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# THE HINDU

## **Scheme to procure locally produced cashew nuts**

### *As part of steps to make KSCDC, Capex profit-making*

An ambitious scheme to ensure that raw cashew nuts produced within the State reach the factories of the public-sector Kerala State Cashew Development Corporation (KSCDC) and the Kerala State Cashew Workers Apex Industrial Cooperative Society (Capex) has been finalised by the government.

KSCDC chairman S. Jayamohan told a press conference here on Tuesday that the nuts produced in the State had been reaching private factories located outside the State. The native nuts had good quality. He said the scheme formed part of the government steps to convert the KSCDC and the Capex as profit-making organisations.

Mr. Jayamohan said that apart from private cultivations, especially in the northern parts of the State, many public sector farms also had large tracts of cashew plantations. Such farms included the Aralam Farm, the Rehabilitation Plantations Limited, the Kollam District Agricultural Farm, the Plantation Corporation, and the State Farming Corporation.

### **Talks on**

Talks with these producers for procuring the raw cashew nuts produced were in the final stages. Separate district-wise committees would be constituted for deciding the price. The KSCDC was setting up a warehouse at Vadakary for stocking the raw nuts to be procured from the northern parts of the State, he said.

### **New scheme**

The government was also taking steps to augment raw cashew production in the State. Mr. Jayamohan said the KSCDC was spearheading the scheme. Under its first phase, in Kollam district alone 500 acres would be planted with 40,000 high yielding cashew saplings which would give about 12 kg of raw nuts per tree. He said that as part of the transparency measures, the KSCDC would conduct a social audit after every hundred days of operation.

## **Flower show to showcase floral installations**

The upcoming Cochin Flower Show seems to have taken its inspiration from the ongoing third edition of Kochi-Muziris Biennale, which continues to attract visitors in droves, as installations using plants and flowers will be one of the highlights of the 35th edition of the show.

Agriculture Minister V.S. Sunilkumar will inaugurate the show organised by the Ernakulam District Horticulture Society at Ernakulathappan ground on January 7 at 4.30 p.m. Hibi Eden, MLA, will preside over the event.

Addressing a press conference here on Tuesday, District Collector K. Mohammed Y. Safirulla said that the latest edition of the show would stand out for its innovative ways.

Around 30,000 flowering plants of 50-odd varieties would be exhibited. This would include about 2,000 roses of diverse varieties, including Kashmir Rose, 1,000-odd Thailand orchids, grafted Adeenium, Petunia, Dalia, Gerbera, Salvia, and varieties of marigold. Bonsai trees, rare medicinal plants, tree varieties mentioned in star signs, hanging plants, garden made of discarded items, and mixed species of hibiscus from Germany would also be arranged as part of the show.

Agri clinic to clear the doubts of visitors would be set up at the venue in association with the State agriculture department. Around 5,000 sq.ft would be set apart for floral arrangements. Facilities would be made for buying flowering plants and saplings of fruit trees to be exhibited by 25-odd nurseries from across the State.

Separate contests would be held in setting up gardens and backyard farms for government and quasi-government organisations. The State agriculture department, Farm Investigation Bureau, Coir Board, Krishi Vigyan Kendra, Coconut Development Board, State Horticulture Mission, Kerafed, and Infopark would also participate in the show.

The show will be open from 9 a.m. to 9 p.m. from the inaugural day onwards. It will conclude on January 15.

## **Deep Ocean to become 'Exclusive Economic Zone'**



### *Modi felicitates Nobel laureates, honours scientists*

TIRUPATI: The oceans surrounding the Indian peninsula are going to be the next 'Exclusive Economic Zone', if the words of Prime Minister Narendra Modi are any indication.

While the 7,500-km-long coastline has always been dubbed as an "untapped asset", the identification of 1,300-plus islands around the peninsula and the 2.4 million sq. km of area in this zone as having the potential to influence the nation's economy has kindled enough interest on this 'Exclusive Economic Zone'.

