

CURTAILING MARKET RISK IN HILLY AREAS THROUGH COMMODITY FUTURE TRADING: A STUDY OF FARMERS' PERSPECTIVE

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ABSTRACT : A study has been undertaken to know the farmers' perspective about future markets in two selected districts of Jammu & Kashmir i.e., 'Jammu' and 'Poonch'. The state is purposively selected as there is negligible participation of farmers of the state in future markets. Preferential ranking technique was utilized to identify the factors which would give thrust and would limit the participation, as perceived by respondent farmers, in commodity future markets. The analysis of data revealed that 'hedging against price risk', Utilization of knowledge and information for taking pre sowing and post sowing decisions and for finalizing marketing strategy after harvest', 'Financing of market operations' and 'consolidation of fragmented capacities' were the major factors perceived by the farmers as boosters for active participation of farmers in futures market whereas, 'Lack of warehousing facilities', 'High registration fee' and 'Less marketable surplus' are the main constraints perceived by the farmers which would resist the active participation of farming community in commodity future markets.

Key Words : Market risk, commodity future trading, derivatives.