

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

UNSTARRED QUESTION NO:1256
ANSWERED ON:16.11.2010
FUTURES TRADING IN AGRICULTURE
Hooda Shri Deepender Singh

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

- (a) whether all the agricultural commodities are barred from export and futures trading;
- (b) if so, the details thereof and the reasons therefor alongwith its impact on the revenue earning of the country;
- (c) whether the Government proposes to liberalise the foodgrain trade; and
- (d) if so, the details thereof and the steps taken thereon?

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): No, Madam. Not all agricultural commodities are barred from export and futures trading.

(b): Most agricultural products are allowed to be exported. Presently, Non-Basmati Rice, wheat and pulses (except kabuli chana) are not permitted for export. Besides, exports of edible oils (except export of coconut oil through Kochi port, fish oil, oils produced from minor forest produce) is permitted in branded consumer packs of upto 5 kgs subject to a limit of 10,000 tons for one more year w.e.f. 1.10.2010. As regards futures trading, it is presently suspended in case of tur, urad and rice. The futures trading in these commodities were suspended in January - February 2007 by the Forward Markets Commission to address the concerns of the Government about the escalating prices of certain essential commodities and strong inflationary expectations in the economy. The prices of wheat in domestic as well as international markets keep fluctuating from time to time depending on various factors. Therefore, it is not possible to workout impact of the ban on revenue earning. Similarly, futures trading in commodities at the Commodity Exchanges does not generate any direct revenue to the Government. However, the income/profits of the Exchanges and various participants (i.e. traders, brokers and other intermediaries) are subject to tax as per applicable laws.

(c) & (d): Restrictions on exports are imposed with a view to ensure food safety, and availability of food products for the consumers in the domestic markets at a reasonable price. Due to drought and flood conditions in various parts of country during current year, to stabilize the prices of food articles in the country and to maintain sufficient domestic stocks for ensuring food security in the country, Government has decided to continue ban on export of wheat and non basmati rice to various countries.