Mr. Modi, at the 104th Indian Science Congress here on Tuesday, referred to the project taken up by the Ministry of Earth Sciences to launch a Deep Ocean Mission to explore, understand and harness this resource in a responsible way. The Prime Minister exuded confidence on tapping the enormous opportunities in energy, food, medicine and other natural resources. "The ocean economy should be a significant dimension of our sustainable future," he said.

Mr. Modi felicitated Nobel laureates Ada E. Yonath (Israel), Willian E. Moerner (U.S.), Jean Tirole (France), Takaaji Kajita (Japan), Serge Haroche (France) and Muhammad Yunus (Bangladesh).

He also presented Asutosh Mookerjee memorial award to ISCA former General-President Ashok Kumar Saxena, C.V. Raman birth centenary award to Mangalore University Vice-Chancellor K. Byrappa, S.K. Mitra birth centenary award to AIIMS NMR head N.R. Jagannathan, Birbal Sahani birth centenary award to Manipur University Earth Sciences professor Arun Kumar, D.S. Kothari memorial award to Apollo Hospitals interventional cardiologist I. Satyamurthy, Prof. R.C. Mehrotra memorial lifetime achievement award to West Bengal University of Technology emeritus professor B.P. Chatterjee and millennium plaques of honour to Appa Rao Podile and Avula Damodaram, the respective Vice-Chancellors of University of Hyderabad and Sri Venkateswara University.

Terming demonetisation and the Goods and Services Tax (GST) as the "biggest economic reforms" post-Independence, Chief Minister N. Chandrababu Naidu predicted that the bold step would curtail tax evasion, parallel economy, terrorism, corruption and usher in political reforms. He explained that the easy-to-adopt cashless technology introduced through biometric facility was the first in the world.

Union Minister for Science and Technology Harsh Vardhan appealed to the scientific fraternity to leave a "high impact factor" on society at large, while hailing the nation's progress in fields as varied as drug discovery to genomics, atomic energy to agriculture and Mars mission to meteorological services.

Indian Science Congress Association (ISCA) General-President D. Narayana Rao pointed to chronic under-funding and under-staffing as impacting quality of research.

### **Farmers demand higher MSP for red-gram**

***Say MSP of Rs. 5050 along with State government incentive of Rs. 450 a quintal is too less considering the cost of cultivation***

Karnataka Pratha Raitha Sangha (KPRS), Karnataka Rajya Raitha Sangha (KRRS), All India Kisan Sabha (AIKS) and Red-gram Growers Association, Chittapur, have planned different forms of struggles for demanding better Minimum Support Price (MSP) for red-gram. Addressing a joint media conference here on Tuesday, the leaders of the organisations said that the MSP of Rs. 5050 plus State government incentive of Rs. 450 a quintal was too less considering the cost of cultivation.

“As per the report submitted by Agriculture Price Commission, the cost of cultivating red-gram in an acre is between Rs. 18,000 and Rs. 25,000. Considering the per-acre yield between three and four quintal, Rs. 6,500 is required to produce one quintal of red-gram. Based on these calculations, Karnataka government recommended an MSP of Rs. 6,500 a quintal of red-gram, but the Union government gave only Rs. 5,050,” Maruthi Manpade, president, KPRS, said. Karnataka government, he added, should increase its incentive from Rs. 450 a quintal to Rs. 1,500 a quintal so that its own recommendation to Union government would get fulfilled, he added.

### **Imports**

Mr. Manpade lashed out at the Union government for working against the interests of domestic red-gram growers by duty-free imports of the crop from various countries.

“We are not against imports. Our domestic pulses requirement is 222 lakh metric tonnes a year and our domestic production is 175 metric tonnes a year. If you consider World Health Organisation’s recommendation of 80 grams of pulses per day per person, the domestic requirement would further grow. We may require to imports pulses when domestic production is not enough to meet. But, we should impose at least 30 percent import duty so that domestic growers could compete with big corporate classes in the import business,” he said. He alleged that the Union government was imposing no taxes on the red-gram imports just to favour a major importer of food-grains, sacrificing the interests of domestic growers.

