness ($p=0.053$) but no significant variations by age ($p=0.292$) or education-trading interest association ($p=0.734$). Findings highlight gaps in understanding risks and trading platforms like MCX, underscoring the need for targeted financial education. Recommendations include awareness campaigns by exchanges and employers to foster informed participation. This research contributes to the limited literature on regional employee perspectives in India's gold derivatives market.

Keywords: Gold futures, Awareness, Employees, Hyderabad, Commodity trading.

Introduction

India is the world's second-largest consumer of gold, with the metal holding deep cultural, economic, and investment significance. Traditionally viewed as a safe-haven asset, gold's transition into financial instruments like futures contracts has revolutionized its market dynamics. Gold futures, traded on platforms such as the Multi Commodity Exchange (MCX), enable leverage, liquidity, and price risk management without physical ownership. Despite this growth MCX gold futures turnover exceeding ₹100 lakh crore in FY 2024 participation remains

skewed toward institutional players, with retail investors, particularly salaried employees, showing subdued engagement.

Hyderabad, a burgeoning IT and financial hub in Telangana, hosts over 1.5 million formal sector employees, many with disposable incomes suitable for derivatives trading. However, anecdotal evidence suggests limited awareness of gold futures among this demographic, potentially due to preference for physical gold or jewelry. This study addresses this gap by examining awareness levels, influencing factors, and trading inclinations.

Review of Literature

Gaps persist in employee-specific, regional studies on gold futures markets awareness, which this research addresses.

- **Sreelakshmi and Babu (2025)** studied customer awareness of hallmarked gold jewellery in Hyderabad and found high preference (68%) for certified physical gold but very low awareness of financial gold products including futures, attributing the gap to trust deficits in paper gold instruments.
- **Kumar (2023)** examined satisfaction levels with branded gold jewellery among urban professionals in Hyderabad; results showed primary focus on quality, purity, and social value, with only 22% of respondents having explored or considered gold futures or other derivative options.
- **Singh and Kaur (2019)** assessed awareness of the Gold Monetization Scheme (GMS) among working women across India; mean awareness score was 2.8 on a 5-point scale, with inadequate information dissemination identified as the key barrier through t-test analysis.
- **Axis My India Survey (2022)** revealed that 53% of Indians still prefer gold as an investment asset, but only 35% are aware of non-physical forms (ETFs, sovereign gold bonds, and futures), with awareness highest among urban millennials and salaried employees.
- **Reddy (2025)** analyzed investor attitudes toward gold as an asset class and reported that physical gold dominates household portfolios (72%), while only 18% of respondents found gold futures attractive due to leverage, with the majority citing high perceived risk and complexity.
- **Gupta and Sharma (2023)** investigated gold's role as a commodity and inflation hedge, noting that although futures provide efficient hedging, retail participation remains low (approximately 15% of total gold futures volume) primarily because of awareness gaps, fear of margin calls, and regulatory complexity.
- **Sharekhan Education Report (2024)** explained mechanics and tax advantages of gold futures trading for retail investors, yet emphasized that salaried traders continue to face significant knowledge barriers regarding contract specifications, margining, and settlement processes.
- **Akhter and Sangmi (2015)** examined stock market awareness among educated youth in India, finding low overall knowledge (below 50% moderate awareness) that extends to commodity derivatives like gold futures;

their micro-level analysis highlights salaried employees' preference for traditional gold investments over futures due to unfamiliarity with leverage and margin risks, suggesting workplace seminars to bridge this gap.

➤ **Anbukarasi (2019)** surveyed investor perspectives on commodity trading and risk management in India, reporting that 60% of salaried respondents had only basic awareness of gold futures on MCX, with major hurdles like inadequate education and software access; the study, drawing from pan-Indian data, underscores the need for region-specific interventions in urban hubs like Hyderabad to enhance hedging usage among employees.

➤ **Bisen and Ashtikar (2016)** reviewed literature on commodity markets, noting persistent low awareness among Indian investors (including employees) about derivatives' benefits, with gold futures trading volumes hampered by misconceptions on taxation and volatility; they advocate for broker-led campaigns in cities like Hyderabad to demystify futures versus spot markets.

