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MCX set to launch 4-5 contracts in agri-space

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Mumbai, Jun 16 () Leading commodity bourse Multi Commodity Exchange of India (MCX) today said it plans to introduce four-five contracts in agri-space in near future and hopes to launch its own clearing corporation.

"The exchange is ready with new derivative products such as options and indices. We are planning to strengthen our agri portfolio with launch of 4-5 new agri contracts. We have submitted laundry list of products of interest, including agricultural products for regulatory consideration," MCX Managing Director and CEO Mrugank Paranjape told reporters here.

"We are also launching 2-3 non-agri-based contracts in the near future. In line with interests of hedgers especially those from the SME segment, the exchange is also looking at the feasibility of deliverable base metal contracts," Paranjape said. He added MCX's technology is geared up for the projected volume increase post introduction of options.

MCX has cotton, cardamom, crude palm oil and mentha oil contracts in agri space. The exchange has also decided to set up clearing corporation, for which it will invest Rs 300 crore.

"Though Sebi had provided a three-year framework for setting up clearing corporation, with enough cash in hand and technology arrangements in place, the exchange is well poised to operationalise it well before the mandated time. We will invest around Rs 300 cr in setting up of clearing corporation," Paranjape said.

Commenting on technology, he said MCX has no problem with the technology supplied by its erstwhile promoter Financial Technologies (India) Ltd (FTIL) so far.

The current technology provider agreement that MCX has with FTIL would meet its technology requirements till 2022. The exchange is working with FTIL to upgrade the software to meet all future possible market needs in terms of speed and throughput. However, it has been continuously evaluating options for better technology, he said.

The company is committed to keep the focus, and continue to invest in technology and human resources to capture the new growth opportunities as well as to address the challenges of increased competition that might arise. He said there has been a 14 per cent increase in employee strength during the last one year, which also includes the appointment of five senior management personnel.

He expressed confidence that the challenges MCX was facing since July 2013 following the imposition of Commodity Transaction Tax (CTT), payment crisis at NSEL and exit of several senior employees in the wake of a forensic audit of the exchange's operations, were over, and that the exchange is on a solid footing with strong fundamentals to reap the opportunities that are imminent.

"PWC report and its suggested measures having been put in place, it is time that we look forward to launching ourselves on to the next phase of growth," he said.

"In view of substantial drop in commodity prices, the exchange has faced a steep decline in volumes. The average daily turnover on the exchange has stabilised over time and was 61 per cent higher in May, 2016 from the bottom it had touched in November, 2013," he said.

The market share in fiscal 2015-16 increased to 84.3 per cent from 84.1 per cent in 2014-15. AP SDL ADI ABK