

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

UNSTARRED QUESTION NO:384
ANSWERED ON:07.07.2009
NORMATIVE PRICE ON PACKAGED ITEMS
Ram Shri Purnmasi

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

- (a) whether the Government has since considered the report of the Expert Committee concerning declaration of normative price in addition to Maximum Retail Price on packaged items;
- (b) if so, the details of the recommendations made by the said Expert Committee alongwith the action taken thereon; and
- (c) the measures taken to check price rise?

Answer

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

(a): Yes Madam.

(b): The Expert committee recommended the following ;

i) It is neither feasible nor advisable to declare normative price in addition to Maximum Retail price on packaged items.

ii) In respect of Packaged commodities wherein excise duty is determined on the basis of MRP declared on the package as per Central Excise Act >there is no V incentive to overstate MRP.,

iii) Trfrespect of other commodities , majority of the members felt that attempt should be made to activate competition in the market and Competition Commission should be given powers to monitor it.

The Government accepted the recommendations of the Expert Committee and a copy of the report of the Expert committee was forwarded to the Competition Commission of India for action on (iii) above.

(c): As per statement Annexed.

Annexure

STATEMENT REFERRED TO IN REPLY TO PART (c) OF LOK SABHA UNSTARRED QUESTION NO. 384 FOR 07/07/2009 REGARDING NQRMATIVE PRICE ON PACKAGED ITEMS

During the year 2008-09, the prices of essential commodities were closely monitored and various measures were taken to augment supplies and stabilize prices of certain essential commodities. Rise in domestic prices was owing to the combined effect of factors such as, growing demand on account of increase in population and income, hardening of international prices, changes in consumption pattern, diversion of food grains for Bib fuel, adverse weather and climate change, increase in crude oil prices and increase in freight rates

Government has been taking effective steps to moderate the prices.Government measures are briefly listed below:-

A. Short Term Measures

Fiscal Measures

- (i) Reducing import duties to zero-for rice, wheat, pulses, edible oils (crude) and maize and butter and ghee;
- (ii) Reducing import duties on refined and hydrogenated oils and vegetable oils to 7.5%;
- (iii) Reducing the import duty on Skimmed Milk Powder (SMP) from 15% to 5%.

2. Administrative Measures

- (i) The export of edible oils is permitted in branded consumer packs of up to 5 kgs, subject to a limit of 10,000 tonnes during the next one year up to 31st October, 2009.
- (ii) Banning export of non-basmati rice, wheat and pulses (except kabuli chana).
- (iii) No changes in Tariff Rate Values of edible oils;
- (iv) Imposition of stock limit orders in the case of paddy, rice, edible oils and oilseeds;
- (v) The periodic enhancements in MSP- currently Rs 1080 per quintal for wheat, Rs 850 per quintal for common rice and Rs 880 per quintal for Grade A rice, to maximize procurement of wheat and rice.
- (vi) Using Minimum Export Price (MEP) to regulate exports of onion (averaging at \$185 per tonne for June 2009) and basmati rice (\$1100 PMT) w.e.f 20.01.2009;
- (vii) Maintaining 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);
- (viii) Futures trading in Rice, Wheat, urad and Tur suspended by the Forward Market Commission in the year 2007-08 continued during the year 2008-09. Futures trading in sugar has been suspended w.e.f. 27.5.2009 upto 31st December, 2009.
- (ix) Distribution of one million tons of imported edible oils to States/UTs at a subsidy @ Rs.15/kg.
- (x) To augment availability of pulses, the Public Sector Undertakings (namely, STC, MMTC, and PEC) and NAFED were permitted to import and sell pulses under a scheme and losses, if any, up to 15% will be reimbursed by the Government.
- (xi) Distribution of imported pulses to State Governments at a subsidy of Rs. 10/-per kg.
- (xii) Government allowed import of raw sugar under advance authorization Scheme and permitted sugar factories to sell processed raw sugar in the domestic market and fulfill export obligation on ton to ton basis
- (xiii) Government allowed import of raw sugar under Advance Authorization Scheme by sugar mills (at zero duty) upto 30.9.2009 (notified on 17.2.2009 and 2.3.2009).
- (xiv) Government allowed import of raw sugar at zero duty under O.G.L. upto 1.8.2009 by sugar mills (notified on 17.4.2009).
- (xv) Government allowed import of white/refined sugar by STC/MMTC/PEC and NAFED upto 1 million tonnes by 1.8.2009 under O.G.L. at zero duty (notified on 17.4.2009).
- (xvi) Levy obligation was removed in respect of all imported raw sugar and white/refined sugar.
- (xvii) Released 6 lakh tonnes of additional non levy sugar for April-June 2009 Quarter taking the total release to 60 lakh tonnes against 50 lakh tonnes in corresponding Quarter in 2008 and 50 lakh tonnes in Jan-March 2009.
- (xvii) The availability of non-levy sugar for April 2009 including the additional quota released stood at 22 lac tons against 17 lacs for March, 2009 and 17 lac tons for April, 2008. For the month of May, 2009, release of non-levy sugar including additional quota released stood at 21 lac tons as against 17.5 lac tons for May, 2008. For the month of June, 2009, the release of non-levy sugar stands at 16 lac tons as against release of 13.5 lac tons for June, 2008. Besides about 1 lac ton of raw sugar imported and reprocessed by sugar mills have been released during the month of June, 2009.

(B) Medium Term Measures:

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