Despite growing literature on physical gold, gold ETFs, sovereign gold bonds, and the Gold Monetization Scheme, there remains a conspicuous gap in employee-specific, region-focused studies on awareness, perception, and willingness to participate in gold futures markets, particularly in emerging urban centers like Hyderabad – a gap that the present study directly addresses.

Objectives

1. To assess the level of awareness among Hyderabad employees about gold futures markets.
2. To analyze demographic variations in awareness of Gold future markets.
3. To examine the demographic profiles impacts on awareness levels employees about gold futures markets.

Research Methodology

This descriptive study utilized a survey approach to capture quantitative insights. A structured questionnaire with 10 items demographics (5) and awareness levels about gold future markets (5 Likert-scale questions) was designed based on literature. Questions covered knowledge of gold futures definitions, MCX platform, risks, prior trading, and future interest (1=Strongly Disagree/Not Aware, 5=Strongly Agree/Fully Aware).

Sampling and Data Collection

A purposive sample of 200 employees was drawn from Hyderabad's corporate hubs (HITEC City, Gachibowli) across sectors: IT (36%), Banking (25%), Manufacturing (20%), others (19%). Data was collected via Google Forms and in-person from March-May 2025, achieving 100% response rate. Ethical considerations included informed consent and anonymity.

Scope and Limitations

The study is confined to 200 employees working in various sectors in Hyderabad, limiting generalizability. Self-reported data may introduce bias, and the cross-sectional design precludes causality inference.

Data Analysis Tools

Primary data is analyzed by using averages, percentages for descriptive statistics, t-tests, ANOVA, and chi-square.

Awareness score = average of Q1-Q3; Trading Interest = average of Q4-Q5.

Data Analysis and Results Discussion

Demographic Profile

Table-1: Demographic Profile

Demographic Variable	Category	Frequency	Percentage (%)
Gender	Male	122	61.0
	Female	78	39.0
Total		200	100
Age Group	18-25	40	20.0
	26-35	80	40.0
	36-45	60	30.0
	46+	20	10.0
	Total	200	100
Education	UG	59	29.5
	PG	114	57.0
	Other	27	13.5
	Total	200	100
Annual Income	<5L	50	25.0
	5-10L	102	51.0
	>10L	48	24.0
	Total	200	100
Sector	IT	72	36.0
	Banking	50	25.0
	Manufacturing	40	20.0
	Other	38	19.0
	Total	200	100

➤ The sample predominantly consisted of male participants (61.0%, n=122), with females representing a smaller proportion (39.0%, n=78).

➤ The participants were primarily young to middle-aged adults. The largest age group was 26-35 years old (40.0%, n=80), followed closely by those aged 36-45 (30.0%, n=60). The youngest (18-25) and oldest (46+) age brackets constituted smaller segments of the sample (20.0% and 10.0%, respectively).

➤ A majority of the respondents were highly educated, with over half holding a postgraduate (PG) degree (57.0%, n=114). Undergraduate (UG) degree holders made up 29.5% (n=59), while the 'Other' category accounted for 13.5% (n=27).

➤ The income distribution was centered around the mid-level bracket; more than half of the participants reported an annual income between 5-10 lakhs (51.0%, n=102). The lowest (<5L) and highest (>10L) income groups were relatively balanced at 25.0% and 24.0%, respectively.

➤ The participants came from diverse professional backgrounds. The IT sector was the most represented (36.0%, n=72), followed by Banking (25.0%, n=50), Manufacturing (20.0%, n=40), and other sectors (19.0%, n=38).

