History and Evolution of Commodity Market

Introduction to commodity Trading
Evolution of commodity market

Pre 2003:

- 1848 - Internationally started first on CBOT in for Cotton Futures
- 1893 - In India firstly Bombay Cotton Exchange was established.
- 1900 - Future trading in oilseed started with the establishment of the Gujarati Vyapari Mandali, which also carried on future trading in groundnut, castor seed and cotton
- 1913 - The most notable future exchange for wheat was chamber of commerce at Hapur.
- 1919: Calcutta Hessian Exchange Ltd. Was established for future trading in raw jute and jute goods
- 1920 - Future trading in bullion began in Mumbai and so on many regional Exchanges were formed for Specific commodity Trading
Evolution of commodity market

• 1927: East India Jute Association Ltd. Was established to start organised future trading in raw Jute.
• 1945: Calcutta Hessian Exchange Ltd. And East India Jute Association Ltd. To form the east India jute and Hessian Ltd. To conduct organised trading in both Raw Jute and Jute Goods
• 1952: Forwards contracts (Regulation) Act was enacted
• 1953: Forward Market Commission was established under the Ministry of Consumer Affairs and Public Distribution
Evolution of Commodity Market

Post 2003:

- After formation of Kabra Committee in 1966 new electronic trading platform was formed
- MCX, NCDEX and NMCE are three national level Electronic Exchanges were formed
- Now commodity market has broadly two type of structures:
  - **Spot market** - includes all government authorities, producers, manufacturers, consumers in the form of Mandis
  - **Future market** - includes FMC, MCX, NCDEX, NMCE, NBOT or all other Regional exchanges.
Structure of commodity derivative market!

Regulatory Authority → FMC

Exchanges → NATIONAL
- MCX
- NCDEX
- NMCE

NATIONAL → REGIONAL
- NMCE
- NMCE
- NMCE
Regulatory Body!

Forward Market Commission

- Managed By Ministry of Consumer Affairs and Public Distribution, Govt. of India.
- Set up in 1953 under the Forward Contracts (Regulation) Act, 1952.
- Takes care of any regulatory issue, compliance issue or any fraud.
How to report any fraud!

Forward Market Commission

• Keep track of your every trade - Better a screen shot or ledger
• If placing order over phone please keep record of phone call date and time.
• If you have any problem with your broker or exchange go to FMC website and email them with records.
• Appear for hearing when called by FMC.