1

STANDING COMMITTEE ON FOOD,CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2009-2010)

FIFTEENTH LOK SABHA

MINISTRY OF CONSUMER AFFAIRS, FOOD AND PUBLIC DISTIRBUTION

(DEPARTMENT OF CONSUMER AFFAIRS)

{Action Taken by the Government on the observations/recommendations contained in the Twenty-seventh Report (14th Lok Sabha) of the Committee on 'Price Rise of Essential Commodities – Causes and Effects with Special Emphasis on Import of Wheat and Enforcement of Prevention of Black-Marketing and Maintenance of Supply of Essential Commodities Act, 1980') Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs)}

FIRST REPORT

LOK SBHA SECRETARIAT
NEW DLEHI
19th November, 2009/ 28 Kartika , 1931 (Saka)

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CONSUMER AFFAIRS AND
PUBLIC DISTRIBUTION
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Presented to Lok Sabha on 25.11.2009
Laid in Rajya Sabha on 25.11.2009

LOK SBHA SECRETARIAT
NEW DLEHI
19th November, 2009/ 28 Kartika, 1931 (Saka)

CONTENTS

APPENDICES

COMPOSITION OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2009-2010).

Shri Vilas Muttemwar - Chairman

MEMBERS

Lok Sabha

2. Shri Jaywant Gangaram Awale
3. Smt. Harsimrat Kaur Badal
4. Shri Kamlesh Balmiki
5. Shri Tara Chand Bhagora
6. Shri Shivraj Bhaiya
7. Shri Arvind Kumar Chaudhary
8. Shri Sanjay Singh Chauhan
9. Shri Anant Gangaram Geete
10. Shri Abdul Mannan Hossain
11. Shri Lalchand Kataria
12. Shri Marotrao Sainuji Kowase
13. Shri Sohan Potai
14. Shri Purnmasi Ram
15. Shri Dinubhai Solanki
16. Shri Laxman Tudu
17. Shri D. Venugopal
18. Shri Madhusudan Yadav
19. Shri Ramakant Yadav
20. Vacant
21. Vacant

Rajya Sabha

22. Smt. T. Ratna Bai
23. Shri Lalhming Liana
24. Shri Kanjibhai Patel
25. Shri Rajniti Prasad
26. Shri Ram Narayan Sahu
27. Shri Matilal Sarkar
28. Shri Veer Singh
29. Shri Kaptan Singh Solanki
30. Vacant
31. Vacant

Secretariat

1.	Shri P.K. Misra	-	Joint Secretary
2.	Smt. Veena Sharma	-	Director
3.	Shri Jagdish Prasad	-	Deputy Secretary
4.	Shri Khakhai Zou	-	Executive Officer

INTRODUCTION

I, the Chairman of the Standing Committee on Food, Consumer Affairs and Public Distribution (2009-2010) having been authorized by the Committee to submit the Report on their behalf, present the First Report on action taken by the Government on the recommendations contained in the Twenty seventh Report of the Committee (Fourteenth Lok Sabha) on 'Price Rise of Essential Commodities – Causes and Effects with Special Emphasis on Import of Wheat and Enforcement of Prevention of Black-Marketing and Maintenance of Supply of Essential Commodities Act, 1980' of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The Twenty-seventh Report was presented to Lok Sabha/laid in Rajya Sabha on 23rd December, 2008. The Government furnished replies indicating action taken on the recommendations contained in the Report on 30th June, 2009. The Report was considered and adopted by the Committee at their sitting held on 16th November, 2009.

3. An analysis of the action taken by the Government on the recommendations contained in the Report is given in Appendix-II.

NEW DELHI
19th November, 2009
28 Kartika 1931 (Saka)

VILAS MUTTEMWAR
Chairman
Standing Committee on Food,
Consumer Affairs and Public Distribution

CHAPTER I

REPORT

This Report of the Standing Committee on Food, Consumer Affairs and Public Distribution deals with the action taken by the Government on the observations/recommendations contained in the Twenty seventh Report (14^{th} Lok Sabha) on the subject "Price Rise of Essential Commodities – Causes and Effects with Special Emphasis on Import of Wheat and Enforcement of Prevention of Black-Marketing and Maintenance of Supply of Essential Commodities Act, 1980" pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

1.2 The Twenty-seventh Report of the Committee was presented to Lok Sabha and laid in the Rajya Sabha on 23^{rd} December, 2008. It contained 32 recommendations. Action Taken Notes in respect of all the 32 recommendations contained in the Report have been received and categorized as follows: -

(i) Recommendations which have been accepted by the Government:
Serial Nos. –4, 6, 7, 8, 9, 12, 14, 16, 18, 19, 23, 26, 27, 28, 30, 31 and 32.

(Paragraph Nos. – 3.10, 4.14, 5.18, 5.19, 6.17, 8.13, 9.14, 10.12, 11.15, 11.16, 12.24, 13.28, 13.29, 13.30, 13.32, 13.33 and 13.34)
(Chapter –II Total : 17)

(ii) Recommendations which the Committee do not desire to pursue in view of the replies received from the Government:
Serial Nos. 2, 20 and 25.

(Paragraph Nos. – 2.9, 12.21 and 12.26).
(Chapter –III, Total : 3)

(iii) Recommendations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:
Serial Nos. – 1, 3, 5, 17, 24 and 29.

(Paragraph Nos. – 2.8, 3.9, 4.13, 11.14, 12.25 and 13.31).
(Chapter –IV Total : 6)

(iv) Recommendations in respect of which the final replies of the Government are still awaited:
Serial Nos. – 10, 11, 13, 15, 21 and 22.

(Paragraph Nos. – 7.11, 7.12, 8.14, 9.15, 12.22 and 12.23).
(Chapter –V, Total : 6)

1.3 In their Twenty-seventh Report the Committee had recommended various measures to contain the rising prices of Essential Commodities and also to regulate the production, storage, distribution, etc. of foodgrains and other essential commodities. The various observations/recommendations of the Committee in this regard were as follows:-

(i) The Essential Commodities Act, 2006 should be amended to read as "foodstuffs including pulses, edible oilseeds and oils".

(ii) The Department of Consumer Affairs should review the working of the Price Monitoring Cell and adopt strategy to watch the market trend of prices.

(iii) The Department should give directions for holding the sittings of the High Powered Price Monitoring Board (HPPMB) at fixed intervals.

(iv) The Department in consultation with other concerned Departments should chalk out long-term strategy to insulate the prices in the country from international price fluctuations.

(v) The Government should give highest priority to provide the small and marginal farmers the opportunity for assured and remunerative marketing of their produce at the time of harvesting.