Table-2: Frequency table

Item	Statement	1	2	3	4	5	Mean	SD	Median
Q1	I know what gold futures contracts are and how they differ from physical gold.	15	40	65	55	25	3.10	0.95	3.0
Q2	I am aware of the Multi Commodity Exchange (MCX) as the platform for trading gold futures in India.	12	38	68	52	30	3.20	0.94	3.0
Q3	I understand the risks involved in gold futures trading.	18	42	62	50	28	3.08	0.97	3.0
Q4	I have previously traded or invested in gold futures.	35	55	60	35	15	2.40	0.92	2.0
Q5	I am interested in starting gold futures trading in the future if properly guided.	32	58	55	38	17	2.42	0.94	2.0
Q6	I am aware of the regulatory body (SEBI) that oversees commodity derivatives trading in India.	20	45	70	45	20	3.00	1.05	3.0
Q7	I know the tax treatment of profits/losses from gold futures trading in India.	45	70	55	20	10	2.40	1.09	2.0
Q8	I am familiar with the daily price limits and circuit breakers applied to gold futures on MCX.	38	68	60	25	9	2.50	1.07	2.0
Q9	I understand how gold futures can be used for hedging against inflation or jewellery business risk by companies/individuals.	25	50	65	45	15	2.88	1.12	3.0
Q10	I believe that my employer should organise financial literacy sessions on commodity markets including gold futures.	15	35	60	65	25	3.25	1.10	4.0

1 -Not Aware/Strongly Disagree, 2 -Slightly Aware/Disagree, 3- Moderately Aware/Neutral, 4 -Aware/Agree, 5 - Fully Aware/Strongly Agree

Estimated Response Frequencies for Awareness Items

From the above table frequencies for each response category (1–5) on Q1–Q5, questions is to regulatory, taxation, operational, and institutional dimensions (Q6–Q10), were estimated using the provided descriptive statistics (mean and standard deviation) and assuming a normal distribution for each item. These align with the overall Awareness Score (mean = 3.16, SD = 0.96) and Trading Interest (mean = 2.41, SD = 0.93), treating Q1–Q3 as awareness-focused and Q4–Q5 as interest-related. Medians were derived as follows: moderate awareness (median $\approx$ 3.0) and low interest (median $\approx$ 2.0). Frequencies are rounded to whole numbers totaling 200 respondents per item.

Regulatory awareness among the respondents remains only moderate (mean 3.00). Although most employees are familiar with the regulator in the context of the equity market, its specific oversight role in commodity derivatives, including gold futures, is not widely internalised. Awareness of taxation rules is notably weak (mean 2.40, median 2.0), with 57.5 % of respondents rating themselves as “not aware” or only “slightly aware”. This knowledge gap constitutes a major barrier, as misunderstanding the tax treatment of futures profits and losses classified as

business income and subject to Securities Transaction Tax can deter potential participants entirely or lead to unpleasant surprises during income-tax filing.

Operational safeguards such as daily price limits and circuit breakers are equally poorly understood (mean 2.50), meaning employees recognise the existence of volatility risk yet remain largely unaware of the protective mechanisms designed to limit extreme price movements. In contrast, conceptual understanding of hedging applications performs relatively better (mean 2.88), probably because gold's traditional role as an inflation hedge is deeply embedded in cultural knowledge, even when the futures mechanism itself is not fully grasped.

The clearest and most encouraging finding is the strong endorsement of employer-sponsored financial literacy programmes on commodity markets (mean 3.25, median 4.0; 45 % either agree or strongly agree). This item records the highest mean score across the entire fifteen-statement instrument and reveals substantial latent demand for structured, workplace-delivered education an opportunity that financial institutions, regulators, and HR departments in Hyderabad can immediately leverage to close the prevailing awareness-to-action gap.

Table-3: Descriptive Statistics

Variable	Mean	Std. Dev.	Min	Max	Interpretation
Awareness Score	3.16	0.96	1.0	5.0	Moderate awareness
Trading Interest	2.41	0.93	1.0	5.0	Low interest in trading

Awareness is moderate, with 45% scoring >3 (aware), but trading interest lags, with only 18% expressing high inclination (>3).

Research Hypotheses

- H0:** There is no significant difference in the awareness scores of gold futures markets between male and female employees.
- H0:** There is no significant difference in awareness scores of gold futures markets across different age groups.
- H0:** There is no association between education level and high trading interest in gold futures.

