MCX plans to launch 4-5 new contracts in agri segment

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Multi Commodity Exchange of India (MCX) plans to introduce four or five new contracts in the near future, in the agricultural space.

According to exchange sources, MCX plans to re-introduce trading in black pepper and in castor seed.

The latter contract was suspended from trade early this year from the rival National Commodity & Derivatives Exchange. MCX has already applied for approval to the Securities and Exchange Board of India (Sebi). The other products planned are in "various stages" of approval.

MCX, the largest commodities exchange, had introduced many contracts in the agri segment in its 13 years of existence. Of these, four -- mentha oil, crude palm oil, cardamom and cotton -- remain liquid. Contracts on guar seed, sugar and guar gum were launched on various occasions but were discontinued due to regulatory constraints.



After the payment crisis erupted in July 2013 at Financial Technologies' (FTIL's), subsidiary, National Spot Exchange, the former was declared by the then regulator to be unfit to operate an exchange.

It was also promoter of MCX and had supplied the latter's technology. MCX renegotiated its technology supply contracts with FTIL and this is valid till 2022. Paranjape said there was no problem with the technology's ability to handle new products and segments. "We have tested it on its requirement for new products," he said.

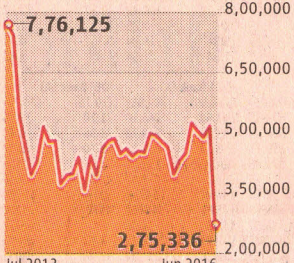
An IIT/IIM alumnus, he said the exchange would continue to invest in people and technology. "The exchange is working with FTIL to upgrade the software to meet all future possible needs in terms of speed and throughput," he said. They were, he said, prepared for introduction of new contracts like options and index futures, as and when Sebi allows this.

On the launch of commodity trading on the National Stock Exchange and BSE, he noted Sebi was yet to approval the proposals. "But, competition gives you opportunities and challenges. We would take this as an opportunity," he added.

The exchange is also looking at the feasibility of deliverable base metal contracts. It is also studying options on whether to start its own clearing corporation.

SLIDESHOW

MCX turnover aggregate for the month (in ₹ crore)



Data upto June 16 Indian session
Source: Exchange
Compiled by BS Research Bureau