

Rise in prices of essential commodities

†386. SHRI SANJAY SETH: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether it is a fact that the prices of essential commodities and foodgrains, including pulses, sugar, fruits, vegetables, edible oil, milk, etc. have increased substantially during the last three years;

(b) if so, the details thereof, as-on-date;

(c) the reasons for increase in prices of essential commodities; and

(d) whether Government has taken any steps to check the increase in prices of essential commodities?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI C. R. CHAUDHARY): (a) and (b) The details of year on year rate of change in prices of essential items for the last three years, as per the Wholesale Price Index (WPI) released by Department of Industrial Policy and Promotion is given in the Statement-I (*See below*).

(c) Rise in the prices of essential food items are due to factors such as shortfall in production owing to adverse weather conditions, increased transportation costs, supply chain constraints like lack of storage facilities, increase in demand because of rise in population and per capita income and change in food habits. In addition, speculation, cartelization, black-marketing/hoarding also put pressure on prices.

(d) Steps taken by Government to contain price rise are given in the Statement-II.

Statement-I*Rate of Inflation (Year on Year) for the Month of October*

| Item/Group | 2014-15 | 2015-16 | 2016-17 |
|------------------------------|---------|---------|---------|
| | Oct-14 | Oct-15 | Oct-16 |
| 1 | 2 | 3 | 4 |
| All Commodities | 1.66 | -3.7 | 3.39 |
| (A) Food Articles | 2.74 | 3.33 | 4.34 |
| Food Grains (Cereals+Pulses) | 3.28 | 9.28 | 10.01 |
| Cereals | 3.11 | -0.13 | 6.13 |

† Original notice of the question was received in Hindi.

| 1 | 2 | 3 | 4 |
|--------------------------|--------|--------|--------|
| Rice | 6.47 | -3.4 | 4.57 |
| Wheat | -1.92 | 4.58 | 6.3 |
| Pulses | 4.02 | 53.06 | 21.8 |
| Gram | -12.3 | 57.61 | 74.82 |
| Arhar | 9.16 | 73.11 | -16.16 |
| Moong | 14.35 | 21.12 | -22.5 |
| Masur | 24.93 | 31.65 | -12.27 |
| Urad | 26.38 | 64.74 | 0.69 |
| Fruits and Vegetables | -3.54 | -0.73 | -1.92 |
| Vegetables | -19.37 | 3.17 | -9.97 |
| Potato | 82.84 | -58.1 | 60.58 |
| Onion | -59.01 | 89.52 | -65.97 |
| Tomato | -11.3 | 9.27 | -17.94 |
| Fruits | 18.98 | -4.46 | 6.45 |
| Milk | 11.39 | 1.75 | 4.19 |
| Eggs, Meat and Fish | -2.16 | 0.46 | 6.2 |
| Wheat Flour (Atta) | 1.7 | 0.34 | 12.41 |
| Sugar | 1.9 | -13.08 | 29.63 |
| Edible Oils | -2.84 | 4.74 | 4.59 |
| Vanaspati | -3.55 | -5.48 | 6.14 |
| Groundnut Oil | -8.82 | 20.76 | 9.53 |
| Palm Oil | -0.79 | -4.92 | 6.09 |
| Mustard and Rapeseed Oil | 1.76 | 20.63 | -1.17 |
| Soyabean Oil | -5.37 | -2.38 | 4.33 |
| Sunflower Oil | -9.56 | 10.41 | 0.67 |

Source: D/o Industrial Policy and Promotion.

Statement-II

List of the measures/steps taken by the Government to improve the availability and to contain prices of essential food items

General Measure:

- (i) National Consultation Meeting of Ministers of States and UTs in charge of Food and Consumer Affairs, on prices of food items was held on 21.5.2016 at New Delhi to take steps to keep prices of essential commodities including Pulses, Edible Oil etc. under control.
- (ii) Advisory were issued to State Governments to take strict action against hoarding and black marketing and effectively enforce the Essential Commodities Act, 1955 and the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980.
- (iii) Regular review meeting on price and availability situation is being held at the highest level including at the level of Finance Minister, Committee of Secretaries, Inter Ministerial Committee, Price Stabilization Fund Management Committee and other Departmental level review meetings.
- (iv) Higher MSP has been announced so as to incentivize production and thereby enhance availability of food items which may help moderate prices.
- (v) A Plan Scheme titled Price Stabilization Fund (PSF) is being implemented to regulate price volatility of agricultural commodities.

Specific Measures:**Wheat**

- (i) MSP increased by ₹ 100/- per quintal from ₹ 1,525/- to ₹ 1,625/- per quintal for 2016-17 season.

