ABSTRACT
An increase in the level and volatility of many commodity prices over the past decade has become instrumental to find out what has driven these developments. Focus has been on the extent to which they have been driven by increased financial investment in commodity derivatives markets. The available evidence suggests that while financial investors can affect the short-run price dynamics for some commodities, the level and volatility of commodity prices appear to be primarily determined by fundamental factors. The history of commodity derivative market in India dates back to the ancient times, but the first organized market was established in 1875. However, by mid 1960s government took a drastic step by banning derivatives trade altogether. The commodity derivative market remained virtually absent in next four decades and it made the restart only in early 2000s. Since its reintroduction it is thriving and the current trend shows strong growth potential of the market, although, the actual growth trajectory will depend upon the attitude of the policy makers and the efficiency of the regulatory mechanism.

Keywords: Commodity, Derivatives, Investment, Market, Trading.

1. INTRODUCTION
The massive growth in trading in commodity derivatives led to the growth in commodity production and the need for derivatives to hedge risk by commercial producers and users of commodities. During the past decade, many institutional portfolio managers added commodity derivatives as an asset class to their portfolios. This addition was part of a larger shift in portfolio strategy away from traditional equity investment and toward derivatives based on assets such as real estate and commodities. Institutional investors’ use of commodity futures to hedge against stock market risk is a relatively recent phenomenon. Trading in commodity derivatives also increased along with the rapid expansion of trading in all derivative markets. This trading was directly related to the search for higher yields in a low interest rate environment. The growth was both in organized exchanges and over-the-counter (OTC) trading, but the gross market value of OTC trading was an order of magnitude greater.

Contracts for future delivery of commodities spread from Mesopotamia to Hellenistic Egypt and the Roman World. After the collapse of the Roman Empire, contracts for future delivery continued to be used in the Byzantine Empire in the eastern Mediterranean and they survived in canon law in Western Europe. It is likely that Sephardic Jews carried derivative trading from Mesopotamia to Spain during Roman times and the first millennium AD, and, after being expelled from Spain, to the Low Countries in the sixteenth century. Derivative trading on securities spread from Amsterdam to England and France at the turn of the seventeenth to the eighteenth century, and from France to Germany in the early nineteenth century. Circumstantial evidence indicates that bankers and banks were at the
forefront of derivative trading during the eighteenth and nineteenth centuries. Modern text books in financial economics often misrepresent the history of derivative securities. For example, in the opening sentence Hull (2006) suggests that derivatives became significant only during the past 25 years, and that it is only now that they are traded on exchanges. "In the last 25 years derivatives have become increasingly important in the world of finance. Futures and options are now traded actively on many exchanges throughout the world." (Hull 2006, p. 1) Mishkin (2006) is even more adamant that derivatives are new financial instruments that were invented in the 1970s. He suggests that an increase in the volatility of financial markets created a demand for hedging instruments that were used by financial institutions to manage risk. Does he really believe that financial markets were insufficiently volatile to warrant derivative trading before the 1970s? "Starting in the 1970s and increasingly in the 1980s and 90s, the World became a riskier place for the financial institutions described in this part of the book. Swings in interest rates widened, and the bond and stock markets went through some episodes of increased volatility. As a result of these developments, managers of financial institutions became more concerned with reducing the risk their institutions faced. Given the greater demand for risk reduction, the process of financial innovation described in Chapter 9 came to the rescue by producing new financial instruments that helped financial institution managers manage risk better. These instruments, called derivatives, have payoffs that are linked to previously issued securities and are extremely useful risk reduction tools." (Mishkin, 2006, p. 309) The widespread ignorance concerning the history of derivatives is explained by a dearth of research on the history of derivative trading. Even economic historians are not well informed about the long history of derivative markets.

2. REVIEW OF LITERATURE

Economic History - has yielded not a single article after 1990 with a title that would indicate that it deals with some aspect of the history of derivative securities. Similarly, the Oxford Encyclopedia of Economic History (2003) gives short shrift to derivative markets; it includes an entry on commodity futures in the United States in the nineteenth century and options are shortly 2 mentioned in the entry on the stock market. At the moment, articles on the history of derivatives can be found only in working papers and edited volumes. Goetzmann and Rouwenhorst (2005) includes an article by Gelderblom and Jonker on derivative trading in Amsterdam from 1550 to 1650, and two volumes edited by Poitras (2006/2007) contain the so far most comprehensive collection of articles and sources on derivative markets during the past four hundred years. The history of derivatives has remained unexplored because there are few historical records of derivative dealings. Derivatives left no paper trail because they are private agreements that have been traded in over-the-counter markets for most of their history. Even today, the international commodity and financial markets, which have always been a primary focus of derivative dealings, remain beyond the reach of national statistical offices. Another reason why historical records of derivatives are scant is conceptual. A forward contract has no market value when it is set up, although its notional value may be large.

