

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

STARRED QUESTION NO:368

ANSWERED ON:20.12.2011

FUTURES TRADING

Hazari Shri Maheshwar ;Singh Shri Sushil Kumar

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

- (a) the total volume of forward trading in monetary terms in the country during each of the last three years and the current year;
- (b) whether the Government has commissioned any study to ascertain the benefits of futures trading accrued to the farmers, especially small and marginal farmers and other stakeholders and also recommended ways for improving the same;
- (c) if so, the details thereof indicating the terms of reference of the study and the details of the commodities covered therein;
- (d) whether the report of the said study has been received; and
- (e) if so, the details and the outcome thereof alongwith the follow up action taken thereon?

Answer

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

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY OF PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 368 FOR 20.12.2011
REGARDING FUTURES TRADING

(a) The details of the total volume and value of commodities traded in all the commodity futures exchanges in the country are as under:

Year	Volume of Trade (in lakh tons)	Value of trade (in Rs. lakh crore)
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2008-09	6863.49	52.49
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2009-10	10142.93	77.65
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2010-11	12805.57	119.49
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2011-12	9342.85	122.34 (upto November 2011)
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(b) and (c); Yes, Madam. A study was assigned by the Forward Markets Commission (FMC); the Regulator for commodity futures markets under the provisions of the Forward Contracts (Regulation) Act, 1952 to NABARD Consultancy Services (NABCONS) in May, 2010 to examine the percolation of benefits of Commodity futures market among small and marginal farmers and increasing their participation in the commodity futures market platform.

The terms of reference of the study were as under :-

Suggestions for improving the percolation of benefits from the commodity futures market to small and marginal farmers and increasing their participation in the commodity futures market platform.

To ascertain the percolation of the economic benefits of the commodity futures market to small and marginal farmers and to ascertain the extent of direct and indirect benefits that have accrued to these farmers as a result of the commodity futures market;

To suggest measures for improving the percolation of economic benefits of the commodity futures markets and their use by small

and marginal farmers for improving their livelihood;

The availability of price information emanating from the commodity futures market to small and marginal farmers;

The use of price information by small and marginal farmers in their sowing, pre harvest and post-harvest decisions.

The extent of use of the commodity futures market as a platform for risk management by small and marginal farmers;

The direct and indirect benefits that have accrued to small and marginal farmers as a result of the operation of the commodity futures market;

Nine commodities were covered under the Study: Cotton, Coffee, Jeera, Turmeric, Pepper, Cardamom, Rubber, Chilli and Maize.

(d) and (e): Yes Madam. The NABCONS has submitted its Report to the Forward Markets Commission. The major recommendations include inter-alia the need for intensive conduct of awareness programmes, need for growers associations to act as aggregators and brokers as small farmers would not be in a position to participate in futures market individually, requirement of institutional finance for meeting margin requirement, banking support to meet post harvest credit requirement, evolving a cost effective, reliable and convenient warehousing system, setting up of quality testing centres, effective price dissemination, setting up of e-kiosks in villages, simplification of trade procedures etc. The Report is under examination of the FMC.