



NCDEX

Pragati ka Solid Exchange



NKrishi

NCDEX Krishi Index



NKrishi is derived from Sanskrit* word 'Krishi' meaning agriculture which highlights the importance of agriculture in India. It represents eleven thousand years of Indian civilization and its re-emergence in the modern world.

The history of agriculture in India dates back to 9000 B.C. Cultivation of wheat, Jujube and Barley along with the domestication of cattle started during this period. Since the beginning of history, agriculture has influenced the life and culture of India. The events and occasions considered important to agriculture came to be worshipped and celebrated. Agriculture, thus, represents the culture, civilization and history of India and its people.

Several festivals are celebrated in various parts of India to welcome the monsoon and *the harvest*.

- ★ **Holi:** festival of colors, is celebrated mainly in northern part of India in late February or early March.
- ★ **Onam:** is a ten day long festival in Kerala in August to celebrate the harvest of the Paddy crop.
- ★ **Lohri:** also known as the harvest festival of Punjab, it is celebrated in the month January to welcome the arrival of Rabi Crops.
- ★ **Pongal:** symbolizes the veneration of the first harvest and is celebrated in the state of Tamil Nadu in the month of January.
- ★ **Basant Panchami:** is celebration of onset of spring and ripening of crops in the western parts of India in the month of January- February.
- ★ **Bhogali Bihu:** is the harvest festival celebrated in Assam which marks the end of harvesting season in mid-January.

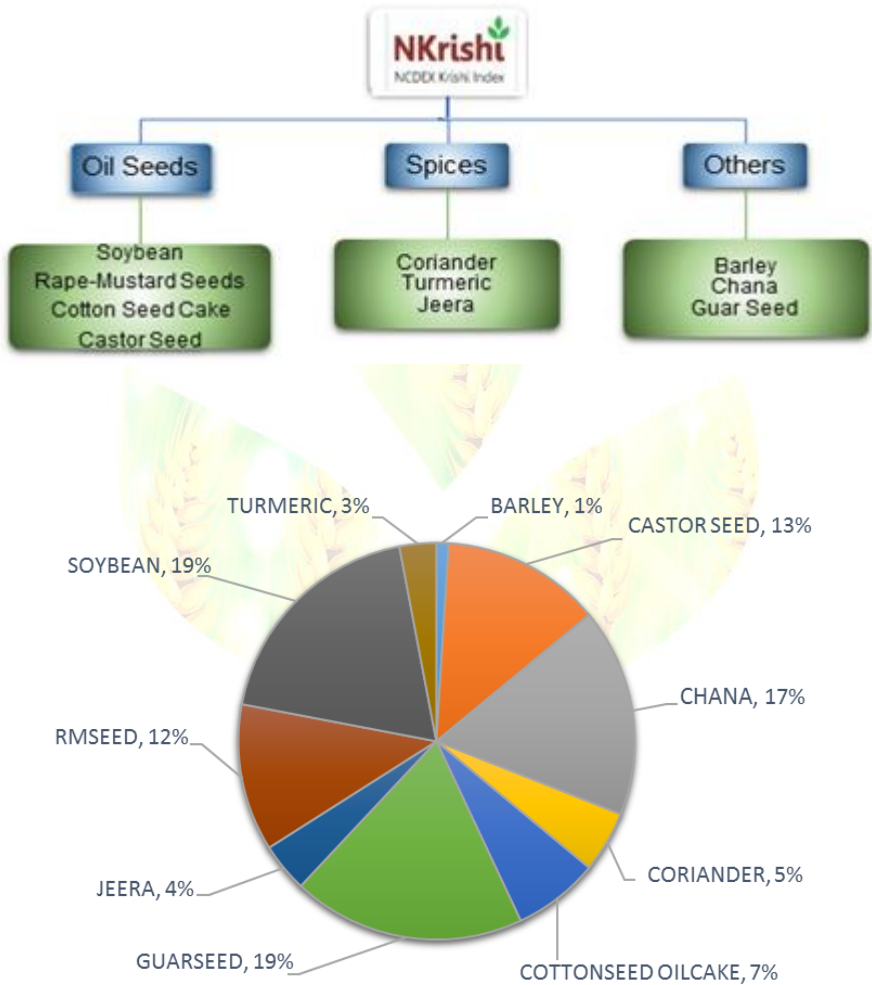
Today, India ranks second in farm output and agriculture accounts for around one third of its GDP and employs 52% of the total workforce. Agriculture is still the largest and most vital economic sector which plays a significant role in the overall economic development and prosperity of India.