The Triennial Central Bank Survey of the Bank for International Settlements, which was first published in 1989, for the first time addressed the conceptual and practical difficulties of recording derivative dealings in international over-the-counter markets. Since there are no official statistics on derivatives, economic historians must rely on other sources that provide evidence that derivatives were used, including laws and regulations, court decisions, charters and business conditions of exchanges and trading companies, and surviving derivative contracts. Undoubtedly, the long history of derivatives is little known because the examination of this material is a laborious task that requires special skills. Kindleberger (1996, p. 5) remarked that “Historical research of a comparative sort relies on secondary sources, and 3 cannot seek for primary material only available in archives.” There are also not many historians and economists who are experts both in ancient languages and scripts and in financial economics. In this article, whenever possible secondary sources are used that quote primary sources, for example Ehrenberg (1928) and Swan (2000). A less reliable source that is also used is the testimony of financial practitioners who lived and worked in the period under consideration, including de la Vega (1688), Coffinieire (1824) and Proudhon (1857). In this chapter the pioneering works of
Louis Bachelier (1900) and VincenzBronzin (1908) are put into the historical context. In the first section a definition for the generic term “derivative” is given, and the origin of contracts for future delivery of goods in Mesopotamia and their use in the Greek and Roman world are discussed. In the second section it is shown how the use of derivatives spread from commodity markets to security markets in Italy and the Low Countries during the Renaissance. In the third section, which deals with speculation in Amsterdam in the seventeenth century, it is argued that derivative trading was based on reputation in pre-industrial times and beyond. Derivative trading in London and Paris in the eighteenth century is discussed in the fourth section, and the spread of derivative trading in continental Europe during the nineteenth century is considered in the fifth section. Around 1870, financial practitioners developed graphical tools to represent derivative contracts. Profit charts made derivatives accessible to young scientists, including Louis Bachelier and VincenzBronzin, who had the mathematical knowledge for the rigorous analysis of derivative pricing. In the last section two issues are considered that show how difficult it is to provide an unbiased account of the history of derivatives, using available sources.

The Origins of Derivatives in Antiquity It is now hard to believe that the generic term “derivative”, which stands for all kinds of derivative products, has emerged only very recently, in the 1980s. Swan (2000, p. 5) traces it back to the 1982 New York Federal Court case of American Stock Exchange vs. Commodity Futures Trading Commission. A reliable definition of derivatives is crucial for regulators who are in charge of derivative markets, but the rapid development of new derivative products has rendered definitions quickly obsolete. A derivative should not be defined as a financial instrument whose value depends (is derived) from the value of some underlying asset because there is no such asset in the case of weather derivatives, electricity derivatives and the derivatives whose value depended on the outcome of papal elections in the sixteenth century (Swan 2000, p. 142). During the financial crisis in 1987, the standard models of derivative pricing failed because they did not take account of the default risk that arose after the near-failure of Long-Term Capital Management. For this reason, Swan (2000, p. 18) defines a derivative contract as a “promise” whose market value depends, first, on the strength of the promissor’s ability to perform and, second, on the value of the underlying asset or variable. Similarly, Moser (2000, 1994), who investigates the history of clearing arrangements at the Chicago Board of Trade, uses a definition of futures contracts that recognizes the nonperformance option of contract holders because “many futures-contract terms are best understood as efforts to minimize non-performance costs …” Defining a derivative as a promise with a default option is crucial in historical research because differences in legal institutions and customs created wide disparities in non-performance costs across places and time. Derivative contracts emerged as soon as humans were able to make credible promises. In a commercial environment, it is essential for a credible promise that it is somehow recorded. Writing was invented in Mesopotamia in the fourth millennium BC. The invention of writing satisfied the administrative and commercial needs of the first urban society in human history. The first derivative contracts were written in cuneiform script on clay tablets, which, luckily for financial historians, are extremely durable. These derivatives were contracts for future delivery of goods that were often combined with a loan. Van de Mieroop (2005) reproduces a tablet in which a supplier of wood, whose name was Akshak-shemi, promised to deliver 30 wooden [planks?] to a client, called Damqanum, at a future date. The contract was written in the nineteenth century BC. “Thirty wooden [planks?], ten of 3.5 meters each, twenty of 4 meters each, in the month MagrattumAkshak-shemi will give to Damqanum. Before six witnesses (their names are listed). The year that the golden throne of Sin of Warhumm was made.” (van de Mieroop 2005, p. 23) Swan (2000, p. 28) displays a tablet from about 1700 BC, in which two farmers received from the King’s daughter three kurr of barley, which had to be returned at harvest time. The farmers, who were brothers, probably used the barely, about 0.9 cubic meters1, as seed stock for planting a field. “Three kurr of barley, in the seah-measure of Shamash, the mesheque measure, in storage, Anum-pisha and Namran-sharur, the sons of Siniddianam, have received from the naditupriestessIltani, the King’s daughter. At harvest time they will return the three gur of barley in the seah-measure of Shamash, the mesheque measure, to the storage container from which they took it.


