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MCX gets nod for imported thermal coal futures trade

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MUMBAI

Multi-Commodity Exchange of India, or MCX, is at an advanced stage of launching imported thermal coal futures after receiving permission from the regulator, Forward Markets Commission, or FMC.

"We are at an advanced stage of launching the futures (imported thermal coal)... talking to stakeholders and will soon launch," chief executive Joseph Massey said on Monday.

Thermal coal, also known as steam coal, is used to describe coal which is used primarily to generate heat.

FMC approved the imported coal futures proposal of MCX last week, he said.

Rival National Commodity and Derivatives Exchange (NCDEX), part-owned by **Goldman Sachs Group Inc.** and **IntercontinentalExchange Inc.**, launched thermal coal futures of domestic origin in September. However, the NCDEX contract has failed to gain volumes so far.

India's coal demand is expected to rise to 731 million tonnes, or mt, by March 2012, while domestic production will meet only 680mt, according to government.

This widening gap is forcing coal companies to look abroad. India's coal imports have grown rapidly over the past three years from a few million tonnes to a projected 50mt for 2009.

About 20-25% of coal imports are from South Africa and the rest from Indonesia.

India has 256 billion tonnes of coal reserves, of which around 455mt per annum is mined. REUTERS