

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

UNSTARRED QUESTION NO:3943
ANSWERED ON:15.12.2009
FUTURES TRADING
Maadam Shri Vikrambhai Arjanbhai

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

- (a) the number and names of countries in the world that have futures commodity derivative markets;
- (b) the volume of agricultural and non-agricultural commodities transacted by each of the commodity exchanges during the last one year;
- (c) the aggregate measure of support for the farmers in the countries that have commodity exchanges;
- (d) the aggregate measure of support for the farmers in countries that do not have commodity futures derivative markets;
- (e) the cost per transaction in each of these commodity exchanges; and
- (f) the rate of commodity transaction tax prevailing in each of these countries?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF THE STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K. V. THOMAS)

(a): Based on the data compiled by the Futures Industry Association the names of countries in the world (besides India) with major futures commodity derivative markets are as under:

- (1) US: Chicago Mercantile Exchange, Chicago Board of Trade, Kansas City Board of Trade, Minneapolis Grain Exchange, New York Mercantile Exchange and Intercontinental Exchange (ex-NYBOT) (New York)
- (2) Canada: ICE Futures, Canada.
- (3) Brazil: Brazilian Mercantile Futures Exchange.
- (4) Argentina: Mercado A Termino Buenos Aires, Mercado A Termino De Rosario.
- (5) Russia: Russian Trading Systems Stock Exchange.
- (6) Japan: Kansai Commodities Exchange, Central Japan Commodity Exchange, Tokyo Commodity Exchange, Tokyo Grain Exchange.
- (7) China: Dalian Commodity Exchange, Shanghai Futures Exchange, Zhengzhou Commodity Exchange.
- (8) Dubai: Dubai Mercantile Exchange.
- (9) UK: London Metal Exchange, LIFFE, U.K and ICE Futures, U.K.
- (10) France: LIFFE Paris.

Besides, according to information available with the Forward Markets Commission, Department of Consumer Affairs, there are other countries such as Italy, Bulgaria, Korea, Malaysia, Singapore, Indonesia, Turkey, South Africa, Taiwan, etc. that have commodity exchanges.

(b): The available data regarding volume of trade in major global commodity exchanges is given in Annexure A. The comprehensive data on volume of transactions in all global commodity exchanges is not available with the Department.

(c) & (d): The information relating to total aggregate measure of support prepared by the secretariat of WTO for special session of the Committee on Agriculture is enclosed as Annexure B.

(e): It has been observed there are different transaction costs prevailing in different countries. Internationally, transaction cost is mostly

decided based on the number of contracts while in India it is based on the traded value. Also, some exchanges have a separate Exchange fee and clearing fee.

According to a recent study by ICRIER; Working Paper No, 216 - Impact of Proposed Commodity Transaction Tax on Futures Trading in India, the global transaction cost comparison is given in Annexure C. The study has converted the costs into rupees per Rs 1 lakh of transactions.

(f): As per the data available, commodities transaction tax is not levied in any of the countries except in Taiwan at the rate of 0.00025% of trade value (On Buyers & Sellers). Taiwans` only exchange combines securities and commodities and the latter constitutes a minuscule percentage of total trade.