

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

UNSTARRED QUESTION NO:2765
ANSWERED ON:27.08.2013
CONTROL ON FORWARD TRADING OF EDIBLE ITEMS
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Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether the World Health Organisation in its report has suggested that necessary check should be kept on Forward Trading of edible items for controlling the price rise;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) whether the Government has also received some suggestions in this regard from various social organisations;
- (d) if so, the details thereof and the action taken/proposed to be taken by the Government; and
- (e) whether in view of the report of WHO and the suggestions of the said organisations the Government is contemplating to impose control/check on the forward trading of edible items/ agricultural products and if so, the details thereof?

Answer

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

(a) & (b): No such specific report of World Health Organisation (WHO) has come to the notice of this Department.

(c) & (d): The Forward Markets Commission (FMC), the Regulator for commodity futures markets under the provisions of the Forward Contracts (Regulation) Act, 1952 has received complaints from various organisations that futures trading has been contributing to price rise. In this regards various studies have reported that price rise in commodities in India is due to other factors and not due to futures 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.

(e) : There is no proposal under the consideration of the FMC for suspending futures trading in any of the commodities traded in the commodities futures exchanges, in view of the reasons mentioned above.