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ICEX has been set up by the country's premier large public sector institutions (MMTC, KRIBHCO, Indian Potash Ltd. & IDFC Bank) stalwarts with unmatched experience in the finance sector, and an impressive, forward thinking, trend setting set of private sector institutions - Reliance Exchange Next Ltd. (A group Company of Reliance Capital) & Indiabulls Housing Financial Services, to provide a hedging platform to the Commodities Market.



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Contact for Isabgol seed

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ICEX-SOCIAL/



OPPORTUNITIES
IN ISABGOL
FUTURES



INTRODUCTION

ABOUT ICEX, (Indian Commodity Exchange Limited)

ICEX, first exchange in the world to launch diamond derivative trading, is regulated by the Securities & Exchange Board of India (SEBI). ICEX has been set up by large public sector institutions (MMTC, CWC, KRIBHCO, Indian Potash & IDFC Bank) and private sector institutions Reliance Exchange Next (A group company of Reliance Capital), Bajaj Capital & Indiabulls Housing Financial Services, to provide a hedging platform to the Commodities Market.

Isabgol Seed

Isabgol is a native plant of Persia. Now, also grown in the western part of India. Isabgol, the common name in India for *P. ovata*, also known as *Psyllium*, comes from the Persian words "isap" and "ghol" that mean horse ear, which is descriptive of the shape of the seed.

Isabgol is an important medicinal crop of India. It is a stem less herb. The husk is the rosy-white membranous covering of the seed, mainly given as a safe laxative, particularly beneficial in habitual constipation, chronic diarrhea and dysentery. It is a 100% natural product. It is a soluble fiber (is viscous and forms gel in water). The soluble fiber comes from the dried husk of the *Psyllium* seed.

India is the largest producer as well as exporter of Isabgol and *Psyllium* husk in the world. It is mainly grown in Rajasthan, Gujarat, Madhya Pradesh and Haryana. As per the latest trade information, production of Isabgol has also begin in other states likes Punjab, Uttar Pradesh and Bihar.

Psyllium Husk Powder Market:

- North America (United States, Canada, Mexico)
- Asia-Pacific (China, India, Japan, South Korea, Australia, Indonesia, Malaysia, Philippines, Thailand, Vietnam)
- Europe (Germany, France, UK, Italy, Russia, Rest of Europe)
- Central & South America (Brazil, Rest of South America)
- Middle East & Africa (GCC Countries, Turkey, Egypt, South Africa, Other)

Isabgol Fact:

Every 100 grams of isabgol provides 71 grams of soluble fiber, a similar amount of oat bran would contain only 5 grams of soluble.

ISABGOL SEED CONTRACT SPECIFICATION

Quality Specification	Psyllium seed (Isabgul) Natural whitish pinkish colored seeds
	1. Red & Immature Seed: 4.5% MAX Basis.
	2. Black, Dead & Damaged Isabgul seeds: 2% MAX by weight.
	3. Foreign/Organic matter & Stone of the size of Isabgul seed : 3 %MAX (Sticks (Dalkhi)/Seed in Shell (Gangda)
	4. Sand & Silica : 3% Max basis
	5. Test Weight : Weight of 100 seeds should be 0.15 grams and above.
	6. Moisture : 7.5 % max
	7. Isabgul seeds should not contain GOLA (Isabgul seeds kernels), if found then rejectable
No. of delivery Contracts in a year	Maximum 12 monthly contracts should be made available in a year
Shelf Life for valid delivery	Validity of the stock for 6 months or valid upto February whichever is earlier
Delivery Basis Center	Ex. Unjha inclusive all levies but excluding GST - 50 KM radius
Opening of Contracts	Minimum 2 months prior to the contract month.
Due Date	15 th day of the delivery month if 15 th happens to be holiday then previous working day.
Due Date Rate	Due date rate for Isabgol seed is calculated on the last day of contract maturity by way of taking the simple average of last 3 days spot price of the Unjha market for the basis variety.
Delivery Period/Tender Period	11 to 17 of the contract expiry month, except Saturday, Sunday and Holiday.
Delivery Period Margin	4 % daily incremental margin for last 5 calendar days on the all outstanding position. Such margin will be addition to initial margin, additional margins and special margins.
Delivery Logic	Compulsory Delivery
Limit on open position (It may be change time to time as per SEBI guidelins)	Aggregate Limit:
	For member: 5,500 MT or 15% of the market-wide open position, whichever is higher.
	For client: 550 MT
	Near Month Limit:
	Member: 1,375 MT
	Client: 137 MT

