COMMODATIES TRADING

You may have your debt and equity funds in place, but investing in commodities could just be the one element to improve your portfolio. Commodity trading provides an ideal asset allocation, also helps you hedge against inflation and buy a piece of global demand growth.

In 2003, the ban on commodity trading was lifted after 40 years in India. Now, more and more people are interested in investing in this new asset class. While price fluctuations in the sector could get rather volatile depending on the category, returns are relatively higher.

However, as this is not a primary area of investment for most, there is a lot of apprehension about when and how to invest. *Outlook Money* seeks to answer some of these questions and help you assess a whole new turf for making money.

Why invest in commodities?

Commodities allow a portfolio to improve overall return at the same level of risk. Ibbotson Associates, a leading US-based authority on asset allocation estimates that commodities increased returns between 133 and 188 basis points, at no extra risk.

Who should invest?

Any investor who wants to take advantage of price movements and wishes to diversify his portfolio can invest in commodities. However, retail and small investors should be careful while investing in commodities as the swings are volatile and lack of knowledge may result in loss of wealth.

Investors must understand the demand cycles that commodities go through and should have a view on what factors may affect this. Ideally, you should invest in select commodities that you can analyse rather than speculate across products you have no idea about.

Investing in commodities should be undertaken as a kicker in your portfolio and not as the first destination for your money.

What is commodity trading?

It's an age-old phenomenon. Modern markets came up in the late 18th century, when farming began to be modernised. Though the trade's mechanisms have changed, the basics are still the same.

In common parlance, commodities means all types of products. However, the Foreign Currency Regulation Act (FCRA) defines them as 'every kind of movable property other than actionable claims, money and securities.'

Commodity trading is nothing but trading in commodity spot and derivatives (futures). If you are keen on taking a buy or sell position based on the future performance of agricultural commodities or commodities like gold, silver, metals, or crude, then you could do so by trading in commodity derivatives.

Commodity derivatives are traded on the National Commodity and Derivative Exchange (NCDEX) and the Multi-Commodity Exchange (MCX). Gold, silver, agri-commodities including grains, pulses, spices, oils and oilseeds, mentha oil, metals and crude are some of the commodities that these exchanges deal in.

Trading in commodities futures is quite similar to equity futures trading. You could take a long position (where you buy a contract) or a short position (where you sell it). Simply speaking, like in equity and other markets, if you think prices are on their way up, you take a long position and when prices are headed south you opt for a short position.

How big is the Indian commodity trading market as compared to other Asian markets?

The commodity market in India clocks a daily average turnover of Rs 12,000-15,000 crore (Rs 120-150 billion). The accumulative commodities derivatives trade value is estimated to have reached the equivalent of 66 per cent of the gross domestic product and the future will only see the percentage rising, says ICICI direct.com vice-president Kedar Deshpande.

What do you need to start trading?

Like equity markets, you have to fulfil the 'know your customer' norms with a commodity broker. A photo identification, PAN and proof of address are essential for registration. You will also have to sign the necessary agreements with the broker.

Is there a regulator for the commodity trading market?

The Forward Markets Commission is the regulatory body for the commodity market in India. It is the equivalent of the Securities and Exchange Board of India (Sebi), which protects the interests of investors in securities.

What kind of products can be listed on the commodity market?

All commodities produced in the agriculture, mineral and fossil sectors have been sanctioned for futures trading. These include cereals, pulses, ginned cotton, un-ginned

cotton, oilseeds, oils, jute, jute products, sugar, gur, potatoes, onions, coffee, tea, petrochemicals, and bullion, among others.

What are the risk factors?

Commodity trading is done in the form of futures and that throws up a huge potential for profit and loss as it involves predictions of the future and hence uncertainty and risk. Risk factors in commodity trading are similar to futures trading in equity markets.

A major difference is that the information availability on supply and demand cycles in commodity markets is not as robust and controlled as the equity market.

What are the factors that influence the commodity prices in the market?

The commodity market is driven by demand and supply factors and inventory, when it comes to perishable commodities such as agricultural products and high demand products such as crude oil. Like any market, the demand-supply equation influences the prices.

Variables like weather, social changes, government policies and global factors influence the balance.

What is the difference between directional trading and day trading?

The key difference between commodity markets and stock markets is the nature of products traded. Agricultural produce is unpredictable and seasonal. During harvesting season, the prices of these commodities is low as supply goes up. There are traders who use these patterns to trade in the commodity market, and this is termed directional trading.

Day trading in commodity markets is no different from day trading in the equity market, where positions are bought in the morning and squared off by the end of the day.

