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

UNSTARRED QUESTION NO:1719
ANSWERED ON:04.12.2012
CURB ON SPECULATION
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether the Government has issued instructions to the commodities futures regulator, Forward Market Commission (FMC), to curb speculation and price manipulation in farm items particularly pulses and edible oil keeping in view the drought like situation in the country;

(b) if so, the details thereof;

(c) whether the Government has decided to step up imports of pulses and edible oil projecting that the demand of pulses and edible oil is likely to exceed their supply in near future;

(d) if so, the details thereof along with the quantum of pulses and edible oil likely to be imported; and

(e) the other corrective steps taken/ being taken by the Government to keep the equilibrium in demand and supply of food items particularly pulses and edible oil?

Answer

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

(a) & (b): No such specific instructions have been issued to FMC. However, the Forward Markets Commission being the regulator for Commodity Futures Markets under the provisions of Forward Contracts (Regulation) Act, 1952, monitors the volatility in the movement of prices of all commodities traded on the Exchange platform and makes use of various regulatory tools such as daily price limit (circuit limit) to prevent abrupt upswing or downswing in prices, open position limits at the member and client level to prevent over trading, special margins on buyers and/or sellers to control excessive volatility and to prevent excessive speculation or cornering of the market by any individual or a group in the market. The limits on open positions are fixed in such a manner that no single individual/entity or group of individuals/entities acting in concert would be able to influence the price discovery process contrary to market fundamentals.

(c) & (d): There is a gap between demand and production of pulses and oilseeds/edible oils and this deficit is met through imports and its demand is increasing steadily. Import of edible oils is under Open General Licence (OGL).

(e) : Steps taken to increase availability and to meet the demand of pulses and edible oils are as follows :-

(i) The import duty on crude and refined edible oils has been reduced to zero percent and 7.5% respectively.

(ii) The Government have launched a Scheme for distribution of subsidized imported edible oils to States/UTs since 2008 at a subsidy @ Rs.l5/kg. The Scheme has been extended in subsequent years and further extended upto 30.09.2013.

(iii) Reduced import duties to zero for pulses, crude palmolein and to 7.5% for refined & hydrogenated oils & vegetable oils.

(iv) Banned export of edible oils (except coconut oil and forest based oil) and edible oils in blended consumer packs upto 5 kg with a capacity of 20.000 `tonnes per annum and pulses (except Kabuli chana and organic pulses and lentils up to a maximum of 10000 tonnes per annum).

(v) The Government has allowed State Governments to impose stock limits from time to time in the case of select essential commodities including pulses, edible oil, and edible oilseeds.

(vi) Suspended Futures trading in urad and tur.

(vii) Decided to resume the scheme for subsidized imported pulses through PDS in a varied form with the nomenclature `Scheme for Supply of Imported Pulses at Subsidized rates to States/UTs for Distribution under PDS to BPL Card Holders` with a subsidy element of Rs. 20/- per kg for the residual part of the current year, and extended the scheme for subsidized imported edible oils upto 30.9.2013 with subsidy of Rs.15/- per kg for import of upto 10 Lakh tonnes of edible oils for this period.