MCX and Canara Bank Regional Staff Training College jointly organise Workshop on Commodity Risk Management for Bankers

Mumbai, January 25, 2018: Multi Commodity Exchange of India Ltd (MCX) and Canara Bank jointly organised a workshop on commodity risk management for bankers at the Canara Bank Regional Staff Training College, Gurugram on January 23, 2018. The objective of the workshop was to sensitize and educate the employees of Canara Bank on the need of hedging commodity price risks and the modalities of doing so using exchange-traded derivative instruments. Sessions, educating the participants on risk management strategies, global best practices, role that banks can play to foster a culture commodity risk management in their clients, and the need for measurement, management and disclosure of commodity price risks, were held. Further, some hedgers shared their experiences in hedging commodity price risks with the participants in the workshop.

The participants included senior officers of Canara Bank involved in risk management, credit and related functions at the bank. Shri Vijayant Kumar Verma, DGM, Securities and Exchange Board of India (SEBI) delivered the keynote address and highlighted various measures taken by the regulator for the development of the commodity derivatives market.

Speaking on the occasion, **Dr. V. Shunmugam, Head, Research, MCX**, said "*Commodities are a vital component of our financial markets, yet are characterised by high price volatility, necessitating the creation and propagation of strategies for managing the effect of such volatility on business bottomlines. As such, it is highly desirable to foster a culture of commodity risk management as part of better policy and control structures of the businesses so that they remain credible borrowers*".

"For banks", **he added**, *"Effective risk management in their commodity-intensive borrowers would also provide for minimization of credit risks. Moreover, banks can play an important role by creating awareness among their borrowers on the importance of commodity risk management. The workshop was an endeavour to sensitise the bankers on this economic function of hedging commodity price risks, which is vital to their and their borrowers' business operations".*

Mr. Manoranjan Sharma, General Manager and Chief Learning Officer, Canara Bank said *"The Reserve Bank of India had in May 2015 issued an advisory asking all scheduled commercial banks to advise their borrowers to hedge risks arising from uncertainty in prices of agricultural commodities. Hence, we appreciate the need for building competencies among our employees on commodity price hedging. We are, therefore, very glad to partner with MCX in organizing a knowledge-sharing workshop to understand and build capacities in the field of commodity price risk management, and hope that the Exchange continues this partnership for more such workshops in the future*".

This workshop is part of the continuous effort and engagement of MCX in spreading awareness, educating participants connected to commodities eco-system about commodity derivatives market, commodity risk and its management etc. under the aegis of its investor protection fund.

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