

Parameters for Performance Review of Commodity

Cotton

1. Background

a. Brief about the commodity such as sample picture, lifecycle and various varieties/grade of the commodity found in India

Cotton is a soft fiber that grows around the seeds of the cotton plant (*Gossypium* spp.), a shrub native to the tropical and subtropical regions. The fiber is almost pure cellulose. Cotton fibre separated from seed cotton is referred as Cotton Lint. This Lint is then pressed in the form of full pressed bales with standard weight of 170 kgs. The fiber thus obtained is most often spun into yarn or thread and used to make a soft, breathable textile. Cotton is a natural fibre. Its widespread use is largely due to the ease with which its fibers are spun into yarns. Cotton's strength, absorbency, and capacity to be washed and dyed also make it adaptable to a considerable variety of textile products. Cotton yarns can be dyed and printed easily, so that they are useful for producing woven fabrics with a multitude of colors and designs.



Different species of cotton plants produce fibers of different lengths. Long-staple fibers are spun into fine, strong yarns, which are then woven into better-quality fabrics. Short-staple fibers produce coarser yarns for durable fabrics. India produce large number of varieties and hybrids, number of varieties in cultivation exceeds seventy-five. However, 98% of the production is contributed by about 25 varieties.

Cotton lint is used to make a number of textile products viz. terrycloth, bath towels and robes; denim, used to make blue jeans; twill. Socks, underwear, and most T-shirts are made from cotton. Bed sheets are often made from Cotton. Cotton is also used to make yarn used in crochet and knitting. Fabric can also be made from recycled or recovered cotton that would otherwise be thrown away during the spinning, weaving or cutting process.

Life Cycle: Value Chain of the Commodity	Major Varieties /Grade								
	Major Varieties Bengal Desi, Assam Comilla, V797/G-Cot-13, J-34 Hybrid, LRA 5166, H-4/H6/MECH, Sanker-6/10, Bunny / Brahma, MCU-5 /Surabhi, DCH-32 NCDEX: Important Quality Parameters <table><tr><td>Staple Length</td><td>Basis 29 mm</td></tr><tr><td>Strength</td><td>Basis: Min. 28 G/Tex with no premium above 28 G/Tex</td></tr><tr><td>Micronaire</td><td>3.7 – 4.6</td></tr><tr><td>Colour grade</td><td>Basis Grade RD (Reflectance) value and +b (Yellowness):</td></tr></table>	Staple Length	Basis 29 mm	Strength	Basis: Min. 28 G/Tex with no premium above 28 G/Tex	Micronaire	3.7 – 4.6	Colour grade	Basis Grade RD (Reflectance) value and +b (Yellowness):
Staple Length	Basis 29 mm								
Strength	Basis: Min. 28 G/Tex with no premium above 28 G/Tex								
Micronaire	3.7 – 4.6								
Colour grade	Basis Grade RD (Reflectance) value and +b (Yellowness):								

		Basis 75 RD value (-2RD value) with discount Below 75- upto 74 RD – Discount 1% PRO RATA
	Trash content	Basis 3%
	Moisture	Basis 9%
	Short Fibre Index	Maximum 8.5

Table: Reference Years for Commodities

Sl. No.	A	B	C
Crop Season	Kharif	Kharif (Long Duration Crop)	Rabi
Crops	Bajra, Groundnut, Guar seed, Kapas, Maize, Sesame Seed,	Castor seed and Turmeric	Barley, Coriander, Jeera, Isabgol Seed and Yellow Peas
Relevant Processed commodities	Guar gum, 29 mm Cotton, Cotton seed Oil cake, Cotton Wash Oil and Crude Sunflower Oil	Castor Oil	-
Sowing Time	July onwards	July onwards	October onwards
Harvesting Time	October onwards	January onwards	March onwards
Reference Year			
Financial Year 2025-26 (Apr-Mar)			
Corresponding Years			
Production Year (PY)	2025-26 (July-Sept)	2024-25 (July-June)	2024-25 (July-June)
Marketing Year (MY)	2025-26 (Oct-Sept)	2025-26 (Jan/Feb-Dec/Jan)	2025-26 (Mar/Apr - Feb/Mar)
Calendar Year (CY)	2025 (Jan-Dec)	2025 (Jan-Dec)	2025 (Jan-Dec)
Relationship b/w Various Years	Current Financial Year = Current Production Year = Current Marketing Year = Current Calendar Year	Current Financial Year = Previous Production Year = Current Marketing Year = Current Calendar Year	Current Financial Year = Previous Production Year = Current Marketing Year = Current Calendar Year
Example	FY 2025-26 = PY 2025-26 = MY 2025-26 = CY 2025	FY 2025-26 = PY 2024-25 = MY 2025-26= CY 2025	FY 2025-26 = PY 2024-25 = MY 2025-26= CY 2025

