

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1362
ANSWERED ON:05.03.2010
INFLATION
Rathod Shri Ramesh

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is ensuring that farmer's interests are not sacrificed at the altar of inflation management;
- (b) if so, the complete details thereof;
- (c) whether the Government is reducing the trading margins between the farm gate prices and retail prices, rather than bringing the farm prices down; and
- (d) if so, the details thereof and present status thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (d) In the current financial year, inflation based on the consumer price indices remains high in the range of 8.6-17.6 per cent during May-2009 to January-2010, whereas the WPI inflation remained negative from June 2009 to August, 2009 and it was at 8.56 per cent in January, 2010. The weighted contribution of food items (primary and manufactured products) was more than 55 per cent. The Government has taken several measures to check inflation in food items while protecting the interest of farmers and bring down trading margins, which include: reducing import duties to zero- for rice, wheat, pulses, edible oils (crude) and sugar; reducing import duties on refined & hydrogenated oils & vegetable oils; allowed import of raw sugar at zero duty under open general licence (OGL); two million tonnes of wheat and one million tonnes of rice have been allocated to states for distribution to retail consumers over and above normal public Distribution System allocation; banned export of non-basmati rice, edible oils and pulses (except, kabuli chana) and imposed stock limit orders in the case of paddy, rice, pulses, sugar, edible oils and edible oilseeds.

Minimum Support Prices (MSPs) have been progressively increased, leading to increased acreage, production, productivity and central procurement. For the marketing season of 2010-11, the MSP of wheat was increased from Rs 1080 to Rs. 1100 per quintal. In 2009-10, for different grades of paddy, for Kharif marketing season the MSP was increased from Rs 850-880 to Rs.950-980 per quintal with a bonus of Rs 50 per quintal for all varieties. In addition to the above, Government has also taken initiatives such as the National Rural Employment Guarantee Scheme (NREGS); Integrated Scheme of oilseeds, Pulses, oil Palm and Maize (ISOPOM), National Food Security Mission (NFSM) and Rashtriya Krishi Vikas Yojna (RKVY) to improve production and productivity in agriculture.