(vi) The Central Government should persuade the State Governments to implement the various development programmes/schemes to increase the production of Agricultural Produce.

(vii) Strongly recommended that the Government should think of ways and means to make available disposable drip system within the reach of every farmer that would result in water conservation for surety of irrigation.

(viii) Government should take steps to procure wheat directly from the farmers by giving remunerative prices.

(ix) The State Governments/UTs that have not exempted foodgrains from VAT, should be persuaded to exempt foodgrains from VAT.

(x) The Government should remove restrictions on the Inter-state movement of agricultural commodities and introduce single uniform tax pattern across the States, especially on foodgrains.

(xi) *The* Government should give priority to acquire only barren and waste lands not exceeding 10% of the total land acquired under the SEZs.

(xii) The issue of diversion of foodgrains should be tackled with utmost seriousness by conducting a joint special meeting by officials of FCI and State Government, where offtake is abnormally high.

(xiii) The menace of hoarding and black-marketing of essential commodities should be taken up at the highest level by the Government and the State Govts./UT Administrations should implement stock hoarding limit in letter and spirit.

(xiv) The Government should amend the penal provisions of the Essential commodities Act in consultation with the States/UTs so that the offenders do not escape for want of requisite provisions in the law.

(xv) The Committee emphasised the need for strengthening of enforcement machinery and to direct State Governments/UT Administrations to conduct regular raids to discourage hoarders and black marketers.

(xvi) The State Governments should supply information of detention cases within the prescribed time limit as per the Act.

(xvii) The National Multi Commodity Exchanges should be spread all over India and should not be centralized in a particular area/zone.

(xviii) A study/survey be conducted to ascertain the percentage of small and marginal farmers who have been benefited from future/forward trading.

(xix) The bill to amend the Future Contract Act be passed expeditiously so as to strengthen the regulatory framework of FMC.

(xx) The ban on trading of essential commodities in future market should continue.

(xxi) The export of petroleum products be allowed only after the domestic requirements are met.

(xxii) The effect of reduction in the price of crude oil should percolate down to the consumers and consequently the prices of four major petroleum products viz. Petrol, Diesel, Kerosene and LPG be further reduced.

(xxiii) The Government should take up the matter of uniform tax pattern in right earnest at the highest levels in the State governments and make the sales/VAT taxes uniform throughout the country.

(xxiv) The Ministry should launch massive awareness campaign in the country to check the misuse of LPG Cylinders for other purposes.

(xxv) The Government should make concerted efforts so that all the oil marketing companies as well as the distributing agencies strictly adhere to the guidelines and the distribution agencies found violating the norms of LPG Cylinders delivery system should be punished.

1.4 The Committee desire that the action taken notes on the Observations/Recommendations contained in Chapter-I and the final replies in respect of the recommendations contained in Chapter-V of this report for which only interim replies have been furnished to the Committee be furnished within three months of the presentation of the Report.

1.5 The Committee will now deal with action taken by the Government on some of their recommendations, which need reiteration or merit comments.

(A) Need to amend Section 3(iii) of the Essential Commodities Act, 2006.

Recommendation (Sl. No. 1 Para No. 2.8).

1.6 The Committee had recommended vide Para No. 2.8 in their 27th Report as under:-

> "The Committee note that under the Essential Commodities (Amendment) Act, 2006, only seven commodities have been retained as essential commodities. The Government considers four aspects to declare the commodity as essential viz. (i) the demand and supply position of the commodity during the last 4-5 years and specific shortage, if any; (ii) whether any control/regulation has been resorted to during the last five years or so; (iii) supply trends so as to indicate if private variation was far above the normal rate of inflation; and (iv) import/export policy profile of the commodity. Once the commodity is declared as essential, under the provision of section 3 of the Essential Commodities Act, the Government may issue orders inter-alia to (a) regulate by licenses, permits or otherwise the production or manufacture of that commodity; (b) control the price at which it may be bought or sold; (c) regulate by licenses, permits or otherwise its storage, transport, distribution, disposal, acquisition use or consumption; (d) prohibit its withholding from sale. The Committee also note that pulses have already been included as essential commodities under the nomenclature 'Foodstuffs" and, therefore, the Department of Consumer Affairs does not feel the need to declare it as essential commodity separately. The Committee feel that the due to less production of pulses, the country has to import pulses in a large quantity every year to meet the consumer demand. In the opinion of the Committee the word "pulses" should be clearly mentioned in the seven commodities which have been declared as essential. The Committee, therefore, recommend that Section 3 (iii) of the Essential Commodities Act, 2006, should be read as "foodstuffs including pulses, edible oilseeds and oils".

1.7 The Department in their action taken reply have stated as below:-

> "If any new commodities other than those seven commodities listed in Schedule to the Essential Commodities (Amendment) Act, 2006 are to be declared as 'essential' under the Essential Commodities Act, 1955, the provisions laid down in Section 2 A of the Essential Commodities Act, 1955 have to be followed. **Section 2A(2)** provides that **"** Subject to the provisions of sub-section (4), the Central Government may, if it is satisfied that it is necessary so to do in the public interest and for reasons to be specified in the notification published in the Official Gazette, amend the Schedule so as to-

(a) add a commodity to the said Schedule;

(b) remove any commodity from the said Schedule, in consultation with the State Government**.**

Pulses already stand included as essential commodities under the nomenclature “Foodstuffs”. Therefore, there is no need to declare pulses as essential commodities separately. Already orders have been issued under the Essential Commodities Act which enable State Governments to fix stock limits for pulses”.

1.8 The Committee in their original Report had desired that pulses should be clearly mentioned as an essential commodity keeping in view the fact that the country has to import pulses in large quantity every year to meet the consumer demand. Accordingly, the Committee had recommended that the Essential Commodities Act, 2006 should be amended suitably so as to indicate the word "pulses" separately in the list of seven commodities which have been declared as essential. However, the Committee are unhappy to note that the Government in their action taken reply have merely stated that pulses already stand included as essential commodity under the nomenclature "Foodstuffs", which is a mere repetition of the reply earlier furnished to the Committee at the time of examination of the subject. The Committee are of the considered opinion that once a commodity is declared as essential, the Government can issue orders to regulate its production or manufacture and also its storage, transport and distribution, etc. The Ministry, instead of taking any steps to amend the Essential Commodities Act to this effect has merely given the repetitive reply which the Committee are not inclined to accept. The Committee, therefore, reiterate that the Government should take necessary steps to amend the Essential Commodities Act, 2006 so that section 3 (iii) of the Act should read "foodstuffs including pulses, edible oilseeds and oils".

