



Certification Course on Commodity Derivatives

Till some years ago, investors in India had limited investment opportunities. These were limited to stocks, bonds, fixed deposits, mutual funds, bullion and real estate. With the lifting of the 30-year ban on commodity futures trading in 2003, a new investment opportunity is now available to investors. The icing on the cake came from the establishment of three National Commodity Exchanges in the same year!

As a result, the Indian commodity derivatives market has undergone phenomenal growth. It clocks a daily average turnover of over Rs. 15,000 crore (Rs. 150 billion). In a short span of five years, the Indian commodity derivatives market has expanded by 50 times, from Rs. 66,530 crore in 2003 to Rs. 33,75,336 crore in 2007! The market is poised to touch a volume of Rs. 7,415,613 crore in 2010, according to a joint finding of ASSOCHAM and Evalueserve.

National Commodity & Derivatives Exchange Limited (NCDEX), one of the three exchanges, is a technology-driven, de-mutualised, online multi-commodity exchange. NCDEX is committed to providing a world-class commodity exchange platform for market participants to trade in a wide spectrum of commodity derivatives.



The exchange, located in Mumbai, offers facilities to its members from about 550 centres throughout India. The reach will be gradually expanded to more centres. NCDEX currently facilitates trading of 57 commodities including agricultural commodities, metals and energy. Subsequently, trading in more commodities would be facilitated.

NCDEX realised the potential of the growing commodity markets and need for equipping the operators and participants with adequate knowledge on its functioning. For the purpose, it set up the **NCDEX Institute of Commodity Markets & Research (NICR)**. –It is an exclusive Education and Research Institute with the basic objective of widening and improving the understanding of commodity markets. NICR is engaged in extensive research on commodity markets and provides intelligence reports on market trends and related information.



NCDEX Certificate Course

With tremendous growth in commodity markets and trading, thousands of market participants, finance professionals, employees of commodity brokerage houses and commodity dealers are seeking to enter the commodity trading sector. Additionally, there are hundreds of job seekers in commodities' trade. Investors and students too are interested in knowing more about commodity trading.

To equip the interested public with both academic and applied knowledge pertaining to commodities trading, NICR has launched an online NCDEX Certificate Course on Commodity Derivatives. Basically, the course provides the latest authoritative information required for understanding the functioning of commodity markets. The course provides the right blend of a theoretical understanding of the concepts and practical application of trading strategies. It familiarises users with fundamental and technical analyses required to understand commodity markets and deal in commodity derivatives. The certification has been approved by NCDEX and all successful users are entitled to work as commodity dealers on the NCDEX platform.

The coverage of the course includes:

- Commodity markets
- Derivatives

- Commodity exchanges
- Pricing of futures
- Basic principles related to trading
- Fundamental approach to price analysis of commodities
- Technical approach to price analysis of commodities
- Trading strategies
- Functioning and regulation of exchanges
- Process flow of a transaction on the exchange
- Underlying markets in commodities

The **self-study** course is delivered over two segments:

1. **Introductory segment:** Introduces the learner to commodity markets and commodity derivatives, besides key concepts that form the base of commodity trading.
2. **Applied segment:** Focuses on commodity price analysis and trading strategies on the exchange. Users need to clear a test that is based on the introductory segment before they can start on the applied segment.

Both segments are delivered through a **blended design** – that is – an interactive, online **e-learning** course supplemented with a **printed text**. While e-learning covers the topics rather briefly, the textbooks give comprehensive information including caselets and examples. The overall course engagement for a typical learner is estimated at:

- 15 hours of e-learning
- 30 hours of self-study using the textbooks

Here’s a screenshot of the e-Learning course.

Users are required to undergo a two-stage assessment to be eligible for certification. This assessment comprises two stages:

- **Stage 1:** Self-triggered test delivered online from the Learning Management System (LMS) after completion of the introductory segment
- **Stage 2:** A Prometric test delivered online at a select test centre on select dates announced periodically



NICR and C&K – Partners in Success

NICR joined hands with C&K Management to:

1. Research, develop, print and circulate the textbooks for both Introductory and Applied segments.
2. Develop e-learning courses for both Introductory and Applied segments and host them on an LMS.
3. Develop the assessments question bank and administer assessments on users in partnership with ATTEST, the online testing arm of Aptech Limited. ATTEST will completely manage NICR’s test process electronically, right from scheduling candidates against the available test slots to conducting and evaluating the test.