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MONTHLY COMMODITY DIGEST

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INDEX

Prepare For The Amrit Kaal With Renewed Focus On Agri-Derivatives

After some initial hiccups and reported deficiencies, monsoon finally has picked up and so has the sowing across the Kharif bouquet. But despite a decent recovery in the acreage of most crops, the overall situation in food production remains a mixed picture. Food inflation has witnessed a trend reversal worldwide, still the situation is not out of the woods. The Reserve Bank of India (RBI) has shown its commitment to pin the inflation down under its comfort level. So, there seems no reason to be concerned about this much hyped demon in the medium to long run.

Coinciding with this optimism is the national celebration on 15th August. We are brimming with self-confidence to lead the globe, both in economy and polity. We have completed 75 years of our Independence and that occasion is being commemorated as "Azadi ka Amrit Mahotsav." The government has chalked out an ambitious plan to transform the country in the next 25 years, termed as Amrit Kaal, into w world super power assuring better lives for citizens, trimming the gap between the poor and the rich, and providing basic amenities and better opportunities to all Indians.

As agriculture is not only the backbone of the Indian economy but also a defining factor of social strength, the government is fully committed to transforming it by yield increase through mechanization and modernization. Marketing is an aspect which needs greater focus. Online marketing platforms like eNAM or derivatives exchanges could be game changers. Role of the derivatives market in securing and protecting farm income has been proved time and again, and the government needs to support it through a long term policy.

As we attain 75 years of independence, the country is facing many challenges from climate change-related risks to farm output, leaving our food security at a risk, may be in the coming years and decades. So, to prepare our producers for the upcoming tough times, it's high time the government strengthens its resolve to make agriculture a risk free business, and the role of derivatives market in this is beyond any doubt.

From grain-to-gold and milk-to-meat, India is either the world's largest consumer or producer. However, the country remains the price-taker for decades in all these commodities. This is the area where a marked shift is necessary to get us a powerful place in the global commodities market and reduce the vulnerability to external shocks. This can be achieved through a well-developed indigenous commodity derivatives market offering a transparent mechanism for managing the price and other risks associated with the commodity supply chains.

How vibrant is the Indian agriculture ecosystem?

G. Chandrashekhar,
Economic Advisor, IMC Chamber of Commerce & Industry,
Commentator & Commodities Market **Specialist.**

Aazaadi ka Amrit Mahatsav (75th Year of Independence) is an opportune time to first look back at the path we as a nation have traversed and then look ahead to the next 25 years called Amrit kaal.

Indian agriculture has made extraordinary strides since the 1960s when our food economy was pejoratively described as 'ship-to-mouth existence'. In a remarkable turnaround, recent decades we have emerged as the world's third largest producer of farm commodities.

We are the world's largest producers of milk (220 million tons), cotton (36 million baes) and pulses (25-26 million tonnes); and the second largest in rice (120 million tonnes), wheat (105 million tonnes), sugar (30 million tonnes) as well as fruits and vegetables production.

Indeed, we have become large exporters of agricultural commodities including rice, wheat, sugar, cotton, oilseeds and oilmeals, to name a few.

This transformation has been possible because we adopted pro-growth policies and set up appropriate institutions to boost agricultural production in order to meet the growing food needs of the burgeoning population.

One of world's largest welfare programs is run in India. We started the Public Distribution System in 1977; and in 2013 launched the National Food Security Mission to meet the food needs of the vulnerable sections of the population.

For advancing agricultural vibrancy, India has unique natural endowments – over

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India @75:

Indian Agriculture Ecosystem

270 days of sunshine, about 880 millimeters of rainfall, varied agro-climatic conditions, extraordinary biodiversity, hundreds of rivers crisscrossing the country, about 7,500 kilometers of coastline and a Billion people to work. We need to adequately leverage the advantages provided by these natural endowments.

Currently, Indian agriculture faces three key challenges – land constraints, water stress and climate change. Our food security can potentially face severe headwinds if we do not adequately prepare to meet these challenges head-on.

Adoption of multiple technologies would help. We need to invest our farm ecosystem with information technology, biotechnology, satellite technology, nuclear agricultural technology, nanotechnology and so on. Technology adoption will substantially de-risk Indian agriculture and advance farmers' welfare.

While our agricultural policies and programs have largely been production-centric so far, we need to now adopt an ecosystem approach which will take into account not only production but also processing, distribution, consumption and trade. In other words, we need to take a holistic view to find end-to-end solutions.

We need to work towards improvement in processing efficiency and distribution efficiency (robust supply chain) so as to be able to capture value. Given that we

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have seasonal and regional variations in crop production but consumption is round the year for the whole country, an efficient supply chain is critical.

Again, Indian agricultural markets are rapidly integrating with the global market through the trade route and investment route. So, stakeholders are subject to not only domestic supply-demand fundamentals but also global drivers and dynamics.

The global agri-markets are volatile as they are impacted by a host of factors including economic growth, geopolitics (through the energyroute), monetary policy, currency and importantly, weather. We have seen how the world agri-markets have gyrated in 2019, 2020, 2021 and in the first half of 2022.

Because all the underlying risks of production, quality, trade and policy converge on price, it is critical for value chain participants to hedge their price risk through a time-tested scientific risk management tool. Without such a tool, market participants would only be speculating about prices. It is not a desirable situation.

In the market it is said, "Bhav Bhagwan che' which loosely translated means '(market) price is the ultimate reality'. It is critical the known tools of price risk management are available to stakeholders in order to enhance the vibrancy of the agri-ecosystem.

