

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

UNSTARRED QUESTION NO:1560

ANSWERED ON:21.08.2012

FUTURE TRADING IN AGRICULTURE COMMODITIES

Adhalrao Patil Shri Shivaji; Adsul Shri Anandrao Vithoba; Chitthan Shri N.S.V.; Deshmukh Shri K. D.; Dharmshi Shri Babar Gajanan; Joshi Dr. Murli Manohar; Kataria Shri Lal Chand; Lingam Shri P.; Mahendrasinh Shri Chauhan; Owaisi Shri Asaduddin; Panda Shri Baijayant; Panda Shri Prabodh; Ray Shri Rudramadhab; Singh Shri Rajiv Ranjan (Lalan); Verma Shri Sajjan Singh; Vijayan Shri A.K.S.; Yadav Shri Dharmendra

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

- (a) whether the Union Government has banned futures trade in agriculture commodities in the wake of poor monsoon this season;
- (b) if so, the details of the commodities on which ban on future trade is imposed;
- (c) whether the Union Government has asked exchanges to charge higher deposit money to trade in such commodities; and
- (d) if so, the details thereof?

Answer

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

(a): No, Madam.

(b): Does not arise in view of (a) above.

(c) & (d): The Forward Markets Commission (FMC) being the regulator of futures trading under Forward Contracts (Regulation) Act, 1952 imposes additional/special margin in respect of the commodities depending on their price volatility or trading patterns. FMC has recently increased the initial margins in a few agricultural commodities to curb excessive leverage. The initial margins were increased from 5% to 10% of the value of contract or VaR (Value at Risk) based, whichever is higher, in Chana, Soya bean, Potato, Refined Soy oil, RM Seed in April 2012 and in Wheat and Sugar in August, 2012.