

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

UNSTARRED QUESTION NO:3048
ANSWERED ON:24.04.2012
FUTURES TRADING
Rathwa Shri Ramsinhbhai Patalbhai

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

- (a) whether the Government has received the report of the Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution regarding futures trading;
- (b) if so, the details thereof;
- (c) whether the Government has initiated any action on the recommendations of the said Committee; and
- (d) if so, the details thereof?

Answer

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

(a) & (b): Yes Madam. The Department related Parliamentary Standing Committee on Food, Consumer Affairs and Public Distribution after examination of the Forward Contracts (Regulation) Amendment Bill, 2010 submitted its 15th Report on 22nd December, 2011. The Committee broadly endorsed the Bill making inter alia the following recommendations:

General recommendations

- (i) the exercise of the powers by the Government with prudence while imposing/lifting ban on trading on certain agricultural commodities especially the food grains taking into consideration the prevailing market situations and keeping in mind the interests of farmers and consumers;
- (ii) urgent need to launch massive awareness campaign;
- (iii) upgrade infrastructure including accredited warehouses, chain of cold storage; quality control and grading of agricultural produce;
- (iv) bringing spot and futures under one regulatory framework;
- (v) allowing Banks, Insurance companies and Mutual funds to participate in the Commodity Markets in order to provide better price discovery; and
- (vi) exploring ways and means to ensure fixing a reasonable minimum limit on transaction size by the Exchanges.

Specific recommendations

- (i) slight modification of the definition of the 'Commodity Derivative';
- (ii) prescribing qualifications and tenure of the Chairman and Members of Forward Markets Commission;
- (iii) constitution of a Selection Committee for selection of Chairman and other Members of FMC;
- (iv) prescribing time limit for laying of audited accounts of FMC in House of Parliament;
- (v) revision in penalties for contravention of certain provisions of Chapter IV of the Act;
- (vi) withdrawal of tax exemption after five years;
- (vii) allowing foreign participants/foreign intermediaries in Commodity Market;
- (viii) defining the terms 'Insider Trading' and 'price sensitive information' inclusively and illustratively in the Bill; and
- (ix) appointment of investigating authority in FMC.

(c) & (d): The recommendations of the Committee are under examination.