
NATIONAL COMMODITY & DERIVATIVES EXCHANGE LIMITED

Circular to all trading and clearing members of the Exchange

Circular No : NCDEX/TRADING-054/2018/208

Date : August 23, 2018

Subject : Modifications in Contract Specifications of Turmeric (TMCFGRNZM)

Trading and Clearing Members are requested to note that the Exchange, as per its Circular No. NCDEX/TRADING-96/2016/232 dated September 22, 2016, has modified the contract specifications of Turmeric (TMCFGRNZM) expiring in the month of April 2019 and thereafter. The contract expiring in the month of April 2019 will be available for trading with effect from **September 03, 2018**. Contracts for further expiries will be launched as per the enclosed contract launch calendar.

The running futures contracts and contracts to be launched further shall be additionally governed by the Product Note as is notified on the Exchange Website under the Tab – “Products”. Members and Participants are requested to kindly go through the same and get acquainted with the product launched and its trading and related process put in place by the Exchange.

Currently, Turmeric (TMCFGRNZM) futures contracts expiring in the months of September 2018, October 2018, November 2018, and December 2018 are available for trading and would continue to be traded as per existing contract specifications.

Summary of modifications in contract specifications for Turmeric (TMCFGRNZM) futures contracts expiring in the months of April 2019 and thereafter is given in Annexure I. Existing contract specifications applicable for Turmeric (TMCFGRNZM) futures contracts is given in Annexure II. Modified contract specifications applicable for Turmeric (TMCFGRNZM) futures contracts expiring in the month of April 2019 and thereafter is given in Annexure III. Premium/discount for grade and location difference for contract expiring in the month of April 2019 is given in Annexure IV.

The contracts and the transactions therein will be subject to Rules, Bye Laws and Regulations of the Exchange and circulars issued by the Exchange as well as directives, if any, issued from time to time by SEBI. It is clarified that it is the sole obligation and responsibility of the Members and market participants to ensure that apart from the approved quality standards stipulated by the Exchange, the commodity deposited / traded / delivered through the approved warehouse of the Exchange either on their own or on behalf of them by any third party acting on behalf of the Market Participants/Constituents is in due compliance with the applicable regulations laid down by authorities like Food Safety Standard Authority of India, AGMARK, BIS, Warehousing Development and Regulatory Authority (WDRA) , Orders under Packaging and Labelling etc., as also other State/Central laws and authorities issuing such regulations in this behalf from time to time, including but not limited to compliance of provisions and rates relating to GST, APMC Tax, Mandi Tax, LBT, stamp duty, etc. as applicable from time to time on the underlying commodity of any contract offered for deposit / trading / delivery and the Exchange shall not be responsible or liable on account of any noncompliance thereof.

For and on behalf of
National Commodity & Derivatives Exchange Limited

Kapil Dev
Executive Vice President –Business

Encl : Annexures

For further information / clarifications, please contact

1. Ms Bhupalini Kodati on Mobile Phone (+91) 9885633926
2. Mr. Jitendra Singh on Mobile Phone (+91) 9001096465
3. Customer Service Group on toll free number: 1800 26 62339
4. Customer Service Group by e-mail to : askus@ncdex.com

Annexure 1: Summary of modifications in contract specifications for Turmeric (TMCFGRNZM) futures contracts

Sr. No	Parameter	Existing Contract Specification	Modified Contract Specification	Rationale
1	Additional Delivery center (ADC)	Sangli, Erode, Basmat, and Warangal (up to the radius of 50 Km from the municipal limits) with location wise premium/discount as announced by the Exchange.	Sangli, Erode and Basmat (up to the radius of 50 Km from the municipal limits) with location wise premium/discount as announced by the Exchange	Exchange is discontinuing Warangal as an ADC on account of not having significant deposits
2	Quality Specifications	<p>Unpolished turmeric fingers with the following specifications as the basis</p> <p>Unpolished turmeric fingers</p> <ul style="list-style-type: none"> • Inferior quality Turmeric* should not be more than 2.25% • Length <ul style="list-style-type: none"> o Fingers that are broken/those less than 15mm should not be more than 3.0% o At least 75% of turmeric should be more than 3 cm in length • Damage due to moisture (i.e. Lokhandi) or over boiling (i.e. Kadh) should not be more than 1.2% • Unboiled or less boiled turmeric should not be more than 0.3% • Bhusa, chaff dirt, earth clods and stones should not be more than 0.75% • Bulbs should not be more than 3% • Moisture: 12% max • Turmeric should be free from fungus • Turmeric should not be artificially colored with 	<p>Unpolished turmeric fingers with the following specifications as the basis</p> <p>Unpolished turmeric fingers</p> <ul style="list-style-type: none"> • Inferior quality Turmeric* should not be more than 2.25% • Length <ul style="list-style-type: none"> o Fingers that are broken/those less than 15mm should not be more than 3.0% o Fingers less than or equal to 3 cm in length should not be more than 15% • Damage due to moisture (i.e. Lokhandi) or over boiling (i.e. Kadh) should not be more than 1.2% • Unboiled or less boiled turmeric should not be more than 0.3% • Bhusa, chaff dirt, earth clods and stones should not be more than 0.75% • Bulbs should not be more than 3% • Moisture: 12% max • Turmeric should be free from fungus • Turmeric should not be 	As per the discussion with market participants, these specifications are changed to keep the contract in-line with the physical market practices.