Does commodity speculation affect agricultural income in India?

The vision for the commodity market in India is to reduce information asymmetry and make a robust market available to the end producer or farmer. It is also expected to balance out price information and give the producer a better price and a platform to hedge.

The futures market will allow the farmer to see the upside of the price over two to three months and help him decide where to sell.

How to keep updated?

Most commodity trading firms have a research team in place that prepares commodity charts and conducts detailed study on the trends of the commodity in question.

Investing strategies based on this research are usually provided to clients.

They usually provide daily market reports before the market opens and intra-day calls during trading hours, along with monthly and weekly research reports.

What are commodity exchanges?

Commodity exchanges are institutions, which provide a platform for trading in `commodity futures' just as how stock markets provide space for trading in equities and their derivatives. They thus play a critical role in robust price discovery where several buyers and sellers interact and determine the most efficient price for the product. Indian commodity exchanges offer trading in `commodity futures' in a number of commodities. Presently, the regulator, Forward Markets Commission allows futures trading in over 55 commodities. There are 3 national level and 18 regional level commodity exchanges in India .

Trading Commodity Futures. A Timeline -------

1875 Bombay Cotton Trade Association Established

1900 Future Trade in Oil Seeds Started

1920 Gold and Silver Futures Trading started in Bombay

1939 Cotton Derivatives banned by Government

1952 FCRA passed, ban on cotton futures removed

1953 Forward Market Commission Established

1955 Gold and Silver futures trading banned by Government

1980 Govt. removed ban on selected commodities like cotton, Jute, potatoes etc.

1994 Kabra Committee recommended removal of ban on futures trading for most commodities

2001 Govt. extended the list of commodities allowed for futures trading.

2003 NCDEX&MCX established.

What are the benefits in futures trading in commodities in Exchanges?

- Base Value can never be Zero (or negative) i.e Low risk as compared to

Equitites.

- Provides the best opportunity mainly Gold and Silver to hedge against Inflation and Calamities.

- Futures trading in commodities results in transparent and fair price discovery on account of large scale participations of entities associated with different value chains and reflects views and expectations of wider section of people related to that commodities.

- This also provides effective platform for price risk management for all segments of players ranging from the producers, the traders, processors, exporters/importers and the end users of the commodity.

- Commodity as a portfolio diversifier: Commodity as an asset class possesses low correlation with equity and debt markets which makes it attractive as a portfolio diversifier. Also, long term volatility witnessed in commodity markets is lower than those witnessed in equity markets.

What are the unique features of national level commodity exchanges?
The unique features of national level commodity exchanges are:

- They are demutualized, meaning thereby that they are run professionally and there is separation of management from ownership. The independent management does not have any trading interest in the commodities dealt with on the exchange.

- They provide online platforms or screen based trading as distinct from the open outcry systems (ring trading) seen on conventional exchanges. This ensures transparency in operations as everyone has access to the same information.

- They allow trading in a number of commodities and are hence multi-commodity exchanges.

- They are national level exchanges which facilitate trading from anywhere in the country. This a corollary of being an online exchange.

Which are the major regional commodity exchanges in India ?

- BATINDA COMMODITY & OIL EXCHANGE LTD.

- THE BOMBAY COMMODITY EXCHANGE

- THE RAJKOT SEEDS OIL AND BULLION MERCHAT

- THE KANPUR COMMODITY EXCHANGE
- THE MEERUT AGRO COMMODITY EXCHANGE THE SPICES AND OILSEEDS EXCHANGE (SANGI)
- AHEMDABAD COMMODITY EXCHANGE
- VIJAY BEOPAR CHAMBER LTD. (MUZAFFARNAGAR)
- INDIA PEPPERS AND SPICE TRADE ASSOCIATION (KOCHI)
- RAJDHANI OILS AND SEEDS EXCHANGE (DELHI)
- THE CHAMBER OF COMMERCE (HAPUR)
- THE EAST INDIA COTTON ASSOCIATION (MUMBAI)
- THE CENTRAL COMMERCIAL EXCHANGE (GWALIOR)
- THE EAST INDIA JUTE & HESSIAN EXCHANGE OF INDIA (KOLKATA)
- FIRST COMMODITY EXCHANGE OF INDIA (KOCHI)
- BIKANER COMMODITY EXCHANGE LTD. (BIKANER)
- THE COFEE FUTURE EXCHANGE LTD. (BANGALORE)
- E SUGAR INDIA LTD. (MUMBAI)

Which are the most prominent commodity exchanges across the world?