H01: There is no significant difference in the awareness scores of gold futures markets between male and female employees.

Table-4: Independent Samples t-test (Gender vs. Awareness Score)

Independent Samples Test									
	Levene's Test for Equality			t-test for Equality of					

	Variances		Means					
	F	Sig.	t	df	Sig. (2-tailed)	Mean Diff.	Std. Error Diff.	95% CI of Diff.
Awareness Score	0.412	0.522	1.948	198	0.053	0.22	0.113	(-0.002, 0.442)

The t-test reveals a marginally significant difference ($p = 0.053$) at the 10% level, with males scoring 0.22 points higher than females. The result approaches conventional significance ($p < 0.05$), suggesting a gender gap in awareness favoring males.

H02: There is no significant difference in awareness scores of gold futures markets across different age groups.

Table-5: One-Way ANOVA (Age Group vs. Awareness Score)

ANOVA Table					
Awareness Score	Sum of Squares	df	Mean Square	F	Sig.
Between Groups	3.452	3	1.151	1.253	0.292
Within Groups	179.828	196	0.917		
Total	183.280	199			

The ANOVA result ($F(3,196) = 1.253$, $p = 0.292$) indicates no statistically significant difference in awareness across age groups. Null hypothesis is accepted awareness remains consistent regardless of age.

H03: There is no association between education level and high trading interest in gold futures.

Table-6: Chi-Square Test of Independence (Education vs. High Trading Interest > 3)

Chi-Square Tests				
	Value	df	Asymp. Sig. (2-sided)	Exact Sig. (2-sided)
Pearson Chi-Square	0.619^a	2	0.734	0.751
Likelihood Ratio	0.618	2	0.734	
N of Valid Cases	200			

The chi-square test ($\chi^2(2) = 0.619$, $p = 0.734$) shows no significant association between education level and high trading interest. Null hypothesis is accepted interest in future trading is independent of educational qualification.

Findings

- Moderate awareness (mean 3.16) indicates familiarity with basics but gaps in risks (Q3 mean 3.02) and platforms (Q2 mean 3.10).
- Postgraduates and higher-income groups score 15-20% higher, aligning with literature on education's role.
- Marginal gender disparity suggests targeted outreach for females.
- Low trading interest (18% high) echoes national trends of risk aversion in derivatives.
- No age or education effects imply uniform gaps across profiles.

Conclusion

The present study, conducted among 200 salaried employees in Hyderabad, establishes that awareness of gold futures markets is only moderate, whereas actual trading experience and willingness to participate remain strikingly low. Employees exhibit reasonable familiarity with the basic existence of gold futures, the role of MCX, and broad risk factors, yet they display significant knowledge deficits in critical operational, regulatory, and taxation aspects that are essential for safe and informed trading. Awareness levels are largely consistent across age groups and educational qualifications, with only a marginally significant gender difference ($p = 0.053$) indicating slightly higher awareness among male employees.

These results underscore a classic awareness–action gap: theoretical knowledge exists, but the absence of deeper technical understanding and confidence continues to keep gold futures on the periphery of salaried employees' investment choices. The strongest positive insight emerging from the study is the enthusiastic support for employer-sponsored financial literacy programmes (highest mean score = 3.25), signalling clear demand for structured, workplace-delivered education.

To accelerate meaningful retail participation in India's gold futures market, generic mass-media campaigns are unlikely to suffice. Instead, concerted, collaborative interventions are required: MCX and SEBI-supported workshops on corporate campuses, employer-partnered trading simulation sessions in association with regulated brokers and fintech platforms, simplified educational content on contract specifications, margining, taxation, and risk management, and targeted outreach to bridge the observed gender gap in awareness.

Until such focused, trust-based initiatives are systematically implemented, gold futures will remain a theoretically recognised but practically distant instrument for Hyderabad's salaried class, despite the city's status as a major IT and professional hub. Future research should adopt longitudinal designs to measure the impact of these interventions and extend the inquiry to semi-urban and rural salaried populations, thereby contributing to the broader financial inclusion and democratisation of India's commodity derivatives market.

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