		dyes or chemicals * Chora/atthu finger, khota gatha, markha	artificially colored with dyes or chemicals * Chora/atthu finger, khota gatha, markha	
3	Also Deliverable	<p>The following qualities will be acceptable at Exchange specified premium/discount</p> <ul style="list-style-type: none"> • Only farmer polished fingers will be acceptable in case of Rajapore, Desi Cuddapah, Erode and Salem (Erode) & Salem (Basmat) qualities • Farmer polished fingers/unpolished fingers will be acceptable in the case of Warangal qualities • Farmer Polished/Unpolished fingers shall be acceptable in case of Nizamabad. 	<p>The following qualities will be acceptable at Exchange specified premium/discount</p> <ul style="list-style-type: none"> • Only farmer polished fingers will be acceptable in case of Rajapore, Desi Cuddapah, Erode and Salem (Erode) & Salem (Basmat) qualities • Farmer Polished/Unpolished fingers shall be acceptable in case of Nizamabad. 	As per the discussion with market participants, these specifications are changed to keep the contract in-line with the physical market practices.

Annexure II:

Existing Contract Specifications of Turmeric (TMCFGRNZM) futures contract

(Applicable for all contracts expiring in the months of September 2018, October 2018, November 2018, and December 2018)

Type of Contract	Futures Contract
Name of commodity	Turmeric
Ticker symbol	TMCFGRNZM
Trading system	NCDEX Trading System
Basis	Unpolished turmeric fingers Nizamabad quality ex warehouse Nizamabad exclusive of GST
Unit of trading	5 MT
Delivery unit	5 MT
Maximum order size	250 MT
Quotation/ Base value	Rs. Per Quintal
Tick size	Rs. 2
Quality specification	<p>Unpolished turmeric fingers with the following specifications as the basis</p> <p>Unpolished turmeric fingers</p> <ul style="list-style-type: none"> Inferior quality Turmeric* should not be more than 2.25% Length <ul style="list-style-type: none"> Fingers that are broken/those less than 15mm should not be more than 3.0% At least 75% of turmeric should be more than 3 cm in length Damage due to moisture (i.e. Lokhandi) or over boiling (i.e. Kadh) should not be more than 1.2% Unboiled or less boiled turmeric should not be more than 0.3% Bhusa, chaff dirt, earth clods and stones should not be more than 0.75% Bulbs should not be more than 3% Moisture: 12% max Turmeric should be free from fungus Turmeric should not be artificially colored with dyes or chemicals <p>* Chora/atthu finger, khota gatha, markha</p>
Also Deliverable	<p>The following qualities will be acceptable at Exchange specified premium/discount</p> <ul style="list-style-type: none"> Only farmer polished fingers will be acceptable in case of Raja pore, Desi Cuddapah, Erode and Salem (Erode) & Salem (Basmat) qualities

