



Vision

- A globally competitive national level transparent equal opportunity electronic market for all.

Mission

- Build National spot market in commodities.
- Establish a modern eco-system for spot commodities trading.
- Redefine the value chain in commodities.

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-Spot the future with us



What is an electronic spot market?

A spot market, in its traditional sense, is a place where seller and buyer meet face-to-face and conclude a sale with settlement mostly in cash. The grain & vegetable mandi in your town or village is an example. As you can easily surmise, this kind of arrangement provides both seller and buyer little opportunity to do their trade at the best possible price for obvious reasons. Imagine a situation where, instead of the above scenario, you as the buyer or seller merely express your desire to trade with certain expectations and there is a counter-party meeting these expectations without even meeting you! Unbelievable? Still, using technology, this is exactly what an electronic spot market can do.

What is NCDEX SPOT EXCHANGE?

NCDEX SPOT EXCHANGE Limited (NSPOT) is an electronic market where a farmer or a trader can discover the prices of commodities on a national level and can buy or sell goods immediately to anyone across the country and realise a much better price for his goods. With the knowledge of prices in different parts of the country, he can also decide in which market he wants to sell his goods. All contracts on the Exchange are compulsory delivery contracts.

What difference can NCDEX SPOT make to me?

Efficient Price Determination

- Price is determined by a wider cross-section of people from across the country, unlike the present scenario where price discovery happens only through local participation.

Transparency

- Price discovery is based on a multitude of transactions. This price knowledge is made available to all market participants so that information is uniformly available to all the participants.
- Trade - related information made available to participants.

Healthy Competition

- Participation in large numbers by farmers, traders and processors across the country eliminates the possibility of cartelization and other unhealthy practices.
- Anonymity ensures convergence of different price perceptions.

Best Physical Practices

- System of grading for quality.
- Network of warehouses with assaying facilities.
- Even relatively smaller quantities can be sold.
- Professional handling of the commodity.

Better Value Addition

- Relatively lower transaction cost as compared to value addition.
- Bank finance available against the goods in the warehouse on easier terms improves holding capacity while waiting for better prices.

Alternate Market

- Access to national level market would facilitate direct marketing.
- This would result in better bargaining strength of the farmers.
- Buyers are benefitted through contraction of the value chain.

Holding For Better Price

- As goods are stored in the warehouse, even if you choose not to sell on the platform, the banks would be willing to lend against the commodity on more favorable terms as the credit risk is reduced.

Do we really need a Spot Exchange?

The objective is to enable sellers especially farmers to have prior knowledge of both the spot and futures prices before deciding when and where to sell in order to maximize their incomes.

How can you become a member?

The membership of the Exchange is open to individuals, Partnership firms, Corporate, Co-operative societies and other legal entities. Members can trade on their own behalf or on behalf of clients.

What is the profile of a member?

There shall be following types of memberships:

1. Trading cum Clearing Member (TCM): TCM can trade and clear the trades on their own behalf as well as for their clients. They can also clear the trades of other Trading Members.
2. Trading Member (TM): TM can trade on their own behalf as well as for their clients. But they can clear their trades only through other TCMs.
3. Professional Clearing Member (PCM): PCM can only clear trades of other TM or clients of other TCM. PCM cannot do any trade either on their own behalf or on behalf of others.

What about assurance factor / security – isn't it a risky business?

Risk Management

- NSPOT ensures financial integrity of the trade by adopting comprehensive, unbiased and professional approach to risk management.
- No margins will be collected from the seller if he has deposited the goods in the designated delivery centres of the Exchange before trade.
- Adequate systems are in place to prevent defaults in payment / delivery and to adequately compensate counter party.

How does NCDEX SPOT work?

Trading and Settlement

- NSPOT provides online screen based trading system, which can be accessed across the country through Leased lines.
- The Exchange shall specify the quality, deliverable lots and place of delivery before commencing the trade.
- Seller can also specify the quality which he wants to auction.

Clearing

- NSPOT, in collaboration with National Commodity Clearing Limited (NCCL), a wholly owned subsidiary of NSE, will facilitate clearing and settlement of trades.
- All open trades on the platform of the exchange at the end of the day will result in delivery.

Settlement

- The settlement will be Daily Net Settlement (DNS) and settled normally on T+2 day. Depending on need, other settlement options would be made available. The buyer's account will be debited for the value of the goods bought by him on T+2 day and delivery order will be issued to the buyer on the same day.

What commodities would be sold on the platform?

Every kind of commodity from agricultural to metal to energy to freight to perishables, nearly everything can be sold.

Isn't this the same old Spot-trading model?

It isn't. Consider the following benefits, none of which is available in the current spot market transactions.

- The seller has prior knowledge of the spot and futures prices at his own or at a nearby centre. This provides him with the option of selling his produce at the centre of his choice.
- Since the goods are assayed prior to sale, he knows the grade of his produce and can gauge the true price of his product based on the benchmark grade price and the applicable premium or discount accorded based on the grade.
- The spot platform would offer excellent opportunities for arbitrage against future prices if the goods in the spot market conform to futures quality.

