

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 68

ANSWERED ON 15th DECEMBER, 2017/ AGRAHAYANA 24, 1939 (Saka)

OPTIONS TRADING IN GOLD

68. SHRIMATI RAKSHATAI KHADSE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has set up committee/proposes to set up a committee looking at a way to transform Indian Gold market and if so, the details thereof;
- (b) whether the Securities and Exchange Board of India has allowed the first product for options trading after 14 years of commencement of commodity exchanges in the country; and
- (c) if so, the details thereof?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE

(SHRI P. RADHAKRISHNAN)

(a) Yes Madam. NITI Aayog, vide its Office Memorandum dated 25th August 2017, has set up a Committee to look at ways to transform India's gold market, under the Chairmanship of Shri Ratan P. Watal, Principal Adviser, NITI Aayog, with members from various Government Departments and other stakeholders. The Terms of Reference of the Committee include studying various issues related to Gold such as growth drivers of gold and gold related industries, leveraging the growing international market, duty structure on the sector, Gold Monetization Scheme, Gold Metal Loan Scheme, Hallmarking, exploring benefits of launching Bullion Exchange, strategy for boosting exports etc.

(b) & (c): Commodity exchanges date back to over a century and commodity derivative exchanges with nation-wide trading terminals started functioning during 2003-04. Subsequent to the repeal of Forward Contracts (Regulation) Act, 1952 which banned option products, Securities and Exchange Board of India (SEBI), the regulator for commodity derivatives, vide its circular dated September 28, 2016, notified that commodity derivatives exchanges would be permitted to introduce trading in 'options' subject to approval of SEBI. Further SEBI, vide circular dated June 13, 2017 issued guidelines for product eligibility, design and risk management framework to be adopted for options in commodity derivatives markets. Based on SEBI approval, Multi Commodity Exchange of India Ltd. (MCX) launched Trading in Options on Gold Futures on October 17, 2017.