### **Struggle**

Mr. Manpade said the farmers’ organisations would launch coordinated struggles at various levels demanding increase in MSP for red-gram. As a first step, red-gram

growers' representatives, along with Mallikarjun Kharge, leader of Congress in Lok Sabha and Sharan Prakash Patil, Medical Education Minister and Kalaburagi In-charge, would meet three concerned Union Ministers – Nirmala Sitharaman, Radha Mohan Singh and Ram Vilas Paswan – and discuss on import duties, MSP and other issues pertaining to red-gram procurement.

“If the meetings are not fruitful, we will launch street-struggles blocking roads across red-gram growing areas in the State,” he warned.

Farmers' leaders Ambarish Gowda Balabatti, Ashok Myageri, Moula Mulla and others were present.

## DECCAN Chronicle

### At science congress, menu is all vegetarian

Spiritual factor of the venue makes organisers skip non-vegetarian dishes for delegates.



All dining halls — one for VIPs and seven for others — served vegetarian dishes for lunch and dinner.

**TIRUPATI:** This much-revered pilgrim city has had its impact on guests and delegates at the Indian Science Congress: All of them turned vegetarian irrespective of whether they were from within the country or abroad. All dining halls — one for VIPs and seven for others — served vegetarian dishes for lunch and dinner. And, the vegan menu will be maintained on all five days for breakfast, lunch and dinner. A Delhi-based caterer, who has arrived here with 150-200 cooks from Faridabad and Patna said, he was told to stick to the vegetarian menu, a fact confirmed by top sources of the Indian Science Congress

Association. “The reason is obvious: This is a temple city, and irrespective of where our guests and delegates come from, they will be served vegetarian breakfast, lunch and dinner,” said an organiser.

And while VIPs at the inaugural were presented idols of Lord Balaji, all Nobel laureates and guest speakers were given portraits of Lord Balaji as mementos. The caterer has been told to cook breakfast, lunch and dinner for 15,000 delegates, and an equal number of gate-crashers who include the staff of the state government, cops, volunteers, and those of the city municipal corporation, who are keeping the campus sparkling clean.

This afternoon, however, VIPs and scores of delegates were forced to wait as food trucks from the kitchen could not reach dining halls thanks to overzealous security men. The trucks and the restive staff had to wait for all VIP vehicles to head out of the campus before arriving at dining halls. Unlike in the previous editions of Indian Science Congress at Mysuru, where there were one dining hall for VIPs, and another for thousands of delegates, students, and volunteers, resulted in arguments, this time the organisers ensured entry into separate dining areas with the help of stickers of different colours and bar codes on entry passes. These bar codes also helped identify each delegate, student or volunteer as their pictures flashed on screens of work stations installed nearby.

## THE HINDU BusinessLine

**2016 weather woes to hit spices' prospects this year**



The impact of deficient monsoon rains in 2016 in Kerala is going to be severe as far as the spices such as small cardamom and pepper are concerned. The severity of its effect on the crop, supply and demand would be felt in 2017.

### **Cardamom: supply woes**

Small cardamom output during the current season (August-June) is going to be 40 per cent of the previous crop. It is estimated to be somewhere between 12,000 and 15,000 tonnes as against over 30,000 tonnes in 2015-16 season.

As a result, there is going to be a mismatch between demand and supply with the former outstripping the latter pushing up the prices in 2017.

Change in food habits coupled with the improvement in standard of living of the people have raised the per capita consumption of this aromatic spice. Consequently, there has been a steady growth in demand estimated at 3-5 per cent per annum, trade sources said.

At the same time, export demand also stays somewhere between 3,000 and 5,000 tonnes per year. Good size and colour and better aroma has given the Indian cardamom superiority over its competitors in the world market, they claimed.

Apprehension about a poor crop has built up a bullish sentiment in the markets and as a result the prices started picking up from mid-April to cross ₹ 800/kg in June. Subsequently, the prices touched ₹ 1,300 in early November. However, following the demonetisation the prices dipped to below ₹ 1,200 which was momentary and has witnessed a reversal later in December.

