

- The Ministry of Corporate Affairs has recently enacted the Companies Act, 2013 which replaces the Companies Act, 1956. Two hundred and eighty three sections of the Companies Act, 2013 have been notified *i.e.* 98 sections *w.e.f.* 12.9.2013, one section *w.e.f.* 28.2.2014, 183 sections *w.e.f.* 1.4.2014 and one section *w.e.f.* 6.6.2014. Various approvals from the Government which were required under the Companies Act, 1956 have now been removed leaving such decisions to be taken by the shareholders of the Companies, thereby promoting self-regulation. In addition, the Companies Act, 2013 prescribes enhanced provisions for protecting investor. Further, the fees required for registering a small company with authorized capital upto ₹ ten lakhs and turnover upto ₹ two crore has been reduced to ₹ two thousand which was earlier ₹ twenty four thousand eight hundred.
- Further, as announced in Budget 2014-15, it is proposed to implement an 'Indian Customs Single Window Project' to facilitate trade. Under this, importers and exporters would lodge their clearance documents at a single point only. Required permissions, if any, from other regulatory agencies would be obtained online without the trader having to approach these agencies. This would reduce interface with Governmental agencies, dwell time and the cost of doing business.

Financial assistance to Andhra Pradesh

3587. SHRI Y.S. CHOWDARY: Will the Minister of FINANCE be pleased to state:

- whether Government is considering to provide financial assistance for development of Andhra Pradesh in view of division and its backwardness;
- if so, the details thereof;
- if not, the reasons therefor; and
- the time-frame fixed by Government to complete this process?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) to (d) As per Statement 16 of the Expenditure Budget 2014-15, Volume 1, an amount of ₹ 338408.49 crore is budgeted in BE 2014-15 as 'Central Assistance for State and Union Territory Plans', including Budget provision for State component of 'Backward Region Grant Fund' and 'Other Additional Central Assistance' provided under Demand No. 36. The inter-state allocation of Central assistance, including the assistance for development of Andhra Pradesh in view of division and its backwardness, is decided in consultation with the States within the contours of the respective schemes and factored in at the time of finalization of Annual Plan of the States.

Future trading of food items

3588. SHRIMATI SASIKALA PUSHPA: Will the Minister of FINANCE be pleased to state:

- whether food commodities are being traded in the commodity exchange;

(b) if so, the details thereof and the details of food commodities that are traded in the food commodities exchange;

(c) whether Government has put a ban on future trading on food items to check rising prices of food articles; and

(d) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) and (b) Yes, Madam. Futures trading is conducted in the commodity exchanges recognised under the provisions of the Forward Contracts (Regulation) Act, 1952. The list of food commodities traded at the commodity exchanges is given in the Statement (*See below*).

(c) and (d) No, Madam. The commodity futures market is a mechanism for price discovery and price risk management. The futures market discovers the prices that are likely to prevail in future. Several studies have observed that futures' trading does not lead to price rise. The report submitted (April, 2008) by the Committee set up by the Government under the Chairmanship of Prof. Abhijit Sen concluded that there is no causal relationship between futures trading and inflation. The Reserve Bank of India, in its Annual Report for the year 2009-10 concluded that forward trading was not the reason for inflation in the prices of commodities in India. The report stated that commodity prices in India seem to be influenced more by other drivers of price changes, particularly demand-supply gap in specific commodities, the degree of dependence on imports and international price movements in these commodities. An independent study in 2012 by Dr. Ashok Gulati, reported that for the period from 1995-96 to December 2012, three factors explain the price rise (inflation) in the Food Articles Index (FAI), in India *i.e.* fiscal deficit, global food inflation and domestic farm wages.

Further, the Forward Markets Commission has put in place a number of measures to address undue price volatility. These are as under:

- (i) **Market-wide open position limits:** Restrictions on open positions have been imposed in such a manner that no single individual/entity or group of individuals/entities, acting in concert, would be able to corner the market or influence the price discovery process.
- (ii) **Daily price fluctuation limit bands or circuit limits** - These limits are linked to historical spot market movements and discourage unbridled movement of prices in variance with the market fundamentals.
- (iii) **Additional and Special margins** - Additional and Special margins are imposed by the exchange or the Commission in case of undue price volatility.
- (iv) **Most of the agricultural contracts have** a compulsory delivery logic with a staggered delivery period of 10 (Ten) days to bring about better convergence with the physical markets.

In addition, the Forward Markets Commission calls for daily reports from the Exchanges and takes other pro-active steps to ensure that there is no misuse of the futures market and that the futures prices discovered on the platform of the exchanges reflect broadly the demand and supply fundamentals.

Statement

The list of food commodities traded in the commodity exchanges

Sl.No.	Name of the Commodity	Sl.No.	Name of the Commodity
(a) Food items:			
1.	Barley	10.	Gur
2.	Chana(Gram)	11.	Coriander (Dhaniya)
3.	Potato	12.	Soya beanseed
4.	Sugar	13.	Refined Soya Oil
5.	Wheat	14.	Jeera (Cumin seed)
6.	Bajra	15.	Pepper
(b) Other edible items:			
7.	Cardamom	16.	Turmeric
8.	Red Chillies	17.	Coconut Oil
9.	Coffee Rep Bulk	18.	Rape/Mustard Seed
		19.	Maize Feed
		20.	Copra

Financial condition of States

†3589. SHRI RAMDAS ATHAWALE: Will the Minister of FINANCE be pleased to state:

- (a) the details of the States who are facing financial crisis as on date;
- (b) whether the Central Government has taken any measure or given any suggestions to bring improvement in financial condition of those States; and
- (c) if so, the details thereof?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) to (c) The Thirteenth Finance Commission (FC-XIII) has worked out a fiscal consolidation roadmap for each State to eliminate Revenue Deficit (RD) and achieve Fiscal Deficit (FD) of 3% of their respective Gross State Domestic Product (GSDP) by 2014-15. FC-XIII has also recommended a combined debt target of 24.3% of Gross Domestic Product (GDP) by 2014-15 from a level of 27% of GDP in 2008-09. This

†Original notice of the question was received in Hindi.