

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

LOK SABHA
UNSTARRED QUESTION NO. 3246
TO BE ANSWERED ON 23.03.2022

INCREASE IN PRICES OF ESSENTIAL COMMODITIES

3246. SHRI M.K. RAGHAVAN:

Will the Minister of CONSUMER AFFAIRS, FOOD AND PUBLIC DISTRIBUTION
उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण मंत्री be pleased to state:

- (a) whether the Government has noticed that as a result of Russia Ukraine war, prices of essential and non essential commodities have skyrocketed across the world and if so, the details thereof;
- (b) whether the Government has taken any measures to ensure that prices of these commodities are stabilised in India and if so, the details thereof;
- (c) whether as a result of ongoing war, there is an increase in the logistic costs of items being imported into India and if so, the details thereof; and
- (d) whether the Government has taken measures to ensure that global sanctions on Russia doesn't impact India in any way and if so, the details regarding the steps being taken to ensure the same?

ANSWER

उपभोक्ता मामले, खाद्य और सार्वजनिक वितरण राज्य मंत्री
(श्री अश्विनी कुमार चौबे)

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

(a) to (d): The Department of Consumer Affairs Monitors the daily domestic wholesale and retail prices of 22 essential food commodities. The all India average retail prices of the 22 essential food items have shown upward pressure since the outbreak of Russia – Ukraine conflict.

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 as 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 has allowed import of Tur, Urad and Moong under 'Free category' w.e.f 15.5.2021 till 31.10.2021. 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 to ensure smooth and seamless imports. 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, 2022. 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 stabilise 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 stabilise 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 over the previous month. 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.

As per the Department of Economic Affairs's Monthly Economic Review of February 2022, the geopolitical tensions involving Russia and Ukraine triggered massive turbulence in the global economy. Within days, international prices of crude oil and other commodities shot up escalating the cost of India's import basket. Its impact on India's activity level in March, if any, can be assessed only a month later, when high frequency data becomes available.