But, the rise in prices did not cheer up the farmers as it has not raised their total revenue following a sharp fall in the productivity per acre.

The total round of picking for last year's crop was limited to three as against the normal six rounds, PC Punnoose, General Manager, CPMC, told BusinessLine. As a result, the total production is estimated to be below 15,000 tonnes as against around 30,000 tonnes the season before, he said.

### **Pepper: output down**

The pepper crop in 2016-17, harvesting for which is to begin in full swing after mid-January, is unlikely to show an upsurge as has been projected earlier because of the erratic weather conditions prevailed throughout the year in 2016.

Deficient rains have affected the vines besides impacting pollination and berry formation, PV Eliyas, a farmer in Meenangadi (Wayanad), said. According to him, the crop in Wayanad district — the second main growing region in Kerala — would remain between

2,000 and 2,500 tonnes. In Karnataka also the situation is said to be not different. According to Sunil, a grower in Sakhleshpur, the unfavourable weather conditions have affected the vines and as a result “we would be getting a crop which we got in 2013-14.”

The trade has, however, estimated the Karnataka crop at around 22,000 tonnes. According to the trade the total 2016-17 output might be around 50,000 tonnes. Official projection for 2017 has put the production at 55,500 tonnes as against 48,500 tonnes in 2016.

### **Blessing for cloves growers**

The scanty rains last year have turned out to be favourable for the cloves as it resulted in more reproductive shoots leading to a good crop in 2017, M Subramaniam, Secretary, Maramalai Planters Association (MPA) in the Kanyakumari district of Tamil Nadu, told *BusinessLine*.

He said the growers were expecting a substantial increase of 60 per cent over the previous crop. A total production of around 2,000 tonnes this year likely as against around 1,200 tonnes last year.

In Nagercoil, a main trading centre for cloves in south India, the prices are down to around ₹ 700 a kg. Sharp fall in indigenous production of this commodity has, in fact, more than doubled its imports in five years.

If in 2010-11 the imports were at 7,000 tonnes valued at ₹ 153.37 crore they were at 14,950 tonnes valued at ₹ 771.13 crore in 2014-15, according to Spices Board sources.

### **NCDEX re-launches castorseed futures**





The National Commodity and Derivatives Exchange (NCDEX) will relaunch trading in castorseed futures which was suspended after prices shot up sharply in January.

To start with, castorseed contracts expiring in February, March, April and May would be available for trading from Friday. The contract will serve as crucial risk mitigation tool for the castor seed, oil and derivatives' processors and exporters, who need to hedge their exposure to price risk, said the exchange in a statement on Thursday.

In the absence of futures contract the traders, processors and exporters are left vulnerable to fluctuating prices, it said.

Samir Shah, Managing Director and CEO, NCDEX, said it is indeed heartening to have the regulators confidence and the support of traders.

“We have significantly strengthened risk management framework under the guidance of SEBI and we look forward to the successful re-launch of the castorseed contact,” he added.

### **Sugar turns sweeter on demand**

Sugar extended bullish trend on Tuesday on back of higher local and upcountry demand. Maharashtra's mills sold about 1.25 lakh bags to local and probably eastern buyers at 45-50 a quintal higher keeping the Vashi market active. Spot rates were up 20-70, *naka* rates increased by 30. At Vashi, arrivals were about 61-62 truck loads and local dispatches were at the same level. The Bombay Sugar Merchants Association's spot rates: S-grade 3,692-3,772 (3,622-3,752) and M-grade 3,740-3,992 (3,720-3,952). *Naka* delivery rates: S-grade 3,680-3,730 (3,650-3,700) and M-grade 3,750-3,800 (3,720-3,780).

### **Turmeric prices stay stable**

The price of the turmeric is stable for the past two days. “Prices fluctuated based on the quality of turmeric. Traders feel the price will decrease soon as they expect bumper crop arrival in Andhra Pradesh, Maharashtra, Assam and Kolkata. Due to adverse seasonal condition and failure of seasonal rains in Tamil Nadu, the production of the spice decreased this year,” said RKV Ravishankar, a trader. On Tuesday, 2,000 bags arrived for sale. One or two lots (each lot contains 15 bags of turmeric) fetched ₹ 8,800 a quintal and the rest were sold for low price.

