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The contents of this product note are subject to Rules, Byelaws and Regulations of NCDEX as in force from time to time and be read therewith.

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Chapter 1

Trading Conditions

Authority

Trading of Turmeric futures may be conducted under such terms and conditions as specified in the Rules, Byelaws & Regulations of the Exchange. A specimen of Turmeric futures contract is indicated in Exhibit 1.

Unit of Trading

The unit of trading for Turmeric shall be 10 Metric Tonnes (MT). Bids and offers may be accepted in lots of 10 MT or multiples thereof.

Months Traded In

Trading in Turmeric futures may be conducted in the months as specified by the Exchange from time to time.

Tick Size

The tick size of the price of Turmeric shall be Re.1/-.

Unit for Price Quotation

The unit of Price quotation for Turmeric shall be in Rupees per quintal, basis unpolished Turmeric fingers Nizamabad Quality, inclusive of all taxes. Quotes shall not be made on any other price basis.

Hours of Trading

The hours of trading for futures in Turmeric shall be from 10:00 AM to 5.00 PM Indian Standard Time (IST) on all business days or as determined by the Exchange from time to time. The hours of trading for futures in Turmeric on all Saturdays shall be from 10:00 AM to 2.00 pm or as determined by the Exchange from time to time.

Last Day of Trading

No trades in Turmeric futures deliverable in the current month shall be made after the 20th calendar day of that month. The procedure for Turmeric delivery is based on the contract specifications. On the expiry of the contract, if any sellers having open position desires to give physical delivery at a particular delivery center, then the buyer with corresponding open position shall be bound to settle by taking physical delivery. NCDEX would thereafter complete the matching process based on the location and then by random, keeping in view the storage capacity of warehouse and Turmeric already deposited / dematerialized for delivery or any other factor(s) that the Exchange deems

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appropriate for completion of the matching process. The settlement for sellers having open positions and not providing information for physical delivery of Turmeric shall be completed by cash settlement.

Mark To Market

The outstanding positions in futures contract in Turmeric would be marked to market daily based on the Daily Settlement Price as determined by the Exchange.

Margin Requirements

NCDEX will use SPAN method for calculation of Value at Risk (VaR) based margin calculated at 99% confidence interval for one day time horizon. In addition NCDEX will levy a certain mark up percentage over and above the SPAN margin to cover for extreme movements in prices. NCDEX reserves the right to change, reduce or levy any additional margins as per its Regulations.

Position limits

The member wise position limits will be a maximum of Rs. 20 crores or 15% of open interest whichever is higher. The Client wise position limits will be maximum of Rs. 10 crores or 10% of open interest whichever is higher. Both position limits will be subject to NCDEX Regulations from time to time.

Arbitration

Disputes between NCDEX members and non-members pertaining to trades done / to be done on NCDEX will be settled through arbitration. The arbitration proceedings and appointment of arbitrators will be governed by the Rules, Byelaws and Regulations of NCDEX.

Chapter 2

Delivery Procedures

Unit of Delivery

The minimum unit of delivery for Turmeric shall be 10 MT.

Delivery Size

Delivery is to be offered and accepted in lots of 10 MT or multiples thereof.

Quality Standards

The contract grade for delivery of Turmeric futures contracts made under NCDEX Regulations shall be Turmeric confirming to the quality specification indicated in Exhibit 2. No lower grade shall be accepted in satisfaction of contracts for futures contract delivery. Delivery of higher grade would be accepted.

Turmeric Delivery

The delivery of Turmeric is effected by sellers providing delivery information to the Exchange during trading hours on the last three days of expiration of the contract through the delivery request window. The Turmeric received at the warehouse will be tested and certified by NCDEX appointed Assayer before acceptance as good delivery in the warehouse. Likewise, Turmeric delivered to buyers will be from the accredited warehouse only.

Packaging

Turmeric delivered shall be packed in un mended B-Twill bags of accepted industry standard material and in merchantable condition with no spilling of contents and with the mouth of the bag stitched disallowing sweating / spilling. The packaging of Turmeric should be in standard bags of 70 Kg.

Good / Bad delivery Norms

Turmeric delivery into NCDEX designated warehouse would constitute either good delivery or bad delivery based on the good / bad delivery norms as per Exhibit 3. The list contained in Exhibit 3 is only illustrative and not exhaustive. NCDEX would from time to time review and update the good & bad delivery norms retaining the trade / industry practices.

Accredited Assayer

NCDEX has accredited Assayer for quality testing and certification of Turmeric received at the designated warehouse. The quality testing and certification of Turmeric will be undertaken only by the appointed Assayer i.e Geo-chem Laboratories (P) Ltd.