(B) Need to review the working of the Price Monitoring Cell.

Recommendation (Sl. No. 3 Para No. 3.9)

1.9 The Committee had recommended in their earlier Report as below:-

"The Committee have been informed that the Price Monitoring Cell (PMC) in the Department of Consumer Affairs monitors the prices of 14 commodities namely rice, wheat, atta, gram, tur/arhar, tea, milk, sugar, vanaspati, mustard oil, groundnut oil, potato, onion and salt, their availability and related development on national and international level and prepare a weekly note for being placed before the Cabinet Committee on Prices. This Cell recommends appropriate necessary action to check the rise in prices. The Committee find that the Government has not been able to check the rise in prices of essential Commodities specially wheat, pulses and edible oil which have risen manifold in the past few years which in the opinion of the Committee is lack of foresightedness on the part of Price Monitoring Cell. The Committee, therefore, recommend that the Department of Consumer Affairs should review the working of Price Monitoring Cell and adopt a strategy to watch the market trend of prices which are likely to rise in future, so that there is no shortage of Essential Commodities in the market.

1.10. In their action taken reply, the Department have stated that:-

"Price Monitoring Cell in the Department of Consumer Affairs is entrusted inter alia with the task of monitoring the prices and availability of essential commodities in the country. Prices of essential commodities are largely affected by supply factors as well as international price movements. There has been rise in the prices of essential commodities all over the world owing to various factors such as decline in global production, diversion of food to feed and bio fuel production, increase in freight cost, as well as increase in demand. The spiraling crude oil price last year was manifest in record high prices in agricultural commodities. Although the volatility observed in international markets in 2008 was not experienced to the same extent in India, the high dependence on imports in the case of edible oils (where more than 40% of the requirements are imported) and pulses makes the domestic prices of these commodities vulnerable to the international price movements. In the case of wheat India remains largely insulated, owing to high domestic production.

The sharp swings in the prices of commodities that occurred in the year 2008 are not easily predictable. However, in general, the Price Monitoring Cell studies the international and domestic market trends of major commodities from various sources and this information is incorporated in the Notes prepared for the High Level meetings that are held regularly to enable the Committees to arrive at considered policy decisions. Consequently, various measures adopted by the Government, both fiscal and administrative, have helped to moderate the wide fluctuations of prices and to insulate the common man to the extent feasible.

The long term strategy for improving the domestic availability of essential commodities is to increase domestic production. In the short run various measures were taken as indicated in para-2 above”.

1.11 The Committee in their original report had observed that the Government could not check the rise in prices of the 14 commodities, the prices of which are monitored by the Price Monitoring Cell (PMC) in the Department of Consumer Affairs, especially wheat, pulses and edible oils and which have risen manifold in the past few years. The Committee had opined that the reasons for constant rise in prices of essential commodities was due to lack of foresightedness on the part of the Price Monitoring Cell and had, therefore, recommended to review its working. The Ministry in their Action Taken Reply have indicated that rise in prices of essential commodities is affected by supply factors as well as international price movements. The Committee are dismayed to observe that though the PMC studies the international and domestic market trends of major commodities from various sources which are incorporated in the Notes prepared for High Level Meetings, the rise in prices of essential commodities including vegetables continue unabated. The fiscal and administrative measures adopted by the Government consequently, have also not helped to contain the problem of rise in prices of essential commodities. As a matter of fact the Committee find that the Government has not taken the recommendations of the Committee seriously. The Committee, therefore, reiterate their earlier recommendation that the working of the Price Monitoring Cell may be reviewed seriously and also suitable measures may be adopted to watch the market trend of prices and timely action taken to check the rise in prices of essential commodities to ensure their availability in the market at reasonable prices.

(C) Need to chalk out a long-term strategy

Recommendation (Sl.No.5 Para No. 4.13)

1.12. The Committee vide Para No. 4.13 recommended as follows:-

"The Committee express their concern over the rising trend in the prices of most of the essential commodities during the last two years. Prices of commodities in the physical market are governed by demand and supply sectors prevailing in the market. The Committee have noted that mismatch between demand and supply is the main contributor to the hike in prices of essential commodities specifically the foodgrains. The Committee have been given to understand that the rise in domestic prices is owing to the combined effect of the factors such as growing demand on account of increase in population and income, hardening of international prices, changes in consumption, diversion of foodgrains for fuel, adverse weather and climate change, increase in crude oil prices, improvement in income and living standards and increase in freight rate.

The Committee note that various steps have been taken by the Government to contain the price rise which include measures like augmenting domestic supplies of wheat and pulses through imports at reduced rates of duty and ban on imports; and reduction in import duty on edible oils etc. The Government has also imposed stock limits for wheat, pulses, edible oil, oilseeds and rice. On the monetary side, RBI has increased CRR by .25 points on two occasions to reduce money supply in the market to reduce inflationary pressures on prices. For improving productivity and production in the medium-term in the agricultural sector, the Government have taken initiatives such as National Food Security Mission and Rashtriya Krishi Vikas Yojana. The Committee note that 40 per cent of the edible oil requirement of the country is met by the imports which is susceptible to international pressures on price front. Therefore, its impact is felt on the price rise of the edible oils in domestic sector also. The Committee feel that although the Government is vigilant about the adverse impact of price rise on the economy of the country culminating into inflationary trends yet the measures taken by the Government are not proving to be effective in bringing down the prices of the essential commodities. The Committee desire that the Department in consultation with other concerned Departments should chalk out a long-term strategy to meet such a situation so that it does not assume gigantic proportions, affecting the development and growth of the country. They should also take such steps that would insulate the prices in the country from international price fluctuations".

1.13. The Department in their reply stated as below:

"This Department has already communicated to M/o Agriculture and Department of Food about the recommendations of Standing Committee on long-term strategy for improving productivity and production in the agricultural sector. As stated under reply to para 3.9, the Indian market is fairly insulated from international price fluctuations. The prices of essential commodities in the domestic market have not followed the steep rise in international prices during the first half of 2008, owing to the slew of measures-monetary, fiscal and administrative-announced by Government, which did not allow pass through of the high prices of international market. In addition, vulnerable sections of the population have been protected. The CIP of wheat and rice has not been raised since 2002. Recently, imported edible oil and pulses have also been included for distribution to State Governments for PDS".