(G. Chandrashekhar, Economic Advisor, IMC Chamber of Commerce and Industry, is a policy commentator and commodities market specialist. Views are persona. He can be reached at: gchandrashekhar@gmail.com)

Commodity Market Ecosystem – Reforms & Prospects

Mr. Narinder Wadhwa
National President,
CPAI

Soon after India's Independence, the government felt it was necessary to put in place a system that would ensure: 1) adequate agricultural output, 2) transparent supply, 3) fair pricing and, 4) equitable distribution of essential commodities in the country. Thus came into being the Essential Commodities Act (ECA), 1955.

The ECA laid out broad provisions to encourage cultivation and fair distribution as well as a punitive action against hoarding and other unfair practices in the farm trade sector. Most transactions in the agri commodities ecosystem were standardized under the ECA, 1955.

Between 1960 and 1970, a wave of agriculture market reforms swept through various states and Union Territories by bringing into force the Agricultural Produce Marketing (Regulation) Committee Act, or APMCs. These Acts sought to restrict exploitative practices that worked against the interests of the producer and the end-consumer.

By the turn of the century, it was felt that the APMC Act would require an overhaul to weed out its limitations and bring in more transparency in commodity transactions. The Model Agricultural Produce Marketing Committee (APMC) Act, 2003, was formulated with this objective. The Model Act aimed at opening up the agricultural market sector to the private sector and cooperatives by allowing direct farm sales and contract farming.

Commodity Derivatives perform two important functions: 1) Efficient price discovery due to direct participation of the entire value chain in the trade and; 2) Price risk management through hedging on Commodity Derivatives Exchanges which eliminate counterparty risk.

Since 2015 when the SEBI assumed the role of regulating commodity exchanges, many steps have been taken to deepen and broaden the market with permission granted to products like indices, futures

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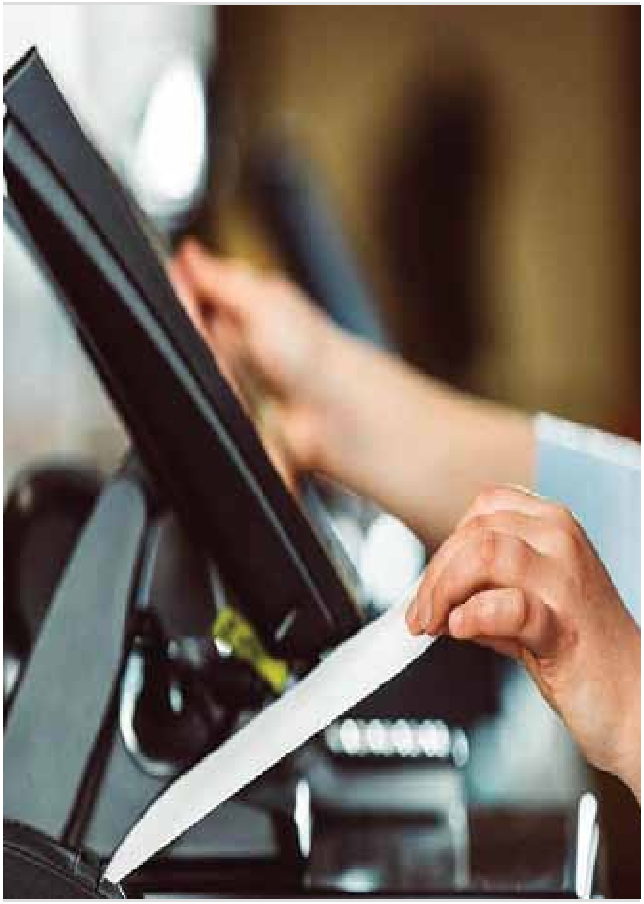
and options on goods on one hand and participants like Alternative Investment Fund Mutual Funds , Portfolio Management Services and Foreign Portfolio Investment on the other.

Digitizing Commodities Stock in Warehouses

The agricultural sector reforms have further benefitted from new technical advancement and digital networking. The agricultural production goes through pre-harvest and post-harvest cycles, the two vital components for tracking. While the data related to the acreage of sowing is important for the yield output, the post-harvest tracking of the produce carries a pivotal role in the marketing of farm commodities.



Here, warehousing is key to the post-harvest management of farm produce. Earlier, warehouses maintained manual documents for the storage of goods and issued hard copies (read paper) receipts to their customers for the commodities stored in their facilities. This would understandably cause substantial problems like poor delivery, mutilation of goods and duplication of data etc. which greatly impacted overall utilization and ease of doing business.

Electronic Negotiable Warehouse Receipts (ENWR), launched in 2011, resolved these issues. ENWRs enable the stakeholders to manage the upkeep and movement of agriculture commodities digitally. This is a faster, secured and transparent arrangement. These ENWR are financed from banks or Financial Institution through the repository platform. The repositories add value to the entire agriculture commodity ecosystem by integrating and onboarding banks, commodity exchanges and spot markets, providing a pledging and settlement platform.

Integration of these models agricultural warehouses and cold storages with IT-enabled repository platforms helps in bridging the gap between physical and digital commodity management.

On the Cusp of A Revolution

With the commodity inventory transactions digitized and an integrated warehousing system in place, it will be easy for the regulators to monitor the supply and demand on a real-time basis.

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This digitized network getting embedded in Artificial Intelligence will be the hallmark of the commodities trade future, leading to warehouse automation.

Digital warehouse will then be the future mandi, an electronic hub for all market activities in agri products. A farmer or producer will get one's commodity digitized (post-quality assessment) and build an electronic balance at a storage facility almost immediately.

The decisions such as when to sell, whom to sell, selecting market linkages and choosing service providers will be available to farmers or farm producer organisations (FPO) on this digital platform. Traders will also be able to harness this opportunity of digitization, and maintain an electronic balance at any storage facility or sub-yard for commodity transactions.

