MCX-IBJA to set up bullion spot exchange

PRESS TRUST OF INDIA
Mumbai, August 16

THE MULTI COMMODITY Exchange of India (MCX) on Thursday said it had signed a memorandum of understanding (MoU) with India Bullion and Jewellers Association (IBJA) to set up bullion spot exchange.

"MCX and IBJA have entered into an MoU to explore collaboration in setting up a bullion spot exchange in the country, in line with the government's vision of a regulated spot platform," MCX managing director and chief executive Mrugank Paranjape said here.

It will help in establishing trade-efficient and consumer-friendly system of regulated gold exchange in the country for bullion stakeholders for efficient price discovery and transparency, he said.

'It will help in establishing trade-efficient and consumer-friendly system of regulated gold exchange in the country'

Gold spot exchange, once set up, would help in creating a vibrant gold ecosystem corresponding to India's annual demand of around 800-900 tonne. It would further lead to assurance in the quality of gold, provide for a robust settlement mechanism, multiple delivery centres, active retail participation, greater integration with financial markets, and boost recycling.

It would also give a fillip to the gold monetisation efforts of the government through transparency and standardisation.

Through this MoU, the entities would also undertake a series of initiatives such as organising joint seminars and awareness programmes on price risk management for bullion traders and jewellers across the country. These awareness programmes would serve to wean away the small and medium-size jewellers from unorganised markets, while educating them about effective hedging tools such as gold derivatives contracts-futures and options that will enable jewellers to maintain efficient books of accounts.

Also, the entities would facilitate measures to deepen commodity derivatives market and encourage participation of corporates including SMEs on the commodity exchanges to manage their price risk, the release said.