Abstract

The main purpose of this survey was to study the practices of commodity market and various challenges faced by the participants in Nepalese Commodity Market. It has studied the investment pattern of investors as well as their trading practices in the commodity. The study considered trading on commodity market, challenges of clients and brokers as dependent variables whereas demographic, legal, social, and others variables as independent variables. To bring the study in a concrete shape, sixty questionnaires were distributed to brokers and eighty to the investors selected randomly who were actively participating in the commodity market. Even the personnel interview had been conducted with the chairperson and staffs of three exchange houses plus two renowned experts and contributors in this field.

The outcomes of the data was obtained using SPSS software and analyzed descriptively and inferentially and it was found that majority of respondents had challenges of not having a proper regulation and regulating body. Secondly, lacking in the market awareness and education program had been other constraints. The software used by the exchanges were not robust, the role of marketing was also taken by the exchanges, government being not very supportive, unfair competition had also been identified as other obstacles.

It was found that there is no significance difference among the respondents view regarding the volume of trade in commodity market is affected by: surplus money in the economy, future expectation of prices, margin money charges and objective of investor. In contrary to that, there is significant difference among the brokers view that the volume of trade in commodity market is affected by: brokerage charges. In case of the traders as per their age group, it was found that there is no significant difference among their view regarding the statement volume of trade in commodity market is affected by: surplus money in economy, future expectations of prices, margin money charges and objective of investor.

Experts believed that lack of sufficient penetration of internet in urban areas, computer literacy with minimum number of people, non-commercialized agro production sector, lower literacy rate and lack of knowledge of derivatives market are the challenges in this market. Again, the absence of a proper act and regulation, lack of transparency among the commodities exchanges, is signaling that a delay in bringing them under a regulatory ambit will put large sums of money from investors in danger. So, to prevent such astonishing and unfavorable impact and to protect small investors, the finding recommends that there should be a watch dog for the commodity market with clear cut rules and regulation. The government should focus and endorse some acts for immediate management and regulation of the existing commodities with adequate resources, infrastructures as well as full autonomy to create an efficient market in Nepal.

**Keywords:** commodity market, exchange houses, trading practice, unfair competition

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