

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

UNSTARRED QUESTION NO:1426
ANSWERED ON:21.08.2012
PRICES OF GUAR
Meghwal Shri Arjun Ram

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

- (a) whether the prices of guar have seen an unprecedented rise during the last year;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Commodity Exchanges have decided to inquire into the unprecedented rise in the prices of guar seed and guar gum;
- (d) if so, the details thereof and the time by which this inquiry is likely to be completed;
- (e) whether the Forward Market Commission has decided to ban all trading in guar in view of this price rise;
- (f) if so, the details thereof;
- (g) whether the Government proposes to announce Minimum Support Price (MSP) for guar; and
- (h) if so, the details thereof and if not, the reasons therefor?

Answer

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

(a) & (b): The spot prices polled by National Commodity & Derivative Exchange Ltd (NCDEX), for guar seed rose from Rs.2334.30 per quintal on 01.01.2011 to Rs.6789.45 per quintal on 31.12.2011 and reached its highest price Rs.30812.40 per quintal on 03.05.2012.

Similarly, for guar gum, polled spot prices rose from Rs.6364.30 per quintal on 01.01.2011 to Rs.22568.45 per quintal on 31.12.2011 and reached its highest price Rs.106488 per quintal on 18.05.2012. The main reasons for price rise appear to be relatively lower production of guar seeds in 2011-12 and very high level of export demand as seen from the following table.

Year	Production of guar seeds (in MT)	Exports of guar gum (in MT)##	Value of export of guar gum (Rs. crores)
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2010-11	15,46,000	4,41,611.00	2,938.69
2011-12	12,10,000#	7,06,966.00	16,356.74

As per Rajasthan Government's second advance estimate.

Source of export data is APEDA

(c) & (d): The Government had asked the Forward Markets Commission, Regulator of commodity markets to inquire into the unprecedented rise in the prices of Guar seed and Guar gum. FMC has since submitted a Report which is under consideration of the Government.

(e) & (f): Forward Markets Commission directed the Exchanges on 27th March, 2012 to close out all futures contracts in Guar gum and Guar seed traded on the Exchanges w.e.f. 27th March, 2012. Further, the Exchanges were directed not to launch any fresh contract of guar seed and guar gum without the prior approval of the FMC. Though futures trading in the Guar complex (guar seed and guar gum) has not been banned, the FMC has not given approval for launch of any new contract.

(g) & (h): There is no proposal to announce the MSP of Guar.