

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

UNSTARRED QUESTION NO:3779
ANSWERED ON:04.09.2012
FORWARD TRADING
Choudhary Shri Bhudeo

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

- (a) whether the prices of oil/petrol have increased due to forward trading in petroleum products; and
- (b) if so, the steps being taken to ban forward trading in crude oil?

Answer

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

(a) The price of any commodity is determined by actual demand and supply position in the market. The spot prices of oil/petrol in India are also influenced by the exchange rate, imports, government policy etc. The futures market merely discovers the likely prices of a given commodity at future points of time depending on the likely supply-demand scenario. The crude oil contract which are traded on the domestic commodity exchanges are settled based on the international prices in the global markets taking into account the Indian rupee- US dollar exchange rate. With regard to the petroleum products, only gasoline contract is traded on the commodity futures exchanges.

(b) There is no proposal to ban forward trading in crude oil.