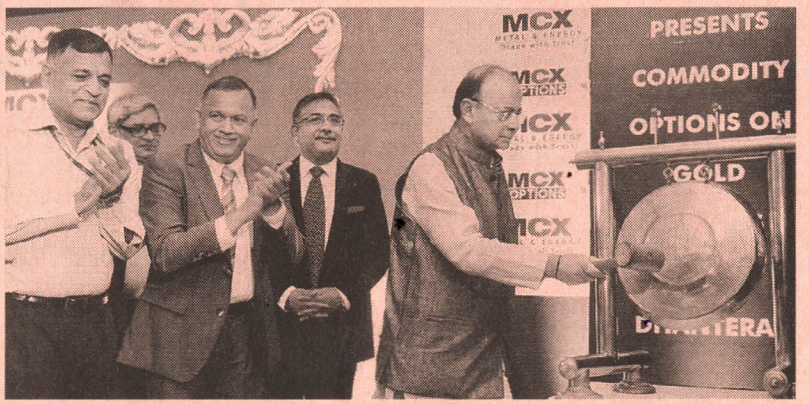
Options trading to formalise gold business, says FM



Finance Minister Arun Jaitley strikes the gong at the launch of commodity options in gold futures in New Delhi on Tuesday. (*From left*) Finance Secretary Ashok Lavasa, Chairman of Economic Advisory Council to the Prime Minister Bibek Debroy, MCX MD & CEO Mrugank Paranjape and MCX Chairman Saurabh Chandra are also seen PHOTO: PTI

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After gauging businesses in gold options, the Multi Commodity Exchange (MCX) will seek permission from the Securities and Exchange Board of India (Sebi) to launch options for other commodities such as cotton, crude palm oil, silver and copper.

The bourse said so on Tuesday, when Finance Minister Arun Jaitley launched gold options trading on the MCX.

Jaitley said this was one of the steps towards formalising gold trade.

At present, MCX offers futures trade in gold and other commodities even as the industry has been demanding other products such as options trade for hedging as well.

"This marks a very important evolution in trading of yellow metal itself. It hedges all risks by giving them (traders) the option of futures," Jaitley said after unveiling the options trade on the occasion of Dhanteras. Indians are great buyers of gold. This new product will be extremely successful, he said.

Emphasising that the government was making efforts to formalise gold trade, Jaitley said, "I am sure more it formalises, better it is for consumers, jewellers and those trading in this. That's in consonance with the business environment for future that we see for us."

This is the first product for options trading that the market regulator has allowed after 14 years of commencement of commodity exchanges in the country, he said.

According to MCX, gold options contracts are available for trading from Tuesday and investors can trade in one kg gold.

The contracts will expire in November and January 2018.