

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3164
ANSWERED ON:07.08.2015
Development of Commodity Market
Adhikari Shri Suvendu

Will the Minister of FINANCE be pleased to state:

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- (a) whether the Government is considering a sustainable development of commodity market in India; and
(b) if so, the details thereof and the steps taken in this regard?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI JAYANT SINHA)

(a) & (b): Physical markets in commodities are primarily the subject of the State Governments. The Central Government also has been facilitating development of commodity markets. For better agri-productivity and thereby generating more income to farmers, programme for Soil Health Cards has been launched. Besides, the Goods and Services Tax (GST) Bill is before the Parliament. Once enacted GST is expected to play a transformative role in the way the economy, including the commodity sector, would function. It is intended to add buoyancy to the economy by developing a common Indian market and reducing the cascading effect on the cost of goods and services. Warehousing Development & Regulatory Authority (WDRA) is tasked with development and regulation of warehouses and Negotiable Warehouse Receipts. WDRA has initiated a transformation plan to streamline the working systems, which is expected to strengthen the system of Negotiable Warehouse Receipts for commodities.

Forward trading in commodities in India is regulated under the provisions of the Forward Contract (Regulation) Act, 1952. Functions of the commodity derivatives market are price discovery and price risk management. In order to further strengthen the regulation of commodity derivatives markets, the Forward Markets Commission (FMC), the regulator for the forward markets, is being merged with the Securities and Exchange Board of India (SEBI) as announced in the Union Budget speech of 2015-16 with necessary statutory provisions included in The Finance Act, 2015.