To sum up broadly, one can see how the commodity trading ecosystem has evolved, and is still further evolving, to create new opportunities in the commodity trading sector. And, how by integrating technology with innovation to increase transparency and traction, India is today poised for a giant leap in the digitalized commodity commerce.

Evolution of Commodity Markets in India & Relevance for Exports

Ms. Jahanwi Singh **Mr. Ashok Singh**

Economists,
Export-Import Bank of India

It was in 1875 when the first organised Trading in Commodity Futures was launched in India, with the setting up of the Bombay Cotton Trade Association. Twenty-five years later, future trading in Oilseeds was formalised in Gujarat. Since then, the evolution of commodity markets in India has been a phenomenal journey, with the entire eco-system witnessing several paradigm shifts, in gradual phases, over the years.

In the post-Independence period, a legal framework was put in place for organizing forward trading and recognition of Commodity Exchanges in the country. However, forward trading was restricted to only a select few commodities. These restrictions continued for over four decades.

A marked change came about in early 2000s with an increase in the number of modern exchanges which offered greater transparency, leading to increased participation and growth in volume of trading. This could be partly attributed to the positive policy interventions by the Government in the Commodity Derivative Market. Currently, derivative trading is permitted in 91 notified commodities, of which 62 are in the agriculture and allied sector.

Commodity Exchanges have emerged as robust institutions for facilitating price discovery, price-risk management,

Commodity Trade, market development and financing for the agriculture sector. These exchanges also garner significant profits to farmers, brokers, intermediaries and other components of the supply chain, besides attracting greater investments in the agriculture sector on account of long-term profit expectations.

Typically, Indian farmers make cropping decisions based on the prices of previous years, but with the development of the commodities market, the expected price in future also helps them make informed decisions about the crop mix. Thus,

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commodity trading via exchanges have also helped farmers in making more informed decisions.

Another key area which has benefited from Commodity Exchanges is the export sector. Price discovery and mitigation of price-related risk provided by Commodity Exchanges are important for a greater foray in the export markets. Price related risks are especially important in the current environment of heightened global uncertainties when commodity prices are prone to volatility. The world witnessed it during a Covid-19 pandemic and armed conflicts recently. Forwards and futures contracts offered by Commodity Exchanges allow greater certainty to farmers during the planting cycle, and subsequently enable processors and traders to lock in a margin that can secure them a positive return.

Agri exports are subject to high-quality requirements, especially in the developed economies, and Commodity Exchanges can drive improvement of quality standards. Commodity Exchanges often standardize the specifications of commodities eligible for delivery of their facilities, in line with industry needs, leading to the evolution of higher quality standards. Improvement in the quality of agricultural commodities leads to better export prospects.

The transparent standards set by an Exchange provide premiums for higher-quality produce, thereby creating incentives for farmers to upgrade production and improve their quality standards. It leads to greater awareness of quality requirements among farmers and improves their ability to adhere to the stringent quality requirements in the export markets.

In India, Commodity Exchanges have also led to ancillary benefits in terms of quality upgradation through better testing infrastructure, which are critical for exports. A case in point is Mentha arvensis, the exchange-approved variety of Mentha oil, which requires testing in a Gas-Liquid Chromatography (GLC) machine. The GLC testing was a more advanced method of Mentha oil quality assessment, as compared to the previously prevalent capillary column method. Since the launch of the Mentha oil futures contract, the number of GLC machines used for testing has increased

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substantially. The farmers were keen on getting more volumes of oil that met the GLC standards and ensured better prices for their product. This led to substantive upgrade in the testing infrastructure for the product in the country.

Futures trading can also catalyse the development of other infrastructure like warehousing. Commodity Exchanges often drive the creation of warehouses, which improves the efficiency of delivery and collateral management processes of the exchange, and also leads to spill-over benefits. Expansion of warehouse capacity can reduce transportation cost and wastage in agricultural processes. Digitised warehouses also help in better logistics data management. This results in the development of value chain financing through mechanisms like warehouse financing.

Efficient Commodity Markets are important for growth, exports and job creation in the agriculture sector. The market continues to evolve in the country and is set to foster diversified growth in the agriculture sector of the country.

Commodity Futures – Freedom from Price Risk Concerns

Mr. Abhijeet Banerjee
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As in the case of any business transaction, the commodity market is also not immune to risk. There is always a probability of price fluctuation or volatility owing to several factors. The growers or producers of agricultural commodities like grains, pulses, oilseeds etc. face such price risks every season. The causes for this price uncertainty may vary. Commodity prices may face fluctuations due to a drought, a bumper production, a sharp increase in demand, or a fall in the international output, etc.

Disruption of the supply chain due to a shutdown or blockade may also trigger such risks.

Mercifully, there are means to get a risk-cover against such uncertainties in the commodity market. Such a device is called Futures in the commodity market. Futures are basically financial contracts that predetermine the price between the seller and the buyer for a prospective sale. The buyer must purchase or the seller must sell the underlying asset at this pre-determined price, regardless of the prevailing market price of that commodity. Such a contract eliminates any uncertainty in the market, caused due to price fluctuation of a commodity.

For example, a Guar Seed farmer who wants to protect himself from the risk of price fluctuation around the time when his crop is ready for harvesting, can calculate a price that yields him a certain profit and engage with a seller for his crop in the Futures market. This way, he will be able to lock in a price and a time for the sale of his produce. When the time for the sale arrives, the farmer will get the price decided in the contract, irrespective of the existing market price, which could be lower or higher than what is quoted in the agreement. Thus, Futures provides a guarantee against a potential loss that may result from a fall or rise in the price of an asset due to changing market conditions.

