

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**  
**UNSTARRED QUESTION NO. 1244**

ANSWERED ON 9<sup>th</sup> FEBRUARY, 2018/MAGHA 20, 1939(SAKA)

**PRICE OF GVAR**

1244. SHRI SHARAD TRIPATHI:

Will the Minister of FINANCE be pleased to state:

- (a) whether there has been an unprecedented increase in the price of Gvar during the last year;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether Commodity Trade Centres has taken a decision to investigate the unprecedented increase in the prices of Gvar seeds and its gum;
- (d) if so, the details thereof and the time by which the said investigation is likely to be completed; and
- (e) whether the Forward Markets Commission has decided to put a ban on the trading of all types of seed in view of this price rise and if so, the details thereof?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI P. RADHAKRISHNAN)

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(a) & (b): Yes. As reported by Commodity Derivatives Exchanges to Securities and Exchange Board of India (SEBI), which is the regulator of commodity derivatives market, Guar seed prices have increased by 40-41% in spot as well as futures market in February 2018 over February 2017, while Guar gum prices have rose by around 60% during the same period. However, this price increase is not unprecedented given the fact that prices of both commodities have fallen in two years before.

The major factors that have contributed to this increase in price trend in Guar are as under:

- Guar production has declined by around 13% during 2017-18 due to weather vagaries in major growing states i.e., Rajasthan, Haryana and Gujarat.
- Further, guar prices have also increased owing to higher demand for exports of Guar gum, which has surged by 42% in April-November 2017. India is a major producer of Guar, accounting for 80% of global production and country's guar products, particularly Guar gum, is exported.
- Rising crude oil prices have fuelled greater oil exploration activity globally, thereby increasing the demand of Guar gum, which is used as a fracking agent in oil and gas exploration.

(c) & (d): SEBI on a continuous basis monitors and examines the price movement and trading in all the commodities traded on various Exchange platforms. The price movement in Guar seed and Guar gum has also been examined and it has been observed that the prices of the futures contracts have reflected the prevailing prices in the underlying physical markets and are based on the fundamental factors and hence no investigation is pending with Commodity Derivatives Exchanges or Securities and Exchange Board of India (SEBI).

(e) SEBI regulates the commodities derivatives markets in India since September 28, 2015. At present, futures trading is allowed in four types of seeds viz. Castor seed, Mustard seed, Isabgul seed and Guar seed, on various exchange platforms. There is no ban on the trading of these four seeds.

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