

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

UNSTARRED QUESTION NO:4706
ANSWERED ON:23.04.2013
DIFFERENCE IN PRICES
Karwariya Shri Kapil Muni;Singh Shri Pashupati Nath

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

- (a) whether a large differential exists infarm gate, wholesale and retail prices ofessential commodities including food itemsin different parts of the country;
- (b) if so, the details thereof and thereasons therefor;
- (c) whether the Government has issuedany guidelines regarding the maximumpermissible difference in prices;
- (d) if so, the details thereof and the actiontaken thereon; and
- (e) the steps taken to narrow this gapand protect the interests of the farmers and the consumers?

Answer

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

(a)&(b): The farm gate, wholesale and retail prices are largely determined by market forces and the extent of differential depends on the different layers in the distribution channel, intermediaries, lack of market integration and other imperfections. This may also vary from market to market and place to place. Longer marketing channels with multiple handlings result into higher retail price and lower farmer's share in consumer's spend. Other factors which affect the price spread include packaging, transportation and handling costs, taxes levied by different State Governments, etc.

(c)&(d): Guidelines regarding maximum permissible difference in prices have not been issued by the Government.

(e): In order to reduce the price gap measures have been taken such as formulation of Model APMC Act for adoption by States/UTs, construction of rural godowns, and dissemination of prices through price ticker boards. To protect the interests of farmers, Minimum Support Prices (MSPs) are implemented by the Government. With a view to insulate the vulnerable sections of society and consumers, Government has initiated several measures to control prices and improve availability of essential commodities such as 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 Targeted Public Distribution System (TPDS), etc.