## Strange but true: Tea is eaten in Myanmar, reveals Global Tea Digest



Did you know that in Myanmar tea is not just drunk but eaten as well?

“Fermented or pickled tea is a national delicacy of Myanmar. It is eaten as Tea Leaf Salad,” records Tea Glossary section of the just released ‘Global Tea Digest 2016’ (GTD).

“Some facts about tea are as fascinating as the very beverage. We have recorded many less-known facts about tea production and drinking round the world,” GTD compiler Rajesh Gupta told *BusinessLine*.

Among the interesting highlights in GTD are: China tea compressed into a ballot to protect it against atmospheric changes is ‘Ball Tea’.

Taiwanese tea-based milk shake added with fruit jellies and tropical balls creating bubbles is ‘Bubble Tea’.

Chinese green tea from Zhejiang province is rolled into small pellet-size ball and dried. So, it is called ‘Gunpowder’. This tea’s colour is also like gunpowder.

The 7th Duchess of Bedford gave birth to ‘afternoon tea’ drinking practice in the 19th century as she drank tea to stave off hunger pangs between lunch and dinner. Finger sandwiches, cakes or pasties accompanied the ‘afternoon tea’.

Chinese and Japanese tea mixed with stalk and dust and moulded into bricks under high-pressure were carried by Asian travellers to drink tea on their way and it was called ‘brick tea’.

‘Handkerchief tea’ got its name from large silk handkerchiefs which the Chinese growers used to collect their very tippy tea.

‘Chunmee tea’ is Chinese green tea resembling the shape of human eyebrow.

Tea transported on camel from China to Russia in the past was called ‘Caravan Tea’.

In Tibet, ‘Butter tea’ is boiled tea mixed with salt and soda, strained into an urn containing butter and dried barley and churned. It is served in a basin with lumps of butter.

# Business Standard

Narendra Modi's new year sops to cost govt Rs 3,500 cr annually: SBI



The government will have to make an additional budgetary provision to the tune of Rs 3,500 crore to pay for the slew of welfare measures announced by Prime Minister [Narendra Modi](#) for the poor, pregnant women and farmers on the eve of the New Year, [SBI](#) says in a report.

"The overall fiscal impact of all these measures announced by the PM on December 31, will be around Rs 3,500 crore per year, which is minimal compared to the social and economic benefits," [SBI](#) Research said in a note today.

Modi announced a slew of schemes for multiple beneficiaries last Saturday, in a bid to soften the blow of demonetisation drive between November 8 and December 30.

In what looked like a mini-Budget speech, Modi announced interest subventions for agricultural loans, financial assistance of Rs 6,000 for pregnant women and an increase in the number of houses being built for poor by a third, among others.

The note said the interest subvention on agri loans will result in a fiscal burden of Rs 1,300 crore, schemes for women and children will be a fiscal drag of another Rs 1,200 crore and the benefits under the PM Awas Yojana will cost Rs 1,000 crore to Exchequer.

Modi had announced loans of up to Rs 9 lakh taken in the new year under two new scheme -- Pradhan Mantri Awas Yojana -- will receive interest subvention of 4 per cent and loan of upto Rs 12 lakh will get a 3 per cent interest waiver.

For rural areas, the number of houses being built for poor will be increased by 33 per cent. In addition, another scheme is being put in place for the neo-middle and middle-class in rural areas where loans up to Rs 2 lakh for new housing loans or extension will receive an interest subvention of 3 per cent.

Farmers will get 60 days interest waiver on [crop loans](#) taken for the Rabi sowing and those who have already paid will get back the money into their accounts to the tune of the 3 per cent interest waiver.

They will get even better access to loans from cooperative societies with the government adding Rs 20,000 crore to the Rs 21,000 crore fund created by Nabard last month.