	<ul style="list-style-type: none"> Farmer polished fingers/unpolished fingers will be acceptable in the case of Warangal qualities Farmer Polished/Unpolished fingers shall be acceptable in case of Nizamabad.
Quantity variation	+/- 2%
Delivery center	Nizamabad (up to the radius of 50 Km from the municipal limits)
Additional delivery centers	Sangli, Erode, Basmat, and Warangal (up to the radius of 50 Km from the municipal limits) with location wise premium/discount as announced by the Exchange
Hours of Trading	<p>As notified by the Exchange from time to time, currently:</p> <p>Mondays through Fridays: 10:00 a. m. to 5:00 p.m.</p> <p>The Exchange may vary the above timing with due notice</p>
Delivery Logic	Compulsory delivery
Opening of contracts	Trading in any contract month will open on the 1 st day of the month. If 1 st happens to be a non-trading day, contracts would open on the next trading day
Tender Period	<p>Tender Date –T</p> <p>Tender Period: The tender period shall start on 11th of every month in which the contract is due to expire. In case 11th happens to be a Saturday, a Sunday or a holiday at the Exchange, the tender period would start from the next working day.</p> <p>Pay-in and Pay-out:</p> <p>On a T+2 basis. If the tender date is T, then pay-in and pay-out would happen on T+2 day (excluding Saturday). If such a T+2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, clearing banks or any of the service providers, pay-in and pay-out would be effected on the next working day.</p>
Closing of contract	<p>Clearing and settlement of contracts will commence with the commencement of Tender Period by compulsory delivery of each open position tendered by the seller on T+2 to the corresponding buyer matched by the process put in place by the Exchange.</p> <p>Upon the expiry of the contract all the outstanding open position shall result in compulsory delivery.</p>
Due date/Expiry date	<p>Expiry date of the contract:</p> <p>20th day of the delivery month. If 20th happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange, which is other than a Saturday.</p> <p>The settlement of contract would be by a staggered system of Pay-in and Pay-out including the Last Pay- in and Pay-out which would be the Final Settlement of the contract.</p>

Delivery Specification	<p>Upon expiry of the contracts all the outstanding open positions shall result in compulsory delivery.</p> <p>During the Tender period, if any delivery is tendered by seller, the corresponding buyer having open position and matched as per process put in place by the Exchange, shall be bound to settle by taking delivery on T+2 day from the delivery centre where the seller has delivered same.</p> <p>The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/CLEARING-020/2016/247 dated September 28, 2016.</p>
No. of active contracts	As per launch calendar
Daily Price Limit (DPL)	<p>Daily price limit is (+/-) 2%. Once the 2% limit is reached, then after a period of 15 minutes this limit shall be increased further by 2%. The trading shall be permitted during the 15 minutes period within the 2% limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.</p> <p>The DPL on the launch (first) day of new contract shall be as per the circular no. NCDEX/RISK-034/2016/209 dated September 08, 2016.</p>
Position limits	<p>Member-wise: 50,000 MT or 15% of market wide open interest in the commodity, whichever is higher</p> <p>Client-wise: 5,000 MT</p> <p>Bona fide hedger clients may seek exemption as per approved Hedge Policy of the Exchange notified vide Circular No. NCDEX/CLEARING-019/2016/246 dated September 28, 2016.</p> <p>For near month contracts</p> <p>The following limits would be applicable from 1st of every month in which the contract is due to expire. If 1st happens to be a non-trading day, the near month limits would start from the next trading day.</p> <p>Member-wise: 12,500 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher.</p> <p>Client-wise: 1,250 MT</p>
Special margins	<p>In case of unidirectional price movement/ increased volatility, an additional/ special margin at such other percentage, as deemed fit by the Regulator/Exchange, may be imposed on the buy and the sell side or on either of the buy or sell sides in respect of all outstanding positions. Reduction/ removal of such additional/ special margins shall be at the discretion of the Regulator/Exchange.</p>

Final Settlement Price	FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., E0 (expiry day), E-1 and E-2. In the event the spot price for any one or both of E- 1 and E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:					
	Scenario	Polled spot price availability on				FSP shall be simple average of last polled spot prices on:
		E0	E-1	E-2	E-3	
	1	Yes	Yes	Yes	Yes/No	E0, E-1, E-2
	2	Yes	Yes	No	Yes	E0, E-1, E-3
	3	Yes	No	Yes	Yes	E0, E-2, E-3
	4	Yes	No	No	Yes	E0, E-3
	5	Yes	Yes	No	No	E0, E-1
	6	Yes	No	Yes	No	E0, E-2
	7	Yes	No	No	No	E0
Minimum Initial margin	4%					