Explanatory Notes:

- India is a vast country and various crops are sown and harvested at different point of time. However, two major crop seasons, are there i.e. Kharif & Rabi. Apart from it, Zaid/Summer season is also there.
- Crop seasons are classified based upon sowing time. Normally Kharif season sowing starts from mid-June/July and new crop arrivals begin from Oct/Nov. However, early/late sowing/harvesting also takes place. Rabi season sowing usually takes place mainly from October/November and harvesting starts from March/April. Early/late sowing/harvesting also takes place. Summer crops/Zaid crops are short duration crops mainly sown during January-March and harvested during April-June.
- “Production Year” is considered as “July to June”. With the start of monsoon rains during June/July the sowing of Kharif season starts and they are harvested during Sept/Oct. From Oct onwards the sowing of Rabi season crops starts and harvesting usually takes place during March/April. Thus, a single production cycle completes between July-Sept period covering Kharif, Rabi and Zaid crops. Thus, production year remains same for all season crops and the period corresponds to July-Sept.
- “Marketing Year” for each crops starts from beginning of the harvest time i.e. from start of new crop produce arrivals in the market. Thus, for Kharif crops Marketing Year is generally considered as “October to September”, while for Rabi crops Marketing Year is considered as “April to March”. However, Marketing Year may vary slightly for some of the crops depending upon early/late maturity/harvesting.
- For processed commodities, their production starts after the start of new season crop arrivals of their underlying crop.

b. Commodity fundamentals and balance sheet as per the following format (to be prepared based on publicly available information on best effort basis):

Table - Fundamentals & Balance sheet (quantity)

(Lakh bales of 170 Kg each)

Global Scenario	Previous FY(2024-25)	Current FY (2025-26) (P)
Beginning Stocks	938.79	948.57
Production	1528.48	1560.85
Imports	551.16	560.29
Total Supply	3018.43	3069.72
Exports	543.02	559.99
Domestic Consumption	1523.25	1518.63
Total Demand	2072.72	2085.80
Ending Stocks	948.57	986.70

Source: USDA (April 2026); P= Provisional

(Lakh bales of 170 Kg each)

Indian Scenario	Previous FY (2024-25) (P)	Current FY (2025-26) (P)
Beginning Stocks	47.47	45.50
Production	297.24	290.91
Imports	41.40	47.00
Total Supply	386.11	383.41
Exports	18.07	12.00
Domestic Consumption	322.54	328.00
Total Demand	340.61	340.00
Ending Stocks	45.50	43.41

Source: Meeting of Committee on Cotton Production and Consumption (COCPC) held on Apr 16, 2026

P= Provisional

(Lakh bales of 170 Kg each)

Rank	Top 10 Major Producing Countries			Top 10 Major Consuming Countries		
	Country	Previous FY (2024- 25)	Current FY (2025- 26) (P)	Country	Previous FY (2024- 25)	Current FY (2025-26) (P)
1	China	409.83	458.50	China	499.48	505.89
2	India	307.38	304.81	India	320.18	320.18
3	Brazil	217.72	249.74	Pakistan	138.32	135.76
4	United States	184.59	178.25	Bangladesh	105.02	102.46
5	Pakistan	64.04	67.88	Vietnam	102.46	102.46
6	Australia	71.72	57.63	Turkey	90.93	87.09
7	Turkey	50.59	39.11	Brazil	43.43	43.54
8	Uzbekistan	38.42	32.66	Uzbekistan	38.42	38.42
9	Argentina	18.31	15.11	Indonesia	24.97	24.33
10	Benin	15.37	14.73	United States	21.77	20.49
	Others	150.50	142.42	Others	138.25	138.00
	World Total	1528.48	1560.85	World Total	1523.25	1518.63

