

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

STARRED QUESTION NO:232
ANSWERED ON:28.08.2012
CONTROL OVER PRICES
Lingam Shri P.;Vardhan Shri Harsh

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

- (a) the mechanism in place to monitor and check price rise;
- (b) whether the Government has formed any committee/panel to deliberate on the root cause of rising prices and suggest measures to control the same;
- (c) if so, the details and the outcome thereof along with the recommendations made by the said panel and the action taken thereon;
- (d) whether the Government proposes to regulate forward trading, impose a ban on export and allow imports to check the prices of essential commodities; and
- (e) if so, the details thereof?

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 PART (a) TO (e) OF LOK SABHA STARRED QUESTION NO 232 FOR 28.08.2012 REGARDING CONTROL OVER PRICES

(a) : There is a mechanism in place to monitor the prices of essential commodities. Government closely monitors the wholesale/retail prices of select essential commodities at select centres across the country. The prevailing price situation as well as other factors which have impact on prices, both in domestic and international markets are studied and brought to the notice of high level committees, such as Committee of Secretaries (COS), Cabinet Committee on Prices (CCP), through agenda notes prepared for their meetings, for appropriate action at the policy level.

(b) & (c): A Core Group comprising State Chief Ministers and the Central Ministers concerned was constituted on 15th March, 2010 regarding prices of essential commodities. This Core Group decided to constitute three working groups on (i) Agriculture Production (ii) Consumer Affairs (iii) Food & Public Distribution. These Working Groups have subsequently submitted their reports and action initiated by the respective Departments on the agreed points which emerged out of recommendations of the Working Groups. The agreed points inter-alia include (i) adoption of micro planning approach to improve agriculture (ii) reforming APMC legislations (iii) preparation of framework on research in Agriculture (iv) estimating the financial implication of implementing the national food security bill. (v) examining the recommendations of establishment of a dedicated central body for collecting, disseminating and analyzing information on markets (vi) end to end computerization of PDS operation with full integration with Unique Identification.

(d) to (e): Forward Trading is being regulated by the Regulator for commodity futures markets i.e the Forward Markets Commission (FMC) under the provisions of the Forward Contracts (Regulation) Act, 1952. The Commission monitors the volatility in the movement of prices of all commodities traded on the Exchange platforms and makes use of various regulatory tools such as daily price limit (circuit limit) to prevent abrupt upswing or downswing in prices, open position limits at the member and client level to prevent over trading, special margins on buyers and/or sellers to control excessive volatility and to prevent excessive speculation or cornering of the market by any individual or a group in the market. The limits on open positions are fixed 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. Futures Trading is currently under suspension for Rice, Urad and Tur.

Government has banned the Export of Pulses (except Kabuli Chana and Organic Pulses upto maximum of 10,000 tonnes per annum) and Edible Oils (except export of coconut oil forest based oils and edible oils in branded consumer packs of upto 5 Kilograms with a ceiling of 10,000 tonnes per annum). Ban on export of Onion was imposed for short period of time whenever required. There is zero duty on imports of pulses and crude edible oils.