1. Chicago Board of Trade (CBOT)
2. Chicago Mercantile Exchange (CME)
3. New York Board of Trade (NYBOT)
4. New York Mercantile Exchange (NYMEX)
5. London Metal Exchange (LME)
6. London International Financial Futures Options Exchange (LIFFE)

7. The Tokyo Commodity Exchange (TOCOM)

8. Kuala Lumpur Commodity Exchange (KLCE)

9. Bursa Malaysia Derivatives Exchange.

Who are the likely participants in the market?
Primarily there are three classes of participants viz., Hedgers, Speculators andArbitrageurs.
HEDGER: Hedging is buying and selling futures contracts to offset the risks of changing underlying market prices. Thus, it helps in reducing the risk associated with exposures in underlying market by taking a counter- positions in the futures market. For example, the hedgers who either have security or plan to have a commodity is concerned about the movement in the price of the underlying before they buy or sell the commodity . Typically, he would take a short position in the Futures markets, as the cash and futures price tend to move in the same direction as they both react to the same supply/demand factors.
SPECULATOR: A person who trades commodities, with a higher-than-average risk, in return for a higher-than-average profit potential. Speculators take large risks, especially with respect to anticipating movements, in the hopes of making quick, large gains.
ARBITRAGEUR: Since the cash and futures price tend to move in the same direction as they both react to the same supply/demand factors, the difference between the underlying price and futures price is called as basis. Basis is more stable and predictable than the movement of the prices of the underlying or the Futures price. Thus, arbitrageur would predict the basis and accordingly take positions in the cash and future markets.
Hedgers

- Producers − farmers
- Consumers − refineries, food processing companies

Speculators

- Brokerage houses
- Retail investors
- People involved in commodity spot trading

Arbitrageurs

- Brokerage houses
- People trading in commodity spot markets
- Warehousing companies

What are spot and futures prices?
Spot price is the price in the cash market (where one buys and sells goods `on the spot' just as we make purchases from a shop by paying cash) while future prices are prices of the same commodity at a future date. Therefore, if the spot price of gold is Rs 6000/10 gms today, the 1-month future price would be Rs 6050, while the 2-month future price would be Rs 6100. The difference between spot and futures prices is the cost of carry i.e. interest cost, storing, insurance etc. Normally futures prices are higher than spot prices. The exception is when the futures prices are lower than the spot price, which is called `backwardation'. This situation is more common in case of agricultural commodities where due to the arrival of crop on certain future dates, the future prices would be lower than the current spot price.
How do I begin? Please Explain in brief.
To begin trading in commodity futures you must:

- Select a broker: A trustworthy, reliable, efficient, effective, innovative broker, having membership of both the exchanges (MCX and NCDEX) would be in your interest.

- Information about self: Having selected us as your broker, you will be asked to provide information that is personal and financial. A member client agreement would be signed between the broker and yourself.

- Depositing the margin: In order to trade futures contracts, you have to deposit margins in cash with us. There are two types of margins namely, initial margin and mark to market margin

    1. Initial margin: Initial margin is set by the exchange on basis of volatility in the particular commodity and is a percentage of the contract.

    2. Mark to market margin: At the end of the day, the contract is marked to market, meaning your account is credited or debited based on the profit / loss made during the session.

- Resarch: Its important that the client has access to necessary information for trading in commodities. Futures are time-based products and not long term investments. Hence, they are sensitive to day to day happenings in the

global markets. It is required that you are well informed about the developments in specific commodities across the world and also in India.

Explain in detail about the National Commodity and Derivatives Exchange (NCDEX) and Multi Commodity Exchange (MCX)?
The following points explain you at length about NCDEX&MCX.

- NCDEX is a public limited company incorporated on April 23, 2003 under the Companies Act, 1956. It obtained its Certificate for Commencement of Business on May 9, 2003. It has commenced its operations on December 15, 2003.

- NCDEX is a nation-level, technology driven de-mutualized on-line commodity exchange with an independent Board of Directors and professionals not having any vested interest in commodity markets. It is committed to provide a world-class commodity exchange platform for market participants to trade in a wide spectrum of commodity derivatives driven by best global practices, professionalism and transparency.

- NCDEX is regulated by Forward Market Commission in respect of futures trading in commodities. Besides, NCDEX is subjected to various laws of the land like the Companies Act, Stamp Act, Contracts Act, Forward Commission (Regulation) Act and various other legislations, which impinge on its working.

- NCDEX is located in Mumbai and offers facilities to its members in more than 550 centres throughout India . The reach will gradually be expanded to more centres.

- Online Screen based Future Trading in about 45 Commodities presently.

- More than 100 commodities proposed in near future.