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3. EVOLUTION OF COMMODITY MARKETS - INDIA

Organized trading in commodity derivatives was initiated in India with the set up of Bombay Cotton Trade Association Ltd in 1875. Following this, Gujarati Vyapari Mandali was set up in 1900 to carry out futures trading in groundnut, castor seed and cotton. Forward trading in Raw Jute and Jute Goods began in Calcutta with the establishment of the Calcutta Hessian Exchange Ltd., in 1919. Later East Indian Jute Association Ltd. was set up in 1927 for organizing futures trading in Raw Jute. These two associations amalgamated in 1945 to form the present East India Jute & Hessian Ltd., to conduct organized trading in both Raw Jute and Jute goods. In case of wheat, futures markets were in existence at several centers at Punjab and U.P. The most notable amongst them was the Chamber of Commerce at Hapur, which was established in 1913. Futures market in Bullion began at Mumbai in 1920 and later similar markets came up at Rajkot, Jaipur, Jamnagar, Kanpur, Delhi and Calcutta.

During the Second World War Futures trading was prohibited. However, after independence, the Constitution of India brought the subject of "Stock Exchanges and futures markets" in the Union list. As a result, the responsibility for regulation of commodity futures markets devolved on Govt. of India and in December 1952 Forward Contracts (Regulation) Act, 1952, was enacted.

a) An association recognized by the Government of India on the recommendation of Forward Markets Commission,
b) The Forward Markets Commission (it was set up in September 1953) and
c) The Central Government.

Forward Contracts (Regulation) Rules were notified by the Central Government in July 1954. The Act divides the commodities into 3 categories with reference to extent of regulation, viz:

a) The commodities in which futures trading can be organized under the auspices of recognized association.
b) The Commodities in which futures trading is prohibited.
c) Those commodities, which have neither been regulated for being traded under the recognized association nor prohibited, are referred as Free Commodities and the association organized in such free commodities is required to obtain the Certificate of Registration from the Forward Markets Commission.

The ECA, 1955 gives powers to control production, supply, distribution, etc. of essential commodities for maintaining or increasing g supplies and for securing their equitable distribution and availability at fair prices. Using the powers under the ECA, 1955 various Ministries/Departments of the Central Government have issued control orders for regulating production/distribution/quality aspects/movement etc. pertaining to the commodities which are essential and administered by them.

CONTRACT SPECIFICATIONS

Forward contracts are broadly of two types:
- Specific delivery contracts
- Other than specific delivery contracts

Specific delivery contracts: Specific delivery contracts are essentially merchandising contracts, which enable producers and consumers of commodities to market their produce and cover their requirements respectively. These contracts are generally negotiated directly between parties depending on availability and requirement of produce. During negotiation, terms of quality, quantity, price, period of delivery, place of delivery, payment term, etc. are incorporated in the contracts. Specific delivery contracts are of two types:
  - Transferable specific delivery contracts (T.S.D.)
  - Non-transferable specific delivery contracts (NTSD).

