FMC-SEBI merger will improve regulations: MCX's Singhal

OUR BUREAU

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The merger of the Forward Markets Commission with SEBI is expected to strengthen the regulations in the commodity future markets.

PK Singhal, Joint Managing Director, MCX, said the capital market regulator SEBI has penal powers to raid, search, fine and take criminal actions against wrong doers, thus improving market integrity.

The ₹5,600-crore payment crisis leading to the collapse of National Spot Exchange has tested the survival of commodity markets in India.

Though NSEL was largely unregulated, two national commodity futures exchanges had to suspend trading in two years as they could not attract enough volumes.

Unregulated or *dabba* market, which is estimated to be about 8-10 times of the regulated commodity derivatives market, subsequent to the imposition of commodity transaction tax will be curbed.

Quoting a Nielsen report, he said the dabba trading has grown five to seven times ever since the new tax was imposed some two years back.

In a year's time, he said trading new products such as options, indices, weather derivatives and freight can be introduced. MCX is ready to introduce it since the last few years.

Securities brokers who have membership of commodity futures through their subsidiary companies will benefit, as it will reduce the duplication in a number of issues and cut cost of transaction and compliance.