- Daily average turnover of more than Rs. 4, 000 Crores.

- Daily average turnover expected to be more than Rs.16, 000 Crores in a years time and more than Rs. 25,000-30,000 Crores in 4-5 years.

- Excellent hedging tools against price risk.

- All trades backed by Trade Guarantee Fund of respective commodity exchanges thus almost no risk of default.

- Worldwide largest consumer of traditional form of investment.

- Low margins on trade as compared to equity market.

- Online spot trading, future trading in option and commodity indices are also to be introduced in near future.

- Delivery in Demat Form.

November 10, 2003. That day, the Multi-Commodity Exchange of India opened its doors. Just a month later, it was joined by the National Commodity and Derivatives Exchange.

Together, they created a new asset class - commodity futures - that investors could use to diversify their portfolios.

Now, three years on, trading volumes on NCDEX and MCX are comparable to that of the equity cash market (NSE and BSE), although much smaller than that of equity derivatives (NSE).

While MCX's volumes come mainly from gold, silver and crude oil, those of NCDEX are driven by agri-commodities. There is also the smaller, Ahmedabad-based National Multi-Commodity Exchange of India.

The volume growth has been driven by two major factors. First, the target group of the commodity markets - farmers, middlemen, oil companies, oil dealers, agri commodity dealers and jewelers - are using derivatives to lower business risk.

Second, day traders and speculators are using the platform to gain from price swings of volatile commodities (different commodities are volatile at different times of the year).

Retail investors, by and large, have fought shy of CF. If you are an equity investor and want to try your hand at CF, you must keep a few things in mind.

Streets apart, but meet at derivatives junction. Listed companies are many, but the underlying investment instrument is common - dematerialised shares. So, an equity portfolio diversified across shares of several companies can be held in a single demat account indefinitely without altering the nature of the instrument.

Commodities is different. If, say, you buy *tur dal*, steel, gold and crude oil from the spot market, you cannot hold them at a single point. Perishable agri-commodities need hygienic and pest-free storage places, ferrous metals need large warehouses, precious metals need theft-proof safekeeping, and inflammable commodities need

fireproof barrelling.

That's too much to manage for a retail investor. But you can invest in derivatives on NCDEX, MCX and NMCE - albeit, with a restraint of the investment horizon being short term.

A futures contract is a trade to buy or sell an underlying (usually a product) at an agreed price on a fixed later date (expiry date), which is also the date for delivery (cash settlement).

Buying or selling futures contracts of near-month, next-month and third-month expiry and, in a some cases, of six-month expiry, are the only viable options for getting a commodity exposure.

ICICIdirect.com is a division of ICICI Brokerage Services and a member of NCDEX and MCX. Says its chief manager B. Karthikeyan: "Anyone who is trading for the short-term in the equity cash market or in equity derivatives, which, by its very nature, is short-term, can find similar opportunities in commodity derivatives."

But there is one big difference. Commodities derivatives trading, though regulated by Forward Markets Commission, is governed by the Forward Contracts (Regulation) Act, 1952.

This Act does not allow options trading, an essential derivatives tool for managing risk. Options allow you to buy or sell an underlying without having to pay or deliver on the expiry date if the settlement price vis-a-vis your options traded price is causing a loss.

Your maximum possible loss is a market-determined premium that you have to pay on the trade. In the US and the UK, commodity derivatives are as big as equity derivatives. But almost all the exchanges allow options trading along with futures trading - and volumes in the former are usually bigger.

To get going. NCDEX and MCX together offer futures contracts in around 60 commodities, 45 of them common to both. The lists are available on www.ncdex.com and www.mcxindia.com (see NCDEX's Top 10). There are about 800 NCDEX brokers, who have about 12,000 trading terminals across 550 centres in the country and MCX's numbers are similar. So, the reach is as good as that of NSE or BSE. But at lower cost to the broker.

An NSE cash market member acquiring derivatives market membership has to shell out an additional deposit of about Rs 75 lakh (Rs 7.5 million), whereas an MCX member gives a deposit of only Rs 15 lakh (Rs 1.5 million) and an NCDEX

member Rs 30 lakh (Rs 3 million).

You could trade on MCX and NCDEX through a common broker, or two different ones. NSE and BSE brokers, too, can become members of the commodity exchanges (using a separate, registered company) and you could trade through them as well.

In all cases, you have to mandatorily sign a separate client-member agreement that lays down the broad framework of your - and your broker's - rights and obligations.

