

**GOVERNMENT OF INDIA
FORWARD MARKETS COMMISSION
MUMBAI**

Media Release

A brief overview of the major developments in the commodity futures market during 2010-11 is given below :-

1. Substantial increase in traded volumes in the Commodity Derivatives

Market:-

The total value of trade of the Indian Commodity Futures Market during the year 2010-11 stood at Rs. 119.49 lakh crore. The Market registered a growth of 54% during the year, as compared to the value of trade of Rs. 77.65 lakh crore during 2009-10. The value of agriculture commodities traded in the commodity Exchanges stood at Rs. 14.56 lakh crore growing at a rate of 20% over the previous year. The top five commodities traded in the Futures Market during 2010- 11 were Silver, Gold, Crude oil, Copper & Nickel. The top five agri commodities traded in the futures market were Soy oil, Guar seed, Chana, Rape/Mustard seed and Soya been/seed.

2. Introduction of New Contract :-

A new contract was introduced in Iron Ore during the year. At present, there are 113 commodities permitted for trading in the commodity futures market.

3. Recognition of a New National Exchange :-

The year saw the registration of the Ahmedabad Commodity Exchange, under the new nomenclature ACE Derivatives & Commodity Exchange Limited (ACE) as a National Multi Commodity Exchange, on a permanent basis in respect of forward contracts in all the commodities to which Section 15 of the Forward Contracts (Regulation) Act 1952 is applicable. With this, the total number of commodity Exchanges operating in the country stood at 21 including five National Commodity Exchanges and sixteen Regional Commodity (Commodities –Specific) Exchanges.

4. Major Regulatory Initiatives of the Forward Markets Commission:-

The significant regulatory initiatives taken by the Forward Markets Commission during 2010-11 included:

- I] Issuing of directives to the Commodity Derivatives Exchanges on the regulatory framework for market access through authorized persons in the commodity futures market. This was seen as a step towards streamlining the regulation of intermediaries in the commodity futures market.
- II] Amending the guidelines for granting of recognition to new Commodity Exchanges under the Forward Contracts (Regulation) Act, 1952.
- III] Amending the guidelines on the equity structure of Multi Commodity Exchanges to be adopted after completing five years of their operation.
- IV] Revising guidelines for members of the Commodity Exchanges for setting up Joint Ventures/ wholly owned subsidiaries abroad.

5. **Awareness Creation & Capacity Development Initiatives :-**

The Forward Markets Commission continued its efforts to spread awareness about the benefits of commodity derivatives market among all stakeholders of the market. The focus of the awareness programme has, as always, been the farmers to enable them to benefit from the price information emanating from the commodity futures market. The total number of awareness programmes conducted during 2010-11 stood at 829, of which 486 were farmer awareness programmes as compared to 515 programmes during the previous year which included 423 farmer awareness programmes. These awareness programmes covered more than 26,000 participants during the year.

The FMC also conducted 79 capacity building programmes, covering over 2400 participants in the area of Commodity Futures Market in Universities, Management Institutes and Training Colleges of banks and cooperative institutions during 2010-11, as against 63 programmes during the previous year.

The expenditure incurred for conducting awareness and capacity building programmes during 2010-11 was Rs. 2.79 crore.

During 2011-12, it is proposed to conduct 900 awareness programmes and 100 capacity building programmes, thereby reaching out to many more stakeholders of the commodity futures market. A budget of Rs. 2.50 crore has been allocated for the purpose.

The Forward Markets Commission also undertook a press campaign on “Dos and Don’ts” to be observed while trading in Commodity Exchanges in major national and vernacular dailies across the country.

6. Dissemination of Price Information to Farmers :-

The Forward Markets Commission implemented the Price Dissemination Project in 588 APMCs during 2010-11 taking the total APMCs covered under this project to 768 APMCs. The Scheme aims at disseminating spot and futures prices of agricultural commodities at the APMCs for the benefit of farmers and other agricultural market stakeholders. It is expected that the availability of agricultural prices at the mandis would support the price discovery process in the mandis and strengthen the bargaining capacity of the farmers to optimize the return on their agricultural produce. An amount of Rs. 2.49 crore was spent for implementation of the Price Dissemination Project during 2010-11. It is proposed to cover 1500 locations under the Price Dissemination Project during 2011-12 for which a provision of Rs. 324 lakh has been made and also to take the project to Krishi Vigyan Kendras (KVKs) in addition to APMCs.

**Dated the 10th June, 2011
Forward Markets Commission
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