DELIVERY PROCESS AT ICEX

FUNDAMENTALS OF ISABGOL

Psyllium husk is the main product of Isabgol. The husk is the outermost skin of the seed which is removed by the mechanical process of grinding. The total recovery of husk from the seed is around 25 to 30%. The price of husk is dependent on its purity/colour. Husk of 99.90% purity, which is obtained after the first milling of the seed, is sold at the highest price. Subsequent milling yields husk of lower purity and colour. In the market the lowest grade, is of 85% purity and the highest grade is of 99% purity and are quoted/traded at a price differential.

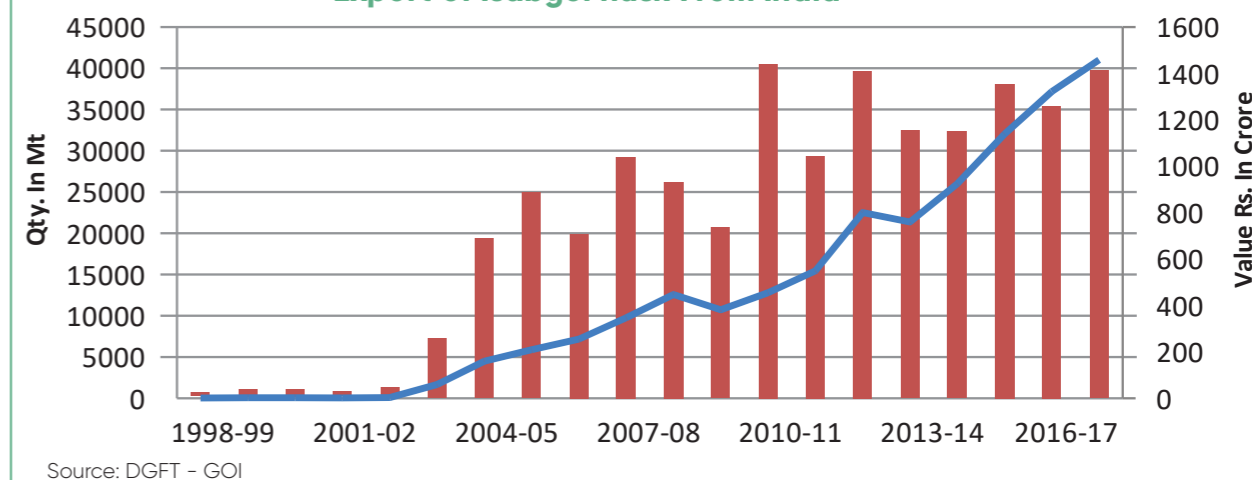
Brief on Isabgol Complex:

Isabgol Seed = Raw Material for Husk

Isabgol Husk = Main Product around 80% husk is exported and 20% is consumed in domestic market

