

thousand rupees and for the subsequent offence with fine which shall not be less than fifty thousand rupees but which may extend to one lakh rupees or with imprisonment for a term which may extend to one year or with both.

The enforcement of the provisions of the Act and Rules is done by the Legal Metrology Department of States/UTs.

Inflation due to future market

370. SHRI RAM JETHMALANI: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether it is a fact that future market is one of the reasons behind food inflation in the country;
- (b) if so, the reaction of Government thereto;
- (c) whether Government is contemplating any action regarding future market; and
- (d) if so, the details thereof?

THE MINISTER OF STATE OF THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K.V. THOMAS): (a) and (b) According to available information there is no clear evidence that rise in food prices in India has been due to forward 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.

(c) and (d) The Forward Markets Commission, the regulator of commodity futures closely monitors the price movements/volatilities in the commodities traded on the commodity futures exchanges, and initiates suitable action as and when required.