

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3559
ANSWERED ON:16.04.2010
PROPORTIONATE INCREASE IN PRICES OF COMMODITIES
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Will the Minister of FINANCE be pleased to state:

(a) whether the Government has plans to increase/ decrease the prices of all commodities in a proportionate manner so as to check the price rise; and

(b) if so, the time by which action is likely to be taken in this regard and if not, the reasons therefor?

Answer

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

(a) Price rise refers to general increase in prices of commodities, which may occur due to imbalance in aggregate demand and supply. Excess monetary growth or low interest rates can result in excess demand, relative to supply, resulting in price rise. In a globalised economy, particularly in respect of sectors where there are imports and exports, as in manufacturing and minerals, exogenous imbalances in the global demand- supply situation can and do influence domestic prices in those sectors.

(b) The Government monitors the price situation regularly, with price stability being high on its agenda. Measures taken to contain prices of essential commodities include, selective ban on exports and futures trading in food grains, zero import duty on select food items, removal of restrictions on licensing, stock limits and movement of food articles under the Essential Commodities Act of 1955, permitting imports of pulses and sugar by public sector undertakings, distribution of imported pulses and edible oils through the PDS and release of higher quota of non-levy sugar. In addition to that a Standing Core Group of Chief Ministers and concerned Central Ministers has been constituted on 15th March, 2010 to discuss issues related to prices of essential commodities with Ministry of Agriculture as nodal agency.