PROJECT REPORT ON

"A STUDY ON THE EFFICIENCY OF FUTURE CONTRACT IN AGRICULTURAL COMMODITY"

Submitted By

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Submitted To

VISVESVARAYA TECHNOLOGICAL UNIVERSITY, BELAGAVI

In partial fulfilment of the requirements for the award of the degree of

MASTER OF BUSINESS ADMINISTRATION

Under the guidance of

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SEPTEMBER-2024

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Date: 09/09/2024

CERTIFICATE

This is to certify that **Kavya** bearing **USN 4AL22BA035**, is a bona-fide student of Master of Business Administration course of Alva's Institute of Engineering and Technology, Moodbidri for the batch 2022-2024, affiliated to Visvesvaraya Technological University, Belagavi. The Project report on "**A Study on the Efficiency of Future Contract in Agricultural Commodity**" is prepared by her under the guidance of **Dr.Vishnu Prasanna K.N.,** Professor, in partial fulfilment of the requirements for the award of the degree of Master of Business Administration of Visvesvaraya Technological University, Belagavi Karnataka.

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DECLARATION

I, **Ms. Kavya (USN: 4AL22BA035)** hereby declare that the project report entitled **"A STUDY ON THE EFFICIENCY OF FUTURE CONTRACT IN AGRICULTURAL COMMODITY"** is prepared by me under the guidelines of Dr.Vishnu Prasanna K.N, Professor of Finance, PG Department of Business Administration, Alva's Institute of Engineering and Technology, Mijar, Moodbidri.

I also declare that this project work is towards the partial fulfilment of the university regulations for degree of MASTER OF BUSINESS ADMINISTRATION by Visvesvaraya Technological University, Belgaum.

I have undergone a project for a period of 6 weeks. I further declare that this project is based on the original study undertaken by me and has not been submitted for the award of any degree/diploma from any other University/Institution.

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Place: Mijar, Moodbidri

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Signature of the student

ACKNOWLEDGEMENT

I would like to take this opportunity to express my sincere gratitude to all those who have helped me throughout this project. It gives me immense pleasure to acknowledge all those who have rendered encouragement and support for the successful completion of this work.

I express my deep sense of gratitude to my internal guide **Dr. Vishnu Prasanna K. N,** Professor Dept. of the MBA., for his constant support and encouragement to carry out my project successfully without much difficulty.

I would like to express my sincere thanks to **Dr. Peter Fernandes,** Principal Alva's Institute of Engineering and Technology, Mijar, Moodbidri.

I am grateful to **Mrs. Priya Sequeira,** HOD, MBA department, Alva's Institute of Engineering and Technology, Mijar, Moodbidri. whose timely suggestions and encouragement support me to complete this project.

With Regards,

Kavya

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EXECUTIVE SUMMARY

The study presents a comprehensive analysis of the intricate dynamics governing price discovery, risk management, and market stability within the agricultural sector. Through a rigorous examination of the relationship between spot and futures prices utilizing advanced econometric techniques and a diverse range of data sources, the study offers valuable insights into the efficiency of futures markets in agricultural commodities trading. The findings of the research underscore the pivotal role that futures contracts play in reflecting available information and contributing to price discovery mechanisms for a variety of agricultural commodities. By delving into the distinction of how spot and futures prices interact, the study provides detailed understanding of market dynamics and the efficiency of futures contracts in managing price volatility and risk exposure for market participants.

To enhance the credibility and robustness of the study, recommendations have been put forth to improve data collection methods, leverage advanced statistical tools, and collaborate with industry experts. These suggestions aim to strengthen the research findings and ensure their practical relevance for policymakers, market participants, and stakeholders involved in agricultural commodity trading. The implications of the research extend beyond academia, emphasizing the critical importance of robust futures markets in stabilizing commodity prices, managing risks effectively, and supporting the livelihoods of agricultural producers. By shedding light on the efficiency of futures contracts, the study offers valuable insights that can inform decision-making processes and risk management strategies within the agricultural sector.

The research suggests exploring innovative hedging strategies, evaluating the policy landscape governing futures trading, and considering external factors such as climate change and global trade dynamics. These avenues for future research can further enrich the understanding of agricultural commodity trading mechanisms and contribute to the development of sustainable market practices. The research paper significantly contributes to the broader discourse on the efficiency and effectiveness of futures contracts in agricultural commodities markets. By providing a comprehensive analysis of market dynamics, risk management practices, and price discovery mechanisms, the study offers a valuable resource for policymakers, market participants, and researchers seeking to optimize their strategies in agricultural commodity trading.