

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

UNSTARRED QUESTION NO:794

ANSWERED ON:27.11.2012

RISE IN FOOD PRICES

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

- (a) whether the food prices have gone up by 12.03 per cent and the recent hike in diesel prices is likely to lead to further rise in prices;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Consumer Price Index based inflation in August stood at 10.03 per cent and the Wholesale Price Index was 7.55 per cent, mainly due to a rise in food prices;
- (d) if so, the details thereof;
- (e) whether it is a fact that India has the dubious distinction of having the highest retail inflation among emerging BRICS nations; and
- (f) if so, the reaction of the Government in this regard?

Answer

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

(a) & (b): The Wholesale Price Index (WPI) which is an indicator of the price trend shows that the rate of inflation for primary food articles which was high at 10.91 percent during the month of June, 2012 started declining from July, 2012 onwards and is at 6.62 per cent for the month of October, 2012. The rate of inflation for combined food articles (primary + manufactured) was at 7.73 per cent for the month of October, 2012 which was at 9.05 percent for the month of July, 2012. Government had taken a decision on 13.9.2012 and accordingly, the retail selling price of diesel was increased by Rs.5/- per litre. The full impact of the above mentioned policy decision on the overall headline inflation will only be reflected in the subsequent months. However, as diesel is used in several sectors as an input, any increase in diesel price has a cascading effect on inflation.

(c) & (d): The year-on-year inflation measured by monthly Consumer Price Index for Industrial Workers (CPI-IW) stood at 10.31 percent for August, 2012 (over August, 2011) as compared to 9.84 percent for the previous month of July, 2012 and for the month of September, 2012 it is at 9.14 per cent. During the month of August, 2012, the point-to-point rate of food inflation stood at 12.20 percent and for the previous month of July, 2012 the same was 11.27 percent.

As per Wholesale Price Index (WPI), the overall rate of inflation for the month of August, 2012 was at 8.01 percent. The rate of inflation for combined food articles (primary + manufactured) was at 9.32 percent for the month of August, 2012.

The rate of inflation for rice, wheat, pulses, sugar and edible oils as a category showed an upward trend whereas the prices of potato and onion, in vegetables, milk, groundnut oil, palm oil, mustard & rapeseed oil in edible oils showed a declining trend during the month of August, 2012 when compared to the same during the month of July, 2012.

(e) & (f): According to the Reserve Bank of India sources, the inflation in India is higher as compared to other BRICS nations.

Rise in the prices of essential food products are due to several factors such as shortfall in domestic supplies relative to demand, hardening of international prices, changes in consumption pattern, adverse weather conditions, improvement in income and living standards, changes in dietary habits as well as insufficient logistics and shortage of storage facilities.

The Steps taken by the Government to control the prices of essential commodities are inter-alia include the following:

Reduced import duties to zero - for wheat, onion, pulses, crude palmolein and to 7.5% for refined & hydrogenated oils & vegetable oils.

Duty-free import of white and raw sugar was extended up to 30.6.2012; presently the import duty has been kept at 10%.

Banned export of edible oils (except coconut oil and forest based oil) and edible oils in blended consumer packs upto 5 kg with a capacity of 20,000 tonnes per annum and pulses (except Kabuli chana and organic pulses and lentils up to a maximum of 10000 tonnes per annum).

Imposed stock limits from time to time in the case of select essential commodities such as pulses, edible oil, and edible oilseeds and in the case of paddy and rice for specific seven States upto 30.11.2012.

Ban on export of onion was imposed for short period of time whenever required. Exports of onion were calibrated through the mechanism of Minimum Export Prices (MEP).

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.

Suspended Futures trading in rice, urad, tur, guar gum and guar seed.

To ensure adequate availability of sugar for the households covered under TPDS, the levy obligation on sugar factories was restored to 10% for sugar season 2011-12.

Government allocated rice and wheat under OMSS Scheme.

Decided to resume the scheme for subsidized imported pulses through PDS in a varied form with the nomenclature ` Scheme for Supply of Imported Pulses at Subsidized rates to States/UTs for Distribution under PDS to BPL card holders` with a subsidy element of Rs. 20/- per Kg for the residual part of the current year and extended the scheme for subsidized imported edible oils to 30.9.2013 with subsidy of Rs.15/- per Kg for import of upto 10 lakh tonnes of edible oils for this period.