

# MSWC, NSPOT tie-up to benefit farmers

NCDEX Spot Exchange (NSPOT), along with Maharashtra State Warehousing Corporation (MSWC), has announced the launch of its electronic spot trading platform for the farmers in Maharashtra. The unique private public partnership will help farmers and traders of Maharashtra by establishing a transparent online delivery based market through select warehouses of MSWC in Maharashtra.

The NSPOT members can trade on the exchange. A seller can put a sale quote only after depositing the material in the accredited warehouse as per contract specifications. A buyer bringing in the desired margin can put buy quote on the platform. This will ensure that only genuine parties interested in taking deliveries would participate on the platform. NSPOT has its presence in more than 15 states having close to 1000 members and clients. NSPOT has its presence through its representative offices, business partners, members and clients. The company is working actively with various state governments including Karnataka, Haryana and Maharashtra. It has launched successful contracts of pulses, oilseeds, sugar, steel, gold and silver.

## ELECTRONIC TRADING PLATFORM

Speaking to Banking Frontiers, Rajesh Kumar Sinha, head, NCDEX Spot Exchange Ltd, said: "NCDEX Spot is committed to bring all major trading centers in Maharashtra on the electronic trading compulsory delivery based platform. This initiative is in line with NCDEX commitment to providing real time online compulsory delivery based platform for the commodity participants. Besides, electronic platform of NCDEX SPOT will offer sellers and buyers a wide spectrum of counter parties thus offering them low transaction costs. MSWC's tie-up with various banks will provide participants an opportunity to avail finance on their stock at reasonable rates."

Sinha added: "5 banks, viz HDFC, Bank of India, SBI, IndusInd and Axis Bank, act as professional clearing members. They do the trade clearance work. Any bank can provide loan against warehouse receipts. We are following aggregator model wherein banks give pledge as joint liability group, and it was successfully demonstrated in Gulbarga by helping the farmers to market their produce directly to wholesale traders, they sold tur to such traders. There is a turnover of Rs 10 to 15 cr per day in gold and silver on Nspot platform, whereas the average turnover on

NCDEX is to the tune of Rs 4000 cr per day. On Nspot there is compulsory delivery of crops. In case of pledge loans, money will go to banker's account and after loans are paid, money will go to other person's account. All the settlements on Nspot are through electronic transfer, traceable, verifiable with confirmed audit trail, the transactions are cashless. The beauty of the system is you can leverage. There is a huge opportunity in Nspot. There is a convergence between NCDEX and NSPOT products."



Rajesh Kumar Sinha

## A UNIQUE VALUE PROPOSITION

Suraj Mandhare, joint managing Director, MSWC, said: "This electronic platform will reduce the gap between farmers and end consumers. Partnership of MSWC with NCDEX and the local value chain participants would complement each other and thus create a unique value proposition making the commodity value chain more efficient." M.M. Adtani, CMD, MSWC, said: "The arrangement between NCDEX SPOT and MSWC will provide integrated services under a single window to all market trade participants. The price knowledge and related information will be made available to all participants, creating awareness and perfect market conditions. At our 168th centre at Indapur we are introducing ultra modern concepts like spot trading through internet to provide the best possible services to the depositors."

Harshvardhan Patil, minister, cooperation, marketing and parliamentary affairs, Maharashtra, who inaugurated the spot trading platform along with the newly constructed godown, said: "I must compliment MSWC on its initiative to venture in net based marketing. Now all the farmers in the state can access the pan India market on NSPOT. Granting license to open electronic spot exchanges like NSPOT in the state is one of the pioneer initiatives of the state government to help farmers. I urge all the farmers to adapt this new platform for marketing their produce as it will definitely fetch a better price than the traditional methods."

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