

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

UNSTARRED QUESTION NO:3402

ANSWERED ON:30.11.2010

FOOD INFLATION

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

- (a) whether recent reports by certain agencies including the Reserve Bank of India have indicated that the price situation in the country is unlikely to ease despite a favourable monsoon;
- (b) if so, the details thereof, the reasons therefor along with the reaction of the Government thereto;
- (c) whether any raids/inquiry have been conducted under the stock limiting orders and for prevention of hoarding;
- (d) if so, the details and the outcome thereof;and
- (e) the steps taken to ensure availability and control the prices of essential commodities?

Answer

MINISTER OF THE STATE IN THE MINISTRY OF AGRICULTURE AND MINISTER OF THE STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (PROF. K. V. THOMAS)

(a) & (b): According to the RBI – Second Quarter Review, 2nd November, 2010, although the headline inflation has moderated in recent months, the current rate of inflation is still well above the comfort zone of the Reserve Bank. The Reserve Bank's quarterly inflation expectation survey conducted during the first fortnight of September 2010 indicates that short-term household inflationary expectations have increased marginally. Further, notwithstanding some moderation, food price inflation has remained persistently elevated for over a year now, reflecting in part the structural demand-supply mismatches in several commodities - besides protein sources, oilseeds and vegetables also show this pattern. Given the changing consumption patterns and as yet inadequate supply response, food price inflation is becoming increasingly structural in nature. RBI has taken suitable measures to moderate demand levels consistent with capacity of the economy to maintain its growth without provoking price rise. Accordingly, the Repo rate and Reverse Repo rate increased to 6 per cent and 5 per cent respectively on September 16, 2010 from a level of 5.75 per cent and 4.50 per cent respectively. Further during their Second Quarter Policy Review on November 2, 2010 RBI raised the Repo rate and Reverse Repo rate to 6.25 per cent and 5.25 per cent respectively.

(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.

To enable the State Governments/UT Administration to take effective action for undertaking de-hoarding operations under the Essential Commodities Act, 1955, it was decided to enable State Governments to impose stockholding limits by keeping in abeyance some provisions of the Central Order dated 15.2.2002 in respect of pulses, paddy and rice for the period upto 30.9.2011, in respect of edible oils and edible oilseeds for the period upto 31.3.2011 and for sugar up to 31.12.2010

The State Governments/UTs send report of action taken by them under Essential Commodities Act; this includes action taken for violation of stock limit orders. The action taken reports received from the State Governments for violation of stock limit orders as from 01.01.2010 upto 30.09.2010 shows that 10611 raids were conducted, 37 person were arrested and goods worth Rs.78.26 crores were confiscated.

(e): The steps taken by the Government to ensure availability and contain the price rise of essential commodities are given in Annexure I.