Gola/Lali = Residual Product used in cattle feed sector in domestic market

Export of Isabgol husk From India

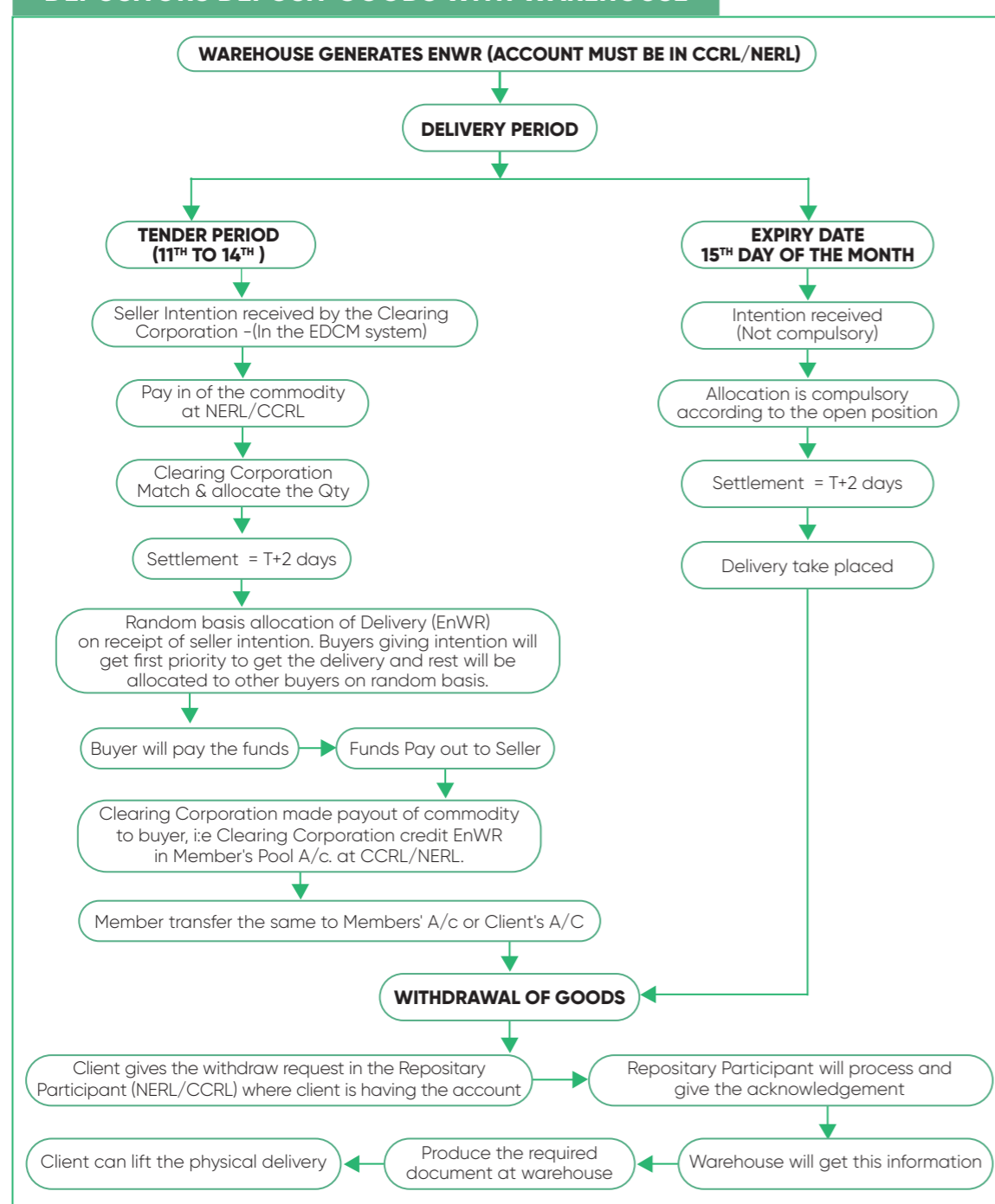


Production Data

Year	No. of bags Arrival, 1 bag = 75 kgs	Arrival in M T.
2010-11	15,05,000	1,12,875
2011-12	11,70,000	87,750
2012-13	16,84,000	1,26,300
2014-14	14,09,000	1,05,675
2014-15	12,68,000	95,100
2015-16	15,80,145	1,18,511
2016-17	12,13,000	90,975
2017-18	13,46,000	1,00,950
2018-19e	20,49,000	1,53,675

