CHAPTER XI

INTERACTION WITH FARMERS
Interaction with Farmers

To analyze the problems of farmers to participate in Regional Commodity exchange, personal interviews were carried with them. The interview was focused on Regional Commodity Exchange related services namely Trading system, Grading and Warehousing system, Market Information system, Clearing and settlement mechanism and the Regulatory part of the exchange. The interview was concentrated on the role of Regional Commodity Exchange in enhancing participation levels, services rendered, providing information and satisfaction level of the farmers. Regional Commodity exchanges lack in many aspects like participation of farmers, price fixation by the authorities and the gap between farmer and exchanges are very huge when interacted with the farmers.

The study results confirms that farmers are aware of Regional Commodity Exchange to some extent. I came up with many views of the farmers during the interaction, such as “we are not interested to participate in the exchange though we are aware of it, we like to stick on to trade in local markets because of its convenience and procedures are well known to participate”, “We are facing difficulties in transporting the commodity to the exchange certified warehouse as it is located distant from our places”, “We are facing difficulties in understanding the functioning of the Regional Exchange” and “Following the trading procedure in exchange is more complicated”. In extension of this survey, I interacted with other farmers and their reply was like, “Requirement of immediate cash” is the major reason that is not allowing them to trade in Regional Exchange. They stated that, “they require immediate cash for repayment of loan, to fulfill their basic needs, to finance for further production to purchase seeds and fertilizers”. This shows their negative psychological aspect towards the trading activity in Regional Exchange and tends them to trade in the local market.

With respect to services rendered, Farmers are satisfied with all the services, except the provision of warehouse facility. This is confirmed by the farmers, and their opinion was like “Government warehouses works on ‘First Come, First Serve Basis’ and therefore, we have to search for some private warehouse, where they charge high price to store our commodities”. This can be pointed out as the major reason for the farmers evading to participate in the regional exchange. With reference to Market Information System provided by the exchange, farmers told that “we are getting the price information from the exchange regularly and with the help of this information we are able to sell our commodities in local markets at better prices”. This shows that Regional Exchange is providing effective
information but lacking in attracting the farmers by improper warehouse facility which in turn leads to non participation of farmers.

Apart from all these issues, Farmers said that “Regional Commodity Exchanges are beneficial for us in the sense, we will be sure of getting the secured price for our commodity therefore, no need to get fear of price fluctuations”, and “As we produce quality products to trade in exchanges, we also have the opportunity to enter into international markets”.

To conclude, all the farmers agreed that, it is not the lack of awareness that tends to keep them away from the exchange. But there are certain factors like improper facilities of transportation, warehouse, liquid cash, and complexity of trading and some of their personal attitudes, perceptions and convenience are avoiding the farmers to take positions in the Regional Exchange. This negative perception of farmers on Regional Exchange will induce the other peer farmers with the same perception and thereby evade them to take positions in the regional exchange.