

Performance Review of Mustard Seed Contract

Rape Mustard Seed

1. Background

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

India is one of the largest rapeseeds-mustard growing countries in the world, occupying the first position in area and second position in Production after China. The world production of Rapeseed/Mustard has been increasing at a rapid rate in several countries largely in response to the continuing increase in demand for edible oils and its products.



In India, Rajasthan occupies the first place both in terms of cultivated area and production accounting for over 45% followed by Madhya Pradesh with 13%. Haryana and Uttar Pradesh occupy the third place contributing for 11% of total production each. Thus, the top four states produce about 80% of total rapeseed & mustard production in the country. Major domestic spot markets are Sriganganagar, Jaipur, Kota, Alwar, Charkhidadri and Delhi.

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Rapeseed oil is obtained from crushed rapeseed by pressing or extraction. It is a light yellow to brownish yellow oil. Rapeseed oil is one of the most important vegetable oils in India. Rape oil is obtained from the seeds of several species of Brassica, and the oil from different species is not

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distinguished on the market, since all have similar properties. Rapeseed oil is similar to mustard seed oil. Oil is extracted by rolling the seed to fracture the seed coat and rupture the oil cells. For centuries, humans and animals could not consume rapeseed oil, as it had high erucic acid content. However, rapeseed varieties are now available for cultivation which has lower erucic acid content.

Total production of Rapeseed-Mustard in India including Rabi and kharif crop (Kharif Toria crop cultivated in UP) for the year 2016-17 is 72,29,000tonnes. Out of this, estimated total production of Rapeseed-Mustard Rabi crop in India for the year 2016-17 is 71,09,000 tonnes with an average yield of 1069kg/hectare.

Rapeseed-mustard crops are important for the Indian economy, since India imports large quantities of edible oils despite having the largest area of cultivated oilseeds in the world. In the recent past, the country has grown to become one of the major vegetable oil importers due to a decline in oilseeds production and a steady fall in international prices. China, India and Japan are considered as net importers in the international Rapeseed Oil trade.

- 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 Million Metric Tons)

Global Scenario	2018-19	2019-20
Opening Stocks	8.11	9.65
Production	72.99	69.23
Imports	14.33	15.55
Exports	14.31	15.53
Consumption	67.88	68.34
Closing Stocks	9.65	7.31

Source: <https://apps.fas.usda.gov/psdonline/circulars/oilseeds.pdf>

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Indian Scenario (Thousands MT)	2018-19	2019-20
Opening Stocks	125	469
Production	8000	7700
Imports	146	155
Total Supply		
Exports	0	0
Domestic Consumption	7900	7900
Closing Stocks	469	269

Source: <https://apps.fas.usda.gov/psdonline/circulars/oilseeds.pdf>

Top 10 Major Producing Countries

Year	2018
Name of Country	Production in MT
Canada	20516200
China	13299790
China, mainland	13299782
India	8430000
France	4962297
Australia	3893071
Germany	3678718
Ukraine	2783940
Poland	2203869
Russian Federation	2112204
Others	13831727
World Total	89011598

Source: <http://www.fao.org/faostat/en/#data/QC>

Top 10 Major Consuming Countries

Countries	2018-19	2019-20
China	16925	15985
India	7900	7900
Canada	9869	11023
Japan	2411	2305
European Union	24400	23715
Others	9958	10656

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Top Major Exporting countries:

Countries	2018-19	2019-20
Canada	9202	10043
India	90	31
Others	5022	5456

Top 10 Major importing Countries:

Countries	2018-19	2019-20
Japan	2384	2242
China	3486	2558
EU	4231	6249
Others	4082	4343

Top producing states of India:

Production (000 Tonnes)			
2017-18			
Sr No.	State	Production	Share (%)
1	Rajasthan	3400000	40.82
2	Haryana	1110000	13.33
3	Madhya Pradesh	980000	11.76
4	Uttar Pradesh	950000	11.4
5	West Bengal	720000	8.64
6	Gujarat	400000	4.8
7	Jharkhand	220000	2.64
8	Assam	190000	2.28
9	Bihar	110000	1.32
10	Punjab	50000	0.6
11	Others	200000	2.4
	TOTAL	8330000	

Source

http://apeda.in/agriexchange/India%20Production/India_Productions.aspx?cat=Agri&hcode=1017

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

NIL

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

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NIL

2. Trading related parameter

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

NIL

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

NIL

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

NIL

- d) Annual average Open interest as proportion of total production

NIL

- e) Annual average Open interest as proportion of total deliverable supply

NIL

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

NIL

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

NIL

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

NIL

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

NIL

- j) Annual average volume to open interest ratio

NIL

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

NIL

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

Not Available

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

NIL

n) Algorithmic trading as percentage of total trading:

Not Available

o) Delivery defaults : NIL

i) Number of instances

ii) Quantity involved

iii) Value involved

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3. Price movements

- a) Comparison, correlation and ratio of standard deviation of Exchange futures price vis-à-vis international futures price (wherever relevant comparable are available).

Not Available

- b) Comparison, correlation and ratio of standard deviation of Exchange futures price vis – à - vis international spot price (wherever relevant comparable are available) and domestic spot price (exchange polled price).

Not Available

- c) Correlation between exchange futures & domestic spot prices along with ratio of standard deviation.

Not Available

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

Not Available

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

Not Available

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

Futures: Not Available

Spot:

Commodity	Maximum spot price volatility	Minimum spot price volatility
Mustard Seed	3.23%	-4.2%

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

NIL

4. Other parameters

- a) Qualitative and quantitative measure for Hedge effectiveness ratio and basis Risk (Volatility of Basis) along with disclosure of methodology adopted for such calculations.

Not Available

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

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Not Available

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

Not Available

- d) Details, such as number and target audience, of stakeholders' awareness programmes carried out by the exchange.

NIL

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

NIL

- f) Any other information to be disclosed as deemed important by the exchange or as suggested by the PAC

NIL

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