Source: USDA (April 2026); P= Provisional

(Lakh bales of 170 Kg each)

Rank	Top 10 Major Exporting Countries			Top 10 Major Importing Countries		
	Country	Previous FY (2024- 25)	Current FY (2025- 26) (P)	Country	Previous FY (2023- 24)	Current FY (2024-25) (P)
1	Brazil	166.76	185.71	Vietnam	102.19	99.90
2	United States	152.41	153.69	Bangladesh	103.10	98.62
3	Australia	66.76	73.00	China	66.41	76.84
4	India	16.97	15.37	Pakistan	78.12	66.60
5	Benin	14.73	14.73	Turkey	57.11	57.63
6	Turkey	18.35	11.53	India	38.95	53.79
7	Mali	15.62	11.53	Indonesia	25.33	24.33
8	Greece	13.74	11.53	Egypt	12.81	14.09

9	Burkina Faso	6.72	7.68	Malaysia	9.41	8.97
10	Cote d'Ivoire	6.99	7.04	Mexico	7.68	8.32
	Others	63.95	68.19	Others	50.05	51.20
	World Total	543.02	559.99	World Total	551.16	560.29

Source: USDA (April 2026); P= Provisional

Countries are arranged in descending order based on the figure in Current FY (2025-26)

Please refer to Table entitled "Reference Years for Commodities" to know type of years corresponding to financial year.

(Lakh bales of 170 Kg

each)

Top 10 Major Cotton producing states in India			
Rank	State	Previous FY (2024-25)	Current FY (2025-26) (P)
1	Maharashtra	73.73	78.91
2	Gujarat	71.57	66.08
3	Telangana	57.89	60.84
4	Karnataka	22.73	21.50
5	Rajasthan	17.86	17.94
8	Andhra Pradesh	11.31	12.11
6	Madhya Pradesh	15.35	10.16
7	Haryana	11.77	9.75
9	Orissa	8.23	8.49
10	Punjab	4.14	3.46
	Others	2.66	1.67
	All India Level	297.24	290.91

Source: As estimated by Committee on Cotton Production and Consumption (COCP) in its meeting on Apr 16, 2026, P= Provisional.

States are arranged in descending order based on the figure in Current FY 2025-26.

c. Major changes in the policies governing trade in the spot markets of the commodity

Date	Major Policies governing trade and related changes
28-May-2025	Long Staple Cotton- MSP is fixed at Rs 8,110 per Quintal for Marketing Season 2025-26 – an increase of 8% y-o-y. Medium Staple Cotton- MSP is fixed at Rs 7,710 per Quintal for Marketing Season 2025-26 – an increase of 8% y-o-y.
01-Jan-2026	India's duty-free window for cotton imports ended on December 31, 2025, and since no extension notification has been issued, the 11% import duty is applicable from January 1, 2026 until further orders.
07-Feb-2026	India's Budget 2026–27 has shifted extra-long staple (ELS) cotton to the First Schedule, bringing customs duty to zero. This should lower input costs for premium yarn/fabric producers and improve the global competitiveness of India's high-value textile and apparel exports. As ELS cotton (typically 33 mm+ fibre length) is a key raw material for fine counts and high-end garments.

Date	Major Policies governing trade and related changes
21-Feb-2026	The US President Donald Trump announced that the US would impose global tariffs of 15% - a temporary solution under Section 122 of the 1974 Trade Act. In case of Indian Textile sector, this new tariff would be applied on top of the existing Most Favoured Nation (MFN) duty raising the effective total tariff to approximately 30%. As per Indian Textile industry experts, the tariff move is not large enough to trigger aggressive front-loading of shipments as this applies across competing nations such as Bangladesh, Vietnam and Indonesia, creating a temporary level playing field.
24-Mar-2026	India has restored full RoDTEP benefits for all eligible export products from February 23 to March 31, 2026, reversing the earlier 50% cut. The move is aimed at helping exporters manage higher freight, insurance, and war-related trade disruption in the Gulf and West Asia routes. This is especially supportive for textile and apparel exporters, where margins are already thin.

d. Geo political issues in the commodity and its impact on Indian scenario.

