

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

STARRED QUESTION NO:28

ANSWERED ON:26.02.2013

PRICE RISE

Dhotre Shri Sanjay Shamrao;Mahato Shri Narahari

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 during the last six months;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether the Government proposes to impose a ban and/or regulate forward trading in essential commodities including farm products in view of the price-rise;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the other effective steps taken to address the issue?

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 REPLY TO PARTS (a) TO (e) OF LOK SABHA STARRED QUESTION NO. 28 FOR 26.2.2012 REGARDING PRICE RISE

(a) & (b): The Wholesale Price Index (WPI) shows that during the last six months (August 2012 - January, 2013), the rate of inflation for food articles which was at 9.34% for the month of August, 2012 declined for two months (September and October, 2012) and started rising from November, 2012 onwards and is at 11.88% for the month of January 2013. This is mainly due to the rise in the prices of rice, wheat, moong dal, vegetables including potato and onion, fruits and groundnut oil. The rate of inflation in respect of pulses (except moong dal) milk, egg, meat and fish, sugar and edible oils (except groundnut oil) showed a declining trend during this period.

During the last six months from August 2012 to January 2013, the trend in retail prices of essential commodities in the major trading centres across the country shows that retail prices of rice, wheat, moong dal, groundnut oil and onion have showed an increasing trend. The retail prices of pulses (except moong dal), sugar, vanaspati and palm oil in edible oils, potato and tomato in vegetables registered a declining trend while the prices of milk remained stable. The prices of mustard oil, soya oil and sunflower oil witnessed a mixed trend during the period. Details of retail prices in four metro cities are given in Annexure I.

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

(c) & (d): The Government does not propose to ban futures trading in essential commodities including that of farm products. The Forward Markets Commission, a statutory body established under the Forward Contracts (Regulation) Act, 1952, regulates forward trading in agricultural and non agricultural commodities.

In so far as the price rise in essential commodities including farm products due to the commodity futures trading is concerned, an Expert Committee chaired by Shri Abhijit Sen, Member of the Planning Commission that analyzed annual trend growth rate in prices of sensitive commodities (food grains and sugar) in pre-futures and post-futures period, concluded that although inflation clearly increased post-futures in some sensitive commodities that have higher weight in consumer price indices, it is not possible to make any general claim that inflation accelerated more in commodities with futures trading.

Other factors particularly demand supply mismatches, degree of dependence on imports and international prices in these commodities etc. also tend to affect commodity prices.

(e) : Government has initiated several measures to control the prices and improve the availability of essential commodities such as allowing import of various items of mass consumption at zero or concessional import duties together with restriction on their exports, prescribing stock holding limits under Essential Commodities Act, allocation of foodgrains at affordable prices under Targetted Public Distribution System (TPDS) etc. The steps in operation by the Government to control the prices of essential commodities are

enclosed at Annexure-II.