# NCDEX launches India's first PRA-based steel scrap futures

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## News

The National Commodity & Derivatives Exchange (NCDEX) launched India's first steel scrap futures contract based on a price reporting agency (PRA) on 11 Nov 2026. BigMint is the price reference agency. NCDEX named steel clusters in Punjab, Delhi NCR, Rajasthan, Gujarat, Maharashtra, West Bengal, Chhattisgarh, Odisha and Tamil Nadu as likely users.

## Key facts for the exam

| Point | Details |
|---|---|
| **Grade** | HMS 80:20 (80% heavy melting scrap 1 + 20% HMS 2) |
| **Trading unit** | 10 tonnes (maximum order 500 tonnes) |
| **Tick size** | ₹10 per tonne |
| **Settlement** | Cash, against BigMint's HMS 80:20 assessment; basis centre ex-Mandi Gobindgarh, Punjab (prices exclusive of GST) |
| **Purpose** | Let steelmakers and traders hedge scrap price risk |

## Background

- What is a futures contract? An agreement to buy or sell at a fixed price on a future date; it helps producers lock in costs. A PRA publishes independent benchmark prices from market deals.
- Why scrap? India's mini steel plants and induction furnaces melt scrap; scrap-based steel cuts emissions compared with the blast furnace route. The Steel Scrap Recycling Policy came in 2019. NCDEX said domestic scrap generation rose 22% to about 32 million tonnes in FY 2025-26, scrap imports fell 20%, and crude steel output was 168.4 million tonnes (up 10.7%).
- Regulation: the Forward Markets Commission merged with SEBI on 28 Sept 2015; SEBI now regulates commodity exchanges (NCDEX, set up 2003, Mumbai; MCX).

**Tamil Nadu link:** Tamil Nadu is on NCDEX's list of steel clusters. SAIL's Salem Steel Plant is known for stainless steel, and the State has many secondary steel and foundry units around Chennai and Coimbatore.

## Frequently asked questions

**What is this news about?**

The National Commodity & Derivatives Exchange (NCDEX) launched India's first steel scrap futures contract based on a price reporting agency (PRA) on 11 Nov 2026. BigMint is the price reference agency.

**What are the key facts to remember for the exam?**

Grade: HMS 80:20 (80% heavy melting scrap 1 + 20% HMS 2); Trading unit: 10 tonnes (maximum order 500 tonnes); Tick size: ₹10 per tonne; Settlement: Cash, against BigMint's HMS 80:20 assessment; basis centre ex-Mandi Gobindgarh, Punjab (prices exclusive of GST).

**What is the background to this news?**

What is a futures contract? An agreement to buy or sell at a fixed price on a future date; it helps producers lock in costs.

## Practice questions (with answers)

**1. Which exchange launched India's first price-reporting-agency (PRA) based steel scrap futures contract?**

**A)** MCX

**B)** NSE

**C) NCDEX**

**D)** BSE

**Answer: C** – Explanation: The National Commodity & Derivatives Exchange (NCDEX, 2003, Mumbai) launched it on 11 Nov 2026; grade HMS 80:20, trading unit 10 tonnes.

**2. Which price reporting agency provides the price benchmark for this contract?**

**A)** S&P Global Platts

**B) BigMint**

**C)** Argus Media

**D)** CRISIL

**Answer: B** – Explanation: BigMint (formerly SteelMint) assesses daily scrap prices; final settlement is in cash against its benchmark.

**3. What is the basis centre of the NCDEX steel scrap contract?**

**A)** Alang, Gujarat

**B)** Raipur, Chhattisgarh

**C)** Jamshedpur, Jharkhand

**D) Mandi Gobindgarh, Punjab**

**Answer: D** – Explanation: Mandi Gobindgarh is a secondary-steel hub called the "Steel Town of India". Alang is a ship-breaking yard.

**4. After the Forward Markets Commission merged in 2015, who regulates commodity derivatives in India?**

**A) SEBI**

**B)** RBI

**C)** IRDAI

**D)** PFRDA

**Answer: A** – Explanation: The FMC merged with SEBI on 28 September 2015; since then exchanges like MCX and NCDEX come under SEBI.

**5. Salem Steel Plant (SAIL) mainly produces which type of steel?**

**A)** Rails

**B) Stainless steel**

**C)** TMT bars

**D)** Ship plates

**Answer: B** – Explanation: Salem Steel Plant is known for cold-rolled stainless steel. Tamil Nadu is among the steel clusters expected to use the scrap futures.

**Sources:** NCDEX press release (ncdex.com, 11 Nov 2026); Manufacturing Today India (12 Nov 2026). © Shanmugam IAS Academy.