

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

STARRED QUESTION NO:240
ANSWERED ON:15.12.2008
BAN ON FUTURE TRADING IN FARM PRODUCTS
Gangwar Shri Santosh Kumar;Mane Smt. Nivedita

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the ban on future trading in some farm products including Soya Oil, Potato, Chana and Rubber has affected the growth of agriculture in the country and caused heavy losses to the farmers due to the declining prices of these products;
- (b) if so, the details thereof;
- (c) whether Forward Markets Commission has made any study/assessment in this regard;
- (d) if so, the details and the outcome thereof; and
- (e) the remedial steps taken in this regard?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a) to (e): A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (e) OF LOK SABHA STARRED QUESTION NO.240 FOR 15/12/2008 REGARDING BAN ON FUTURE TRADING IN FARM PRODUCTS

(a): No sir. Forward Markets Commission had suspended futures trading in four commodities namely tur, urad, wheat and rice in 2007. Subsequently, futures trading in chana, soy oil, potato and rubber were also suspended in May, 2008 till November 2008. The suspension of futures trading in chana, soy oil, potato and rubber has not been extended after November, 2008. The government had set up an expert committee under the chairmanship of Professor Abhijit Sen, Member, Planning Commission to examine whether futures market was responsible for rise in the prices of agricultural commodities. The expert committee could not establish any causal relationship between rise of prices with futures trading in these commodities. The Committee also felt that the period during which futures trading has been in operation is too short to make any conclusive assessment regarding the impact of futures trading on the spot prices of commodities. Futures market only provides a platform for price discovery and is not per se responsible for any rise / fall in the price of any commodity.

(b): Does not arise in view of (a) above.

(c): No Sir. Forward Market Commission has informed that the period of active futures trading prior to the imposition of the ban on eight agricultural commodities is not long enough to provide adequate data and information for an analysis on the effect of futures trading on the growth of agriculture.

(d) & (e): Does not arise in view of (c) above.