Assayer Certificate

Testing and quality certificate issued by NCDEX accredited Assayer for Turmeric delivered at designated warehouse in Nizamabad shall be acceptable and binding on all parties. Each delivery of Turmeric at the warehouse must be accompanied by a certificate from NCDEX appointed assayer in the format as per Exhibit 4.

Assayer Details

The address details of the accredited Assayer in Mumbai for turmeric is mentioned below

Geo-chem laboratories (p) ltd.
294, Shahid Bhagat Singh Road, Fort,
Mumbai - 400 001
Tel :(+91-22)5638 3838
Fax :(+91-22)5638 3800

Turmeric Sampling

Turmeric samples shall be drawn by NCDEX nominated assayer at the time of delivery to/storage at the designated warehouse. The samples shall be randomly drawn as per established standard industry methods / practice. The sample portions so drawn will be packaged in clean dry containers or plastic sachets. The samples shall be in accordance with the set industry standards and shall be marked specifically so as to recognize NCDEX member identity, quantity, date, time etc. Samples so drawn shall be equated into 4 parts, one for testing and certification by the assayer, the second shall be retained by the assayer, the third shall be retained as NCDEX referee sample and the fourth part shall be provided to the depositor.

Weight

The quantity of Turmeric received at the NCDEX designated warehouse would be determined / calculated by the weighbridge / weigh scale at the premises of the warehouse or such other weighbridge / weigh scale recognized by the designated warehouse and would be binding on all parties.

Testing Procedure

The Turmeric samples collected will be tested as per set industry standards as regards testing methodology and specification parameters as mentioned in the Futures Contract.

Electronic Transfer

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Any buyer or seller receiving and or effecting Turmeric delivery would have to open a depository account with an NCDEX empanelled Depository Participant (DP) to hold the Turmeric in electronic form. On settlement, the buyer account with the DP would be credited with the quantity of Turmeric received and seller account would be debited. The Buyer wanting to take physical delivery of the Turmeric holding has to make a request to the DP in prescribed form, with whom depository account has been opened. The DP would route the request to the warehouse who would issue the physical commodity i.e.: Turmeric to the buyer and debit his account, thus reducing the electronic balance to the extent of Turmeric rematerialized.

Delivery Allocation

The Exchange would receive delivery information from the selling members on the last trading day, i.e. 20th of the month. The buyers who have to receive delivery would be notified on the same day after the close of trading hours. Delivery of Turmeric is to be accepted by buyers at the accredited warehouse where the seller effects delivery

Actual Delivery

Where Turmeric is sold for delivery in a specified month, the seller must have requisite electronic credit in his Clearing Members Account before the scheduled date of pay in. On settlement the buyers clearing member account would be credited with the delivery quantity on pay out. The clearing member is expected to transfer the same to the buyers depository account. However, the buyer must take physical delivery of Turmeric before expiry of the validity date as indicated in the quality test report of the Assayer or have the same revalidated.

Charges

All charges and costs payable to the designated warehouse towards delivery of Turmeric including sampling, grading, weighing, handling charges, storage etc. from the date of receipt into designated warehouse upto date of pay in & settlement shall be paid by the seller. All charges and costs associated & including storage, handling etc. after the pay out shall be borne by the buyer. Warehouse storage charges will be charged to the member client by the respective Depository Participant.

The Assayer charges for testing and quality certification should be paid to the assayer directly at the delivery location either by cash / cheque / demand draft.

Sales Tax

Local sales tax is to be paid by seller on all contracts resulting in delivery. Accordingly the buyer will have to pay the sales tax to the seller at the time of settlement. Members and / or their constituents requiring to receive or deliver Turmeric should register with the relevant sales tax authorities of place where the delivery is proposed to be received / delivered. In the event of sales tax exemption, such exemption certificate should be submitted before settlement of the obligation.

Duties & Levies

All duties, levies etc. up to the point of sale and before delivery of Turmeric into the NCDEX designated warehouse is included in the price reflected on the Exchange. All duties, levies etc. will have to be fully paid by the seller to the concerned authority and all documentation fully complied with and completed before delivery of Turmeric into NCDEX designated warehouse.

Stamp duty

Stamp duty is payable on all contract notes issued. The rate of stamp duty payable depends on place of issuance of contract note by the member.

Service tax

In accordance with the budget proposals for 2004-2005, service tax will be payable by the members of commodity exchanges on the brokerage charges by them from their clients on account of dealing in commodities. However, this will be effective on enactment of Finance bill 2004.

Premium / Discount

Turmeric conforming to contract specification and delivered to NCDEX designated warehouse will be graded and stored. Due to quality variations, there will be premium / discount determined by the exchange. The decision of the Exchange in determination of premium / discount is final and binding on all market participants.

