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Gondal Coriander Arrivals Increase Four Times

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Situated 40 km south of Rajkot in Gujarat, Gondal carries remnants of its glorious past, replete with history and tradition. But in the last 10 months, the once princely state has dramatically transformed into a buzzing hub of the proverbial entrepreneurial spirit. The epicenter of this change lies in the local market yard or mandi, where farmers and traders from miles around have traditionally come to buy and sell spices, oilseeds and pulses.

In September 2014, NCDEX, the largest agricultural commodity exchange, added Gondal to its list of delivery centres for coriander. That status was no small thing. When a town is nominated as the delivery centre, it means that its prevailing mandi price for a commodity will serve as the basis for trading in its futures contract.

The impact of this on the local economy was electric. In coriander, for example, it took away the advantage that was earlier enjoyed by a couple of large players and extended it to smaller farmers and traders too. Earlier, the farmers were forced to travel to Chennai and Bengaluru to sell their produce. The buyers there used to dismiss their coriander as inferior quality, leaving the farmers with little bargaining power. The transportation costs of Rs 40,000 further reduced his earning. Today, the same farmers have a cost effective and safer alternative closer home in the

form of the regulated platform of the exchange.

Rakesh Dhariwal, a trader from Gondal, no longer heads to Kota now. "Trade has grown multifold as Gondal mandi is emerging as the hub for various markets like Junagarh, Morbi, Rajkot, Jamnagar, Keshod. From 12-15 lakh bags, the arrivals at the mandi have surged to 40-45 lakh bags. My own business has multiplied four times in a single year," he said. NCDEX has registered the deposits of 30,466 tonnes of Coriander between 1st March 2015 and 13th July 2015.

Traders that had hitherto stayed away from Gondal due to misapprehensions about losing money are taking heart from the fact that they can hedge their purchases on the exchange and thus minimize risk. "After NCDEX started its delivery center, I took to hedging. I take delivery in spot and sell that on the future platform by delivering in the NCDEX centre. I benefit from the 1.5-2% interest available to me in the process. My turnover has also doubled. The total trade volume was 500 tonnes last year. This year, I have touched 1250 tonnes," said Kushal Bhai, a supplier from Gondal.

Since NCDEX-accredited warehouses only accept coriander of a standard specification, it has encouraged greater quality control and given a fresh lease of life to the stagnant cleaning and sorting industry.

"Instead of the five-six cleaning

machines put to use earlier, now nearly 80 cleaning machines are operational in and around Gondal. I also use exchange platform for hedging and badla trading, which has helped me immensely," said Chandu Bhai.

The most visible physical transformation, however, has been the spurt of investment in warehousing. The NCDEX delivery ecosystem encourages warehouse owners with the opportunity for growth and expansion. With Gondal as delivery center, they now have an incentive to provide better facilities. Warehouses are receiving better rent too. Rates have gone up from Rs. 6-7/sq. ft. to Rs. 9-9.50/sq. ft. real estate prices have shot up as well. The entry of more warehouses has become the catalyst for generating local jobs. Labourers that earlier were forced to migrate are now getting regular work on Sundays too. Daily wages have risen from Rs. 200 per day to Rs. 300 per day.

Gondal is the living proof of the powerful difference that the very presence of a commodity exchange can make to lives of ordinary people, especially those who are disadvantaged by information asymmetry and lack of access to markets. NCDEX delivery centres have become the new zones of rural pragati, marked by a booming physical mandi, standardization in the quality of crops, investment in the warehouse industry, hundreds of new jobs, entry of reliable players willing to do business transparently and most of all, the end to decades of farmer exploitation.

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- Check the contract specifications of coriander traded on NCDEX



- Deposit NCDEX standard coriander in NCDEX approved warehouses in Gondal
List available on www.ncdex.com

- Trade on the NCDEX futures or Forwards segment through a registered member or FPO. Avirat Agro Producer Company Ltd., a FPO in Gujarat is a member on NCDEX Forwards

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