Gradually, the ease of Internet-based trading is also being offered by commodity derivatives brokers. Internet-based trading platforms of equity brokerages are being extended to their commodity derivatives membership. ICICI Brokerage (via ICICIdirect), Geojit Commodities (www.geojit.com) and Man Financial Commodities (www.manfinancial.in) are three of 10-15 brokers that offer NCDEX futures contracts on their websites. None offer MCX contracts on the Net yet.

Costs. Brokerage rates are 0.03-0.06 per cent of the value of CF contracts, similar to equities. The cost of opening an account varies too. One at ICICI Brokerage would set you back by Rs 500 and requires you to have a icicidirect.com account for equity trading (Rs 750 more). Man Financial, however, would open your account for Rs 350 and would not insist that you become its equity client too.

The rates inch up if you give or take delivery; you are discouraged from doing so. When this correspondent approached Man Financial as a potential client, a sales agent evaded the query. "You can just roll over your contract before expiry to the next month's contract," he suggested.

Settlement. Says ICICIdirect's Karthikeyan: "Of the 50 commodity contracts on NCDEX, six-seven involve compulsory delivery on expiry, six-seven are compulsorily cash-settled and the rest are settled by delivery if the seller wants to." Delivery-settled contracts are preferred the world over. London Metal Exchange CEO Simon Heale says: "Existence of physical delivery forces convergence and facilitates efficient price discovery."

Of course, you avoid settlement if you square off before expiry, which is what is expected of a short-term (less than a month) investor. As liquidity is highest for the near-month contract, the price discovery mechanism works best for it.

But since it is for less than a month, you need to roll it over. If, say, you have bought November *chana* futures and want to extend your position by a month, you have to sell it on or before the expiry date and buy the December futures.

The catch is that the price gap between November and December futures can vary substantially on the day you square off the first trade and execute the second. Besides, you have to pay brokerage for the two trades.

What you see is not what you get. You might be in for another surprise if you are used to equity futures, where the share is the unit and the price is rupees per share. But in commodities, you have to deal with units like a quintal (100 kg), a bale (170 kg) and a carton (22.68 kg).

Plus, the price on the trading screen may be for a quantity different from the trading unit. For instance, *urad* futures trades in units of 10 tonnes (100 quintals), but the price is quoted in Rs/quintal. The trading unit is, usually, also the delivery unit as well as your minimum contract size. Thus, a trade in *urad* November futures at Rs 3,572 per quintal, would have to be for a minimum of 10 metric tonnes or its multiple. So, the contract value of this trade will be at least Rs 357,000 (Rs 3,572 per quintal x 100). Across the various commodity futures contracts the minimum contract size at current prices would range between Rs 50,000 and Rs 800,000.

As in equity futures, for CF too, you have to pay an initial margin of 5-20 per cent depending on the commodity. This exchange-determined margin also depends on the volatility of prices. Daily marked-to-market margin is also collected from you if your position suffers a loss.

The profit or loss on your trade is based on the value of the contract. If, say, you pay Rs 20,000 as 10 per cent margin for a Rs 200,000 CF, a 5 per cent price movement against you will mean a loss of Rs 10,000 (5 per cent of Rs 200,000). So, you could lose 50 per cent of the margin you put up.

Risk containment measures. CFs are seen as risky, though the regulation seems to be in place. How well do the two main exchanges monitor prices and brokers' trading patterns? Says NCDEX managing director P H Ravikumar: "We are the only commodities derivatives exchange that does real-time monitoring of positions."

If you go by FMC's website, www.fmc.gov.in, there has not been a single regulatory order passed by FMC in the last three years against any intermediary. Compare this with 10-15 orders a month that equity market regulator Sebi issues.

So, as a CF trader, you must watch out for price rigging. But if you have the stomach for the risk, the world is your oyster.