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India @ 75:
Futures Strategy

Futures have been successful in attracting participation from buyers and sellers as the awareness about the significance of Commodity Exchanges in mitigating price risk is significantly increased. Hedging does not necessarily improve the financial outcome, nor could it make the outcome worse. Hedging in fact offers transparency on the expected cash flows. Participation in hedging mechanisms normally comes from big corporate houses, government trade bodies, financial institutions or trading companies.

Farmer groups, growers, small farmers, extractors, distillers, processors etc. also take part in the hedging process, because they too face the price risk of a particular agricultural commodity on a regular basis. When an individual or a company decides to use the Futures markets to hedge a risk, the objective is to take a position that neutralizes the risk as much as possible. If the price of the commodity goes down, the gain on the Futures position offsets the loss on the commodity. On the other hand, if the price of the commodity goes up, the gain on the commodity offsets the loss on the futures position.

Market participants who are exposed to commodities risk can be categorised as:

- Growers, plantation companies, and mining companies, who are mainly producers often face price risk, input price risk or cost risk & quantity risk.
- Cooperatives, commercial traders who are mainly buyers are exposed to price risk between the time period of up-country purchase buying and sale, (normally at the port) to an exporter.
- Similar risk is associated with the exporters between purchase at the port and sale in the destination market.
- Exporters also face political risks related to the export licenses or Foreign Exchange conversion.
- Governments of various countries experience the price and quantity risk related to tax revenues. This generally happens where tax rates rise as commodity prices rise (case with metals and energy exports typically). These types of risks also emerge in case support or other payments depend on the level of commodity prices.

The trade participants as well as the investors are also worried about the risk, which represents security deviation on the upside and downside. However, their main concern is related to losing their capital rather than the level of positive investment return they can attain. This adds to the importance of managing the price risk. Hedging in the Futures market eliminates the dependence of evaluating the price scenario every time as the price gets "locked" just after creating the hedge position. This provides a risk-cover or freedom from any future volatility.

Freedom from Risk and Volatility

Mr. Ajay Kedia
Founder Director,
Kedia Advisory Ltd.

India Independence

By most accounts, a span of 75 years can be referred to as a lifetime. However, when it comes to India's post-independence run, calling it a mere lifetime will be a disservice to its achievements. India's in the past seven and a half decades has metamorphosed into a force to reckon with. One only has to survey around the sub-continent to witness how India has proved to be the sole beacon of progress and prosperity. The country's economic prowess signifies its steadfast growth from a developing nation to one of the fastest growing economies in the world.

Today, as India stands on the threshold of yet another glorious 'lifetime', the potential of its growth on most social and economic indicators is unlimited. However, we shall restrict ourselves to the agricultural commodities sector in these columns, and examine the role of different exchanges and regulatory bodies which have remained committed in developing the capital market landscape of India and improving the financial well-being of people.

Agri Commodities Market

In the initial decades of Independence, agriculture was one of the relatively neglected sectors. The fallouts of the neglect were grim: continuing low food grain production, near-famine years, and a humiliating dependence on food aid, notably from the US. Recurring years of such misfortune prompted a major push to augment food grain production in the late 1960s onwards in the form of what came to be known as the Green Revolution. Currently, the country is 75-80% dependent on agriculture as the primary source of livelihood. However, the participation of agri commodities market in comparison is much less. One of the reasons is India's late entry to formal commodity Trading Exchanges. Besides, the commodity markets are not available to agri products other than cash crops.

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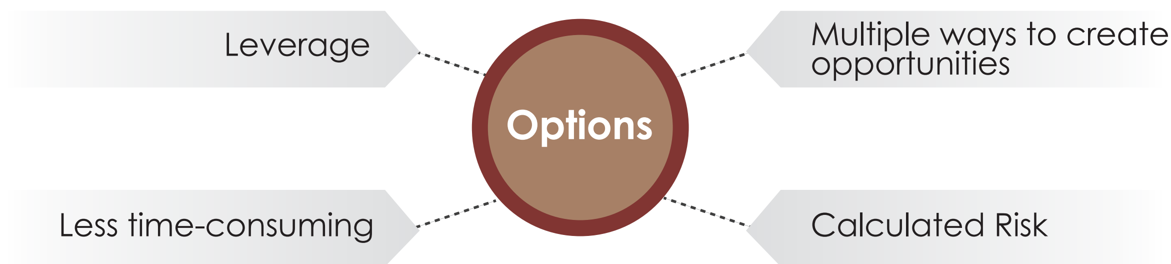
Exchange Participation and Awareness

Commodities trading was perceived to be complex and therefore attracted fewer participants. However post 2017, Securities and Exchange Board of India (SEBI) introduced slew of reforms that redefined commodities derivatives segment refreshing it with new set of participants and products. With SEBI taking over the reigns the investor confidence was boosted on account of increased transparency and focus on safeguarding the investor interest.

Introduction to Options

Options is a derivative agreement that gives buyers of the contract (the option holders) the right (but not the obligation) to buy or sell a security at a chosen price at some point in the future. Option buyers are charged an amount called a premium by the sellers for such a right. However, some basic strategies using options can help novice investors protect their downside and hedge market risk.

Benefits of Options



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Value Chain Participants

A value chain is a set of activities that a firm or a company operating in a specific industry performs in order to deliver a valuable product (i.e., goods or services) to the end customer. Following are the value chain participants involved. In agri markets this block chain may have players such as farmers, exporters, importers, stockiest and traders. The following table seeks to explain the market risks, their solutions and possible scenarios in an agri commodity market for the participants.