Date	Event	Key Details	Key Implications/Impact
17-Apr-25	Escalation of US–China Trade Tensions	Higher tariffs and trade friction reduced China's imports of US cotton, diverting US cotton to alternative markets, including India	• Increased availability of US cotton (especially ELS) in India
			• Rise in cotton imports amid lower domestic production
			• Eased raw material pressure for Indian spinning mills
13-Jun-25	Iran–Israel War Drives Oil Price Spike	Escalation of the Iran–Israel war pushed global crude oil prices higher, raising concerns for trade and inflation in India.	Transportation and processing costs increased. Cotton ginning and textile margins were affected.
29-Nov-25	Renewed US Tariffs on Select Trading Partners	Periodic tariff actions and trade uncertainty increased volatility in global cotton and textile trade	• Cotton price volatility impacted farmer realizations
			• Mills followed cautious procurement strategies
28-Feb-26	Middle East Conflict & Strait of Hormuz Risk	US and Israel carried out joint military actions against Iran. Maritime traffic in the Red Sea and Strait of Hormuz was affected, which are major shipping corridors crucial for India's textile exports to Europe and Gulf markets.	• Freight cost escalation reduced export margins • Slower deliveries to key markets like the EU and Middle East

2. Trading-related parameter

a. Monthly and Annual traded volume (quantity in appropriate units)

Monthly Traded Volume		
Month	Year	Traded Volume (MT)
April	2025	-
May	2025	-
June	2025	-
July	2025	-
August	2025	-
September	2025	-
October	2025	-
November	2025	-
December	2025	-
January	2026	-
February	2026	-
March	2026	-
Yearly Traded Volume		-

b. Annual traded volume as proportion of total deliverable supply (quantity in appropriate units)

Traded volume (MT)	Deliverable supply(MT)	Proportion
-	33,791,000	-

c. Annual traded volume as proportion of total annual production (quantity in appropriate units)

Traded volume (MT)	Production(MT)	Proportion
-	29,091,000	-

d. Annual average Open interest as proportion of total production

Avg Open Int (MT)	Production(MT)	Proportion
-	29,091,000	-

e. Annual average Open interest as proportion of total deliverable supply

Avg Open Int (MT)	Deliverable supply(MT)	Proportion
-	33,791,000	-

f. Monthly and Annual value of trade (in Rs. Crores)

Monthly Traded Value		
Month	Year	Traded Value(in Cr.)
April	2025	-
May	2025	-
June	2025	-
July	2025	-
August	2025	-
September	2025	-
October	2025	-
November	2025	-
December	2025	-
January	2026	-
February	2026	-
March	2026	-
Yearly Value of Trade		-

g. Monthly and Annual quantity of delivery (in appropriate units)

Monthly Traded Value		
Month	Year	Traded Delivery (MT)
April	2025	-
May	2025	-
June	2025	-
July	2025	-
August	2025	-
September	2025	-
October	2025	-
November	2025	-
December	2025	-
January	2026	-
February	2026	-

March	2026	-
Yearly Quantity of Delivery		-

h. Monthly and Annual value of delivery (in Rs. Crores)

Monthly Traded Value		
Month	Year	Traded Value (in Cr.)
April	2025	-
May	2025	-
June	2025	-
July	2025	-
August	2025	-
September	2025	-
October	2025	-
November	2025	-
December	2025	-
January	2026	-
February	2026	-
March	2026	-
Yearly Value of Delivery		-

i. Monthly and Annual Average Open Interest (OI) (in appropriate units)

Month	Year	Avg Open Int (MT)
April	2025	-
May	2025	-
June	2025	-
July	2025	-
August	2025	-
September	2025	-
October	2025	-
November	2025	-

December	2025	-
January	2026	-
February	2026	-
March	2026	-
Yearly Average OI		-

j. Annual average volume to open interest ratio

Volume to OI Ratio
0.00%

k. Total number of unique members and clients who have traded during the financial year