1.14 The Committee are unhappy over the casual approach adopted by the Government in treating the specific recommendation of the Committee to chalk out a long-term strategy in consultation with other concerned Departments for improving productivity and production of foodgrains in the country. The Department of Consumer Affairs have washed their hand off by simply passing on the recommendation to the Department of Agriculture and Department of Food without taking any follow-up action on their part. The Committee deplore this attitude of the Department of Consumer Affairs and feel that merely passing of their recommendation will not give any tangible results. While reiterating their recommendation, the Committee would like to be apprised of the long-term strategy chalked out by the Department of Consumer Affairs and the follow-up action taken by the Department of Agriculture and Department of Food for improving productivity and production of foodgrains in the country.

(D) Need to implement the various welfare programmes/schemes/ projects.

Recommendation (Sl. No. 7 Para No. 5.18)

1.15. The Committee in their earlier Report had recommended as below:-

"From the Statement of demand and estimated production of foodgrains, the Committee observed that the production of foodgrains during the last five years was less as compared to their demand. For example, in 2002-03, the demand of rice was 86.59 million tonnes whereas the production was only 71.82 million tonnes. Similarly, during 2004-05, the demand of rice was 89.24 million tonnes but the production was 83.13 million tonnes. In the case of wheat, pulses and oilseeds, the production was less than the demand in the country for the last five years. The reasons for less production of foodgrains are stated to be increase in population and diversion of agricultural land for non-agricultural purpose such as urbanization, roads, industries etc. In order to increase the production of agricultural produce, the Government of India has been implementing a number of schemes viz. Integrated Cereals Development Programme (ICDP), Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM). The Department of Agricultural and Cooperation has also taken a number of initiatives to enhance the production of foodgrains during 2007-08 which includes two major programmes namely, The National Food Security Mission (NFSM) and Rashtriya Krishi Vikas Yojana (RKVY) to incentivize the states to invest more in agricultural and allied sectors. A National Policy for Farmers 2007 has also been approved for economic well being of farmers. The National Rainfed Area Authority (NRAA) has been operationalized to coordinate and address the problem of rainfed agriculture. Besides, a Weather Based Crop Insurance Scheme (WBCIS) has been introduced in addition to National Agricultural Insurance Scheme to cover the farmers' risk. The Committee are of the opinion that unless and until these schemes and programmes are implemented in letter and spirit, the situation will remain unchanged. The Committee, therefore, recommend that the Government should make sincere efforts to persuade the State Governments to implement the aforesaid programmes /schemes/ projects to maintain sustainable agricultural production to meet the requirement of increasing population in the country".

1.16 The Ministry in their action taken reply has stated as under:-

"Integrated Cereals Development Programme is a component of the Macro Management Programme, a Centrally Sponsored Scheme of the Department of Agriculture & Cooperation. This scheme provides flexibility to the States to develop and pursue activities on the basis of their regional priority through their Work Plan.

In the year 2008-09, Macro Management of Agriculture (MMA) Scheme has been revised to improve its efficacy in supplementing/complementing the efforts of the States towards enhancement of agricultural production and productivity. The revised MMA scheme comprises 11 sub-schemes relating to crop production and natural resource management.

On the basis of the major cropping systems followed in the country, schemes for three cereal-based major cropping systems like Rice Based Cropping system; Wheat Based Cropping System; and Coarse Cereals Based Cropping System were formulated. These included (i) Integrated Cereals Development Programme in Rice Based Cropping Systems Areas (ICDP-Rice), (ii) Integrated Cereals Development Programme in Wheat Based Cropping Systems Areas (ICDP-Wheat); and (ii) Integrated Cereals Development Programme in Coarse Cereals Based cropping Systems Areas (ICDP-Coarse Cereal). However, assistance to all the cereal crops will be provided under all the schemes.

In order to give a boost to the production of pulses and oilseeds to meet the food and nutritional security, a new component of Integrated Crop Production Programmes for Pulses, Oilseeds and Maize has been included as one of the Crop Production Programmes under the revised Macro Management of Agriculture Scheme. However, to avoid overlapping it has been decided that the crop production programme for pulses, oilseeds and maize under the revised MMA scheme will only be implemented in the area not covered under the Centrally Sponsored Scheme of Integrated scheme of Oilseeds, Pulses, Oil palm and Maize (ISOPOM).

In view of the stagnating food grain production and increasing consumption need of the growing population, the NDC in its 53rd meeting held on 29th May, 2007 adopted a resolution to enhance the production of rice, wheat and pulses by 10 million, 8 million and 2 million tonnes respectively by 2011.

Accordingly, on 16th August, 2007 Government has approved the 'National Food Security Mission (NFSM)' a Centrally Sponsored Scheme to operationalize the resolution passed by the NDC. It has three components - (i) National Food Security Mission – Rice (NFSM-Rice); (ii) National Food Security Mission – Wheat (NFSM-Wheat); and (iii) National Food Security Mission – Pulses (NFSM-Pulses). The Mission aims at increasing production of rice, wheat and pulses through a set of measures such as area expansion, productivity enhancement in selected districts; restoring soil fertility; creating employment opportunities; and enhancing farm level economy to restore the confidence of the farmers of the targeted districts. The NFSM-Rice would be implemented in 133 Districts, NFSM-wheat in 138 districts and NFSM-Pulses in 168 Districts.

The scheme aims to target the select districts in the country by making available the developed technologies to the farmers through a series of planned interventions. A close monitoring mechanism at various levels would ensure that these interventions reach the targeted beneficiaries.

Under the Mission, 305 districts will be covered; 20 million hectares of rice, 13 million hectares of wheat and 4.5 million hectares of pulses are included in these districts that roughly constitute about 50 per cent of cropped area for wheat and rice. For pulses, an additional 20 per cent cropped area would be created.

There is a major shift in approach to target low producing districts as against the high productivity districts. The highest productivity districts are reaching a plateau in productivity and exploitation of natural resources is now overstretched. The opportunity of a quantum jump in productivity in these districts is very low. As against this, the gap in potential yield and actual yield in eastern and central States is very wide even though there is very good irrigation coverage. The districts identified for rice and wheat contribute about 37.33 percent and 42.6 percent of the national production of the respective crops with an average productivity level of 1714 kg/ha and 2339 kg/ha. If the productivity of these districts increases to the level of national average i.e. 2127 kg/ha for rice and 2671 kg/ha for wheat, the gain in production would be about 10.0 million tons in rice and 8.0 million tons in wheat and 2.0 million tones of pulses from identified districts. The pattern of assistance for three components of the Mission is given (annexure IV).

Government has also approved a new State Plan Scheme of Additional Central Assistance (ACA) for agriculture and allied sectors, namely, Rashtriya Krishi Vikas Yojana (RKVY) has been launched during 2007-08, with a view to reorient the current agricultural development strategies, to meet the needs of the farmers and for fresh efforts by the Central and State Governments to rejuvenate agriculture so as to achieve 4% annual growth during the 11th Five Year Plan, with an envisaged outlay of Rs. 25,000/- crore for the 11th Five Year Plan.