Spoilers & Solutions for Value Chain Participants

Sr No	Person	Spoiler	Solution
1	Farmer	If Prices fall during the harvesting period	Buy Put option
2	Exporter	Want to get Procurement at a lower cost	Buy Call option
3	Importers	If Prices fall while during the period between buying and getting the goods	Buy Put option
4	Stockiest	If the value of existing crops falls	Buy Put option
5	Trader	Want to create trading opportunities	Use Option Strategies

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Market Scenarios for Value Chain Participants

Sr No	Person	Market	Outcome
1	Farmer	• Bullish • Bearish	• Sell your crops at a higher price • Get compensated by Premium
2	Exporter	• Bullish • Bearish	• Get compensated by Premium • Start Procuring goods at lower cost
3	Importers	• Bullish • Bearish	• Sell crops at a higher price • Get compensated by Premium
4	Stockiest	• Bullish • Bearish	• Sell his crop at a higher price • Get compensated by Premium
5	Trader	• Bullish • Bearish • Range • Volatility	• Call Backspread • Put Backspread • Butterfly Spread • Long Call Straddle

Conclusion

In any market situation, if the participant knows how to use the right tools and trade using the right options, one can reap rich returns no matter in which direction the market moves. Use of the right options, thus provides the investor and other stakeholders the freedom from risks involved and also to cope with the volatility.

The 8 From The Great

Mr Ravi Kant Kanoongo
Founder, Hindustan Technosol Private Limited

Mr Ravi Kant Kanoongo is the founder of Hindustan Group, having more than three decades of experience in agri commodity markets. A proactive industrialist in Rajasthan, Mr Ravi Kant Kanoongo has been General Secretary of RIICO VKI Jaipur. He is among the first few members of both NCDEX and MCX and an active member of CPAI bearing multiple positions in the same. Hindustan group has the presence all across the country and a pioneer member to introduce cutting edge technology to the agri sector.

At what age did you do your first trade?

At the age of 20 years, I started trading.

What makes you passionate about it?

Dynamic Nature of the Market, owning the capability of making every trade interesting and meaningful.

3 key skills to excel in trading/?

Hand in hand with focus is control The ability to analyse data quickly The ability to concentrate to make your profit in financial markets.

Do you believe in FOMO (Fear of Missing Out) in business?

When it comes to business in the Trading and Financial market, FOMO has no space as there are an endless number of opportunities available in the market, one has to have the right eye to identify the same.

How do you spend your downtime?

I love to surround myself with my family and friends and enjoy learning new skills such as playing chess, swimming and golf.

What inspires and motivates you?

The gratification of accomplishment and overcoming an obstacle that comes with exceeding challenging goals is my greatest motivator.

Food/Fitness?

However, I am fitness conscious and I work out every day but I still love to dine-out and try out new cuisines.

How do you define success?

I tend to view success incrementally. As someone who is invigorated by new, complex challenges, I never want to find myself in a situation where I feel as if there is nothing left to learn or achieve. If, over the course, I've learned something new or useful, this counts as success to me.

Bajra

State-Wise Arrivals

In the current marketing year starting Oct 1, Bajra arrivals totalled 842,602 tonnes so far, down by 5.68% from the same in the corresponding period a year ago.

State-Wise (Qty in MT)	This Year (01/10/2021-30/06/2022)	Last Year (01/10/2020-30/06/2021)	% Change from Last Year
Rajasthan	301,758	336,595	-10.35%
Uttar Pradesh	233,628	206,914	12.91%
Gujarat	139,332	133,753	4.17%
Maharashtra	60,378	66,861	-9.70%
Madhya Pradesh	59,600	30,451	95.73%
Karnataka	40,594	104,062	-60.99%
Haryana	5,501	7,213	-23.73%
India	**842,602**	**893,348**	**-5.68%**

Balance Sheet

County	Attribute	2021-22	2022-23
India	Area Harvested	9,000	9,000
	Beginning Stocks	620	620
	Production	11,400	12,500
	Imports	0	0
	Total Supply	12,020	13,120
	Exports	0	0
	Domestic Consumption	11,400	12,600
	Ending Stocks	620	520
	Yield	1.27	1.39
World	Area Harvested	31,126	30,958
	Beginning Stocks	620	620
	Production	27,820	31,175
	Imports	0	0
	Total Supply	28,440	31,795
	Exports	0	0
	Domestic Consumption	27,820	31,275
	Ending Stocks	620	520
	Yield	0.89	1.01

Note: Data relates to all Millets not only to Pearl Millet. Pearl millet accounts for about around 50-60% of the total production of millets in India.
(Source: USDA)
Note- FSI-Food Seed Industry (*Attribute Unit Description: Area in 1000 Ha; Yield in MT/Ha; Quantity in 1000 MT)

Major Media News

Bio fortified bajra takes off in Rajasthan (Times of India)

Click here

Haryana to promote bajra as nutri-cereal (Hindustan Times)

Click here

66% of kharif crop sowing completed in Pune: Officials (Times of India)

Click here

Maize

State-Wise Arrivals

In the Current marketing year that started on Oct 1, total maize arrivals are up 48.24% from the same period of last year.