** Sanskrit: Is an ancient Indian language and is the parent of several European, Indian and Asian languages. Sanskrit is also the first written language of the world.*

NKrishi aims to provide a reliable benchmark for the traded Agri-commodities in India. NKrishi is based on a simple, transparent and easy to understand methodology. The index features are highlighted below:

- ★ **Components:** **NKrishi** consists of ten liquid Agri-commodity futures contract traded on the NCDEX's platform. The commodities are selected based on their economic significance and liquidity.
- ★ **Diversified Basket:** Commodities from various sub-sectors are selected to ensure adequate diversification. **NKrishi** components account for over 75% of the agri-trading activity on NCDEX platform.
- ★ **Value Weighted:** **NKrishi** is a value weighted index. Weights are assigned to each component based on national production and the traded value. Equal importance [50%-50%] is given to both the parameters to calculate the final weights of index components.
- ★ **Reliable prices:** The index is computed real-time, using the prices of the near – month traded futures contract.
- ★ **Continuity:** Unlike individual futures contracts, **NKrishi** is a continuous series enabling the market to better understand the price action and trend over a longer period of time. NKrishi is a rolling index, that is, periodically futures contract held in the index are rolled over onto next month contracts as current month contracts approach expiration.
- ★ **Index Maintenance:** **NKrishi** is a professionally maintained index. Index maintenance committee is responsible for monitoring the issues related to da-to-day operations of the index. NKrishi components are rebalanced every three months based on the production values and the liquidity situation prevailing in the market place.

Index Components:



¹ Pie Chart – Current composition only

Index Performance:

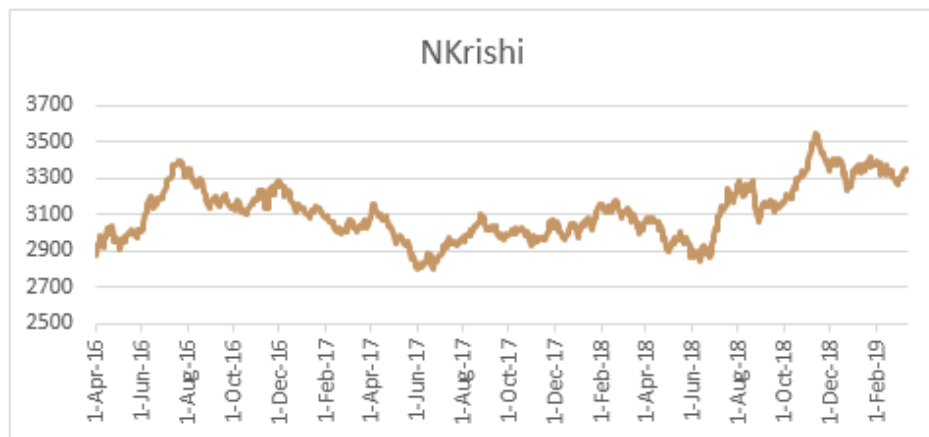


Figure 3: NKrishi Historical Chart²



NKrishi Performance ²		
Annualized Return	1 Year	6.13 %
	2 Year	7.64 %
Annualized Volatility	1 Year	13.45 %
	2 Year	12.11 %
Fiscal Year Returns	2016-17	7.69 %
	2017-18	-1.43 %

Table 1: NKrishi Performance

² Till 12 Mar 2019 based on back calculated values