The broad objective of RKVY is to incentivize the States to increase public investment to achieve 4% growth rate in agriculture and allied sectors in the 11th Five Year Plan. The new scheme requires the States to prepare District and State Agriculture Plans and to increase or at least maintain the percentage share of expenditure in the agriculture and allied sectors in the State Plan. The allocation of funds to the States is based on the net un-irrigated area, gross state domestic product in agriculture and allied sectors to be attained by the end of the 11th Five Year Plan, and increase in the State Plan expenditure in agriculture and allied sectors. The ACA is made available to the States as 100% grant. The States have been provided flexibility and autonomy in the process of selection, planning, approval and execution of schemes. The State Level

Sanctioning Committee (SLSC) headed by the Chief Secretary approves the projects under RKVY. The distribution of the funds among the States is in two streams – Stream-I and Stream-II. Under Stream-I, at least 75% of the RKVY funds are made available for specific projects as part of the State and District Plans. Under Stream-II, upto 25% of the total RKVY funds to a State are made available for strengthening existing State Sector schemes. The funds are routed through the State Agriculture Department, which is the nodal Department for the scheme.

Under the Scheme, the following broad activities have been identified for focus attention - Integrated Development of Food Crops, including coarse cereals, minor millets and pulses; Agriculture Mechanization; Soil Health and Productivity; Development of Rainfed Farming Systems; Integrated Pest Management; Market Infrastructure; Horticulture; Animal Husbandry, Dairying and Fisheries; Concept to Completion Projects that have definite timelines; Support to Institutions that promote Agriculture and Horticulture, etc.; Organic and Bio-fertilizers; and Innovative Schemes. These activities are only indicative in nature.

The Scheme has been operationalized with effect from August, 2007 and has evoked a good response from the States during 2007-08 with 22 States holding the meetings of the SLSC headed by the Chief Secretary to clear the projects. During the year 2007-08 an amount of Rs.1246.89 crore including Rs.48 crore @ Rs. 10 lakh per district for preparation of District Agriculture Plan(DAP) was released to States under the RKVY.

For the current fiscal a revised outlay of Rs.2891.70 crore has been provided under the RKVY. An amount of Rs.1863.77 crore has been released to eligible States. This includes Rs.6.40 crore @ Rs.10 lakh per district for preparation of District Agriculture Plans to five States and three UTs. State-wise allocation and release of funds under RKVY during 2007-08 and 2008-09 is at (Annexure-V).

Further in order to provide flexibility to the States in implementation based on regionally differentiated approach, to promote crop diversification and to provide focused approach to the programmes, a Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oilpalm and Maize (ISOPOM) is being implemented from 1.4.2004 in 14 major oilseeds and pulses growing States.

As a result of concerted efforts, the production of oilseeds increased from 25.19 million tones in 2003-04 to 28.82 million tones in 2007-08. This was brought about not only by increase in area but also by improving the productivity from 1064 kg. to 1086 kg. per hectare during the above period. There has been a record production of 28.82 million tones of oilseeds in the country during 2007-08 (4^{th} Advance Estimate).

The pulses production in the country increased from 14.91 million tones in 2003-04 to 15.11 million tones in 2007-08. There has been a record production of 15.11 million tones of pulses during 2007-08 (4^{th} Advance Estimate). Despite a record production of oilseeds and pulses during 2007-08, the production of these crops is less than the domestic demand in the country

In order to make implementation the ISOPOM more effective, the States are advised to enhance the production of major Oilseeds and Pulses in potential areas. The States have also been advised to bring additional area in potential regions of the States under oilseeds and pulses through intercropping and use of rice fallows. To monitor the implementation of ISOPOM, the scheme is reviewed by the Department by organizing regional meetings and filed implementation through National Level Monitoring Teams (NALMOTs). Beside this, the Scheme is also monitored through State Level Sanctioning Committee (SLSC) under the Chairmanship of the Secretary (Agriculture) of States".

1.17 The Committee find that the Government have taken various measures to increase the production of foodgrains by improving the efficacy of the 'Micro Management of Agriculture (MMA)' Scheme. They also find that though the Planning Commission has been liberally allocating a huge fund to increase the production of agriculture produce, the Government could not release more than half of the funds to States/UTs for implementation of the schemes namely (i) National Food Security Mission (NFSM) and (ii) Rashtriya Krishi Vikas Yojana (RKVY). In this regard, the Committee regret to observe that during 2008-09, out of the total allocation of Rs.1164.05 crore, only Rs.659.40 crore was released under the National Food Security Mission (NFSM). In the case of Rastriya krishi Vikas Yojna (RKVY), out of a total allocation of Rs. 3165.67 crore, only Rs.1863.77 crore was released during the years 2007-08 and 2008-09. The Committee are of the view that in order to derive maximum benefits of the schemes, it is essential that the allocated funds are released and utilized in time. The Committee take a serious view of the matter and stress upon the Department of Consumer Affairs to seriously take up the matter with the Department of Agriculture for timely release of funds allocated under the aforesaid schemes for increase in the production of foodgrains in the country.

(E) Need to increase foodgrains production

Recommendation (Sl. No. 9 Para No. 6.17)

1.18. The Committee in their earlier Report observed as follow:-

"The Committee observe that the Government of India is fully committed to provide food security to every citizen in the country. Due to less production of wheat in the country in 2006-07, there was reduction in wheat stock in the Central Pool. The Committee have been informed that at the start of RMS 2007-08, i.e. as on 01/04/07, the stock of wheat in the Central Pool was 45.6 lakh tonnes against the buffer norms of 40 lakh tonnes. The procurement of wheat in RMS 2007 was only 111 lakh tonnes against the requirement of 150 lakh tonnes for the TPDS and other welfare schemes. In order to make up the shortfall as well as to keep the prices stable and ensure adequate buffer stock, the Government took decision to import wheat for the Central Pool. The custom duty on import of wheat was reduced to zero and a ban on export of wheat and rice was imposed. Accordingly, in 2006-07, a quantity of 54.540 lakh metric tonnes of wheat was imported from Australia, Canada, CIS, France, Argentina and Hungary. Besides, a quantity of 13.06 lakh metric tonnes was contracted for the year 2007-08.

