

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

STARRED QUESTION NO:253
ANSWERED ON:21.07.2009
COMMODITY DERIVATIVE MARKETS
Adsul Shri Anandrao Vithoba

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

- (a) whether the Government has amended or proposes to amend the Forward Contracts (Regulation) Act, 1952 to strengthen the legal and regulatory framework for the commodity derivative markets;
- (b) if so, the details thereof alongwith the current status of the proposal;
- (c) the other steps taken by the Government to strengthen the legal and regulatory framework for the commodity derivative markets;
- (d) whether the Government proposes to grant autonomy to the Forward Markets Commission (FMC);
- (e) if so, the details thereof; and
- (f) the time by which a final decision is likely to be taken by the Government in this regard?

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 (SHRI SHARAD PAWAR)

(a) to (f): A Statement is laid on the table of the House.

STATEMENT REFERRED TO IN REPLY TO PARTS (a) to (f) OF LOK SABHA STARRED QUESTION NO. 253 FOR 21/07/2009 REGARDING COMMODITY DERIVATIVE MARKETS

(a) to (f): The Forward Contracts (Regulation) Amendment Ordinance, 2008 was promulgated on 31.1.2008 with the following salient feature:

- # Strengthening & restructuring of the FMC including grant of autonomy the FMC.
- # Creation of FMC General Fund & Conferring power upon FMC to levy fees.
- # Registration of intermediaries.
- # Removal of ban on options.
- # Enhancement of penal powers of FMC
- # Adjudication and investigation by FMC; and
- # Designating Securities Appellate Tribunal as the Appellate Tribunal for the purpose of Forward Contract (Regulation) Act.

In order to replace the said Ordinance, a Bill, the Forward Contracts (Regulation) Amendment Bill 2008 was introduced in Lok Sabha on 13.03.2008. Since, the Bill could not be discussed in Lok Sabha the Ordinance lapsed on 6th April, 2008. Therefore, the Forward Contracts (Regulation) Amendment Bill 2008 already introduced in Lok Sabha to replace the Ordinance, 2008 was required to be amended before it is considered for passing in Lok Sabha. Before the consequential amendments could be moved the fourteenth Lok Sabha was dissolved. Consequently the Forward Contracts (Regulation) Bill also lapsed in terms of the provisions of article 107(5) of the Constitution. Now the Government needs to introduce fresh Forward Contracts (Regulation) Bill having provisions to strengthen legal and regulatory framework including providing autonomy to the forward Markets Commission in the Parliament. Hence, it is not possible to indicate time frame for this purpose.