

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

UNSTARRED QUESTION NO:427
ANSWERED ON:06.08.2013
BAN ON FUTURES TRADING
Pakkirappa Shri S.

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

- (a) the details of commodities which are banned from futures trading, item-wise;
- (b) whether it is a fact that the Government is planning to put a ban on futures trading in agricultural commodities that show high price volatility; and
- (c) if so, the details thereof and the time by which a final decision is likely to be taken in this regard?

Answer

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

(a): There is no commodity banned from futures trading. However, at present, three commodities are under suspension from futures trading on commodity exchanges. These are Tur, Urad and Rice. Rice was suspended on 27th February, 2007 and Tur and Urad on 23rd January 2007. Futures trading in these commodities was suspended only as a measure of abundant precaution in the wake of rising prices.

(b): No, Madam. There is no such proposal. According to available information, the Commodity Futures Market does not contribute to volatility in prices of commodities. In fact there is no clear evidence that price rise in agricultural commodities in India has been due to forward trading. An Expert Committee chaired by Shri Abhijit Sen, Member of the Planning Commission that analyzed annual trend growth rate in prices of sensitive commodities (food grains and sugar) in pre-futures and post futures period, concluded that although inflation clearly increased post-futures in some sensitive commodities that have higher weight in consumer price indices, it is not possible to make any general claim that inflation accelerated more in commodities with futures trading.

Other factors particularly demand supply mismatches, degree of dependence on imports and international prices in these commodities etc. also tend to affect commodity prices.

(c) : Does not arise in view of the above.