In the TSD contracts, transfer of the rights or obligations under the contract is permitted while in NTSD it is not permitted.
COMMODITIES ALLOWED FOR FUTURES TRADING IN INDIA

As per the list presented on Forward Market Commission (FMC), there are more than 25 exchanges are in operation carrying out futures trading activities in a wide variety of commodity items under 8 major categories

- Vegetable oilseeds
- Pulses
- Cereals
- Spices
- Metals
- Energy products
- Fibres
- Other

FACTORS TO BE CONSIDERED WHILE TRADING

In order to trade in commodity futures, the participants need to keep certain facts in mind. These factors can be broadly grouped into the following categories.

AGRICULTURAL COMMODITIES

- Carryover stocks: leftover stocks from the previous year’s production after meeting the demand.
- Expected demand: average level of consumption and exports during the past few years
- Crop acreage: Extent of area sown under the crop
- Production: Estimated output based on the acreage and weather conditions and pest infestation etc.,
- Imports and exports: in case of the commodities that have a sizeable amount of external trade (either imports or exports) such as edible oils and pulses, the traders need to know the details of important sources and destinations of the external trade. Further, the traders have to monitor the crop status in the respective countries.
- Government policies: any change in government policy relating to the crops such as MSP: minimum support prices
- Procurement: direct procurement by the government agencies and storage in warehouses

METALS

- Currency effects: main source of long-term volatility
- Variation in supply and demand for risk capital. Risk capital is largely provided from established routes such as debt and equity.
- Unexpected changes in production techniques,
- Massive changes in exploration techniques,
- Changing geopolitics
- Cartel instability
- Environmental regulation with respect to production process
- Changes in consumption trends, due in part to price elasticity
- Inflation: change in global inflation as well as inflation in the US and the respective countries

CRUDE (ENERGY) FUTURES

- Stocks of Crude Oil and Petroleum Variance from five year average
- OPEC production variance from quota
- Strategic Petroleum Reserve (SPR) variance from target
- Demand factors
- OPEC spare capacity (Saudi Arabia)
- Refinery capacity variance
- Interest rates
- US dollar
4. EVOLUTION OF COMMODITY FUTURES - GLOBALLY

Commodity markets have existed for centuries around the world. Cash transactions were most common but sometimes forward agreements were also made, for example forward agreements related to rice markets in seventeenth century in Japan; however most scholars agree that forward agreements date back much further in time. Forward agreements gradually gave way to futures contracts when the first organized grain futures trading in U.S. began in places such as New York city and Buffalo city. Development of modern futures began in Chicago in 1840s. The city was a natural hub for trade, but the trading that took place was inefficient and unorganized until a group of Chicago based businessmen formed the Board of Trade in the city of Chicago in 1848. As trading of forward contracts increased, the Board decided that standardizing these contracts would streamline the trading and delivery processes. These standardized forward contracts are essentially the first modern futures contracts. The usefulness of futures trading began apparent and a number of futures exchanges came up in the country, the first one being Chicago Mercantile Exchange (CME) in 1919. Led by the innovative thinking of CME, the futures industry has expanded phenomenally to meet the risk management needs of our complex society.

The City UK (independent membership body, established in June 2010, promoting the UK financial and related professional services industry) estimates that commodities trading on exchanges increased by around a fifth in 2010 to over 2,500 million contracts. This follows a 19% increase in the previous year. Most of the growth in trading in these two years was in non-precious metals and agriculture contracts. Worldwide, there are around 50 major commodity exchanges that trade in more than 90 commodities. China and India have gained in importance in recent years with their emergence as significant commodities consumers and producers, though the market capitalization of Indian Exchanges has fallen considerably in 2011 due to foreign exchange variation.

