MCX, SME body ink risk awareness pact

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MULTI Commodity Exchange of India (MCX) on Monday announced signing of an agreement with industry body 'IamSME of India' to create awareness on commodity price risk management among small industries. MCX and Integrated Association of Micro, Small & Medium Enterprises of India ('IamSME of India') signed the MoU aimed at creating awareness among micro, small and medium enterprises on the benefits of commodity price risk management. This would encourage them to hedge on exchanges and face competition adroitly, MCX said. MCX's collaboration with IamSME in disseminating in-depth knowledge about the derivatives market and its benefits among MSMEs would lead to their growth and development. Since these small enterprises are the most vulnerable to price volatility, they can effectively manage price risks through hedging by using commodity futures, the release said. Moreover, the growth and sustenance of these small enterprises depend largely on a vibrant commodity market given the climate of unpredictability that prevails today. "Given the preponderance of MSMEs in the Indian industry, it is important that these small players are not only educated about the derivatives market but also get access to an efficient and cost-effective hedging platform for price discovery and price risk management," MCX joint managing director P K Singhal said.

This collaborative endeavour will enable and empower them to effectively manage their risks amidst unprecedented uncertainty, Chawla added.