

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3432

ANSWERED ON:01.08.2014

INFLATION

Dhotre Shri Sanjay Shamrao

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has taken/ proposes to take a number of unpopular steps to curb inflation which has been increasing consistently from the last three years;

(b) if so, the details thereof; and

(c) whether the efforts made by the Government to reduce the rate of inflation and prices of essential commodities have achieved the desired results, if so, the details thereof?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SMT. NIRMALA SITHARAMAN)

(a) & (b) Government is committed to ensuring price stability and is closely monitoring the situation and taking measures on an ongoing basis to bring down inflation. Some of the specific measures taken recently to contain food inflation include:

Recommending the delisting of fruits & vegetables from the purview of Agricultural Produce Marketing Committee Acts of the States; this has since been implemented by Delhi.

Fixing/revising minimum export price of US \$ 500 per MT and US \$ 450 per MT on the export of onions and potatoes, respectively.

Approving the inclusion of onions and potatoes under the purview of stock holding limits under the Essential Commodities Act, 1955. This will empower the State Governments to undertake de-hoarding operations and to control the prices of onions and potatoes.

Allocating additionally 50 lakh tonnes of rice for distribution to below poverty line (BPL) families at BPL prices and above poverty line price for others for the period July, 2014 to March, 2015 or till implementation of the National Food Security Act (NFSA) by the respective State/UT whichever is earlier.

Besides the above recent measures, some of the important steps taken during the last three years in this regard include: reducing import duties to zero for wheat, onion and pulses and imposing stock limits on various commodities; suspending futures trading in rice, urad and tur as a matter of abundant precaution; maintaining the central issue price (CIP) for rice (at Rs 5.65 per kg for BPL and Rs 3 per kg for Antyodya Anna Yojana) and wheat (at Rs 4.15 per kg for BPL and Rs 2 per kg for Antyodya Anna Yojana) since 2002 for protecting the poor from price rise; allocating rice and wheat under the Open Market Sales scheme; banning exports of essential items for a short period whenever required.

(c) Food inflation has already showing signs of easing in response to measures already taken earlier. As per the latest release of WPI, inflation in 31 essential commodities has also moderated to 6.05 per cent in June 2014 as against 9.27 per cent in the corresponding month last year.