

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

UNSTARRED QUESTION NO:835

ANSWERED ON:27.11.2012

PRICE RISE

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

- (a) whether the prices of essential commodities have shown a rising trend in the recent months;
- (b) if so, the details thereof and the reasons therefor along with the corrective steps taken in this regard;
- (c) whether a recent report by the United Nations has indicated that the rising prices have kept more than eight million people in India stuck below the poverty line and has also blamed the faulty distribution system in the country for it;
- (d) if so, the details thereof and the reaction of the Government thereto; and
- (e) the corrective steps taken by the Government to address the issue?

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 general price trend shows that the rate of inflation for primary food articles has declined to 6.62% for the month of October, 2012 from 7.86% for the month of Sept, 2012. The same was in double digits at 10.11% during March, 2012 onwards till July, 2012 at 10.17% and started declining from August, 2012 onwards. The rate of inflation for combined food articles (primary + manufactured) was low at 1.45 percent during the month of January, 2012, and started rising from February, 2012 onwards and was at 9.32 percent for the month of August, 2012. It started declining from September, 2012 and is at 7.73 percent for the month of October, 2012. The prices of rice, wheat, pulses except urad dal, sugar, vanaspati and soyabean oil (except for the month of October, 2012) showed an upward trend from July, 2012 onwards whereas the prices of potato, onion, tomato (except for the month of August, 2012), milk, groundnut oil, mustard oil, palm oil, and sunflower oil (except for the month of August, 2012) showed a declining trend during this period.

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 enclosed at Annexure-I.

(c) to (e): A report has been brought out in October, 2012 by United Nations Economic and Social Commission for Asia and the Pacific (UN-ESCAP) regarding 'Regional Cooperation for Inclusive and Sustainable Development: South and South-West Asia Development Report, 2012-13'. The report inter-alia mentions that rising food prices during 2010-11 may have kept 8 million people from exiting poverty in India. Using the Food and Agriculture Organisation (FAO)'s data the report states that the root cause of hunger is not the lack of food but the economic and social distribution of food.

It is the constant endeavor of Government to bring food articles within the reach of poorer sections of society. In order to provide foodgrains to the people at affordable prices, Government is making substantial allocation of foodgrains under TPDS to 6.52 crore BPL (including AAY) families in the States/UTs @ 35 kg per family per month at a highly subsidized central issue price (CIP). During the current year so far Government has made a total allocation of 623.72 lakh tonnes of foodgrains from the central pool for ensuring sufficient availability of foodgrains to the general public at highly subsidized prices.

Annexure-1

STATEMENT REFERRED TO IN REPLY TO PART (a) & (b) OF LOK SABHA UNSTARRED QUESTION NO. 835 DUE FOR ANSWER ON 27.11.2012 REGARDING PRICE RISE.

The Steps taken by the Government to contain price rise in essential commodities 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.