

Government of India
Ministry of Consumer Affairs, Food and Public Distribution
Department of Consumer Affairs

RAJYA SABHA
UNSTARRED QUESTION No. 2628

TO BE ANSWERED ON 25.03.2022

FOOD INFLATION

2628 SHRI SUJEET KUMAR:
SHRI V. VIJAYASAI REDDY:

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

- (a) whether it is a fact that food inflation in the country has increased;
- (b) if so, the details thereof along with the details of consumer price index inflation from June 2016 to June 2021;
- (c) the reasons as to why food inflation has increased;
- (d) whether Government has taken any steps to keep food inflation in check; and
- (e) if so, the details thereof?

ANSWER

THE MINISTER OF STATE
CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
(SHRI ASHWINI KUMAR CHOUBEY)

(a) to (e) Food inflation measured by Consumer Food Price Index (CPFI) fluctuates over a period time as the prices of agri-horticultural commodities are volatile as they tend to get affected by several factors, such as mismatch in demand and supply, seasonality, supply chain constraints, artificial shortage created by hoarding and black marketing, rise in international prices etc. Sometimes slight disruptions in supply chain or damage due to heavy rains leads to spike in prices of agri-horticultural commodities. The details of consumer price index inflation from June 2016 to June 2021 are given at **Annexure**.

Taking into account price trends, the Government takes various measures from time to time to augment domestic availability and stabilize prices of essential food commodities. These steps, inter alia, include releases from the buffer to cool down prices, imposition of stock limits, monitoring of stocks declared by entities to prevent hoarding and also requisite changes in trade policy instruments like rationalization of import duty, changes in import quota, restrictions on exports of the commodity etc.

In May, 2021 advisories were issued to States/UTs to monitor prices of essential food commodities and to ensure disclosure of pulses stocks held by millers, importers and traders under the Essential Commodities Act, 1955. Imposition of stock limit on all pulses except Moong was notified on 2.7.21. Thereafter, an amended order was issued on 19.7.21 imposing stock limits on four pulses, namely, Tur, Urad, Masur, Chana for a period up to 31.10.2021.

To improve availability and stabilise prices of pulses, the Government had allowed import of Tur, Urad and Moong under 'Free category' w.e.f 15.5.2021 till 31.10.2021 in order to ensure smooth and seamless imports. The Free regime was thereafter extended in respect of Tur and Urad till 31.3.2022. This policy measure has been supported with facilitation measures and close monitoring of its implementation by the concerned Departments/organisations. The import policy measures have resulted in substantial increase in import of Tur, Urad and Moong as compared to the corresponding period for the past two years. In order to soften the impact of higher international prices on domestic consumers, the Government reduced duty on Masur to zero till September 30, 2022 and waived off the penalty on pulses import consignments from methyl bromide phased out countries for not being fumigated with methyl bromide in the country of origin till June 30, 2024. To augment the availability of pulses in the market, 3 Lakh Metric Ton of Chana stock has been released between June and August, 2021 through open market sales and to stabilize prices, futures trading in Chana has been suspended from August 16, 2021. State Governments have been supplied pulses from the buffer on an ongoing basis for their nutrition and welfare programmes.

In order to stabilize retail prices of onion, a buffer stock of 2.08 LMT had been built in 2021-22. Open market releases of onion from the buffer were targeted towards States/Cities where prices were increasing. Releases were also made in source markets to augment the availability in key mandis and thereby reduce retail prices. States/UTs had also been offered onion at Rs.21/kg ex-storage locations.

In order to improve the domestic availability of edible oils and to keep prices under control, the Government has rationalized the duty structure on edible oils by reducing the effective duties. As per the notification dated 14.10.2021, the total duty on crude palm oil has been reduced from 22.5% to 7.5%, and on crude soyabean oil and sunflower oil it has been reduced from 22.5% to 5%. The basic duty on RBD palmolein, refined soyabean oil and refined sunflower oil has been reduced from 32.5% to 17.5%. Thereafter, the basic duty on refined palm oil has been further reduced from 17.5% to 12.5% w.e.f 21.12.2021 and duty on crude palm oil reduced from 7.5% to 5% w.e.f 13.2.2022. Futures trading in essential commodities relating to food security had been suspended to curb speculative trading. Stock limits on edible oils and oilseeds have been imposed for a period upto 30.06.2022 to prevent hoarding.

Further, the Government has issued advisory to States/UTs to set up the State-level Price Stabilisation Fund (PSF) corpus with central assistance, and has requested States which have set up the Fund already, to make appropriate interventions for cooling down retail prices of essential food commodities.

ANNEXURE

ANNEXURE REFERRED IN REPLY TO PARTS (a) to (e) OF RAJYASABHA UNSTARRED QUESTION NO. 2628 FOR 25.03.2022 REGARDING FOOD INFLATION

Consumer Price Index Inflation From June 2016 to June 2021

(%)

Year/Months	Jan	Feb	Mar	Apr	May	Jun	Jul	Aug	Sep	Oct	Nov	Dec
2016						5.77	6.07	5.05	4.39	4.20	3.63	3.41
2017	3.17	3.65	3.89	2.99	2.18	1.46	2.36	3.28	3.28	3.58	4.88	5.21
2018	5.07	4.44	4.28	4.58	4.87	4.92	4.17	3.69	3.70	3.38	2.33	2.11
2019	1.97	2.57	2.86	2.99	3.05	3.18	3.15	3.28	3.99	4.62	5.54	7.35
2020	7.59	6.58	5.84	NA	NA	6.23	6.73	6.69	7.27	7.61	6.93	4.59
2021	4.06	5.03	5.52	4.23	6.30	6.26						

NA - Not Available

Source: Ministry of Statistics and Programme Implementation