State-Wise (Qty in MT)	This Year (01/10/2021-31/07/2022)	Last Year (01/10/2020-31/07/2021)	% Change from Last Year
Madhya Pradesh	1,967,307	854,816	130.14%
Uttar Pradesh	1,057,368	348,883	203.07%
Maharashtra	602,061	509,058	18.27%
Rajasthan	376,840	412,397	-8.62%
Telangana	358,650	243,785	47.12%
Karnataka	332,156	505,130	-34.24%
Chattisgarh	254,246	253,888	0.14%
Odisha	90,653	179,108	-49.39%
Punjab	86,078	67,675	27.19%
Gujarat	62,846	43,276	45.22%
Tamil Nadu	60,897	63,887	-4.68%
Haryana	47,773	7,072	575.56%
Bihar	2,994	-	0%
India	**5,302,641**	**3,492,287**	**51.84%**

Balance Sheet

Country	Attribute	2021-22	2022-23
India	Area Harvested	9,900	9,800
	Beginning Stocks	2,095	2,020
	Production	33,000	31,500
	Imports	25	100
	Total Supply	35,120	33,620
	Exports	3,300	2,400
	Feed Dom. Consumption	18,000	18,500
	FSI Consumption	11,800	11,500
	Domestic Consumption	29,800	30,000
	Ending Stocks	2,020	1,220
	Yield	3.33	3.21
World	Area Harvested	206,739	203,429
	Beginning Stocks	293,291	312,278
	Production	1,217,866	1,185,899
	Imports	179,145	177,079
	Total Supply	1,690,302	1,675,256
	Exports	199,233	182,570
	Feed Dom. Consumption	746,270	747,211
	FSI Consumption	432,521	432,539
	Domestic Consumption	1,178,791	1,179,750
	Ending Stocks	312,278	312,936
	Yield	5.89	5.83

Source: USDA

(*Attribute Unit Description: Area in 1000 Ha; Yield in MT/Ha.; Quantity in 1000 MT);

(** FSI: Food Seed Industry)

Major Media News

As more sectors eye corn, feed makers make a case for GM products (Hindu Business Line)

Click here

GRAINS-Corn drops for 3rd session as U.S. rains boost crop prospects; wheat firms (Reuters)

Click here

Maize exports from India down to a trickle (Hindu Business Line)

Click here

Rice

State-Wise Arrivals

In the current marketing season that started on Oct 1, arrivals of Paddy (Dhan) (common variety) increased marginally by 2.85% so far from the same in the corresponding period a year ago.

State-Wise (Qty in MT)	This Year (01/10/2021-31/07/2022)	Last Year (01/10/2021-31/07/2022)	% Change from Last Year
Punjab	8,038,240	8,478,779	-5.20%
Chattisgarh	5,543,155	5,326,635	4.06%
Madhya Pradesh	2,352,809	1,493,202	57.57%
Uttar Pradesh	2,156,608	1,620,390	33.09%
Haryana	2,153,546	2,743,549	-21.51%
Telangana	986,238	728,541	35.37%
Uttrakhand	883,873	801,807	10.24%
Rajasthan	801,010	578,196	38.54%
Karnataka	750,854	1,133,506	-33.76%
Odisha	414,422	486,160	-14.76%
NCT of Delhi	313,594	331,801	-5.49%
Tamil Nadu	310,527	291,872	6.39%
Gujarat	194,125	219,393	-11.52%
Maharashtra	193,893	94,843	104.44%
West Bengal	143,055	208,009	-31.23%
India	**25,246,262**	**24,546,491**	**2.85%**

Balance Sheet

Country	Attribute	2021-22	2022-23
India	Beginning Stocks	37,000	38,200
	Production	129,660	130,500
	Rough Production	194,509	195,770
	Total Supply	166,660	168,700
	Exports	21,500	22,000
	Domestic Consumption	106,960	107,500
	Ending Stocks	38,200	39,200
	Total Distribution	166,660	168,700
	Yield	4.14	4.17
World	Beginning Stocks	187,901	186,638
	Production	513,556	514,759
	Rough Production	766,849	768,765
	Imports	53,332	53,139
	Total Supply	754,789	754,536
	Exports	54,144	54,613
	Domestic Consumption	514,007	517,161
	Ending Stocks	186,638	182,762
	Total Distribution	754,789	754,536
	Yield	4.61	4.61

(Source: USDA);

*Attribute Unit Description: Area in 1000 HA; Yield in MT/Ha; Quantity in 1000 MT

Major Media News

Deficient monsoon in key States drags kharif paddy sowing (Hindu Business Line)

Click here

Cotton sowing acreage high, but paddy low in Gujarat this season (India Express)

Click here

Paddy acreage down 17 per cent so far in kharif season: Official data (Financial Express)

Click here

Wheat

State-Wise Arrivals

In 2022-23 marketing year (Apr-Mar), total wheat arrivals are up by 16.02% as compared with the arrivals during the corresponding period last year.

State-Wise (Qty in MT)	This Year	Last Year	% Change from Last Year
	(01/04/2022-31/07/2022)	(01/04/2021-31/07/2021)	
Madhya Pradesh	6,737,598	3,628,646	85.68%
Punjab	4,510,877	8,247,049	-45.30%
Uttar Pradesh	4,476,847	1,806,180	147.86%
Haryana	1,144,882	625,111	83.15%
Rajasthan	1,121,607	1,133,502	-1.05%
Gujarat	244,793	237,174	3.21%
Maharashtra	199,825	215,664	-7.34%
Uttrakhand	61,658	58,752	4.95%
Chattisgarh	45,805	64,152	-28.60%
NCT of Delhi	39,860	25,125	58.64%
Bihar	23,699	-	0%
Karnataka	13,226	10,592	24.87%
India	**18,633,257**	**16,060,987**	**16.02%**

Balance Sheet

Country	Attribute	2021-22	2022-23
India	Area Harvested	31,125	31,000
	Beginning Stocks	27,800	21,467
	Production	109,586	106,000
	Imports	25	25
	Total Supply	137,411	127,492
	Exports	8,033	6,500
	Feed Dom. Consumption	7,000	6,500
	FSI Consumption	100,911	98,000
	Domestic Consumption	107,911	104,500
	Ending Stocks	21,467	16,492
	Yield	3.52	3.42
World	Area Harvested	222,212	221,235
	Beginning Stocks	291,573	280,101
	Production	779,032	771,636
	Imports	196,496	202,739
	Total Supply	1,267,101	1,254,476
	Exports	200,069	205,466
	Feed Dom. Consumption	161,002	151,312
	FSI Consumption	625,929	630,178
	Domestic Consumption	786,931	781,490
	Ending Stocks	280,101	267,520
	Yield	3.51	3.49

