

Cotton ginners to get premium for depositing stocks with MCX

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In a bid to bring liquidity to the MCX cotton contracts, the Cotton Association of India (CAI) has recommended a premium for cotton ginners to encourage them deposit their stocks at MCX godowns and enable genuine traders to participate on the exchange platform.

INCREASING LIQUIDITY

At its meeting held on Monday, MCX's new product committee accepted CAI proposal and agreed to give a premium, which wasn't provided till now. The trade felt it necessary because of the increased delivery expenses, charges, and handling costs among others.



Atul Ganatra, President, CAI, said, "There was a need to increase liquidity in cotton contracts on the MCX platform. Due to higher expenses and costs involved in storage at the godowns, ginners refrained from depositing their stocks with MCX godowns. It caused a lack of liquidity on the exchange."

"CAI had proposed that Indian ginners be given ₹650 per candy (356 kg) as premium for

depositing cotton bales at MCX godown. Now, MCX and CAI will decide the premium to be paid to ginners for delivery expenses of cotton deposited at MCX godowns," Ganatra said after the meeting, which was held in Mumbai at the Textile Commissioner's office.

The three-member committee which has MCX, CAI and Confederation of Indian Textile Industry (CITI) as its members, will take the call on premiums and discounts.

Further, CAI has proposed before the MCX product Committee opening centres at Indore (Madhya Pradesh), Raichur (Karnataka), Hyderabad, Adilabad (Telangana), Guntur (Andhra Pradesh), Bhilwara, (Rajasthan) and Salem (Tamil Nadu).