Chapter 3

Clearing and Settlement

Daily Settlement

All open positions of a futures contract would be settled daily based on the Daily Settlement Price.

Daily Settlement Price & Final Settlement Price

The Daily Settlement Price (DSP) will be determined by the exchange at the end of every trading day. The DSP will be utilized for marking to market all open positions.

The Final Settlement price will be determined by the exchange on maturity of the contract.

Dissemination of Spot Prices

Spot prices for Turmeric will be collected and disseminated on daily basis from diverse markets spread across the country.

Final settlement

On expiry of the contract, the following types of open positions would be cash settled:

- a) Delivery information not provided by seller.
- b) Any other unmatched delivery information

The pay in and pay out in case of cash settlement would be the day after the expiry date of the contract (T+1). The open positions for which information has been provided for and the same have been matched by the Exchange, would result in physical delivery.

Spot Prices

NCDEX will announce / disseminate spot prices for Turmeric relating to the designated delivery center and specified grade / quality parameters through the process of polling a set of market participants representing different segments of the value chain such as traders, importers, exporters, processors, etc. The polled prices shall be input to a normalizing algorithm (like 'bootstrapping' technique) to arrive at a representative, unbiased and clean 'benchmark' spot price for Turmeric. The security of data and randomness of polling process will ensure transparency and correctness of prices.

Pay in and Pay out for daily settlement / final cash settlement

The table below illustrates timings for pay in and pay out in case of daily settlement as well as cash settled positions for final settlement. The buyer clients would have to deposit requisite funds with their respective Clearing member before "pay in".

All fund debits and credits of the Member would have to be done in the Member's Settlement Account with the Clearing Bank.

Time (T + 1)	Activity
On or before 11.00 hours	PAYIN Debit paying member a/c
After 13.00 hours	PAYOUT – Credit receiving member a/c

Pay in and Pay out for final physical settlement

The table below illustrates timings for pay in and pay out in case of positions marked for physical settlement on expiration of contract for final cash / physical settlement. The buyers / sellers would have to deposit requisite funds / Turmeric with their respective Clearing member before "pay in".

Pay in and Pay out for Final Settlement in case of physical deliveries	
Time (T + 7)	Activity
On or before 11.00 hours	PAYIN Debit Buyer Member Settlement a/c for funds Debit Seller Member's CM Pool Account for Turmeric
After 13.00 hours	PAYOUT – Credit Seller Member Settlement a/c for funds Credit Buyer Member's CM Pool Account for Turmeric

The supplemental settlement for Turmeric futures contracts to include premium / discount adjustments for quality of Turmeric delivered and close out for shortages will be conducted on the same day. Clearing members are required to maintain adequate fund balances in their respective accounts.

Pay in and Pay out for supplemental settlement	
Time (T + 7)	Activity
On or before 16.00 hours	PAY IN Debit Member Settlement a/c for funds
After 18.00 hours	PAY OUT – Credit Member Settlement a/c for funds

Supplementary Settlement for sales tax

The Exchange will conduct a separate supplementary settlement, as illustrated below, two days after normal pay out for completion of sales tax transactions.

The amounts due to the above differences will be debited / credited to members clearing bank account similar to normal settlement.

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Pay in and Pay out for Sales Tax	
Time (T + 9)	Activity
On or before 11.00 hours	PAY IN Debit Buyer Member Settlement a/c for funds.
After 13.00 hours	PAY OUT – Credit Seller Member Settlement a/c for funds

Exhibit 1 – Turmeric Contract note

Trading System	NCDEX's Trading System
Trading Hours	Monday to Friday Normal Market Hours 10:00 am to 5.00 pm. Saturdays Trading Hours – 10.00 am to 2.00 pm On the expiry date, contracts expiring on that day will not be available for trading after 5.00 p.m.
Basis	Unpolished turmeric fingers Nizamabad quality exwarehouse Nizamabad inclusive of all taxes.
Unit of Trading	10 MT
Delivery Unit	10 MT
Quotation/Base Value	Rs. Per Quintal
Tick Size	Re.1/-
Quality Specification	<ul style="list-style-type: none"> • Unpolished Turmeric fingers. • Inferior quality Turmeric* should not be more than 1.5% • Fingers that are broken/Those less than 15 mm should not be more than 3.0% • Damage due to moisture(i.e. Lokhandi) or over boiling(i.e. kadh) should not be more than 0.3%. • Unboiled or less boiled turmeric should not be more than 0.4%. • Busha, chaff dirt, earth clods and stones should not be more than 0.75%. • Bulbs should not be more than 2%. • Moisture should not be more than 10%. • Turmeric should be free from Fungus. • Turmeric should not be artificially coloured with dyes or chemicals* chora , chora-ghata khota-gatha, Gadhvi-gatha and Kapiv-ghata.
Also Deliverable	Unpolished turmeric fingers qualities – Erode,Rajapore,Duggrila, warangal.
Quantity Variation Price Band	+/- 2%
No. of Active Contracts	Maximum 12 monthly or minimum 2 monthly