<table>
<thead>
<tr>
<th>Name of Exchange</th>
<th>Country</th>
<th>Trades</th>
<th>No. of future contracts traded (million) 2009</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dalian Commodity Exchange</td>
<td>China</td>
<td>Agriculture</td>
<td>834</td>
</tr>
<tr>
<td>Shanghai Futures Exchange</td>
<td>China</td>
<td>Non-prec. Metals</td>
<td>435</td>
</tr>
<tr>
<td>CME Group</td>
<td>US</td>
<td>Energy, metals, agr.</td>
<td>431</td>
</tr>
<tr>
<td>Zhengzhou Commodity Exchange</td>
<td>China</td>
<td>Agriculture</td>
<td>227</td>
</tr>
<tr>
<td>ICE futures</td>
<td>Europe UK</td>
<td>Energy</td>
<td>165</td>
</tr>
<tr>
<td>Multi Comm. Exchange of India</td>
<td>India</td>
<td>Agricult. Met. Energy</td>
<td>161</td>
</tr>
<tr>
<td>London Metal Exchange</td>
<td>UK</td>
<td>Non-prec. Metals</td>
<td>106</td>
</tr>
<tr>
<td>ICE Futures US</td>
<td>US</td>
<td>Energy</td>
<td>39</td>
</tr>
<tr>
<td>Mercado a Termino de Buenos Aires</td>
<td>Argen.</td>
<td>Agriculture</td>
<td>14</td>
</tr>
<tr>
<td>NYSE Liffe</td>
<td>UK</td>
<td>Agriculture</td>
<td>11</td>
</tr>
</tbody>
</table>

Source: World Federation of exchanges
Developments are taking place both at the national and international front for improvements of commodity futures market. At the International front The Task Force on Commodity Futures Markets (Task Force) was formed in September 2008 by the Technical Committee of IOSCO (International Organization of Securities Commissions) responding to calls for an examination of the functioning of certain commodity futures markets from the G8 Finance Ministers in 2008. It was decided that the scope of the Task Force should go beyond oil to include other commodity derivatives such as agricultural-based contracts. Task Force recommended that work on commodities markets be placed on a permanent basis within IOSCO. This will include making new recommendations for further work which is likely to lead to proposals to improve market transparency, anti-market abuse treatment for other commodities markets, where necessary. The Task Force noted that there had been a range of further studies in the intervening period and that many of these supported the view of the academic literature reviewed in the March 2009 which assessed contemporary research into the causes of observed price volatility, and did not find any conclusive evidence of systematic influence from speculative activity. However, the Task Force acknowledged that commodity futures markets can experience periods of significant volatility and that improvements should be made to the functioning of these markets.

At national level the Government of India’s Working Group on Agricultural Marketing Infrastructure and Policy Required for Internal & External Trade for Eleventh Five-Year Plan (2007-12) saw an important role for commodity futures exchanges as delivering price discovery & risk mitigation for farmers, with emphasis on the development of electronic spot exchanges as a mechanism for further extending these benefits.

5. BENEFITS OF COMMODITY FUTURE MARKETS

The primary benefit of commodity futures market is that they provide hedging against price risk. Hedging is the practice of offsetting the price risk in a cash market position by taking an equal and opposite position in the futures market. By taking a position in the futures market that is opposite to that held in the spot market, the producer can offset the losses in the latter with the gains in the former. Hedgers use the futures market to mitigate their price risk while speculators seek to profit from the price movements in the market and in doing so they provide much needed liquidity to the market. Another important function of futures market is price discovery. Price signals are essential for the firms to take their production & marketing decisions. Price discovery is the process of buyers and sellers arriving at a transaction price for a given commodity. It also implies how information is produced and transmitted across markets and whether these transmitted prices can be used as a reference price for the trading needs. Proper price discovery can help farmers and traders in avoiding price slumps in the post harvest period and also help consumers in coping with price volatility. If new
information is reflected first in futures prices, the futures markets are said to perform the price discovery function efficiently. Futures markets also provide support for credit needs to small producers. The collateral value of inventory is enhanced if it is hedged, enabling firms to borrow on better terms.

According to Gorton and Rouwenhorst (2005) commodity futures have been seen to exhibit negative correlation with stock futures and bonds & positive correlation with inflation, so they serve as an additional risk management tool. They found that the average correlation between returns on equities and commodity futures was a statistically significant –0.42 if the investments were held for 5 years. Hence, they provide stability under volatile market conditions.