Member Count	Client Count
-	-

l. Ratio of open interest by FPOs/farmers/Hedge/VCP positions to total open interest (Annual average as well as maximum daily value)

	VCPs/ Hedger
Annual Average	-
Maximum Daily value*	-

**It is calculated on the day when commodity has highest open interest during the year.
Commodity wise client categorization is as per category details as provided by the members.*

m. Number of unique FPOs / farmers and VCPs/hedgers who traded in the financial year

Commodity	Count
COTTON	-

Commodity wise client categorization is as per category details as provided by the members.

n. Algorithmic trading as percentage of total trading

Commodity	%
COTTON	-

o. Delivery defaults

NIL

3. Price Movements

a. Correlation between exchange futures & domestic spot prices along with ratio of standard deviation

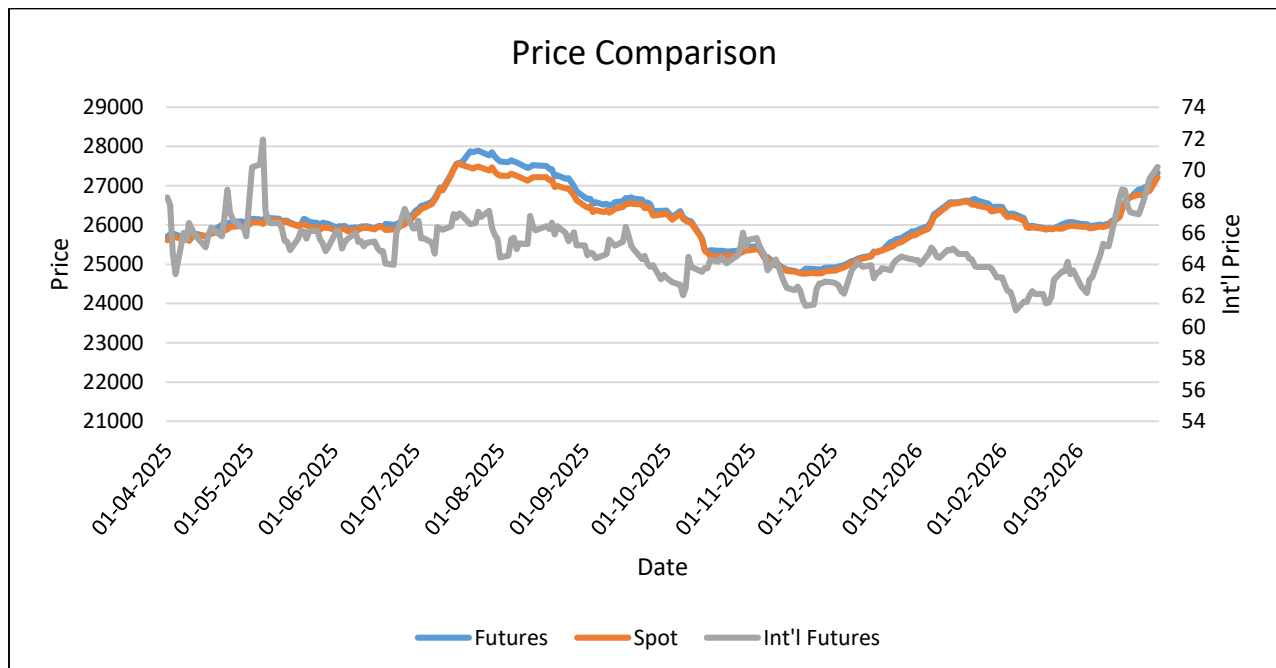
Standard Deviation			
	<i>Futures</i>	<i>Spot</i>	<i>Int'l Futures</i>
<i>Futures</i>	1	0.948316	3.755480269
<i>Spot</i>	1.054501	1	3.960158158
<i>Int'l Futures</i>	0.266278	0.252515	1

Correlation			
	<i>Futures</i>	<i>Spot</i>	<i>Int'l Futures</i>
<i>Futures</i>	1		
<i>Spot</i>	0.88211	1	
<i>Int'l Futures</i>	0.04889	0.06135	1

b. Correlation between international futures & international spot prices along with ratio of standard deviation (wherever relevant comparable are available).