The Committee find that despite putting a ban on export of wheat and rice and reduction of custom duty in the import of pulses to zero, the Government could not succeed in curbing the price rise of essential commodities. However, consequent upon the ban on export of wheat, the prices of wheat declined by 3.92 per cent during this period. The Committee fail to understand the reasons for import of wheat in 2007-08 when the availability of wheat in the country exceeded the demand. In the opinion of the Committee, the Government could not take timely steps to address the issues viz. high open market prices, less than targeted production, less market arrivals, negative market sentiments and more private participation which contributed to less procurement of wheat. With the high rate of inflation, the prices of foodstuffs have risen considerably and the consumers are hit from all sides. The Committee, therefore, recommend that the Government should make sincere and timely efforts to address the aforementioned issues. In this regard, the Government should also take steps for procurement of wheat directly from the farmers by giving them remunerative prices. To increase the production of foodgrains in the country, the farmers should also be encouraged to adopt modern methods and modern technology of agriculture. The Government should also ensure that the buffer stocks of foodgrains especially wheat and rice in the Central Pool do not fall below the buffer norms so as to meet any eventualities in future".

1.19. The Ministry in their action taken reply has stated as under:-

"A 1. As regards encouraging farmers to adopt modern methods and modern technology of agriculture, the Deptt. of Agriculture & Cooperation has been implementing the following programmes.

a. Support to State Extension Programmes for Extension Reforms – This Scheme launched during 2005-06, aims at making extension system farmer driven and farmer accountable by way of new institutional arrangements for technology dissemination in the form of an Agricultural Technology Management Agency (ATMA) at district level to operationalize the extension reforms. ATMA will has active participation of farmers / farmer groups, NGOs, Krishi Vigyan Kendras, Panchayati Raj Institutions and other stakeholder operating at district level and below. 581 districts level ATMAs have been established. Gender concerns are being mainstreamed by mandating that 30% of resources on programmes and activities are allocated for women farmers and extension functionaries. Since inception, out of total 49 lakh farmers' beneficiaries, 13.96 lakh women farmers (28.49%) have participated in various extension activities under the scheme.

b. Mass Media Support to Agriculture: This scheme is focusing on two initiatives. The first is use of Doordarshan infrastructure for providing agriculture related information and knowledge to the farming community. 180 Narrow casting Centres, 18 Regional Centres and 1 National Centre of Doordarshan Kendras telecast agricultural programmes for 30 minutes, five days a week. Programmes of Regional Kendras and some Narrowcasting centres are being repeated the next day on respective Regional Satellite Channel. Audio/ Video spots on emerging issues viz. Rabi/Kharif campaign, Kisan Call Centre, Kisan Credit Card etc. are also publicized through the programme using free commercial time. Live 'Crop Seminars' on DD involving farmers and experts have also been organized.

The other component of the mass media initiative is use of 96 FM Transmitter of AIR to broadcast area specific agricultural programme with 30 minutes radio transmission in the evening six days a week.

c. Kisan Call Centers – The scheme was launched on 21st January'04 to provide agricultural information to the farming community through toll free telephone lines. A country wide common eleven digit number '1800-800-1551' has been allocated for KCC. The replies to the queries of the farming community are being given in 21 local languages. Calls are attended from 6.00 am to 10.00 pm on all 7 days of the week. Since inception of the scheme, over 30.78 lakh calls have been received upto 31st December, 2008.

2. The government is also taking steps to minimize procurement and to ensure that stocks of essential foodgrains do not fall below the buffer stock norms. Whenever necessary imports are also being resorted to, in orders to supplement domestic production".

1.20 In their original report, the Committee had observed that there was reduction of wheat stock in the Central Pool and had, therefore, recommended that the Government should take timely steps which included procurement of wheat directly from the farmers by giving them remunerative prices to address various issues such as high open market prices, less than targeted production, less market arrivals and more private participation. The Committee find from the action taken reply that the Department of Consumer Affairs have not responded to the important issue of direct procurement from farmers raised by the Committee in their recommendation. The Committee deplores this attitude of the Department. The Committee are of the view that if the foodgrains are procured from the farmers directly at remunerative prices, the farmers would be motivated and thereby increase production of foodgrains by adopting modern methods and technology in agriculture. While reiterating their earlier recommendation the Committee are of the firm view that the Department of Consumer Affairs should make all necessary arrangements to procure foodgrains directly from the farmers by giving them remunerative prices.

(F) Need to pass Land Acquisition (Amendment) Bill

Recommendation (Sl. No. 12 Para No. 8.13)

1.21. The Committee in their earlier Report had recommended as below:-

"The Committee are concerned to note that the availability of agricultural land is decreasing mainly due to increase in the population and diversion of agricultural land for non-agricultural purposes such as urbanization, roads, industries etc. The Committee have been informed that the land is being acquired for setting up Special Economic Zones (SEZs) to generate employment through industries. Till now, the Government have given approval to 404 projects under SEZ for about 54,280 hectares land from 23 States/UTs out of which 95 approvals are in respect of State Industrial Development Corporation of State Government Agencies involving land areas of approximately 2000 hectares. The Committee note that the Empowered Group of Ministers (EGOM) had discussed some important issues relating to SEZ viz (i) Norms for disposal of pending applications for SEZ; (ii) Fixing of minimum as well as maximum limit of land required for multi-product SEZs; (iii) Reformulation of a comprehensive Land Acquisition Act; and (iv) Working out a comprehensive Resettlement and Rehabilitation Policy.

The Committee further note that to maintain the sustainable agricultural production to meet the requirement of agricultural production in the country, the Ministry of Agriculture has formulated a 19 Action Points of National Land Use Policy Outline (NLPOS) for prevention of diversion of agricultural land for non agricultural purposes by the State Governments. The Committee are of the opinion that setting up of large number of SEZ will affect not only agriculture adversely but also threaten food security and will undermine availability of resources for development. Industrialization is good for the prosperity of the country but not at the cost of agricultural land. The Committee, therefore, desire that the Government should not give the formal approval without obtaining a certificate from the State Government to the effect that waste land/degraded land/barren land was not available in the district for setting up of SEZ in the particular areas of State. The State Government should identify wasteland for development in lieu of agricultural land being acquired. The Committee, therefore, recommend that the Government should give priority to acquire only barren and waste lands not exceeding 10% of the total land required under the SEZ. In case of utilization of agricultural land, if required for the purpose, the State Governments should try to compensate the agricultural land by improving the productivity of other agricultural lands. Further, they should try to locate other barren land and develop them into agriculturally sound productive land and formulate a Land Use Policy to minimize and regulate the conversion of agricultural land for other uses. The Committee are aware that the Land Acquisition Bill, 2007 is pending in Lok Sabha for discussion. The Committee desire that in the meantime the Government should frame model rules under the Land Acquisition Act for early implementation of the Act”.