Tolerance limit for outbound deliveries of Turmeric

Specification	Basis	Tolerance Limit
Inferior quality Turmeric (Chora/atthu finger, khota gatha, markha)	Upto 2.25%	+/- 0.3%
Length	At least 75% of turmeric should be more than 3 cm in length	+/- 3%
Damage due to moisture (i.e. Lokhandi) or over boiling (i.e. Kadh)	Upto 1.2%	+/- 0.2%
Bhusa, chaff dirt, earth clods and stones	Upto 0.75%	+/- 0.25%
Bulbs	Upto 3%	+/- 0.5%
Upper limit on the total of all tolerances		+/- 3.6%

Launch Calendar:

Contract Launch Month	Contract Expiry Month
May 2018	September 2018
June 2018	October 2018
July 2018	November 2018
August 2018	December 2018

Annexure III:
Modified Contract Specifications of Turmeric (TMCFGNRM) Futures Contract

(Applicable for contract expiring in the month of April 2019 and thereafter)

Type of Contract	Futures Contract
Name of commodity	Turmeric
Ticker symbol	TMCFGNRM
Trading system	NCDEX Trading System
Basis	Unpolished turmeric fingers Nizamabad quality ex warehouse Nizamabad exclusive of GST
Unit of trading	5 MT
Delivery unit	5 MT
Maximum order size	250 MT
Quotation/ Base value	Rs. Per Quintal
Tick size	Rs. 2
Quality specification	<p>Unpolished turmeric fingers with the following specifications as the basis</p> <p>Unpolished turmeric fingers</p> <ul style="list-style-type: none"> Inferior quality Turmeric* should not be more than 2.25% Length <ul style="list-style-type: none"> Fingers that are broken/those less than 15mm should not be more than 3.0% Fingers less than or equal to 3 cm in length should not be more than 15% Damage due to moisture (i.e. Lokhandi) or over boiling (i.e. Kadh) should not be more than 1.2% Unboiled or less boiled turmeric should not be more than 0.3% Bhusa, chaff dirt, earth clods and stones should not be more than 0.75% Bulbs should not be more than 3% Moisture: 12% max Turmeric should be free from fungus Turmeric should not be artificially colored with dyes or chemicals <p>* Chora/atthu finger, khota gatha, markha</p>
Also Deliverable	<p>The following qualities will be acceptable at Exchange specified premium/discount</p> <ul style="list-style-type: none"> Only farmer polished fingers will be acceptable in case of Raja pore, Desi Cuddapah, Erode and Salem (Erode) & Salem (Basmat) qualities Farmer Polished/Unpolished fingers shall be acceptable in case of Nizamabad.

Quantity variation	+/- 2%
Delivery center	Nizamabad (up to the radius of 50 Km from the municipal limits)
Additional delivery centers	Sangli, Erode and Basmat (up to the radius of 50 Km from the municipal limits) with location wise premium/discount as announced by the Exchange
Hours of Trading	As notified by the Exchange from time to time, currently: Mondays through Fridays: 10:00 a. m. to 5:00 p.m. The Exchange may vary the above timing with due notice
Delivery Logic	Compulsory delivery
Opening of contracts	Trading in any contract month will open on the 1 st day of the month. If 1 st happens to be a non-trading day, contracts would open on the next trading day
Tender Period	Tender Date –T Tender Period: The tender period shall start on 11 th of every month in which the contract is due to expire. In case 11 th happens to be a Saturday, a Sunday or a holiday at the Exchange, the tender period would start from the next working day. Pay-in and Pay-out: On a T+2 basis. If the tender date is T, then pay-in and pay-out would happen on T+2 day (excluding Saturday). If such a T+2 day happens to be a Saturday, a Sunday or a holiday at the Exchange, clearing banks or any of the service providers, pay-in and pay-out would be effected on the next working day.
Closing of contract	Clearing and settlement of contracts will commence with the commencement of Tender Period by compulsory delivery of each open position tendered by the seller on T+2 to the corresponding buyer matched by the process put in place by the Exchange. Upon the expiry of the contract all the outstanding open position shall result in compulsory delivery.
Due date/Expiry date	Expiry date of the contract: 20th day of the delivery month. If 20th happens to be a holiday, a Saturday or a Sunday then the due date shall be the immediately preceding trading day of the Exchange, which is other than a Saturday. The settlement of contract would be by a staggered system of Pay-in and Pay-out including the Last Pay- in and Pay-out which would be the Final Settlement of the contract.

