

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:2660

ANSWERED ON:12.03.2010

CORE GROUP ON INFLATION

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Will the Minister of FINANCE be pleased to state:

- (a)the details of variation in prices of each of rice, wheat, pulses, vegetables, fruits and milk in 2009-10 from 2008-09 alongwith the reasons therefor;
- (b)whether in a Conference of the Chief Ministers held recently in Delhi, the Government has announced that the illeffects of the inflation is over;
- (c)if so, the facts in this regard;
- (d)whether a high powered core group of Chief Ministers and Union Ministers was constituted for making suggestion for prices;
- (e)if so, the reasons therefor alongwith the composition and the terms of reference of the same; and
- (f)the steps taken or proposed to be taken to check inflation in future?

Answer

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

(a) The following table gives month-wise Wholesale Price Index (WPI) based year-on-year inflation in rice, wheat, pulses, vegetables, fruits and milk during 2008-09 and 2009-10. The variation in WPI based inflation could be attributed to seasonal factors, base effect of last year and expectation of supply side constraints, especially due to unfavourable south-west monsoon in 2009-10.

Table: WPI based year-on-year inflation in select commodities during 2008-09 and 2009-10 (%)

	Rice (Wt.2.45%)		Wheat (Wt. 1.38%)		Pulses (Wt. 0.60%)		Vegetables (Wt. 1.46%)		Fruits (Wt. 1.46%)		Milk (Wt. 4.37%)	
	2008 -09	2009 -10	2008 -09	2009 -10	2008 -09	2009 -10	2008 -09	2009 -10	2008 -09	2009 -10	2008 -09	2009 -10
Apr	8.73	14.68	6.82	5.74	-2.38	13.68	5.13	16.40	1.22	5.47	9.01	5.83
May	7.96	16.43	7.19	7.44	-2.89	16.96	0.54	21.03	5.58	-2.91	7.93	6.26
Jun	7.61	17.49	7.69	6.50	-1.30	18.12	1.82	24.53	5.62	2.52	8.30	7.39
Jul	7.80	16.89	8.18	3.24	1.44	23.02	-4.90	30.60	11.91	2.33	7.55	9.51
Aug	6.61	17.52	6.95	3.21	6.56	21.14	-8.52	23.31	21.11	1.40	6.50	9.60
Sep	5.40	20.59	7.81	4.84	8.51	20.85	-2.66	15.95	16.42	6.50	6.96	9.67

Oct	11.23	14.29	5.02	9.31	8.88	25.08	12.75	7.06	15.79	5.90	7.25	10.03
Nov	12.57	13.50	3.95	16.88	10.99	42.30	24.35	18.77	14.14	10.19	6.76	13.74
Dec	15.07	12.33	4.83	12.04	12.59	41.58	7.65	39.22	15.91	9.83	7.40	13.36
Jan	15.19	12.03	5.27	14.86	13.57	45.64	15.36	11.79	18.63	5.86	8.14	13.99
Feb	17.12	6.10	16.88	6.55	11.62	7.33						
Mar	16.74	4.63	10.83	-5.27	7.54	7.43						

Note: Inflation figures for December 2009 and January 2010 are provisional.

(b) to (e) A conference of Chief Ministers to discuss the issues relating to prices of essential commodities was convened by the Ministry of Consumer Affairs, Food and Public Distribution on 6th February 2010. The conference recognised that insulation of the poor and the vulnerable from adverse price movements was the prime concern of the governments. It also recognised that the responsibility has to be shared by the government at the centre and states on a coordinated basis. The conference recommended constitution of a Standing Core Group of State Chief Ministers and Central Ministers concerned. The Ministry of Agriculture, has initiated the process of constitution of standing core group, with the Finance Minister, Agriculture Minister, Chairman, Prime Minister's Economic Advisory Council and Dy. Chairman Planning Commission from the Central Government and the Chief Ministers of Andhra Pradesh, Maharashtra, Gujarat, Bihar, Chhattisgarh, Tamil Nadu, West Bengal, Assam, Punjab and Haryana, as members and the following terms of reference as recommended by the conference of deliberating on and recommending measures to:

- (i) Increase agricultural production and productivity (including long term policies for sustained agricultural growth);
- (ii) Reduce the gap between farm gate prices and retail prices;
- (iii) Better implementation of and amendment to Essential Commodities Act;
- (iv) Ensure better and effective delivery of essential commodities to the vulnerable sections of society;
- (v) Augmentation of warehousing and storage capacity (including cold chains);
- (vi) Issues relating to inputs viz. seeds/fertilizers etc.

(f) The Government has taken several measures to check inflation in food items 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