

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

UNSTARRED QUESTION NO:771

ANSWERED ON:27.11.2006

INFERIOR QUALITY CEREALS IN FORWARD TRADING

Gaikwad Shri Eknath Mahadeo;Mane Smt. Nivedita;Singh Shri Kirti Vardhan

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

(a) whether the Forward Market Commission has directed the National Commodities and Derivatives Exchange to accept inferior quality stocks of some cereals against the forward trading;

(b) if so, the details and the reasons therefor; and

(c) the corrective measures taken by the Government thereon?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF AGRICULTURE AND THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI TASLIMUDDIN)

(a) & (b): Yes, Sir. Forward Markets Commission (FMC), which is the Regulator for commodity futures market under the Forward Contracts (Regulation) Act, 1952 has informed the Government that it has directed National Commodity and Derivatives Exchange Ltd (NCDEX) to accept inferior quality stocks of some cereals. FMC has also informed that it has approved contract designs in several commodities with a basis variety, which also provide for delivery of superior/inferior variety of the produce at premium/discount over the basis variety. This is with an intention to increase the deliverable supply and is as per international practice.

(c) : No action was warranted by the Government in view of reply to (a) and (b) above.