1.22 The Ministry in their action taken reply have stated as under:-

“The land and its management are under the exclusive legislative and administrative jurisdiction of the States as provided in Entry No. 18 of List of II (State List) of the Seventh Schedule to the Constitution. Acquisition of land for industrial or for development purposes including Special Economic Zones (SEZs) is being done by the concerned State Government.

However, Ministry of Commerce and Industry has been requested that prime agricultural land should not be acquired for establishing SEZs and these Zones need to be established envariably on wastelands. In unavoidable situations, if it is necessary to acquire agricultural land for a SEZ, the requiring body must develop equal area of wastelands simultaneously so that the loss of agricultural land could be compensated (copy of the letter enclosed).

The Department of Land Resources, Ministry of Rural Development has formulated a revised National Rehabilitation and Resettlement Policyt (NRRP), 2007, which was approved by the Cabinet on 11th October, 2007, and the same have been published in the Gazette of India dated 31st October, 2007. The para 1.4 of NRRP, 2007 inter-alia envisages that as far as possible, projects may be set up on wasteland, degraded land or un-irrigated land. Acquisition of agricultural land for non-agricultural use in the project may be kept to the minimum, multi-cropped land may be avoided to the extend possible for such purposes, and acquisition of irrigated land, if unavoidable, may be kept to the minimum.

The Land Acquisition (amendment) Bill, 2007 was introduced in the Lok Sabha on 6th December, 2007 and it is referred to the Standing Committee on Rural Development for examination. The Committee has presented its Thirty-ninth Report, covering the Land Acquisition (amendment) Bill, 2007, to the Lok Sabha on 21.10.08 and laid the same in Rajya Sabha on the same date.

In this Report, the Committee has made detailed observations on the Bill and has made a number of recommendations. These recommendations have been examined and views of the Department firmed up. The official amendment to the Bill has been developed by this Department in consultation with the Ministry of Law. These official amendments were considered by the Cabinet and the revised Bill has been passed by the Lok Sabha on 25th February, 2009 and sent to Rajya Sabha for consideration. However, the Bill has been lapsed due to dissolution of the Fourteenth Lok Sabha. This Bill is under consideration of the Government.

This Department had requested to Ministry of Agriculture to take necessary action to convene the meeting of the National Land Use and Conservation Board (NLBC), so that the issues relating to conversion of agriculture land for non-agriculture purposes including SEZ, formation of a National Land Use Policy, etc. could be discussed. However, Ministry of Agriculture vide their note No. I-50/2008-NLM-I dated 24th July, 2008 that Planning Commission has discontinued the National Land Use and Conservation Board vides their D.O. letter No. 11021/2/2003-Afr. Dated 13th August, 2004. This Department has again requested to Ministry of Agriculture for the taking necessary action for revival of the National Land Use and conservation Board on 19th Febraury, 2009".

1.23 The Committee in its earlier report had observed that agricultural land was being acquired for setting up Special Economic Zone (SEZ) to generate employment through industries and had recommended that the Government should formulate a Land Use Policy to deal with the issues relating to conversion of agricultural land for other uses. The Committee have been informed that the Land Acquisition (Amendment) Bill, 2007, as revised by the Cabinet was passed by the Lok Sabha on 25th February, 2009 and sent to Rajya Sabha for consideration but the same has lapsed due to dissolution of the Fourteenth Lok Sabha. Since the Bill deals with important matters relating to acquisition of land for setting up of the Special Economic Zone (SEZ), etc. the Committee recommend that the Government should make sincere efforts to re-introduce the Land Acquisition (Amendment) Bill during the next Session of Parliament. The Department of Food and Public Distribution should vigorously pursue the matter with the Department of Agriculture for revival of National Land Use and Conservation Board to enable them to decide the issue relating to conversion of agriculture land for non-agricultural purpose, including SEZ and formulation of Land Use Policy.

(G) Need to amend penal provisions of Essential Commodities Act, 1955 & Prevention of Black-marketing of Essential Commodities and Maintenance of Supplies of Essential Commodities Act, 1980.

Recommendation (Sl. No. 17 Para No. 11.14)

1.24 The Committee had recommended as below:-

"The Committee note that the Department of Consumer Affairs is entrusted with the responsibility to prevent unethical trade practices like hoarding and blackmarketing through two Acts viz. The Essential Commodities Act, 1955 and Prevention of Blackmarketing of Essential Commodities and Maintenance of Supplies of Essential Commodities Act, 1980. Action against hoarders and blackmarketers is undertaken by the State Governments under the provision of these acts. The Department of Consumer Affairs from time to time takes views of the State Governments/UTs to know whether there is any lacuna in the Acts due to which most of the unscrupulous persons go scot free despite serious offences. From the information furnished by the Government, the Committee find that despite a large number of raids conducted by the enforcement machinery of State Governments/UT Administration, the number of persons prosecuted and convicted were very minimal which may be due to shortcomings in the Acts. The Secretary, Department of Consumer Affairs during evidence stated that the provisions of the Acts are adequate provided these are implemented properly with vigour. However, he admitted that due to technology used by miscreants, they try to get out of the clutches of the law. The Committee feel that since the number of persons arrested and convicted under the Acts are on the rise, indicating the corresponding rise in cases of hoarding and blackmarketing, there is inadequacy in the provisions of the Acts to take action against unscrupulous persons indulging in hoarding and blackmarketing of essential commodities. The Committee, therefore, strongly recommend that the Government should make amendments in the penal provisions of the Acts in consultation with the States/UTs so that the offenders do not escape for want of the requisite provision in the law".

1.25 The Ministry in their action taken reply have stated as under:-

"In the Report of the Standing Committee, the Committee had desired that in view of the low convictions in such cases, the Department should examine whether there is any lacunae in the Act due to which most of them go scot free despite serious offences. The outcome of the examination alongwith the suggestions of the of the Department for bringing in any new amendment to meet the situation may be reported to the Committee within six months of the presentation of this report to the Parliament. Accordingly, Secretary (CA) had vide his D.O.letter dated 16th June, 2008 addressed to the Chief Secretaries of all States/UTs, requested the State Governments to give their views on the recommendation made by the Committee . However, only 17 States had responded to this letter and none of the States had suggested any review or amendment of the existing provisions of the Essential Commodities Act and the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act. Accordingly, the Lok Sabha Secretariat had been informed that the available provisions are adequate, if properly implemented, to achieve the desired objectives. Hence the need for further amendment in the penal provisions of the Acts is not required at present".

