

**GOVERNMENT OF INDIA
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
LOK SABHA**

STARRED QUESTION NO:125

ANSWERED ON:03.08.2010

PRICE RISE

Mahajan Smt. Sumitra; Satpathy Shri Tathagata

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

- (a) whether international organisations including the Food and Agriculture Organisation and Organisation for Economic Cooperation and Development have raised concerns regarding further rise in the prices of farm products especially foodgrains at an alarming rate;
- (b) if so, the details thereof and the action taken/proposed to be taken to ensure availability and control the prices of essential commodities in the country;
- (c) whether the Government has issued any advisories to the States to create foodgrain stocks, curb black-marketing and hoarding and improve the distribution system in order to control prices;
- (d) if so, the details thereof and the reaction of the States thereto;
- (e) whether the Government proposes to formulate a comprehensive plan for food security; and
- (f) if so, the details thereof and the steps taken thereon?

Answer

MINISTER OF AGRICULTURE AND MINISTER OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI SHARAD PAWAR)

(a) to (f): A Statement is laid on the Table of the House.

STATEMENT REFERRED IN REPLY TO PARTS (a) TO (f) OF LOK SABHA STARRED QUESTION NO.125 FOR 03.08.2010 REGARDING PRICE RISE.

(a) and (b): FAO and OECD in their recently released study i.e. OECD-FAO Agricultural Outlook 2010-19 observed that " World real commodity prices to remain below recent peaks but well above previous decade" Farm commodity prices have fallen from their record peaks of two years ago but are unlikely to drop back to their average levels of the past decade. Wheat and coarse grain prices over the next 10 years are expected between 15-40 percent higher in real terms (adjusted for inflation) than their average levels during the 1997-2006 period. Real prices for vegetable oils are expected to be more than 40 percent higher. Dairy prices are projected to be on average between 16-45 percent higher. FAO forecast is not specific to India.

Action taken/proposed to be taken in India:

In order to increase the production of food grains, the Government is implementing the following:

- (i) Centrally Sponsored Scheme of National Food Security Mission (NFSM) in selected districts of 17 states for enhancing the food grain production of rice, wheat and pulses by 20 million tones during 11th plan.
- (ii) Crop production programmes of rice, wheat and coarse cereals are being encouraged under Macro Management Agriculture (MMA) scheme and under Rashtriya Krishi Vikas Yojana (RKVY).
- (iii) Additional Central assistance is provided to the states to achieve 4% growth in Agriculture and allied sectors and to reduce yield gaps of crops and maximizing returns to the farmers.
- (iv) New initiative of "Bringing Green Revolution to Eastern India" in 6 eastern states is also focused towards enhancing agriculture production.
- (v) Similarly, new initiative of "organizing 60,000 pulses and Oilseed village" is being implemented in major pulses growing states to supplement the efforts of other schemes in enhancing the pulses production.
- (vi) Maize production is promoted through Integrated Scheme on Oilseed, Pulses, Oil Palm and Maize (ISOPOM).

Government has also taken fiscal and administrative measures to moderate price rise in essential commodities which are given in

Annexure I.

(c) & (d): The enforcement of the Essential Commodities Act, 1955 lies with the State Governments/ Union Territories. The State Governments/UT Administrations have been delegated powers to take necessary action under the provisions of both "The Essential Commodities Act, 1955" and "The Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980", to prevent hoarding and blackmarketing of essential commodities. The State Governments/UT Administrations have been repeatedly requested to strictly enforce both the Acts and also monitor enforcement of these Acts. The State Governments had been requested in January 2010 to organize special drives against hoarding and to send a factual report containing inter-alia, the action taken and cases booked under the Essential Commodities Act. State Governments of (Goa and Tripura) responded and have not reported anything irregular. The details of the raids conducted, persons arrested, persons convicted etc. for violation of rules under the Essential Commodities Act, 1955, during the year 2009 and 2010 (upto 30.06.2010) as reported by State Governments/UT Administrations are at Annexure II & III.

(e) and (f): The President of India, in her address to the joint session of Parliament on 4th June, 2009 has inter-alia made the following announcements:

(A): The National Food Security Act which will be enacted to:-

- (i) provide a statutory basis for a framework for assured food security for all;
- (ii) entitle, by law, every BPL family to 25 kg of wheat/rice per month @Rs.3/kg;
- (iii) bring about systemic reforms in PDS.

(B) Targeted identification cards will subsume and replace omnibus BPL lists. Identification of beneficiaries to be done through Gram Sabhas and Urban local bodies and lists placed in the public domain.

The Department of Food and Public Distribution (DFPD) has circulated a Concept Note on the proposed Food Security Law to all States / Union Territories and concerned Central Ministries on 05.06.2009 and 10.06.2009 and examined the responses received. The Department has also held consultations with the State Food Secretaries, representatives of various Central Ministries, Planning Commission, experts and other stakeholders. To examine various issues relating to the proposed legislation, an Empowered Group of Ministers (EGoM) has been constituted. The EGoM has so far held five meetings, in which the proposed law has been discussed, on 01.09.2009, 16.09.2009, 12.02.2010, 18.03.2010 and 05.04.2010.

Although the broad contours of the proposed Act have been drawn, some important issues are being examined in depth, namely the extent and nature of coverage under the Act and the specific entitlements of those living below the poverty line, as also the food security cover to be provided to the most vulnerable sections of society e.g. the homeless and migrants.

While the Ministry of Rural Development is in the process of finalising the guidelines for identification by the States of the poor in rural areas, the Planning Commission has been given the responsibility of finalising the guidelines for similar identification of the urban poor. Planning Commission has also been asked to finalise their estimates of poverty in the country. The EGoM has also asked Planning Commission to consult all concerned Ministries and revert with specific recommendations regarding the proposed legislation, keeping in mind relevant aspects such as agricultural production and procurement, need to avoid dependence on imports, quantities to be guaranteed under the law, the implications on subsidy etc. Thereafter, the draft National Food Security Bill would be prepared in consultation with the Ministry of Law and Justice and, after due approvals, placed on the website of the DFPD for public scrutiny and comments.