International Spot prices not readily available in public domain.

c. Comparison of Exchange polled price and mandi price (in case of agricultural commodities) / other relevant price (in case non-agricultural commodities) at basis Centre.



d. Maximum & Minimum value of daily futures price volatility and spot price volatility along with disclosure of methodology adopted for computing the volatility.

Spot Price Volatility		
	Month	Value
Max	Oct	0.004253
Min	Dec	0.001539

Future Price Volatility		
Volatility	Month	Value
Max	Oct	0.004428
Min	Dec	0.0016

(Value of daily futures price volatility spot price volatility for period April 2025- March 2026)

e. Number of times the futures contract was in backwardation/ contango by more than 4% for the near month contract in the period under review

Contango	0
Backwardation	0

Note: 29mm cotton not liquid during in FY 2025-26

4. Others parameters

a. Qualitative and quantitative measure for Hedge effectiveness ratio (Methodology in Annexure I) and basis Risk (Volatility of Basis) along with disclosure of methodology adopted for such calculations. (Volatility calculated by Square root of Standard Deviation of daily returns for the period from 01 April 2025 to 31 March 2026)

Basis Volatility	31.778
Hedging Efficiency	68.97%

b. Details about major physical markets of the commodity vis-à-vis market reach in terms of availability of delivery centers (information to be provided state-wise and UT-wise).

State	Major Trading Centre	Exchange Delivery Centre
Gujarat	Kadi	ADC
	Rajkot	Basis Centre
	Surendranagar	NA
	Viramgam	
	Vijapur	
	Halvad	
	Dhrangadhra	
	Wakaner	
	Tankara	
	Morbi	
	Taragadhi	
	Padadhari	
	Shapar	
	Hadamtala	
	Gondal	
	Jasdan	
	Amreli	
	Bhavnagar	
	Botad	
	Himmatnagar	
Telangana / Andhra Pradesh	Hyderabad	NA
	Adilabad	
	Warrangal	
Maharashtra	Aurangabad	ADC
	Akola	NA
	Yavatmal	
	Jalgaon	
	Beed	
	Parbhani	
	Nanded	
	Jalna	
	Amravati	

	Murtizapur	
	Akot	
	Khamgaon	
	Hinganghat	
	Dhule	
Madhya Pradesh	Indore	NA
	Khargone	
Punjab and Hariyana	Abohar	NA
	Malaout	
	Bathinda	
	Ludhiana	
	Hisar	
	Sirsa	
Rajasthan	Sri Ganganagar	NA
	Bhilwara	
	Hanumangarh	
	Suratgarh	
	Jaipur	
Tamilnadu	Erode	NA
	Salem	
Karnataka	Bijapur	NA

c. Details about major physical markets of the commodity and average Open Interest for each month generated from those regions.

NA

d. Details, such as number and target audience, of stakeholders' awareness programs carried out by the exchange in the FY 2025-26.

Sr. No.	Program Type	Location	No. of Participants
1.	IEP	Mumbai	20
2.	IEP	Noida	31
3.	IEP	Delhi	31
4.	IEP	Hingoli	50
5.	IEP	Buldhana	52
6.	IEP	Roorkee	35
7.	IEP	Karanja Lad	48
8.	IEP	Noida	42
9.	IEP	Hisar	55
10.	IEP	Delhi	45
11.	IEP	Delhi	42
12.	IEP	Ghaziabad	34
13.	IEP	Ghaziabad	36
14.	IEP	Ambala	48

