



SWATANTRA BHARAT PARTY

Anil Jaysing Ghanwat (B.Sc.Agr.)
National President, Swatantra Bharat Party
'Vijayshree', Jaysing Nagar, Po. Shrigonda Factory
Tal. Shrigonda, Dist. Ahmednagar(MH.) Pin- 413726
Mob. 9923707646, 7385707646
e-mail: ghanwatanil77@gmail.com

Election Commission of India- Regn.No. - 56/102/2013/PPS -1
Website- <http://swatantra.org.in> e-mail-info@swatantra.org.in

Memorandum

To,
The Chairman,
SEBI,
Bandra Kurla complex, Mumbai.

Sub:- Regarding indefinite sit-in protest in front of SEBI office if the ban on agricultural commodities futures is not lifted.

Dear sir,

A year ago, SEBI had imposed a one-year ban on trading of nine agricultural futures covering seven agricultural products and futures contracts based on them. The ban ended recently. But by extending it by one more year, SEBI has caused immense loss to the farmers. This decision should be doubted whether this is not a conspiracy to bring down the prices of agricultural commodities in the name of keeping inflation under control.

Last year, the Securities and Exchange Board of India had removed seven agricultural commodities futures trading to curb the country's inflation rate. This deprived farmers of both an alternative market and the risk management pact that protected them from recession. But farmers and traders were also keeping their eyes on the hope that this ban will end in December 2022 and trading in the futures market will resume smoothly. But on December 20, 2022, SEBI has issued an order to extend the ban on futures on all these agricultural instruments till December 20, 2023. The list of agricultural commodities includes seven items which are non basmati rice, wheat, gram, green gram, soybean and its derivatives, mustard and its derivatives and crude palm oil.

The futures market gives farmers and traders an advance estimate of the prices of agricultural commodities in the next few months and they can take appropriate decisions based on this information. Also, the government institutions can also control the inflation by taking appropriate steps as they understand the future price trends. Farmers can also decide whether to store or sell their produce. If rates are expected to decrease, prices can be fixed by hedging. Some farmers' producer companies had started trading fairly in the futures market but due to the ban, all transactions have come to a standstill. The ban is aimed at curbing inflation in food grains and edible oil, but a study conducted by several reputed institutes like Late Abhijit Sen Committee set up by the Lok Sabha and IITs and IIMs, has concluded that there is no link between inflation and futures. On the contrary, futures bans are often seen as helping to artificially inflate prices.



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The ban on futures market has been done only to bring down the prices of agricultural commodities. If the prices of agricultural commodities rise, the futures market is banned, but if the prices fall, no solution is planned. Gram prices have remained below the MSP for the past year. However, the ban on its futures remains. Now, the prices of wheat, mustard and gram will remain low due to the ban on the arrival of rabi season crops in the market. This is injustice to the farmers.

SEBI may have taken this decision under pressure from the government. If the government is putting pressure on SEBI to win elections by keeping inflation low, SEBI should not succumb to that pressure and immediately withdraw the one-year extension given immediately.

One and a half months before the harvest of Rabi season agricultural produce starts coming to the market, if SEBI does not lift the ban on futures market, an indefinite sit-in will be held in front of SEBI's office in Mumbai from 23rd Jan.2023, under the leadership of Swatantra Bharat Party. Farmers, farmer producer companies, traders, importers, exporter and all stakeholders related to the futures market will be involved in this agitation.

We here by request you to urgently look into the matter and revoke the order of extending the ban on said agriculture commodities. Hope you use your good office to do the needful as early as possible.

Thanking you,

23/12/2022

Anil Ghanwat

National President,

Swatantra Bharat Party