

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

STARRED QUESTION NO:180

ANSWERED ON:08.03.2011

IMPACT OF PRICE RISE

Saroj Smt. Sushila;Upadhyay Seema

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

- (a) whether some multilateral agencies including World Bank have warned that the food prices in the developing countries including India have surged to a dangerous levels thereby reducing peoples` access to food;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) whether the rising prices of foodgrains in the International market is likely to affect the supply/import of food items like pulses and edible oils in the country,
- (d) if so, the details thereof and the action plan formulated to ensure their availability in the country; and
- (e) the fresh steps taken by the Government including improvement in the Public Distribution System and removing supply bottlenecks to control prices and make foodgrains accessible to the poor people?

Answer

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

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

STATEMENT REFERRED IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO.180 FOR 08.03.2011 REGARDING IMPACT OF PRICE RISE.

(a) to (d): As per. the World Bank Food Price Watch Report (February, 2011) the Global food prices continued to rise uniformly for all grains. The World Bank food price index rose by 15% between October 2010 and January 2011 and is only 3% below June 2008 peak. Local rice prices have increased in line with global prices in some large rice-consuming Asian countries. These food price rises create macro vulnerabilities, particularly for countries with a high share of food imports and limited fiscal space, as well as increases in poverty.

The increase in the international prices of rice and wheat are not likely to impact on domestic prices as the requirement of import is almost negligible. In the case of pulses and edible oils, about 15% and 50% respectively, of our needs are imported and therefore the international prices are likely to impact some extent.

Government has recognized the need to protect the vulnerable population from price rise and has taken proactive steps. The steps taken by the Government to contain the price rise of essential items especially foodgrains and to ensure their availability in the country are given in Annexure I

(e): Targeted Public Distribution System (TPDS) is operated under the joint responsibility of Central Government and State/Union Territory (UT) Governments. The Central Government is responsible for procurement, allocation and transportation of foodgrains upto the designated depots of the Food Corporation of India. The operational responsibilities for lifting and distributing the allocated foodgrains within the States/UTs, identification of eligible Below Poverty Line (BPL) families, issuance of ration cards to them and supervision over distribution of allocated foodgrains to eligible card holders through the Fair Price Shops (FPSs) are of the State/UT Governments.

(ii) Public Distribution System (Control) Order 2001 mandates the State and UT Governments to carry out all required actions to ensure smooth functioning of the TPDS.

(iii) Strengthening and streamlining of TPDS is a continuous process. To improve functioning of TPDS, Government has been regularly requesting State/LT Governments for continuous review of lists of BPL and AAY families, ensuring timely availability of foodgrains at FPSs, bringing about greater transparency in functioning of TPDS, improved monitoring and vigilance at all levels and introduction of new technologies such as Computerization of TPDS operations at various levels.

(iv) In addition to allocation of foodgrains under TPDS, the Government makes allocations of foodgrains under other Welfare Schemes such as Midday Meal Scheme and Wheat based Nutrition Programme also Further, this Department has been making

additional allocation of foodgrains to the State Governments/Union Territories Administrations in case of emergencies like floods, droughts, etc. Additional allocation of foodgrains has also been made from time to time depending upon the availability of stocks and requirement/requests received from States/UTs. Further, in September, 2010 and in January 2011. Government has allocated to State/UT Governments an additional quantity of 25 lakh tons of wheat/rice each time on adhoc basis at BPL prices. Government has also made an adhoc additional allocation of 25 lakh tons of foodgrains to States for distribution to Above Poverty Line(APL) families in January 2011 at a price of Rs.8.45 per kg for wheat and Rs. 11.85 per kg for rice.

STATEMENT REFERRED IN REPLY TO PARTS (a) TO (d) OF LOK SABHA STARRED QUESTION NO.180 FOR 08.03.2011 REGARDING IMPACT OF PRICE RISE.

Steps taken by the Government to contain price rise in essential Commodities such as foodgrains are listed below:

(A) Short term Measures:

1. Fiscal Measures

(i) Reduced import duties to zero - for rice, wheat, pulses, sugar, crude edible oils and to 7.5% for refined edible oils.

2. Administrative Measures

(ii) Banned export of non-basmati rice and wheat until further orders, edible oils (except coconut oil and forest based oil) up to 30.09.2011 and pulses (except Kabuli chana).

(iii) Export of edible oils permitted in branded consumer packs of up to 5 kgs subject to a limit of 10,000 tonnes for one year. The period of ban on export of edible oils has been extended with these relaxation/ exemptions up to 30.09.2011.

(iv) Effected no change in Tariff Rate Values of edible oils;

(v) Extended stock limit orders in the case of pulses, paddy and rice for a period up to 30 September, 2011, edible oil, edible oilseeds and sugar upto 31st March, 2011.

(vi) Maintained the Central Issue Price (CIP) for rice (at Rs 5.65 per kg for BPL and Rs 3 per kg for AAY) and wheat (at Rs 4.15 per kg for BPL and Rs 2 per kg for AAY) since 2002.

(vii) Specific adhoc additional allocation of 30.66 lakh tonnes of foodgrains has been made for all cardholders on 19.5.2010 with validity for lifting up to 20.11.2010 of Rs.8.45 per kg for wheat and Rs. 11.85 per kg for rice,

(viii) An additional allocation of 4.57 lakh tonnes of foodgrains per month for APL families at the prevailing APL CIP made on 2.8.2010. This is applicable initially for a period of six months to those States where APL allocations were below 15 kg per family per month.

(ix) 25 lakh tonnes of food grains have also been allocated in September 2010 to all States/UTs for distribution to BPL families at BPL issue price during six months period from September 2010.

(x) Further 25 lakh tonnes of food grains have been allocated on 6.1.2011 to all States/UTs for BPL families at BPL issue prices for distribution during January to June 2011.

(xi) An additional adhoc allocation of 25 lakh tones of foodgrains has been made on 6.1.2011 to all States/UTs for APL families @ Rs. 8.45 per kg for wheat and Rs. 11.85 per kg for rice for distribution during January to June 2011,

(xii) In addition allocation to State Governments are made under OMSS interventions,

(xiii) Extended the current dispensation for PSUs to import pulses against reimbursement up to 15% of losses and service charge of 1.2% of cif value up to 31.3.2011.

(xiv) The Scheme for distribution of subsidized imported pulses through State Governments/UTs with subsidy of Rs 10/- kg for distribution to BPL families @ 1 kg per month,

(xv) The Scheme for distribution of subsidized imported edible oils through State Governments/UTs with subsidy of Rs 15/- kg for distribution to BPL families @ 1 kg per month.

(B) Medium Term Measures:

In the medium term, Government has taken initiatives such as the National Food Security Mission (NFSM), Rashtriya Krishi Vikas Yojana (RKVY) to improve production and productivity in agriculture.