**Thank tiny bugs, China's hungry pigs for agriculture winners**

*Here's a closer look at some of the agriculture winners and losers*



Investors who defied surpluses and low prices to make winning bets on [agriculture](#) in 2016 have tiny bugs and hungry Chinese pigs to thank for their windfalls.

Orange juice, which soared 34 per cent, was the biggest winner for crop and livestock markets. Futures zoomed as a citrus disease shrunk fruit production. The soybean complex, which includes the vegetable oil and animal feed made from the beans, rallied

as US exports to China surged. In contrast, there was pain for those who bet on cocoa or wheat, where supply remains plentiful.

It was a lackluster year for the asset class as a whole — the Bloomberg [Agriculture](#) Subindex of nine components was up less than two per cent in 2016. Still, that was the first annual advance since 2012. Goldman Sachs Group Inc is among those predicting more gains for 2017. The bank in November recommended an overweight commodities position for the first time in four years and predicted a 12-month return of more than 4 per cent for [agriculture](#) as rising demand erodes cheap supplies.

“We are at very low levels for many of these commodities, and based on valuations, I see very little downside,” said Ben Ross, co-portfolio manager, commodity strategy, at New York-based Cohen & Steers Capital Management, which oversees about \$56.5 billion. “We could expect to see some deficits for the year, but markets will still have high inventories to contend with.”

Here’s a closer look at some of the [agriculture](#) winners and losers:

### **Orange Juice**

Prices on ICE Futures US in New York reached an all-time high of \$2.275 a pound in November. The Asian citrus psyllid, the disease-spreading bug, sent fruit production in Florida down for fifth straight season, the longest slide in a century. Output in Brazil, the world’s top producer and exporter, fell to the lowest in 22 years. Despite the price gains, it’s not boom times for all growers. The psyllid plague has gotten so bad that some of Florida’s farmers are giving up on the crop, and acreage has dropped to the lowest in 50 years. In Brazil, farmers on average sold their fruit at 36 percent below market prices because they were locked in to contracts made earlier, said Gilberto Tozatti of Araras, Sao Paulo-based GCONCI-Group Citrus Consulting.

### **Sugar, Soybeans**

Sugar’s had a roller-coaster year, first surging as much as 58 percent to a peak in September before tumbling into a bear market in December. Drought in Asia had meant that production was lagging behind demand, but better weather returned and crop prospects also improved in Brazil. While prices still posted an annual gain of 28 percent, hedge funds have drastically cut back their bets on further gains as many analysts predict the market will move to a supply surplus.

For the soy complex, supply disruptions in South America altered global buying patterns. Flooding in Argentina and drought in Brazil in early 2016 sent prices soaring as demand shifted to U.S. supplies. China is the world’s biggest consumer and uses the oilseed and its products to feed growing hog and dairy herds and chicken flocks. In the season that started Sept. 1, importers have already committed to buying 28 percent more [soybeans](#) from the U.S. than at this time last year, government data show. Still,

Rabobank International, the second-biggest U.S. agricultural lender, says farmers should be locking in 2017 profits before beneficial rain in South America boosts harvests and washes away potential income.

[Soybeans](#) for March delivery slipped 0.4 per cent to \$10.005 a bushel as of 6:12 a.m. in Chicago on Tuesday.

There's so much wheat in the world that at the end of the current crop season, there will be enough left over in global grain bins to feed both the European Union and China, the two biggest consumers, for another year, data from the US Department of [Agriculture](#) show. That highlights why the market — plagued by burdensome supply — was among the gloomiest commodities in 2016

### **Demonetisation effect: Small traders hit, pain to linger for three quarters**

Traders, retailers and various trade bodies in India have been saying that 100% foreign direct investment (FDI) in multi-brand retail, if allowed, would wipe out industry. However, according to experts, demonetisation has turned out to be much bigger disruptor. The Narendra Modi-led government does not allow FDI in multi-brand retail owing to resistance from trader and retail lobbies who fear losing business and jobs. Demonetisation, according to analysts, has hit small and medium businesses hard and it would take at least three quarters

### **Potato exports resume with MEP removal**



Potato shipments from India have resumed after almost four months on removal of the minimum export price (MEP) last week.