15.	IEP	Chandigarh	60
16.	IEP	Noida	36
17.	IEP	Noida	30
18.	IEP	Aligarh	45
19.	IEP	Agra	100
20.	IEP	Amravati	65
21.	IEP	Delhi	43
22.	IEP	Ghaziabad	53
23.	IEP	Mumbai	65
24.	IEP	Delhi	41
25.	IEP	Ghaziabad	42
26.	IEP	Agra	50
27.	IEP	Andheri	45
28.	IEP	Noida	35
29.	IEP	Mussoorie	50
30.	IEP	Devgad (Ahilyanagar)	130
31.	IEP	Noida	35
32.	IEP	Yamunanagar	45
33.	IEP	Ghaziabad	39
34.	IEP	Noida	37
35.	IEP	Karnal	32
36.	IEP	Ghaziabad	36
37.	IEP	Ludhiana	61
38.	IEP	Noida	40
39.	IEP	Visakhapatnam	55
40.	IEP	Rajkot	19
41.	IEP	Ghaziabad	37
42.	IEP	Noida	36
43.	IEP	Ghaziabad	39
44.	IEP	Ghaziabad	40
45.	IEP	Varanasi	250
46.	IEP	Basmat	320
47.	IEP	Delhi	39
48.	IEP	Delhi	36
49.	IEP	Kamargoan	53
50.	IEP	Kaushambi	48
51.	IEP	Prayagraj	40
52.	IEP	Indore	69
53.	IEP	Yamunanagar	35
54.	IEP	Jalgoan	95
55.	IEP	Akola	55
56.	IEP	Ludhiana	35
57.	IEP	Rahuri	85

58.	IEP	Nagpur	57
59.	IEP	Delhi	53
60.	IEP	Aurangabad	32
61.	IEP	Bhadgoan	52
62.	IEP	Lucknow	55
63.	IEP	Gorakhpur	35
64.	IEP	Bhusaval, Jalgoan	32
65.	IEP	Belagaum	69
66.	IEP	Manglore	50
67.	IEP	Banglore	69
68.	IEP	Bhilai	53
69.	IEP	Hyderabad	73
70.	IEP	Online	32
71.	IEP	Latur	34
72.	IEP	Pune	27
73.	IEP	Mumbai	41
74.	IEP	Ahmedabad	136
75.	IEP	Ahmedabad	90
76.	IEP	Ahmedabad	107
77.	IEP	Jamshedpur	100
78.	IEP	Dehradun	100
79.	IEP	Chandigarh	400
80.	IEP	Sambhaji Nagar	750
81.	IEP	Webinar	40
82.	IEP	Webinar	31
83.	IEP	Webinar	40
84.	IEP	Webinar	29
85.	IEP	Webinar	38
86.	IEP	Webinar	38
87.	IEP	Webinar	35
88.	IEP	Webinar	41
89.	IEP	Webinar	40
90.	IEP	Webinar	38
91.	IEP	Webinar	39
92.	IEP	Webinar	55
93.	IEP	Webinar	100
94.	IEP	Webinar	70
95.	IEP	Webinar	45
96.	IEP	Webinar	40
97.	IEP	Webinar	32
98.	IEP	Webinar	62
99.	IEP	Webinar	36
100.	IEP	Webinar	39

101.	IEP	Webinar	39
102.	IEP	Webinar	35
103.	IEP	Webinar	32
104.	IEP	Greater Noida	40
105.	IEP	Ghaziabad	31
106.	IEP	Greater Noida	40
107.	IEP	Greater Noida	40
108.	IEP	Agra	30
109.	IEP	Agra	30
110.	IEP	Hathras	40
111.	IEP	Moradabad	60
112.	IEP	Moradabad	61

e. Steps taken / to be undertaken to improve hedging effectiveness of the contracts as well as to improve the performance of illiquid contracts.

- Creating an awareness about the Hedge policy to bona fide hedger
- Online webinar conducted to increase hedging participation from the value chain participants.
- One to one meetings with market participants create awareness about new development / new initiatives at exchange level.

5. Any other information to be disclosed as deemed important by the exchange or as suggested by the PAC is missing

N.A

ANNEXURE I

Qualitative and quantitative measure for Hedge effectiveness ratio

Hedging Efficiency Methodology

Regression analysis is carried out between near month futures returns and NCDEX polled spot prices returns of the FY2025-26.

The R-Square value of the Regression analysis represents the “Hedging Efficiency”.

Note: -

Date for which spot prices were not available is not used for analysis.

Weekly returns are used for performing Regression Analysis.

The method used to calculate Hedging Efficiency does not consider liquidity risk because of this reason illiquid commodities can have high hedging efficiency.

References:

Ghosh, Ph.D, Nilanjan & Dey, Debojyoti & Moulvi, Nazir & Jain, Niteen & Sinha, Neha & Rachuri, Sarika. (2013). Hedging Efficiency—Measures and Empirical Study.