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## THE HINDU BusinessLine

We've got positive indications on relaunch of chana futures: Samir Shah, MD, NCDEX



After a successful relaunch of the castor seed futures contract on its platform, the National Commodity & Derivatives Exchange Limited (NCDEX) is gearing itself up for the rollout of options trading in agri commodities and preparing to set up a global commodity exchange at the GIFT-IFSC. Samir Shah, MD & CEO, NCDEX, shared details about the current growth and future plan of the commex in an interview with BusinessLine. Excerpts:

How has the response to the relaunched castor seed futures contract been?

Market acceptance is excellent, and we have already achieved about 99.9 per cent of market share with average turnover of about ₹100 crore, about 25 per cent of the previous peak volumes of ₹400-500 crore. The issues, which led to the suspension of castor futures, were fixed urgently and strategically within a year's time. Now, we expect volumes to pick up gradually and soon castor will regain its position as one of the top five commodities on our platform.

What are the other futures contracts in the pipeline?

We have applied to SEBI for quite a few contracts, including de-gummed soya oil and we hope that SEBI will allow them. We have also applied for relaunch of pepper, which was suspended in 2013. Next will be yellow peas and RM Seed cake or RM Seed meal.

We are also trying to bring mini contracts in all the commodities. It is required for options trading. It is necessary to have mini and major contracts for options, for delta hedging in options.

There will be arbitrage between mini and major contracts. That will also be beneficial for options. We are at the planning stage. These mini contracts will be introduced in 2017 itself.

Is there any likelihood of Chana futures being relaunched?

We are trying to relaunch Chana futures. Discussions are on with the government and SEBI. Informal feedback is required from the government and we sense some positive indications.

Chana prices are low and other pulses, too, are hovering below Minimum Support Price (MSP) levels. After the suspension of Chana futures last year, it was clear that prices could not be controlled.

When the government suspended it, prices were at ₹8,500 per quintal; after that they shot up to ₹13,000 in two months. So, banning a contract is not the answer. It had no control on prices.

Are you prepared for rollout of Commodity Options trading?

We are fully prepared for options trading. However, some final guidelines are still to come. There are legal technicalities that are to be looked at by SEBI. It is understood that there has to be amendment in the Securities Contracts (Regulation) Act (SCRA) to enable trading.

Which products do you look to offer for the Options trade?

In the first phase, one agri and one non-agri commodity will be taken up for options trading.

We have recommended options trading in soybean, mustard seed, soya oil and guarseed, which are some of our most liquid commodities. One will be chosen by SEBI.

What is the progress on NCDEX's International Commodity Exchange at GIFT-IFSC?

We have plans for GIFT-IFSC for the next 12-18 months. We have already signed an MOU in GIFT City. Our next priority is to set up a repository for demat warehouse receipts, for which we have got the licence from the Warehousing Development and Regulatory Authority (WDRA).

We are going to set up a separate subsidiary called National E-repository Limited, which will start operations from July 1 and dematerialise all warehouse receipts.

Next on the agenda, in six months' time, is to set up a clearing corporation and then in the next one year to 18 months, the third priority will be the International Exchange.

We will promote the commodity exchange and are looking for partnerships.