
NCDEX doubts FMC power to deal with electricity futures

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BL reported that the NCDEX and Forward Markets Commission are at loggerheads with the country's second largest commodity bourse questioning the market regulator's authority in dealing with trading in electricity futures.

In a petition with Central Electricity Regulatory Commission, an NCDEX subsidiary Power Exchange India said that electricity was not a commodity and therefore FMC could not have any jurisdiction over its futures trading.

However, the FMC has sought dismissal of the misconceived petition with Mr BC Khatua chairman of Forward Markets Commission saying that it is the only authority with jurisdiction over the issue.

Mr Khatua said that "FMC alone has jurisdiction over futures trading. The petition is therefore misconceived and should be dismissed by the CERC for lack of jurisdiction."

He said that under the Forward Contract (Regulation) Act, 1952, FMC alone is competent to do so. Last week, MCX began to offer electricity futures on its platform after getting approval from the FMC.

The exchange had approached FMC after its subsidiary Indian Energy Exchange, which deals in the spot trading of electricity, failed to get permission in time for electricity futures.

As per report, the PEI has made MCX and IEX as a respondent apart from FMC. Questioning the FMC's jurisdiction in dealing with electricity futures, PXI submitted in the petition that electricity is not a commodity as envisaged under the provisions of FCRA.

Further, the rules and the diverse notifications issued under FCRA do not provide any authority to FMC to deal with electricity. It added that any activity of power exchange has to be approved by the CERC. Therefore, any permission to launch electricity futures can be considered only by the CERC.

(Sourced from Business Line)

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