

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

UNSTARRED QUESTION NO:34
ANSWERED ON:22.02.2011
FORWARD CONTRACTS ACT
Owaisi Shri Asaduddin

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

- (a) whether the Forward Contracts (Regulation) Act, 1952 provides for the regulation of commodity future markets and the establishment of Forward Market Commission(FMC);
- (b) if so, whether the Government proposes to amend the said Act to make the Forward Market Commission an autonomous body;
- (c) if so, the other functions likely to be given to FMC after granting it autonomous status; and
- (d) the time by which a final decision is likely to be taken in this regard?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K. V. THOMAS)

(a) & (b): Yes, Madam

(c): The Forward Contracts (Regulation) Amendment Bill, 2010 proposes to restructure and strengthen the Forward Markets Commission (FMC) and provide for its financial, functional and administrative autonomy. The Bill proposes to enhance the powers of the FMC by devolving most of the existing powers of the Central Government on the FMC including the following:

Grant or withdrawal of recognition to commodity associations/ exchanges.

To supersede the governing body of a recognized association, if warranted.

To enhance its powers investigative and penal authority.

These enhanced powers will enable the FMC:

- (i) to promote and regulate self-regulatory organizations;
- (ii) to regulate the business of associations and intermediaries;
- (iii) to call for information from agencies;
- (iv) to protect the interests of market participants;
- (v) to prohibit fraudulent and unfair trade practices;
- (vi) to prohibit insider trading;
- (vii) to promote investor education and training of intermediaries;
- (viii) to adjudicate and make Regulations; and,
- (ix) to investigate intermediary or person associated with the commodity derivatives market.

The Central Government after passage of the Bill will have power to issue directions to the FMC from time to time.

(d): The Forward Contracts (Regulation) Amendment Bill, 2010 was introduced in the Lok Sabha on 6th December, 2010. The Hon'ble Speaker of the Lok Sabha, on 16th Dec., 2010, referred the said Bill to the Department Related Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution for examination and report.