Source: USDA

(*Attribute Unit Description: Area in 1000 HA; Yield in MT/HA; Quantity in 1000 MT)

Major Media News

Finally, DGFT may allow export of 2 million tonnes of wheat (Hindu Business Line)

Click here

Wheat, coarse cereals to drag global cereals output lower this season (Hindu Business Line)

Click here

Wheat flour ban will not apply to maida, semolina: DGFT (Hindu Business Line)

Click here

Cotton

State-Wise Arrivals

In the current marketing year that started on Oct 1, arrivals of cotton jumped up by 48%, compared with the same in the corresponding period a year ago.

State-Wise (Qty in MT)	This Year (01/10/2021-31/07/2022)	Last Year (01/10/2020-31/07/2021)	% Change from Last Year
Telangana	952,174	379,605	151%
Madhya Pradesh	871,107	346,619	151%
Gujarat	835,115	797,143	5%
Rajasthan	551,981	318,659	73%
Maharashtra	487,673	478,544	2%
Haryana	233,578	57,542	306%
Karnataka	87,766	148,911	-41%
Punjab	85,977	195,921	-56%
Andhra Pradesh	52,309	47,700	10%
Tamil Nadu	15,170	13,673	11%
Odisha	10,433	41,042	-75%
Uttar Pradesh	7,488	3,553	111%
Pondicherry	1	47	-99%
India	4,190,771	2,828,957	48%

Major Media News

Cotton price may dip to Rs 60,000 by December in Gujarat (Times of India)

Click here

Cotton worst hit in Telangana floods (Thehindubusinessline)

Click here

Drop in global cotton prices to benefit textile exporters (Financial Express)

Click here

Goyal calls for private sector's contribution in boosting cotton production (business-standard)

Click here

Rains, falling prices prompt farmers to shift from pulses to soyabean, cotton (The Indian Express)

Click here

Big cotton exporter India likely to turn into net importer soon (Mint)

Click here

Centre extends duty-free cotton imports till October 31

The Centre has extended the window for duty-free imports of cotton by a month, amidst delayed monsoon in some of the growing regions. In a notification issued on Monday, the Centre has extended the deadline to import raw cotton until October 31, 2022, from the earlier deadline of September 30, 2022.

The decision comes as a relief for the textile and yarn industries, who would be able to source cheaper cotton for an extended period of one month.

CLICK HERE FOR MORE INFO!

Falling prices of agricultural commodities to cool food inflation in coming months

Officials said that retail prices of agricultural commodities such as rice, wheat, potato and sugar have witnessed a moderate spike compared to previous year while prices of key pulses – gram and tur and onion – have declined compared to year-ago period. The retail rice prices have witnessed a moderate increase of around 2% in the last one year

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Telangana's spice exports up at $200 million

Telangana, the largest producer of turmeric and the second-largest producer of chilies in India, exported spices worth around $200 million in the 2020-21 financial year, witnessing a CAGR (compound annual growth rate) of 37 per cent over the last five years. "Considering the medicinal value of turmeric and the global preferences of beverages like turmeric latte as immunity boosters, Telangana's turmeric exporters need to stay updated on market developments and innovate their products," Pushkar Mukewar, Chief Executive Officer and Founder of Drip Capital, said.

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India Set On Course to Become World's Fastest-Growing Economy, Says RBI

India's economy has remained resilient in the face of global headwinds and with inflation coming off its recent peak is expected to stay on course to become the world's fastest-growing economy, the Reserve Bank of India said on Saturday.

The recent revival of the southwest monsoon and renewed planting raised expectations that rural demand will soon catch up with urban spending and consolidate a recovery, the RBI said in a bulletin.

CLICK HERE FOR MORE INFO!

Circular/Regulatory Changes*

*Till 15th August

1 Adherence to KYC requirements

Members are required to ensure that the details submitted to the UCC database/system of the Exchange is matching with the documentary proof provided by the client. Members are required to do adequate verification of documents while onboarding clients and updating of details in UCC database/system of the Exchange. As per the account opening requirement, the name & address mentioned on the KYC form, should match with the documentary proof submitted by the client.

CLICK HERE FOR MORE INFO!

2 Segregation and Monitoring of collateral at Client Level and penalty mechanism for Short allocation

This is in continuation to our circular relating to segregation and monitoring of collateral at client level, reporting formats and penalty mechanism. As informed in the Circular, Clearing Members shall ensure that Client Collateral value for a TM Pro/CP/client is at all times greater than or equal to the minimum margin collection requirement for the respective TM Pro/CP/client.

CLICK HERE FOR MORE INFO!

3 Clarifications on Margin collection & reporting

In accordance with the above mentioned circulars and in consultation with SEBI, member shall submit an undertaking to the Exchange on half yearly basis (i.e. April-September and October-March) confirming that penalty levied by clearing corporations on account of "short/non-collection of upfront margins from clients" is not being passed on to respective clients under any circumstances.

CLICK HERE FOR MORE INFO!

Circular/Regulatory Changes*

*Till 15th August

Relaxation in timelines for compliance with regulatory requirements – COVID 19

4

Attention of the members is drawn to SEBI circular no. SEBI/HO/MIRSD/DOP/P/CIR/2021/607 dated July 30, 2021 and Exchange circular no. NCDEX/COMPLIANCE-036/2021 dated July 30, 2021 on the subject "Relaxation in timelines for compliance with regulatory requirements" wherein relaxations were given to Members with respect to certain regulatory submissions/requirements till September 30, 2021 except for the following requirement for which the timeline has been extended till December 31, 2021.

