

GOVERNMENT OF INDIA  
MINISTRY OF AGRICULTURE AND FARMERS WELFARE  
DEPARTMENT OF AGRICULTURE AND FARMERS WELFARE

**LOK SABHA**  
**UNSTARRED QUESTION No. 2534**  
TO BE ANSWERED ON THE 2<sup>ND</sup> AUGUST, 2022

**NON- AGRICULTURAL COMMODITY DERIVATIVES**

2534. SHRI KOMATI REDDY VENKAT REDDY:  
SHRI MANNE SRINIVAS REDDY:

Will the Minister of AGRICULTURE AND FARMERS WELFARE कृषि और किसान कल्याण मंत्री be pleased to state:

(a) whether it is true that overseas investors will only be allowed to deal in non-agricultural commodity derivatives and only cash-settled contracts as on date since 2014 onwards; and

(b) if so, the details thereof and the present status in this regard?

**ANSWER**

MINISTER OF AGRICULTURE AND FARMERS WELFARE

कृषि और किसान कल्याण मंत्री ( SHRI NARENDRA SINGH TOMAR)

(a) & (b): The salient features for participation of Foreign Portfolio Investors (FPIs) in ETCDs are as under:

- A. The existing Eligible Foreign Entity (EFE) route, which required actual exposure to Indian physical commodities, has been discontinued. Any foreign investor desirous of participating in Indian ETCDs with or without actual exposure to Indian physical commodities can do so through FPI route.
- B. FPIs are allowed to trade in all non-agricultural commodity derivatives and select non-agricultural benchmark indices. To begin with, FPIs will be allowed only in cash-settled contracts.
- C. FPIs will be allowed to participate in Indian ETCDs, subject to certain risk management measures.
- D. The position limits for participation of FPIs in ETCDs are as under:

- i. The position limits for FPIs (other than individuals, family offices and corporate bodies) will be at par with those presently applicable for Mutual Fund schemes i.e. as a client.
- ii. FPIs belonging to categories viz. individuals, family offices and corporate will be allowed position limit of 20 per cent of the client level position limit in a particular commodity derivatives contract, similar to the position limits prescribed for currency derivatives.
- iii. A Working Group comprising of representatives from SEBI and market participants has also been constituted to review/examine whether any additional risk management measures, are required to be prescribed for FPIs

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