MCX is now poised to move forward, says new CEO Mrugank Paranjape



Pravin Palande, Forbes India Staff

I look at markets as numbers because numbers don't lie

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Mrugank Paranjape, the MD and CEO of MCX

"Volumes at MCX are up by 61 percent since November 2013 when the exchange got into a crisis. We have come out of that situation and MCX is now poised to move forward. The market share in fiscal year 2015-16 increased to 84.3 per cent from 84.1 per cent in fiscal year 2014-15. " said Mrugank Paranjape, the MD and CEO of MCX, a commodity exchange at a press conference today where he talked about his future plans for the exchange. He came on board in February 2016.

MCX got into trouble after its promoters were caught running a ponzi scheme through a spot exchange. The promoters of MCX had promoted National Spot Exchange (NSEL) a spot exchange which got into trouble after it failed to pay its investors in commodity paired contracts in July 2013. This also affected the fortunes of MCX which saw most of its senior management leave the company.

After two years the company has become successful in getting a senior management in place. Paranjape who has earlier been the Managing Director of Deutsche Bank AG has over 25 years of diverse experience in corporate banking, securities markets and investor services. He understands that India is one of the biggest consumer as well as producer of commodities but at the same time is not a price giver in the international market. He believes that this would change eventually with more investors and producers coming under the formal trade of the exchange.

Paranjape feels that life at MCX will be exciting at a time when both FMC and SEBI are poised to merge. This means a big opportunity for commodity exchanges who are expecting new products that could be allowed to be traded on commodity exchanges.

Paranjape is confident that new products related to futures and options will be allowed to be traded on the exchange and this will also mean that there will be new institutional participants who will bring in more depth to the business. Both banks and mutual funds will be allowed to trade in commodities. At the same time, he believes that the presence of SEBI as the market regulator would help build the confidence in the market for all stakeholders, and make the commodity markets more vibrant, and build a level playing field across the commodity and securities market.

Looking at this opportunity, Paranjape has been on a hiring spree. Over the last one year there has been a 14 percent increase in man power which includes five senior managers.

Paranjape understands the business at a stock exchange is driven through people and technology and that is exactly the areas that he plans to concentrate on for the coming years. The exchange has an agreement with Financial Technology (FT) till 2022 and MCX so far has not seen any problems in the technology solutions provided FT.

While there has been a worry of speculators dominating MCX, the new management feels that speculators as were as investors are equally important from the point of view of the exchange as they bring in the much required liquidity.