Delivery Specification	<p>Upon expiry of the contracts all the outstanding open positions shall result in compulsory delivery.</p> <p>During the Tender period, if any delivery is tendered by seller, the corresponding buyer having open position and matched as per process put in place by the Exchange, shall be bound to settle by taking delivery on T+2 day from the delivery centre where the seller has delivered same.</p> <p>The penalty structure for failure to meet delivery obligations will be as per circular no. NCDEX/CLEARING-020/2016/247 dated September 28, 2016.</p>
No. of active contracts	As per launch calendar
Daily Price Limit (DPL)	<p>Daily price limit is (+/-) 2%. Once the 2% limit is reached, then after a period of 15 minutes this limit shall be increased further by 2%. The trading shall be permitted during the 15 minutes period within the 2% limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.</p> <p>The DPL on the launch (first) day of new contract shall be as per the circular no. NCDEX/RISK-034/2016/209 dated September 08, 2016.</p>
Position limits	<p>Member-wise: 50,000 MT or 15% of market wide open interest in the commodity, whichever is higher</p> <p>Client-wise: 5,000 MT</p> <p>Bona fide hedger clients may seek exemption as per approved Hedge Policy of the Exchange notified vide Circular No. NCDEX/CLEARING-019/2016/246 dated September 28, 2016.</p> <p>For near month contracts</p> <p>The following limits would be applicable from 1st of every month in which the contract is due to expire. If 1st happens to be a non-trading day, the near month limits would start from the next trading day.</p> <p>Member-wise: 12,500 MT or one-fourth of the member's overall position limit in that commodity, whichever is higher.</p> <p>Client-wise: 1,250 MT</p>
Special margins	<p>In case of unidirectional price movement/ increased volatility, an additional/ special margin at such other percentage, as deemed fit by the Regulator/Exchange, may be imposed on the buy and the sell side or on either of the buy or sell sides in respect of all outstanding positions. Reduction/ removal of such additional/ special margins shall be at the discretion of the Regulator/Exchange.</p>

Final Settlement Price	FSP shall be arrived at by taking the simple average of the last polled spot prices of the last three trading days viz., E0 (expiry day), E-1 and E-2. In the event the spot price for any one or both of E- 1 and E-2 is not available; the simple average of the last polled spot price of E0, E-1, E-2 and E-3, whichever available, shall be taken as FSP. Thus, the FSP under various scenarios of non-availability of polled spot prices shall be as under:					
	Scenario	Polled spot price availability on				FSP shall be simple average of last polled spot prices on:
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	2	Yes	Yes	No	Yes	E0, E-1, E-3
	3	Yes	No	Yes	Yes	E0, E-2, E-3
	4	Yes	No	No	Yes	E0, E-3
	5	Yes	Yes	No	No	E0, E-1
	6	Yes	No	Yes	No	E0, E-2
	7	Yes	No	No	No	E0
Minimum Initial margin	4%					

Tolerance limit for outbound deliveries of Turmeric-

Specification	Basis	Tolerance Limit
Inferior quality Turmeric (Chora/atthu finger, khota gatha, markha)	Upto 2.25%	+/- 0.3%
Length	Fingers less than or equal to 3 cm in length should not be more than 15%	+/- 3%
Damage due to moisture (i.e. Lokhandi) or over boiling (i.e. Kadh)	Upto 1.2%	+/- 0.2%
Bhusa, chaff dirt, earth clods and stones	Upto 0.75%	+/- 0.25%
Bulbs	Upto 3%	+/- 0.5%
Upper limit on the total of all tolerances		+/- 3.6%

Launch Calendar:

Contract Launch Month	Contract Expiry Month
September 03, 2018	April 2019
October 2018	May 2019
November 2018	June 2019
December 2018	July 2019
January 2019	No Launch
February 2019	No Launch
March 2019	No Launch
April 2019	August 2019
May 2019	September 2019
June 2019	October 2019
July 2019	November 2019
August 2019	December 2019

Annexure IV:

Premium/ Discount for grade and location difference for Futures contract expiring in month of April 2019:

Center	Deliverable Variety	Premium/ Discount
Nizamabad	Nizamabad	No Premium/ Discount
Nizamabad	Nizamabad (Farmer Polished)	+4%
Sangli	Desi Cuddapah	+4%
Sangli	Rajapore	+10%
Erode	Erode	+4%
Erode	Salem	+12%
Basmat	Salem	+8%