Pulses

- (i) Export of all pulses is banned except kabuli channa and up to 10,000 MTs in organic pulses and lentils.
- (ii) Import of pulses are allowed at zero import duty.
- (iii) Stock limit on pulses extended till 30.9.2017.
- (iv) MSP raised for kharif pulses of 2016-17 for Tur, Urad and Moong as well as for Rabi pulses of Gram and Masoor for season 2016-17.
- (v) Government has approved creation of buffer stock of pulses for effective market intervention. Buffer of around 6.18 lakh MT of pulses have already been made toward building the stock.

- (vi) Government has released around 38,974 MT of pulses from the buffer stock (consisting of Tur and Urad) to States/UTs at subsidized rates for retailing by them at not more than ₹ 120/- per kg to improve availability and stabilize prices. In addition, 6884 MT of Chana has been allocated to states at subsidized rate for retailing directly to consumer as well.
- (vii) Securities and Exchange Board of India (SEBI) has banned new contracts in Chana to dampen speculative activities in Chana and in respect of running contracts in Chana disallowed taking fresh positions to reduce speculative activities.
- (viii) Strict vigilance by Directorate of Revenue Intelligence to prevent importers from mis-using the facilities of Customs Bonded Warehouse facility.
- (ix) Setting up of a Group of Officers for regular monitoring and exchange of information on hoarding, cartelization etc.
- (x) About 1.40 lakh tonnes of pulses seized from 14612 raids and disposed of 1.28 lakh tonnes either by auction or other means permitted under EC Act, 1955.

Edible Oils

- (i) Export of edible oils in bulk is prohibited with some exceptions.
- (ii) Export of edible oils in branded consumer packs of up to 5 kg. is permitted with a minimum export price of USD 900 per MT.
- (iii) MSP (including bonus) increased for various rabi and kharif oil seeds.

Vegetables

- (i) Procured 17,700 MT of Onions for release during lean season.
- (ii) Imposed MEP of USD 360 on Potato.
- (iii) Reduced import duty on Potatoes from 30% to 10% till end October, 2016.

Sugar

- (i) Government imposed stock holding and turn over limit on stockiest/dealers of sugar on 29.04.2016 for six months to check speculative tendencies and possible hoardings.
- (ii) Stock limit on Sugar mills has also been imposed to prevent hoarding of stocks by them.
- (iii) Withdrew production subsidy scheme before time *vide* order dated 19th May, 2016 to discourage Sugar mills for further export as the scheme was linked with the export performance of Sugar mills.

- (iv) Government has imposed 20% duty on export of sugar for promoting availability and moderating price rise.

Protection of foodgrains in storage godowns

387. DR. V. MAITREYAN: Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION be pleased to state:

(a) whether Government has plans to increase the storage capacities of foodgrains stored in various storage godowns belonging to Central Warehouse Corporation, FCI and other storage areas, if so, the details thereof;

(b) whether Government has plans to increase safety and protection of food storages to protect foodgrains from theft, fire, pilferage, rotting and decaying; and

(c) if so, the details thereof and if not, the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION (SHRI C. R. CHAUDHARY): (a) Storage capacities for foodgrains have been augmented across the country by using funds under Plan scheme as well as through Private Investors in Public Private Partnership (PPP) mode. Government is continuing the same as per requirements.

Under the Private Entrepreneur Guarantee (PEG) Scheme, godowns are constructed through private investors and hired by Food Corporation of India (FCI) for a guaranteed period of 10 years. A capacity of 135.80 Lakh MT has already been constructed under this scheme.

Under Plan Scheme, funds are being provided to FCI and State Governments for construction of godowns, specifically in the North Eastern Region and a few other states, where PPP mode was not found to be practical. As on 31.10.2016, a total capacity of 1.14 Lakh MT in North East and 0.20 Lakh MT in other than North East has been completed.

Besides, FCI has awarded contracts for construction of 2.5 Lakh MT Silos at six locations viz. Changsari (Assam), Narela (Delhi), Katihar (Bihar), Sahnewal and Kotkapura (Punjab) and Whitefield (Karnataka).

As on 30.09.2016, total 800.28 Lakh MT capacity (including State Government/ Agencies capacity) is available for storage of Central Pool foodgrains against peak stock requirement of around 600 Lakh MT.

In the case of Central Warehousing Corporation (CWC), it is augmenting its capacities for storage of foodgrains and other goods using its own funds. It has added a capacity of 5.44 Lakh MT during last 3 financial years.