

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

UNSTARRED QUESTION NO:1450
ANSWERED ON:09.08.2011
COMMODITY DERIVATIVE MARKET
Reddy Shri K. Jayasurya Prakash

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

e:

- (a) whether the commodity derivative market in the country is at a nascent stage and has a huge scope for growth;
- (b) if so, the steps taken to develop the market;
- (c) whether the Government has allowed the ban on sugar futures to lapse;
- (d) if so, the details thereof; and
- (e) the response received so far?

Answer

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

(a) : Yes Madam. The commodity futures market is at a nascent stage and has enormous growth potential. This is evident from the volume in the commodity futures market having increased from approximately Rs. 66,530.74 crores in 2002-03 to Rs.119.49 lakh crore in 2010-2011 despite the fact that the only instrument that is being traded is commodity futures and only 48 commodities are actively traded.

(b) : The Forward Contracts (Regulation) Amendment Bill, 2010 introduced in the Parliament is presently being examined by the Parliamentary Standing Committee. The Bill inter-alia contains certain amendments like introduction of derivative products like Options and derivative in indices like weather index etc. and strengthening of the commodities regulator, FMC. The Bill with these amendments when passed would broaden and deepen the market.

(c) & (d): Futures trading in Sugar was suspended with effect from 27th May 2009 to 30th September 2010. It was revived in the month of December 2010.

(e) : Presently futures trading in Sugar is conducted on three commodity exchanges, viz, Multi Commodity Exchange, National Commodity Derivatives Exchange and ACE Derivatives and Commodity Exchange Limited. The trading volume on these three Exchanges from December 2010 till July 2011 is as follows:

Name of Exchange	Volume (in Metric Tonnes)	Value (in Rs. Crores)
National Commodity Derivatives Exchange	42,11,850	11,615.83
Multi Commodity Exchange	15,25,820	4,216.84
ACE Derivatives and Commodity Exchange Limited	2,28,520	639.23