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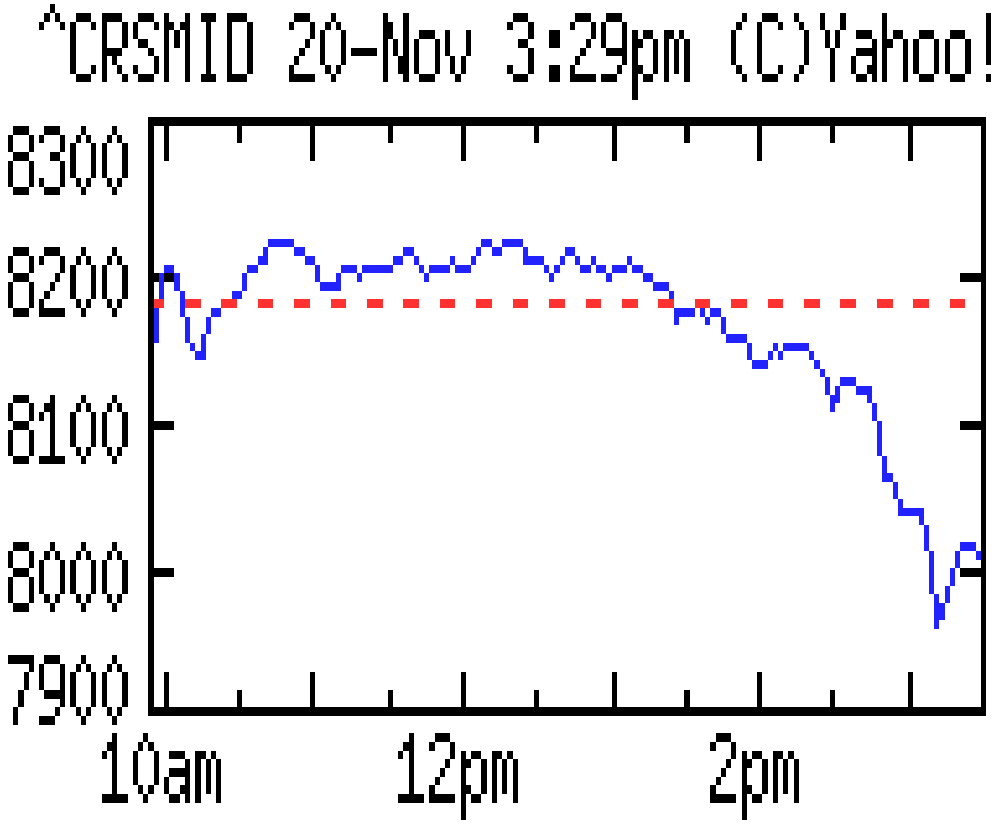
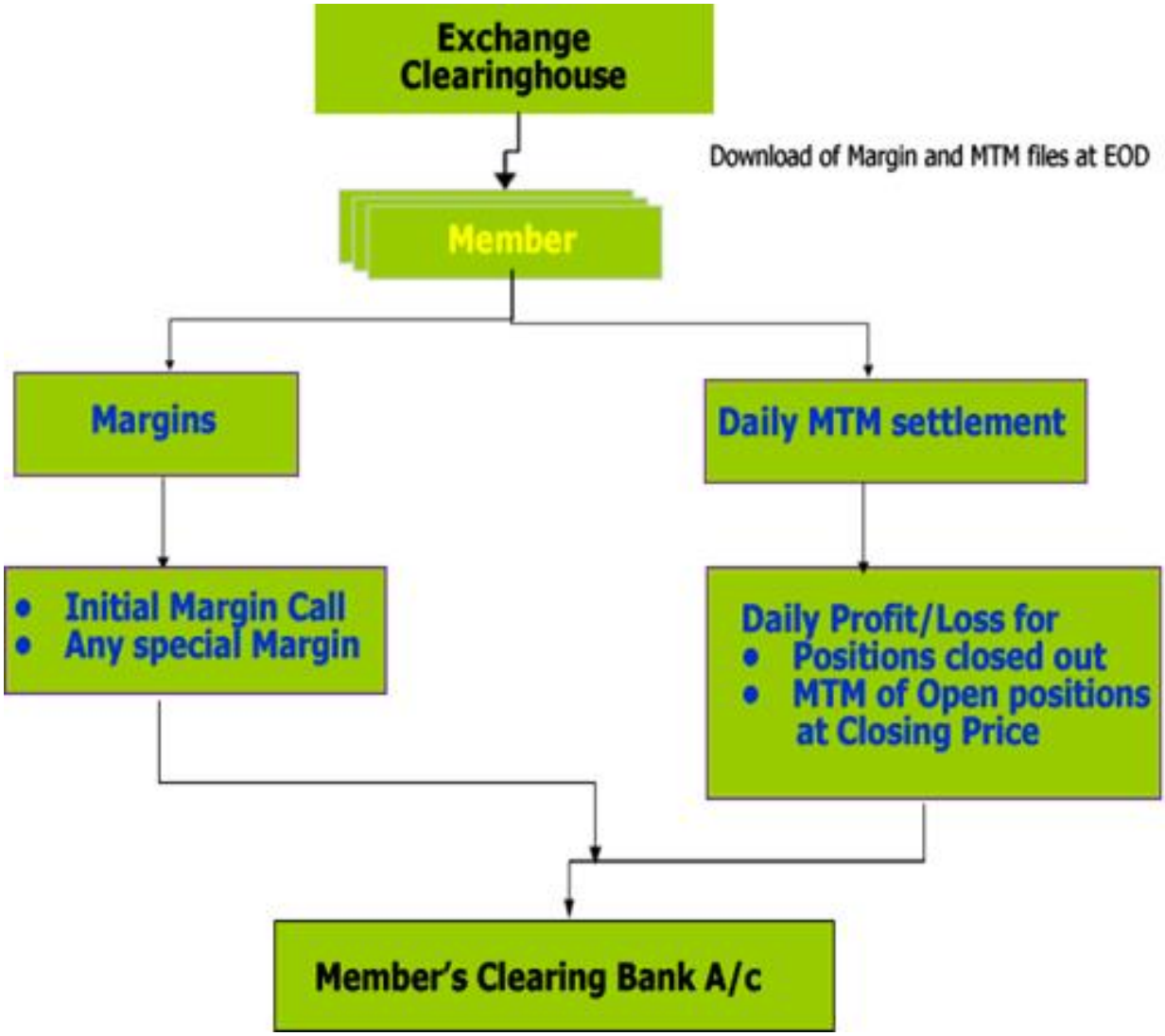
About MCX

