

GOVERNMENT OF INDIA
MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
DEPARTMENT OF CONSUMER AFFAIRS

RAJYA SABHA
UNSTARRED QUESTION No. 73
TO BE ANSWERED ON 02.02.2024

PRICE RISE OF ESSENTIAL COMMODITIES

73. SHRI PRAMOD TIWARI

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

- (a) whether Government is aware of the price rise of essential commodities and if so, the reasons therefor;
- (b) the actions which have been taken to prevent the rise in price of essential commodities including tomatoes and onions in recent months; and
- (c) whether Government is having or planning to make any policy to prevent price rise of these commodities and if so, the details thereof?

ANSWER

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

(a) to (c) : Department of Consumer Affairs monitors the daily retail and wholesale prices of 22 essential food commodities, submitted by the 550 price monitoring centres that have been set up with Central assistance by the State Governments and UT Administrations across the country. The daily report of prices and indicative price trends are duly analysed for taking appropriate decisions such as release of stocks from the buffer, stock disclosure by stockholding entities, imposition of stock limits, changes in trade policy instruments like rationalisation of import duty, changes in import quota, restrictions on exports of the commodity etc.

Prices of food commodities tend to be volatile as they are affected by several factors, such as seasonality in production, supply chain disruptions, artificial shortages created by hoarding and black marketing, rise in international prices etc. Sometimes slight disruptions in the supply chain or crop damage due to adverse weather condition etc. lead to spike in the prices of agri-horticultural commodities. Conversely, bulk arrival and logistics problems have the potential of creating a situation of glut in the market and resultant dip in prices.

In order to protect consumers from excessive price volatility in agri-horticultural commodities, the Government introduced the Price Stabilisation Fund (PSF) scheme in 2014-15. Under PSF, buffer stock of major pulses and onion have been maintained for market interventions and also to discourage hoarding and unscrupulous speculation. Till date, total budgetary support of Rs.27,489.14 crore has been provided for price stabilisation operations.

The prices of tomato surged during July and August, 2023 due to white fly infestation and adverse weather condition. In order to check the increase in prices and make it available to the consumers at affordable prices, the Government procured tomatoes under Price Stabilisation Fund from source markets and made it available to retail consumers in high price regions at subsidised rates through the National Cooperative Consumers Federation (NCCF) and National Agricultural Cooperative Marketing Federation (NAFED). Through the intervention, the retail prices of tomato were brought down to normal level by first half of September, 2023.

In order to check the volatility in prices of onion, the Government maintains onion buffer under the PSF. The buffer size has been increased year after year from 1.00 LMT in 2020-21 to 2.50 LMT in 2022-23 and further to 7.00 LMT in 2023-24. The onions from the buffer are released through retail sales, e-Nam auction and bulk sales in wholesale markets. Further, the Government imposed prohibition on onion export w.e.f. 08.12.2023 in order to ensure availability and affordability of onion for the domestic consumers. Continuous procurement of onions for the buffer are undertaken to ensure that farmers are not adversely impacted by the export prohibition.

To make dals available to consumers at affordable prices, Bharat Dal has been launched in July, 2023 by converting Chana stock with the Government into Chana dal for retail disposal. The Bharat Chana Dal is made available to the consumers at subsidized rates of Rs.60 per kg for 1 kg pack and Rs.55 per kg for 30 kg pack. The Bharat Dal has been extended to include Moong Dal by converting Moong stock from the buffer into Moong Dal and Moong Sabut for retail sale to the consumers at subsidized prices of Rs.107 per kg and Rs.93 per kg, respectively. Government has also introduced Bharat Atta at subsidized price of Rs.27.50 per kg to make it affordable for the consumers.

In order to ensure smooth and seamless import of pulses and augment domestic availability, import of Tur and Urad has been kept under 'Free Category' till 31.03.2025. Further, Government has allowed the import of yellow peas till 31.03.2024 to augment overall availability of pulses in the domestic market.

In order to manage the overall food security of the country and control the increasing prices of food grains, the Government amended the export policy of wheat from free to prohibited category on 13th May 2022. Export of Wheat Flour, Maida and Semolina has been placed under prohibited category w.e.f 27.08.2022. To augment market availability, Government started disposal of wheat and rice through Open Market Sale Scheme (Domestic) from June 2023.

To ensure adequate domestic availability, the Government placed the export of broken rice under Prohibited category w.e.f 9th Sept. 2022, and the export of Non-Basmati White Rice has been Prohibited w.e.f. 20th July 2023. To prevent export of non-basmati rice under the garb of basmati rice, the floor prices for export of Basmati rice has been fixed at 950 USD/MT on 26.10.2023. Further, to maintain adequate stock and to keep domestic prices under check, the Government has imposed a 20 per cent export duty on parboiled rice till 31st March, 2024.

Government has taken following measures in order to control and ease the prices of edible oils in the domestic market:

- The basic duty on Crude Palm Oil, Crude Soyabean Oil, and Crude Sunflower oil was cut from 2.5% to Nil. The Agri-cess on Oils was brought down from 20% to 5%. On 15th January 2024, this duty structure has been extended to 31st March, 2025.
- The basic duty on Refined Soybean oil and Refined Sunflower Oil was reduced to 17.5% from 32.5% and the basic duty on Refined Palm Oils was reduced from 17.5% to 12.5% on 21.12.2021. This duty structure has been extended up to 31st March 2025.
- In order to maintain availability, the Government has extended the free import of Refined Palm Oils till further orders.
- In the latest initiative taken by the Government, the import duty on Refined Sunflower Oil and Refined Soybean Oil has been reduced from 17.5% to 12.5% with effect from 15.06.2023

To incentivise pulses production, the Government announced assured procurement of Tur, Urad and Masur at Minimum Support Price (MSP) without ceiling. The Government also announced procurement of Tur and Masur from pre-registered farmers at MSP or market price linked procurement price to meet the buffer requirement. To minimise post-harvest losses in respect of onion and tomato, the Department of Consumer Affairs launched the Onion Grand Challenge in 2022, inviting innovative ideas on primary processing, storage and valorisation. The ideas selected through series of evaluation are now under field implementation by NCCF. The Tomato Grand Challenge has also been launched in June, 2023 inviting ideas for comprehensive and focused area interventions in value chain, from cropping and market insights for the farmers to improved packaging, transportation and storage. The overall objective of the hackathons is to ensure availability of tomato to consumers at affordable prices.
