MCX inks pacts for outreach programme

Ties up with IIMM, textile mills' body

OUR BUREAU

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Multi Commodity Exchange has signed pacts with the Indian Institute of Materials Management and Ludhiana-based Northern India Textiles Mills' Association as part of its outreach programme to jointly undertake educational programmes in price risk management for their common stakeholders.

The joint outreach programmes and educational initiatives are aimed at creating awareness among the stakeholders on the risks they face on account of uncertainty and volatility in prices of commodities, which constitute their key inputs or output. Cotton constitutes about 59 per cent in the raw material basket of the textile industry and the global cotton price has been volatile due to various uncertainties surrounding supplies and demand.

An annualised volatility of about 13 per cent in cotton prices during 2017-18 is much more than the margins of most textile mills.

Price volatility

Similarly, the annualised volatility in aluminium, copper, zinc, nickel, lead, crude oil, natural gas have exceeded 25 per cent last fiscal.

Thus it becomes necessary for them to be sensitise and educated about the risk price volatility could bring in and the need and modalities of risk management in order to sustain and grow their enterprises, said the exchange.

Murgank Paranjape, Managing Director, MCX, said, "It has been our constant endeavour to reach out to a multitude of diverse stakeholder groups exposed to commodity price risks, and thereby, contribute in the cultivation of a culture of commodity price risk management among Indian corporate businesses and to prepare them for the mandatory disclosure regime."