



Press Release: NCDEX SPOT Exchange Limited

NCDEX Spot (NSPOT) launches Black Pepper Contract

NCDEX Spot Exchange Ltd.(NSPOT) is launching compulsory delivery contract of Black Pepper-Garbled on its electronic platform from Mar 06 2009. The delivery center for the contract would be at Kochi with minimum trading lot of 1 MT. All trades on the exchange are guaranteed by the exchange for delivery and payments. The tick size of the contract will be Rs.1 per quintal. Only one type of order can be place.

Pepper contracts would be traded between 1000 to 2100 hours, Monday through Friday and between 1000 to 1400 hours on Saturdays on NSPOT. Three level circuit filters has been designed for this contract. Once the first level of (+/-) 6 per cent is hit, trading is halted for 15 minutes then the filter is enhanced by (+/-) 3 per cent to create the second level. After resumption, if the second level is hit the trading is again halted for 15 minutes and the filter is enhanced further by another (+/-) 3 per cent to create the third level. Incase the third level is also hit, trading is suspended for the day.

At this moment the contract is aimed at Black Pepper producers of Kerala but later Karnataka will also be included. While the current contract is for Garbled Black pepper. NSPOT would launch a separate contract of un-garbled pepper later. The contract would benefit all spice growing farmers of the region, processors, consumers and exporters; especially those located in vicinity of Kochi- the traditional hub for black pepper since eons.

Black pepper sellers would deposit the assayed commodity in NSPOT pre-notified accredited warehouses before putting sell orders. The buyer would deposit prescribed margin for the relevant type of contract with NSPOT through a member of NSPOT before putting the quotes. The online buy and sell orders would be matched on real time basis by process of time and price priority and get settled. All trades outstanding at the end of the day would result into delivery obligations on settlement day. Thus, only those sellers who own the commodity would only be allowed to sell on the platform thus allowing only serious players.

Mr R Ramasheshan MD & CEO, NCDEX said "NCDEX is very happy with the initiative by NSPOT and is optimistic about the success of the concept. After successful launch of sugar in Maharashtra this move of NSPOT will benefit the farmers of the Kerala immensely."

Thus NCDEX Spot Exchange has created real time, online, transparent and vibrant spot platform for black pepper in India. The contract will allow participants from all over the country to buy black pepper, thereby enabling producers in Kochi to discover best price for their black pepper traded on NSPOT.

More commodities from southern states especially Karnataka and Kerala will be launched on NSPOT platform.

This initiative is widely supported by all the major value chain participants in the region and in the country.

NCDEX Spot exchange would be launching various agricultural and non-agricultural contracts in coming months.

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