

# Profile and growth of agricultural commodity futures in India

Sendhil R<sup>a</sup>, Amit Kar<sup>b</sup>, Mathur V C<sup>b</sup> and Girish K Jha<sup>b</sup>

## Abstract

Earliest reference to futures in India can be found in Kautilya's Arthashastra, although, organised commodity trading began with the establishment of Cotton Trade Association in 1875. Phenomenal growth in volume and value of trade was achieved after the establishment of national and regional commodity exchanges post 2003. For the present study, compound growth rate was employed to analyse the growth in futures trading. The results indicated a significant positive growth in trade quantity and value of wheat, maize, barley, mustard, cotton seed oil cake, cumin, pepper, chilli and kapas during 2009-10. Most of the selected commodities showed a positive growth in their trade volume and value right from the date of inception of trading. Instability indices were also worked out to know the variations in trade. The results showed that instability was higher for the whole period compared to 2009-10 with the exception of pepper and sugar. The study concludes that futures trading exhibited significant positive growth coupled with high instability.

---

<sup>a</sup> Sendhil R, Scientist (Agricultural Economics), Directorate of Wheat Research, Karnal, Haryana

<sup>b</sup> Amit Kar, Principal Scientist, Virendra Chandra Mathur, Principal Scientist, Girish K Jha, Senior Scientist (Agricultural Statistics), Division of Agricultural Economics, Indian Agricultural Research Institute, New Delhi.