

(d) whether it is a fact that the honey produced in India has not met export standards of the European Union and if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS): (a) and (b) Yes, Sir. It has been decided to place the study before the concerned Sectional Committee of Bureau of Indian Standards.

(c) The standards of honey have been prescribed under Prevention of Food Adulteration Rules, 1955, wherein antibiotics are not permitted to be added in honey. The implementation of the Prevention of Food Adulteration Act and Rules is carried out by the States/UTs. Governments who take action in case of any violation of Prevention of Food Adulteration Rules, 1955. An advisory has been issued to all State Governments/U.Ts. Governments for drawing samples to take necessary action in case of violation of prescribed parameters.

(d) The European Union has banned the export of honey from India, on account of positive detection of heavy metals and other contaminants, reported in the Residual Monitoring Plan. A detailed Action Plan was prepared by Export Inspection Council, which is the competent authority, and this has been communicated to European Commission. The Action Plan squarely addresses all the issues raised by the Food and Veterinary Office Mission and puts in motion a system to ensure that honey export from India to the European Union is free of contaminants.

Trade in agricultural commodities

1146. SHRIMATI BRINDA KARAT: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether Government is aware that the cumulative value of trade in agricultural commodities during the year from April, 2009 to January, 2010 grew to whopping 102.59 per cent in absolute terms valuing over Rs. 10,13,379.97 crore;

(b) whether Government is also aware that such huge volumes and value of trade can only happen if the prices continuously rise in generating super profits and the people are paying higher prices to feed such profits; and

(c) if so, the steps Government is going to take in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS): (a) Yes Madam; the volume of trade in Agri-Commodities in the commodity futures markets from the period April 1, 2009 to January 2010 increased by 102.59%. The value of trade in Agri-Commodities for the period 1st April 2001 to 31st January, 2010 was Rs.10,13,379.97 crore.

(b) and (c) The growth in volume and value of futures trade is not necessarily because of continuous rise in prices. In the futures market, the increased volatility in prices i.e. price movement in both directions, sometimes leads to increase in volumes as more and more stakeholders need the price risk management and the participants take short term position and enter and exit the market repeatedly. This, increase in volume/value of trades is, however, not an indication of price rise. The trade volumes may increase even in a falling or fluctuating market. At the aggregate level, introduction/reintroduction of new commodities and operationalisation of new Exchanges also add volume to the trade. Moreover, the increase in volumes do not lead to increase in prices; rather it makes the price discovery more efficient by increased participation and consequential liquidity. Such active and increased market participation, in fact, can lead to reduction in price volatility and not increase in prices.

As regards, the over 100% growth in trade value of agricultural commodities during April 2009 and January 2010, it is mainly due to restoration of trading in suspended agricultural commodities, viz. chana, wheat, soyoil, potato and rubber as well as higher volume of trade in guarseed and guar gum. As a matter of fact, due to suspension of trading in a number of essential commodities during 2007-08 and 2008-09, trade value in agricultural commodities had fallen from Rs.13.17 lakh crore in 2006-07 to less than half, i.e., Rs.6.27 lakh crore in 2008-09. The subdued commodity prices in the wake of the 2008 Global Financial crisis was also a contributory factor. Therefore, the growth of trade value in agri-commodities in 2009-10 to Rs.12.18 lakh crore was only the result of restoration of trading in some of the suspended agri- commodities and increased volatility in non-essential commodities like guar seed and guar gum. Even at this volume/value of trade, it is lower by 7.52% over that of 2006-07. After the large correction of last year, the growth in trade of agricultural commodities in the current year, 2010-11 upto October, 2010 is a mere 11.92%.

From yet another angle, the prices of the most actively traded essential agricultural commodities, viz. chana, wheat, maize, potato etc. has been steady or with moderate inflation as against high inflation in non-traded commodities, viz. urad, tur, vegetables and fruits.

In view of the above facts, it would not be correct to say that the growth in the trade volume in agricultural commodities during 2009-10 was due to excessive speculation or by causing inflation or indulging in profiteering.

Futures markets are driven by market fundamentals shaping demand and supply over a longer time horizon. The same demand and supply factors affect both spot markets and futures market with the only difference that the time horizon for these factors is nil or negligible for spot trade whereas futures trade has a longer term horizon of 3 to 6 months. Futures markets are only a platform for price discovery and hedging. It only ensures that the discovered price is objective and fair and is based on the expectations about the fundamentals of demand and supply over time horizon upto the maturity of the contract. The trading platform of the Commodity Exchanges in India are well regulated. The regulator uses various tools, such as special margins, price limits etc. which reduce the leverage and over speculation by speculative participants. Besides, almost all agricultural commodities are on compulsory delivery mode and this threat of delivery keeps speculators in check. Hence, in the India commodity market regulatory environment, it is not possible for any individual or group of individuals to drive the prices in a single direction against the market fundamentals.

Student-teacher ratio

†1147. SHRI RAM JETHMALANI:

SHRI RAVI SHANKAR PRASAD:

Will the Minister of HUMAN RESOURCE DEVELOPMENT be pleased to state:

(a) whether it is a common perception that for better school education, there should be a ratio of one trained teacher to 30 students;

(b) if so, the reaction of Government thereto; and

(c) the names of the States in the country having student-teacher ratio in keeping with the said perception?

THE MINISTER OF STATE IN THE MINISTRY OF HUMAN RESOURCE DEVELOPMENT (SHRIMATI D. PURANDESWARI): (a) to (c) The Right of Children to Free and Compulsory

†Original notice of the question was received in Hindi.