

NCDEX offers early pay-in facility to FPOs, reduces cost of hedging Deposits allowed anytime after taking sell position

Mumbai, February 27, 2017: The National Commodity and Derivatives Exchange Ltd. (NCDEX), India's leading commodity exchange has permitted Farmer Producer Organisations (FPOs) to deposit their produce in Exchange approved warehouses, immediately after taking a sell position on the Exchange platform. This facility known as the "Early pay in facility", will help bring down the cost of hedging for farmers, who shall be exempted from all applicable margins, except mark-to-market margins, to the extent of the short open position or the early pay-in position, whichever is less. The quality of the goods deposited in the Exchange approved warehouses will need to conform to contract specifications of the Exchange.

This facility is being offered to FPOs, in order to encourage them to use commodity markets to manage commercial risk in the production, processing and marketing of their products. This facility, available from March 1, 2017, can be availed by the FPOs, at any time after the start of trading in a particular contract, instead of the existing norms, which allow early pay-in after the commencement of the near month period in the contract.

Speaking on the development, **Mr. Samir Shah, MD & CEO, NCDEX** said, "By making market access easier and simpler, more farmers can be encouraged to formal, regulated, cash-less markets. Over 25,000 small and marginal farmers have successfully hedged their crops on NCDEX in the last 10 months through thirteen FPOs. By creating the right mechanisms, more such companies can be persuaded to lock in prices and cover their risks on exchanges."

Members will be required to inform the Exchange details of clients under FPO category to claim the benefit of 'Early pay-in' facility. In case of compulsory delivery and seller's option contracts, delivery to the extent of open position at the expiry of the contract shall be mandatory after claiming early pay-in facility on the position.

To qualify for this, a FPO should be registered as a Producer Company under Section 581(C) of Companies Act, 1956, a Company under Section 8 of Companies Act 2013, Society Registration Act, 1860, Public Trusts registered under Indian Trusts Act, 1882, Multi-State Cooperative Society Act, 2002 or Cooperative Societies Act/ Autonomous or Mutually Aided Cooperative Societies Act of the respective State.

**About NCDEX:**

As India's leading online exchange, NCDEX is where customers repose trust. It offers the widest range of benchmark products across agriculture, metals and precious metals. NCDEX brings buyers and sellers together through its electronic trading platform. With a widely held shareholding, it enjoys the distinction of being the only exchange in the country promoted by national-level institutions. The institutional promoters and shareholders of NCDEX are prominent players in their respective fields and bring with them institutional building experience, trust, nation-wide reach, technology and risk management skills.

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