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		contracts running concurrently.
Delivery Center		Warehouses notified by the exchange in Nizamabad, Sangli and Erode.
Delivery		Upon expiry of the contacts, if any Seller with open position desires to give delivery at a particular delivery center, then the corresponding buyer with open position as matched by the process put in place by the exchange shall be bound to settle by taking physical delivery.
Opening of Contracts		Subsequently, trading in any contract month will open on the 21st day of the month. If opening day happens to be a non – trading day, contracts would open on next trading day.
Due Date		20 th day of the delivery months.If 20th happens to be holiday then previous working day. If 20 th happens to be a Saturday or Sunday then the due date shall be the last preceeding trading day of the exchange,
Closing contracts		All open positions will be settled as per general rules and product specific regulations.
Position Limits		Member wise: Max (Rs. 20 crore, 15% of open interest) Client wise: Max (Rs. 10 crore, 10% of open interest)
Premium / Discount		Shall be notified by the Exchange on or before the expiry date.

* **NOTE:** Please refer our circular No. NCDEX/TRADING-074/2004/156 dated October 30, 2004 regarding the Change in Trading Timings. The revised trading timings would be as follows :

Trade timings on all trading days:

Mondays through Fridays: 10.00 a.m. to 5.00 p.m.

Saturdays : 10.00 a.m. to 2.00 p.m.

Members may also note that there will be no Closing Session (Single Call Auction) from November 1, 2004 for the time being

Exhibit 2 - Quality Specification for Turmeric

Quality Specification	<ul style="list-style-type: none">• Unpolished Turmeric fingers.• Inferior quality Turmeric* should not be more than 1.5%• Fingers that are broken/Those less than 15 mm Should not be more than 3.0%• Damage due to moisture (i.e. Lokhandi) or over boiling (i.e. kadh) should not be more than 0.3%.• Unboiled or less boiled turmeric should not be more than 0.4%.• Busha, chaff dirt, earth clods and stones should not be more than 0.75%.• Bulbs should not be more than 2%.• Moisture should not be more than 10%.• Turmeric should be free from Fungus.• Turmeric should not be artificially coloured with dyes or chemicals* chora , chora – ghata khota-gatha, Gadhvi-gatha and Kapiv-ghata.
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Exhibit 3- Good / Bad delivery norms

No.	Particulars	Good / Bad delivery
1	Turmeric quality not meeting futures contract specification.	Bad delivery
2	Delivery at non accredited warehouse.	Bad delivery
3	Testing & certification by NCDEX accredited Location / product specific Assayer.	Good delivery
4	Testing & certification by NCDEX accredited assayer but not location / product specific.	Bad delivery
5	Delivery before contract expiration.	Good delivery
6	Delivery after pay in date / time.	Bad delivery
7	Delivery of wrong product (Eg.: Soya bean instead of Turmeric).	Bad delivery
8	Delivery without testing / certification.	Bad delivery
9	Delivery without weigh bridge certificate.	Bad delivery
10	Delivery by weigh bridge at premises of NCDEX accredited warehouse.	Good delivery
11	Delivery not compatible to delivery size as mentioned in contract specification.	Bad delivery
12	Delivery beyond specified working hours.	Bad delivery
13	Delivery without proper documentation.	Bad delivery
14	Delivery quantity is more than quantity to be delivered.	Good delivery
15	Turmeric weighed at other than designated warehouse weigh bridge / Weigh scale.	Bad delivery
16	Delivery by unauthorized person / agent without proper identification	Bad delivery

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Exhibit 4- Specimen of Assayer certificate

CERTIFICATE OF QUANTITY & QUALITY

Date : _____

Report no.:

NCDEX member :

Commodity :

Lorry No. :

1) **QUANTITY** : This is to certify that National Commodity & Derivative Exchange Ltd. (NCDEX) member / constituent _____ has delivered _____ Metric Tons (MT) / Kilos of Turmeric at the NCDEX designated warehouse:

The weight / tonnage of material delivered is as per weigh bridge / weigh scale in the premises of the designated warehouse.

2) **QUALITY** :

The results of analysis performed by our laboratory of the samples collected by us is stated below :

Test Items	Test method	Specification	Test results

The material delivered by the above NCDEX member is in accordance with the specification provided bearing grade _____ and valid up to _____.

The goods delivered may be **accepted / rejected**.

Chief Inspector / Authorized Signatory