CLICK HERE FOR MORE INFO!

Updates for Implementation of Section 51A of UAPA,1967

5

Attention of Members is drawn to Exchange Circular No. NCDEX/COMPLIANCE-048/2022 dated July 14, 2022 on Updates for Implementation of Section 51A of UAPA, 1967. Further, Securities and Exchange Board of India (SEBI) vide its communication dated August 01, 2022 has shared with the Exchange the following:

- the press release SC/14983 dated July 26, 2022 titled Security Council 1718 Sanctions Committee Amends 44 Entries on Its Sanctions List.

CLICK HERE FOR MORE INFO!

Empanelment of Back Office Vendors

6

Trading Members are currently managing their Back office (BO) functions either by an In-house developed software or by availing services of a BO software vendors. In order to achieve uniformity in the formats in which the books and accounts are maintained by the members and to harmonize the formats under which various data is submitted to Exchange, it has been decided to empanel Backoffice vendors.

CLICK HERE FOR MORE INFO!

Developing Success from Failures

Amravati district in Maharashtra is located the Deccan plateau. 75% of the district as a whole is regarded to be in the Deccan trap, but the remaining 25% is said to be exceptionally productive. Cultivable area is dedicated to food grains, such as wheat, sorghum, chana, tur, jowar, and moong. Although being blessed with good productions farmers are facing problem of marketing their crops,as market knowledge, financing and infrastructure is still inadequate.

Mr Dadarao Kadu, a farmer from the region and ex APMC (Agriculture Produce Market Committee) member, was well aware of the issues and its causes. After leaving APMC, he devoted himself to assisting farmers in his community in adopting better agricultural methods and gaining better facilities and pricing for their produce. Mr Dadarao, along with fellow farmers, created **Krushisagar Farm Cultivators Producer Company Limited (KFCPCL)** in the Amravati district on March 28, 2019.FPO was supported by the Agricultural Technology Management Agency (ATMA).

After Inception most difficult task was to add members and convince them to pay share capital. To address the issue and gain farmers' trust, the FPC's founding members encouraged farmers to join and give only half of the share capital, with the remainder coming from the

Mr. Dadarao, along with fellow farmers, created Krushisagar Farm Cultivators Producer Company Limited (KFCPCL)

company's profit over time. Within two years of the company's inception, the shareholder number reached to 516. In Year 21-22, 138 new members joined out of which 120 were women farmers, taking overall tally of members to 654 and share capital of Rs 7.84 lakh.

The FPC started business by Selling in APMC mandi itself to gain experience in aggregating and selling. It was able to acquire the (National Agricultural Cooperative Marketing Federation of India) NAFED Procurement Centre contract just two months of its founding, which aided in expanding its influence among farmers. In order to learn more about quality standards and get more business, the directors travelled extensively to various collection centres setup by private companies.

(Contd...)

FPC was able to get chana supply contracts with one of these private players, but the transaction cost them money. According to CEO Mr Yogesh S Jhadhav, "Rejections are particularly high in such projects since quality criteria vary from company to company which was tough for FPO to adjust to." However, in order to solve the quality issues, the FPC installed some manual grading machines and purchased equipment such as a moisture meter, among other things.

During the pandemic when everything was in a standstill, one thing that maintained was the virtual knowledge exchange. It was during one of these sessions that the FPC learned about the idea of hedging and price risk management through NCDEX. Mr Dadarao, took feedback from traders and other FPCs on NCDEX platform and made up his mind to explore NCDEX market and FPC joined NCDEX platform in Jan 2021. Following registration, the FPC executed its first trade in chana by locking price at Rs. 5490/qt for 10 MT and delivering the same at May 21expiry earning them a profit of about Rs. 200/qt. After achieving success on its first trade, the FPC placed 10 MT of Chana in the NCDEX delivery centre in Akola once more. However, this time, it was unable to lock-in the price because Chana's futures trading was abruptly suspended in August 2021.In the same season FPC hedged 20MT Soybean for November 21 expiry.

FPC is now presently working on the Chana Seed Plot under the Government Seed Program. They are permitted to release the Chana variety under their FPC's name and sell it to farmers after sampling and testing in the government laboratory.

Guar Gum

Contract Specifications

Commodity: Guar Gum

Ticker Symbol: GUARGUM

Basis: Jodhpur

Delivery Logic: Compulsory Delivery

Quotation: Rs./quintal

Trading and Delivery Unit: 5 MT

Tick Size: Re 1

For more details click on the below link:

https://ncdex.com/products/Guar Seed

GENERAL INTRODUCTION – GUAR GUM

- Guar Gum, extracted from Guar Seed, has become India's most valued agricultural export commodity.
- Guar Gum, extracted from Guar Seed, has become India's most valued agricultural export commodity.
- Rajasthan is the major Guar producing state in India, contributing 70-80% of total production.

USES OF GUAR GUM

- Guar Gum is used as a thickening agent in textile industry and binding in food industry.
- Pharmaceutical, paper, textile and personal care industries are also increasingly using guar gum.
- Also used in hydraulic fracturing, more commonly known as 'fracking', where it is used as a gelling agent in fracturing fluids in oil wells.

SALIENT FEATURES OF GUAR CONTRACTS ON NCDEX PLATFORM

- Very high co-relation to the physical Guar market
- Adequate volume and liquidity
- Widely accepted as benchmark for Guar prices across India and abroad
- Compulsory delivery contract with staggered delivery mechanism

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Pragati ka Solid Exchange

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