

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

UNSTARRED QUESTION NO:6316
ANSWERED ON:15.05.2012
COMMODITY EXCHANGES
Chitthan Shri N.S.V.

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

- (a) the details of commodity exchanges functioning in the country;
- (b) the main features of eligibility criterion to become a member of these commodity exchanges;
- (c) whether such criterion facilitate the primary producers particularly the farmers to become members and trade directly in such exchanges; and
- (d) if not, how such exchanges benefit the primary producers and farmers?

Answer

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

- (a) The details of recognized commodity exchanges functioning in the country are as per Annexure-I.
- (b) The main features of the eligibility criteria to become a member of the commodity exchanges, as provided in their Bye-laws are as per Annexure-II.
- (c)& (d): Yes, Madam. The primary producers are also eligible to become members and trade directly in such exchanges if they fulfill the criteria prescribed by the commodity exchanges. However, they can trade directly in such exchanges even as clients or as members of co-operative societies or other entities who can become members or clients in these exchanges.

Futures prices are discovered on the commodity exchanges through a transparent online mechanism based on anticipated demand and supply conditions. Farmers and growers benefit from these price signals emitted by the futures markets even though they may not directly participate in the futures market. The futures markets lead to reduction in the amplitude of seasonal price variation and help farmers realize a better price at the time of harvest. This also helps farmers in planning their cultivation in advance as well as to determine the kind of crop which they would prefer to grow, by taking advantage of the advance information of the future price trends, and probable supply and demand of various commodities in advance. Awareness programmes and capacity building programmes are undertaken by the Forward Markets Commission and the Exchanges in order to educate the farmers and other stakeholders of the benefits of price discovery and price risk management functions of the futures market.