## GOVERNMENT OF INDIA
## CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
## LOK SABHA

UNSTARRED QUESTION NO:1371
ANSWERED ON:10.03.2008
FORYARD TRADING
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**Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:**

(a) the commodities/items included for forward trading during the last three years and thereafter, till date;

(b) whether the Forward Contracts Regulation Amendment Bill is proposed to be brought within the purview of the Committee on reiation between forward tradmg and price-rise;

(c) if so, the details thereof;

(d) whether compulsory delivery is proposed to be made mandatory in forward trading;

(e) if so, the details thereof and action taken thereon; and

(f) the steps taken to properly regulate forward trading to check price rise and ensure fair prices?

## Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS,FOOD AND PUBLIC DISTRIBUTION (DR. AKHILESH PRASAD SINGH)

(a): Prohibition on futures trading in a large number of commodities that existed before 2003 was lifted on 1st April, 2003.A statement giving details of the commodities,which were included for forward trading during the years 2004-05, 2005-06, 2006-07 and 2007-08 (till date) is annexed.

(b): No, Sir.

(c): In view of a reply to (b), does not arise.

(d) & (e): Section 2(c) of the Forward Contracts (Regulation) Act, 1952 defines a forward contract as a contract for the delivery of goods. The contracts traded on the Exchanges, therefore, provide for deliveries. Most of the agricultural commodities which are actively traded at the Exchange platform have the provisions for compulsory delivery.

(f): The forward trading in a commodity is a mechanism for price discovery and price risk management.The prices of a commodity is mainly governed by demand and supply factors in the physical market. The Forward Markets Commission which is the Regulator for futures trading in commodities under the provisions of Forward Contracts (Regulation) Act, 1952, prescribes various regulatory measures such as limit on open positions, daily margins, limit on daily price variation etc. to ensure orderly trading in the futures market.