

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

UNSTARRED QUESTION NO:2329
ANSWERED ON:16.08.2011
IMPACT OF PRICE RISE
Bauri Smt. Susmita;Dome Dr. Ram Chandra

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

- (a) whether the `Global Food Price Inflation and Developing Asia` a publication by the Asian Development Bank has indicated that the rising food prices will reduce the purchasing ability of the poor in the developing Asian countries and push a large population in India Below the Poverty Line;
- (b) if so, the details thereof and the reaction of the Government thereto;
- (c) whether the Government has any plan to provide foodgrains to the people, particularly the poor at subsidised rate; and
- (d) if so, the details thereof?

Answer

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

(a) & (b): The Asian Development Bank study "Global Food Price Inflation and Developing Asia" has examined the effects of food price inflation in 25 developing Asian countries, including India. Among others, the study carries out a simulation exercise to gauge the possible effects of food price increases on poverty under different scenarios. Based on the assumption underlying the simulation exercise, the publication does state that a 30% increase in food prices in India would lead to increase in rural poor by 68.45 million and urban poor by 20.04 million. These estimates are based on simulation exercise and thus, the study's analysis and results are sensitive to a variety of assumptions. For example, as explained in the study itself, the analysis assumes that household nominal incomes remain unchanged when food prices increase. The report does not take cognizance of the rapid growth in economies like India where last year, nominal incomes grew close to 19% and real income grew by 8.6%.

(c) & (d): The Government has already taken steps to protect the poor sections of society through Targeted Public Distribution System (TPDS) and Antodaya Anna Yojna (AAY). Under the TPDS, wheat, rice, coarse grains and kerosene are allocated to State Governments/UTs for distribution through the Fair Price Shops. The Central Issue Price for rice and wheat has not been revised since 2002. For wheat it remains at Rs 4.15 per kg for BPL and Rs 2 per kg for AAY. For rice, it is Rs 5.65 per kg for BPL and Rs 3 per kg for AAY. Pulses are distributed to the State Governments under the PDS @ Rs.10 per kg subsidy scheme.