India was one of the first countries in the world to adopt commodity exchanges, with its earliest exchange dating back to the Bombay Cotton Trading association in 1880s. First organized futures market, for various types of cotton appeared in 1921 and subsequently proliferated. Regulated trading in commodities started after the enactment of Forward Contract (Regulation) Act 1952 which provided the legal framework for organized forward trading in the country and for recognition of commodity exchanges. Under this Act commodities are notified for regulation and prohibition of forward contract. Due to concerns regarding its effect on prices and supply of essential commodities and speculation in times of scarcity the markets for several commodities like cotton, oilseeds, bullion and jute were suspended during the 1960s and 1970s. Later the Khusro Committee (June 1980) recommended reintroduction of futures trading for cotton, kapas, raw jute and in the latter half of 1980 futures trading in potatoes was resumed in Punjab & Uttar Pradesh. Following the launch of economic reforms in the early 1990s, and especially after India signed the General Agreement on Trade and Tariffs (GATT) to enter the World Trade Organization (WTO), the World Bank and UNCTAD submitted a joint report to the Government of India recommending revival of futures trading in farm commodities and their products to render trade in such commodities competitive in the world markets after the envisaged removal of trade and non-trade barriers. Also, Government of India set up Kabra Committee in 1993 to review the futures trading for other commodities which were hitherto prohibited. As a result, futures trading was revived, after a lapse of nearly three and a half decades, towards the close of the 20th century.

6. CHALLENGES AHEAD

• **Strong support of Information & Communication Technology** - According to Jignesh Shah, former Managing Director & CEO, MCX "To emerge as a globally competitive exchange, it is essential to have cutting edge technology infrastructure that delivers highest levels of transaction processing capabilities.” GOI has taken progressive steps towards the introduction of technology through the establishment of online trading exchanges which have helped in integrating the participants of commodity trading with the markets. Our national exchanges are well equipped with state of art online digital technology for commodity trading. Computer networking of the traders and the exchange is done through satellite based network (VSAT) or dedicated leased line from the service provider. This ensures processing of a large number of transactions in a short span of time. However, if the prospective expansion of derivatives market happens through the introduction of commodity index futures & options trading and entry of banks, mutual funds and FIIs, existing infrastructure will have to be upgraded to take the massive load. It is important that ICT is able to connect those potential stakeholders who are directly involved in commodity trading but are left out due to limited reach of technology in remote areas of Indian markets.

• **Integrating Commodity Derivatives market with the underlying Physical Market** – The major hurdle for the development of derivatives market is that the physical markets are fragmented, located in far flung rural areas not having access to the modern derivatives market. This is one of the causes for lack of liquidity in the futures market. The awareness drive initiated by FMC (Forward Market Commission) needs to be strengthened by conducting trainings, awareness programmes etc. The physical markets need to be modernized by amending the APMC Act.

• **Warehousing Reforms** - The present warehousing capacity in India is not sufficient to meet the increasing storage demand. CWC (Central Warehousing System), one of the biggest public sector
A warehouse operator in India has a storage capacity of 9.93 MT with 464 warehouses and 18 regional offices. This is far short of the demand of rapidly expanding country. Therefore, warehousing is one area which needs attention on a war footing together with reforms in the warehouse receipt system to facilitate the trading participants in their financial needs. Introduction of Options in Commodity

- **Derivatives Trading: With proper surveillance** - and monitoring mechanism and exhaustive reporting system a thought can be given to the introduction of options in commodity trading so that the participants can reap full benefits of hedging through derivatives. In futures trading they are able to hedge the risk arising due to unfavorable price movements but they cannot take position to gain from the favorable price movements. Options will give them this choice.

- **Regulators Powers: Presently FMC** - the regulator of commodity derivatives, functions under the Ministry of Consumer Affairs, Food & Public Distribution. In view of the colossal task of handling derivatives trading in commodities whose volume has surpassed that of Equities, the powers of FMC should be increased. It should be allowed to function as an autonomous body like SEBI and take decisions that in the best interest of stakeholders of commodity markets.

- In addition to the above mentioned focus areas there are a host of reforms required including introduction and promotion of far month contracts to hedge the risk in commodities that are seasonal in nature, removal of tax and legal bottlenecks, strengthening the regional exchanges and efficient clearing & settlement system.

7. CONCLUSIONS

- Commodity prices are very critical for the existence & growth of any industry and for the economy as a whole. The government has brought about sweeping reforms in the commodities markets so that industry can efficiently manage the price risk they are faced with. This was the rationale behind promoting and encouraging futures markets for commodities. However, Indian markets are still nascent compared to their counterparts in US and China.

- Many apprehensions prevent average traders from using them for mitigating the uncertainties under which they do business.

- With increasing demand the strain on commodities is going to increase in the times to come. Commodity prices will continue to behave unpredictably.

- Risk management through commodity derivatives will give stability to the economic activities of the country.

Therefore, extensive research is required in this area to continuously bring out issues that need to be attended for the growth and development of commodities market.

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