MCX an independent and de-mutulised multi commodity exchange has permanent recognition from Government of India for facilitating online trading, clearing and settlement operations for commodity futures markets across the country. Key shareholders of MCX are Financial Technologies (India) Ltd., State Bank of India, HDFC Bank, State Bank of Indore, State Bank of Hyderabad, State Bank of Saurashtra, SBI Life Insurance Co. Ltd., Union Bank of India , Bank of India , Bank Of Baroda, Canara Bank, Corporation Bank.

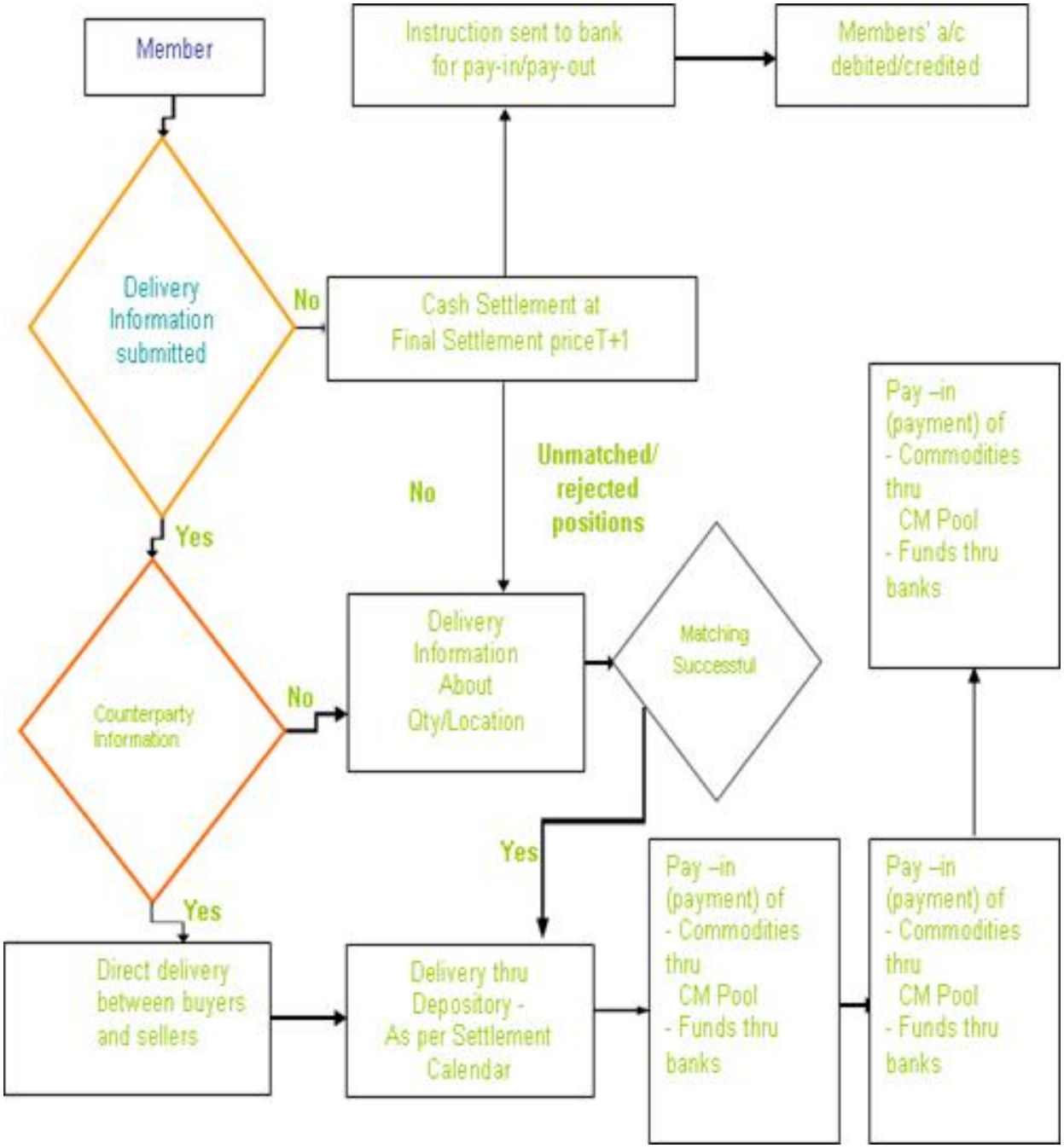
Headquartered in Mumbai, MCX is led by an expert management team with deep domain knowledge of the commodity futures markets. Through the integration of dedicated resources, robust technology and scalable infrastructure, since inception MCX has recorded many first to its credit.
Inaugurated in November 2003 by Shri Mukesh Ambani, Chairman & Managing Director, Reliance Industries Ltd, MCX offers futures trading in the following commodity categories: Agri Commodities, Bullion, Metals- Ferrous & Non-ferrous, Pulses, Oils & Oilseeds, Energy, Plantations, Spices and other soft commodities .
What are the margin requirements?
INITIAL MARGIN
Initial margin based on "Value at Risk" Model (VaR) to estimate worst loss that can happen for a time horizon 99% confidence level SPAN® is the system used for margin calculation. Volatility is one of the inputs to the SPAN calculationsEWMA/ J. P.Morgan Risk Metrics methodology for calculation of volatility will be adopted. Similar procedure is followed in most international exchanges like CBOT, CME, NYMEX, NYBOT, TOCOM, LME, LIFFE
Minimum Initial Margin for each commodity traded by the Client.
Mark- to- market Margin
All open positions will be marked-to-market at the daily settlement price at the end of the day Client has to bring mark-to-market (MTM) margin to be through funds transfer the next day.
What are the types of Settlement?
This is diagrammatically explained below:



Q. Explain the settlements mechanism in the commodity markets?



Explain the Settlement Scenarios?
The following flowchart explains the probable scenarios.



Q. How do I calculate memberwise and clientwise open positons? Have a look at the table:

	Member A			Member B	
	Client 1		Client 2	Client 3	
	Contract X	Contract Y	Contract X	Contract Y	
Day 1	400 S	700 B	400 S	200 B	500 S
Day 2	-	400 S	400 B	200 B	
Date of Expiry	400 S	300 B	-	400 B	500 S

OPEN POSITION	Contract X 400 S Contract Y 400 B	Contract Y =500 S- 400 B =100 S

Q. Explain the Delivery Process.
Procedures for Delivery :

– Open a Beneficiary Demat account
Information required for Delivery :

– Commodity code

– Quantity

– Location/branch preference for physical receipt/delivery of commodities

– Demat IndicatorDelivery process requires
Delivery process requires:

– Delivery information submitted on Expiry date.

– This is done through the delivery request window on the Trading Terminal.

– Matching delivery information is obtained.
Validation of delivery information:

– On Client's Net Open Position

– On Delivery lot for commodity

– Excess quantity rejected and cash settled.

– Matched delivery information.
Matching parameters:

– Commodity

– Quantity

– Location

– Branch

– Matching limited to the total warehouse capacity

– Settlement through Depository.

− Settlement Schedule in Settlement Calendar.
Q. Explain the settlement pay-in and pay-out mechanism.
Pay-in
• Commodities

− Seller ensures Demat of commodities prior to Pay-in

− Instruction to DP by seller to move commodities to Clearing Member Pool Account

− Pay-in of commodities on Settlement Date thru Clearing member pool account

• Funds

− Pay-in of funds − Thru the Clearing bank of the Member on the Pay-in day.
Pay-out
• Commodities

− Credit given into the Buyer member CM Pool A/c

− Instruction by Member to transfer from CM pool to buyer client's Demat account

− Subsequent Remat of commodities and physical movement handled by buyer

• Funds

− Funds pay-out is done into the designated bank account of the Member with the Clearing bank.

To view the streaming commodity rates on line the web address is:

http://smcindiaonline.com/commodity/homecommodity.asp