

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

STARRED QUESTION NO:64
ANSWERED ON:14.08.2012
HOARDING OF ESSENTIAL COMMODITIES
Bavalia Shri Kuvarjibhai Mohanbhai;Rama Devi Smt.

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

- (a) whether the Government has ascertained the effects of hoarding and supply constraints on increase in the prices of essential commodities;
- (b) if so, the details thereof along with the reaction of the Government in this regard;
- (c) the details of the raids carried out and the number of cases registered across the country including Rajasthan and Andhra Pradesh under the Essential Commodities Act, 1955 and other legislations in order to check hoarding during each of the last three years and the current year, State/UT-wise;
- (d) the number of persons actually convicted under the said legislations during the above period; and
- (e) the steps taken by the Government to check hoarding and speculative activities in order to ensure smooth supply of essential commodities and check their prices?

Answer

THE MINISTER OF STATE (INDEPENDENT CHARGE) FOR 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 TO IN REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO.64 FOR 14.08.2012 REGARDING HOARDING OF ESSENTIAL COMMODITIES

(a) to (e): Rise in prices of essential commodities including foodstuffs are affected by several factors such as shortfall in domestic supplies relative to demand, hardening of international prices, changes in consumption pattern, adverse weather conditions, and improvement in income and living standards, change in dietary habits as well as insufficient logistics and shortage of storage facilities

In its endeavor to ensure availability of essential commodities at affordable prices to the consumers and to protect them from exploitation by unscrupulous traders, the Essential Commodities Act, 1955 (EC Act, 1955) and the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 (PBMMSEC Act, 1980) have been enacted alongwith various fiscal and administrative measures undertaken by the Government of India.

The EC Act, 1955 was enacted for the control of production, supply and distribution of, and trade and commerce in certain commodities in the interest of the general public. The powers under the said Act have been exercised by various Ministries/ Departments of the Central Government as also by the State Governments to whom some of the powers have been formally delegated. In the exercise of these powers, various Ministries/Departments of Government of India as well as the State Governments have issued control orders from time to time regulating production, distribution and other trading aspects in respect of commodities declared as essential.

The PBMMSEC Act, 1980 which is being implemented by the State Governments/UT Administrations for the prevention of unethical trade practices like hoarding and blackmarketing etc., empowers the State Governments to detain persons whose activities are found to be prejudicial to the maintenance of supplies of commodities essential to the community.

In order to maintain supplies and securing availability and distribution of essential commodities, Public Distribution System (Control) Order, 2001 had been notified on August 31, 2001 which mandates the State and UT Governments to carry out all required action to ensure smooth functioning of Targeted Public Distribution System (TPDS). TPDS is operated under the joint responsibility of the Central and the State/Union Territory (UT) Governments. 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 allocation and distribution of foodgrains within the States/UTs, identification of eligible Below Poverty Line (BPL) families, issuance of ration cards to them and supervision over and monitoring of functioning of Fair Price Shops (FPSs) rest with the concerned State/UT Governments.

The State Governments/UT Administrations have been repeatedly requested to strictly enforce both the above referred Acts. The

details of the raids conducted, value of goods confiscated and persons booked for violation of rules under the Essential Commodities Act, 1955, during the years 2009, 2010, 2011 and 2012 (upto 08.08.2012) as reported by State Governments/UT Administrations are at Annexure I to IV.

The action taken under the PDS (Control) Order, 2001 by the State Governments / UT Administrations includes, inter-alia, issue of show cause notice, lodging of FIR, suspension / cancellation of FPS licenses, arrest / prosecution / conviction, etc. is at Annexure V.

Strengthening and streamlining of the TPDS is a continuous process. To improve functioning of TPDS, Government has been regularly requesting State/UT Governments to take appropriate measures which includes, inter-alia, continuous review of lists of BPL Families, ensuring timely availability of foodgrains at Fair Price Shops (FPSs), ensuring greater transparency in functioning of TPDS, improved monitoring and vigilance at various levels and improving the efficiency of Fair Price Shop operations.

Steps taken by the Government to maintain smooth supply and for containing price rise of essential commodities which include, among others, action under Essential Commodities Act, 1955 for violation of rules and other measures are as enumerated at Annexure-VI.

The Forward Markets Commission (FMC) monitors the volatility in the movement of prices of all commodities traded on the Exchange platforms and makes use of various regulatory tools to control excessive volatility and to prevent excessive speculation in such a manner that no single individual/entity or group of individuals/entities acting in concert would be able to influence the price discovery process contrary to market fundamentals.

Apart from the above, as a matter of abundant caution, FMC had suspended futures trading in tur and urad w.e.f. 23.12.2007, wheat and rice were suspended for trading on 27.02.2007. The futures trading in wheat was resumed w.e.f. 15.05.2009 keeping in view favorable conditions.