Source <https://www.jyotoverseas.net/market-report.html>

DEPOSITORS DEPOSIT GOODS WITH WAREHOUSE



ISABGOL SEED CONTRACT SPECIFICATION

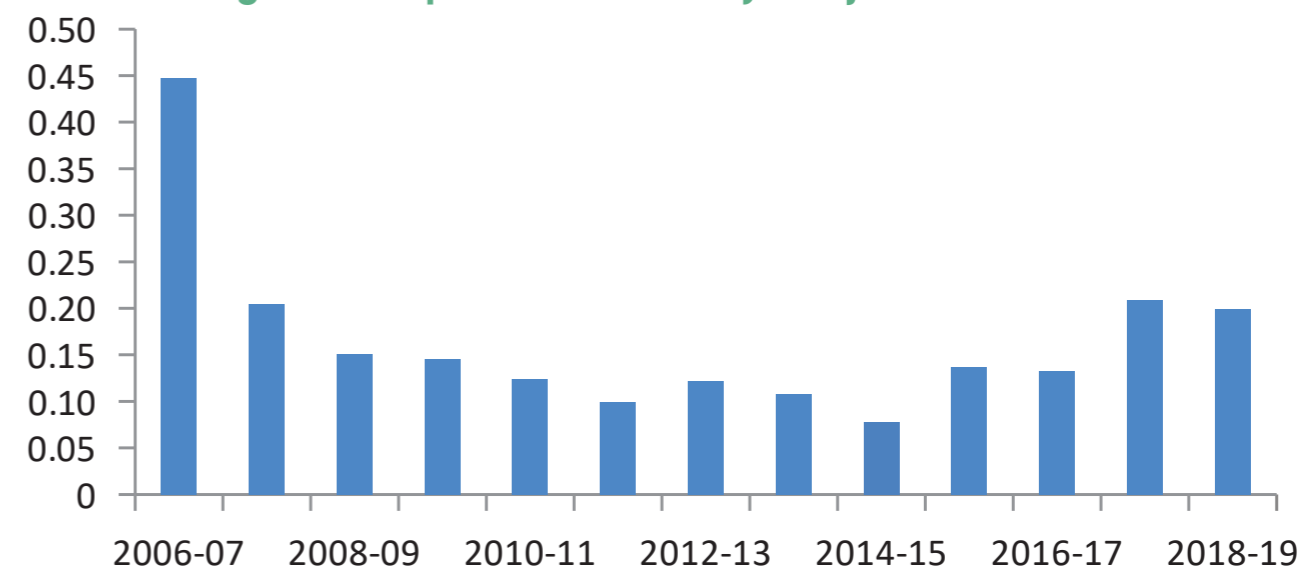
SUMMARY ON FUNDAMENTALS OF ISABGOL

Proposed Isabgol seed Contract Specification

Particulars	Contract Specification
Asset Code	ISABGS
Product Code	ISABGSF
Series Code	ISBGSMYYYYY
Trading System	ICEX's Derivatives Trading and Settlement System
Trading Hours	Monday to Friday: 09:00 am to 5:00 pm
Unit of Trading	1 MT
Delivery Unit	1 MT
Packing	75 Kg net in sound un-mended A twill Bag to be marked as "New Crop , Month of Packing"
Quotation/Base Value	Rs. Per Kg (Ex- Warehouse, exclusive of GST)
Maximum Order Size	150 MT (50 Lots)
Tick Size	Rs. 0.05
Daily Price Fluctuation	The DPL shall have two slabs-3% Initial and 1% Enhanced Slab. Once the initial slab limit is reached in any contract, then after a period of 15 minutes this limit shall be increased further by enhanced slab, only in that contract. The trading shall be permitted during the 15 minutes period within the initial slab limit. After the DPL is enhanced, trades shall be permitted throughout the day within the enhanced total DPL of 4%.
Initial margin	Initial Margin shall be higher of minimum 4% or VaR margin for 2 days MPOR (Margin Period of Risk)
Extreme Loss Margin (ELM)	1%
Spread Margin Benefit	Margin benefit on spread positions shall be entirely withdrawn from the start of Delivery period i.e. Expiry-4 th day.
Additional and/or Special Margin	In case of additional volatility, an additional margin (on both buy & sell side) and/or special margin (on either buy or sell side) at such percentage, as deemed fit, will be imposed in respect of all outstanding positions.

- It's a Rabi crop harvested during February/March
- Susceptible to damage due to unseasonal rains and severe fog
- India is the only exporting country of Isabgol
- The factors affecting market price are weather/climatic conditions during the harvest period and fluctuation in the currency exchange rate

Isabgol Seed Spot Price Volatility - Unjha - Ex-Warehouse



Source:- ICEX Analysis

Chemical Constituents:

- Mucilage mainly composed of arabinose, xylose, galacturonic acid, semi drying fatty oil and a small amount of aucubin

Climatic Requirement for Isabgol Cultivation

- It's a Rabi Season crop
- Requires dry and sunny weather towards crop maturity stage
- Light showers and cloudy weather are harmful for the crop