Exporters have started negotiations with buyers in neighbouring countries, including Sri Lanka. Sources said a couple of consignments had been booked for shipment to Colombo.

“Traders have started booking in the spot market for export shipments. Enquiries are coming in from large buyers, especially in Sri Lanka,” said Ajit Shah, president of the Horticulture Exporters’ Association.

Potato exports from India came to a standstill after the government levied an MEP of \$360 a tonne on July 26 to check spiraling prices. Expectations of a delay in kharif planting had pushed wholesale potato prices to Rs 18-20 a kg and retail prices to Rs 35-40 a kg.

The government on December 27 lifted the MEP following a 79 per cent decline in potato prices from their peak. Falling prices have forced farmers to leave the crop unharvested because at Rs 2 a kg the price does not cover the transport cost.

“Based on an informal assessment, the potato acreage has risen this year with favourable weather. Production might increase proportionately,” said S K Chakrabarti, director, Central Potato Research Institute. An estimate suggests India’s potato production could set a new record of 50 million tonnes this year. The previous peak was 48 million tonnes in 2014-15.

India’s potato exports were 132,399 tonnes (worth \$30.56 million) in April-September, up from 128,390 tonnes (worth \$26.21 million) in the corresponding period a year ago. Most of exports were shipped before the MEP levy.

## Rajkot ComEx officially shuts down after failing to clinch Sebi approval



The year 2017 began on a sad note for the country's only [castor seed](#) futures regional exchange, the [Rajkot Commodity Exchange \(RCX\)](#), which has finally pulled down the shutters after failing to bag the Securities and Exchange Board of India's (Sebi's) approval to run new contracts.

Last year, [Sebi](#) had asked all commodity exchanges to start online trading, create a net worth of Rs 100 crore and initiate de-mutualisation within two years, which RCX failed to comply with, leading to the closure. For that matter, none of the regional commodity exchanges have complied with the new [Sebi](#) norms. There are sixteen such exchanges all across India.

"We have tried our best to convince the regulator, however, they did not understand our limitations as a regional exchange and did not give permission for new contracts. Finally, we have decided to close futures activity," said Rajubhai Pobaru, president of RCX.

Since the first week of December 2016, [castor seed](#) contract for the month of December had been inactive and no trading was happening. Traders did not participate after they felt that [Sebi](#) will not allow new contracts.

The exchange had already submitted new contract request in September 2016 but [Sebi](#) has not given permission saying that the RCX did not fulfil compliances set by [Sebi](#) for regional commodity exchanges.

"We had sent our proposals for new contracts to [Sebi](#) in September but haven't received any permission. Our December contracts have anyway witnessed zero volumes since the



beginning of the month. We met [Sebi](#) officials but the response was not positive," said P B Pathak, executive director of RCX.

[Sebi](#) had asked all commodity exchanges to start online trading, create a net worth of Rs 100 crore and initiate de-mutualisation within two years. However, for RCX, networth creation of Rs 100 crore is not possible and it cannot bear costs of online trading platform and de-mutualisation.

The exchange had held several meetings with [Sebi](#) officials and concerned departments of the government of India. However, exchange sources claimed that every time they received poor responses.

"Sebi's approach with regional exchanges has not been positive and after the merger of [Sebi](#) and the forward market commission, regional commexes have faced trouble most of the time. It is not possible for us to live up to these regulatory requirements that include online trading, net worth creation, and de-mutualisation, among others," said Pobaru.

The exchange has a net worth of around Rs 50 crore, including property. Out of its 103 members, only 5-10 members actively participate in daily trading currently. Incorporated in 1951 as Rajkot Seeds and Bullion Merchants Association, RCX went on to trade edible oil and [castor seed](#) contracts in an unorganised manner till 1991 when it bagged official recognition by the government of India. Later, RCX also started soya oil contracts in July 2010, but as the volumes were not high, the same was closed down within months.