1.26 The Committee are distressed to note that the Government could not obtain the suggestions/views from more than 17 States as to whether there was any lacuna in the penal provisions of the 'Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980' due to which most of unscrupulous persons go scot free despite serious offences. It is a matter of serious concern that the Department did not consider it necessary to obtain the views of other States/UTs as to why there was low conviction as compared to the number of raids conducted and cases registered by the Enforcement Team of the States. The Committee are of the view that due to minor loopholes/infirmities etc. in the Act, the cases are dismissed in the Court of Law on flimsy grounds. The Committee desire that the Government should act with greater seriousness and make sincere efforts to amend the Act to make it more stringent so that the offenders do not escape for want of the requisite provision in the law.

(H) Need to ensure compliance of State Govts/UT Administrations in furnishing information to the Central Government

Recommendation (Sl. Nos. 18&19 Para Nos. 11.15&11.16.9)

1.27 The Committee in their earlier report had recommended as below:-

"The Committee note that Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 empowers the State Governments/UTs to take action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities. From the information furnished by the Department of Consumer Affairs, the Committee find that during 2008, the rate of conviction of the persons arrested is very low as compared to the persons prosecuted for violation of the Essential Commodities Act, 1955. Out of 1,76,350 persons arrested during this period, 3416 persons were prosecuted and only 770 persons were convicted. It is more surprising that in Andhra Pradesh, Gujarat, Kerala and Uttar Pradesh where 12,367, 22,867, 58, 346 and 19,869 respectively raids were conducted but not a single person was convicted. In respect of Punjab, 20,584 raids were convicted but only 15 persons were arrested and out of 4 prosecution, only one person was convicted under the said Acts. The Committee are not satisfied with the argument of Department of Consumer Affairs that the enforcement of the Essential Commodities Acts lies with the State Governments and Union Territories to take action against the hoarders and blackmarketers. In the opinion of the Committee, the Central Government cannot shrink with its responsibility for the proper implementation of the Acts. According to the Department, going by the 'NIL' reports sent by some State Governments/UTs, it can be presumed that these State Governments/UTs might not have conducted any raids or not have detained any persons for indulging in malpractices in essential commodities. The Committee deplore the lackadaisical approach of State Governments/UTs in either not furnishing any 'monthly action taken reports' or by giving 'NIL' reports. The Committee, therefore, strongly recommend that the Department should strengthen its enforcement machinery and direct the State Government/UTs to conduct regular raids to catch hold the hoarders and blackmarketers who create artificial scarcity leading to price rise and to ensure that the persons arrested are prosecuted strictly in accordance with the law of land. It will also help the Government to keep check over the rising in prices of essential commodities.

The Committee note that as per Section 3 of the 'Prevention of Black-Marketing and Maintenance of Supplies of Essential Commodities Act, 1980', the State Governments/UTs are required to report the details of detention cases to the Central Government within 7 days from the date of approval of detention case by the State Governments/UTs. The Committee find that only 5 State Governments have furnished information in this regard to the Department of Consumer Affairs during the year 2007 and 2008 (upto 18.09.2008). The Committee are of the view that other

State Governments have not furnished any information so it may be construed that except 5 State Governments/UTs, other State Governments/UTs have not made any detention under the Act. It appears to the Committee that the remaining States/UTs are not serious in the implementation of the Acts and, therefore, Department of Consumer Affairs is being kept in the dark by most of the State Governments by not abiding by Section 3 of the aforesaid Act. The Committee, therefore, recommend that the State Governments should be persuaded to supply the information of detention cases within the prescribed time limit as per the Act".

1.28 The Ministry in their reply have stated as under:-

"The enforcement of the Essential Commodities Act, 1955 lies with the State Governments/ Union Territories. The State Governments/UT Administrations have been delegated powers to take necessary action under the provisions of both "The Essential Commodities Act, 1955" and "The Prevention of Blackmarketing of Essential Commodities Act, 1980", to prevent mal-practices in essential commodities. Besides, Central Government is also regularly monitoring actions being taken by various States/UTs under the aforementioned two Acts.

Directions have been given to States/UTs from time to time to take necessary actions under both the Acts to prevent hoarding and smuggling. Secretary (Consumer Affairs) had, vide his d.o. letter dt. 14.06.2007 advised Chief Secretaries of all States/UTs, to strengthen the enforcement machinery to prevent mal practices in essential commodities and take necessary action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities. In addition to the above the recommendations of the Committee contained in its 24th Report on Demands for Grants (2008-09) of Department of Consumer Affairs, have also been communicated to the State Governments/UTs vide Secretary (Consumer Affairs)'s d.o. letter No.2/1/2008-ECR&E dated 16.06.2008 for taking immediate action to check price rise in essential commodities and keep this Department posted with the action taken by them. For this purpose this Department has asked all state Governments/UT Administrations to submit monthly reports to the Central Government (this Department) indicating the action taken under the provisions of these two Acts. Conferences with the Secretaries of Consumer Affairs, Food & Civil Supplies Departments of all States/UTs are held by this Department periodically in which all the State Governments/UT Administrations are emphasized upon to take necessary actions under the provisions of these two Acts to check hoardings, smugglings etc. of essential commodities by unscrupulous traders/persons. Another meeting with State Secretaries has been held on 16th June, 2008 in which it has been emphasized upon them to take all necessary measures to prevent hoarding and blackmarketing which lead to non-availability of essential commodities coupled with rise in prices. Further, periodical video conferences are also arranged with States/UTs under the chairpersonship of Additional Secretary (Consumer Affairs) wherein the need for taking effective action under these two Acts by the States/UTs is reiterated. So far seven such video conferences have been held between May, 2006 and May, 2008. This was also taken up in the Chief Secretaries conference held under the chairmanship of Cabinet Secretary on 22.04.2008.

Moreover vide this Department's d.o. letter Nos.13(1)/2007-ECR&E dated 15.12.2008 and 23.12.2008 the State Governments/UT Administrations were requested, inter-alia, to furnish the action taken reports in time and also furnish reasons for low prosecution/conviction vis-à-vis the number of arrests. It is seen that only 15 States/UTs have responded of which 10 of them have not given any specific reason. The following 5 State Governments/UTs have given the specific reasons indicated as under:

(i). ANDHRA PRADESH : As per Section 6(C) (2), if a person, against whom prosecution has been launched the stock confiscated has to be returned or the value thereof should be paid. Therefore, prosecutions are launched only depending upon the gravity of offence where there is a good case for getting conviction. Secondly, all the enforcement official under various control orders do not have any powers to arrest and hence the seizure is only effected. However, whenever any Police Officer or the officers having Magisterial powers inspect, the arrests are resorted to. Even in the Court of Law, depending upon the merits as viewed by them, the conviction are ordered through the case presented properly.

(ii). MADHYA PRADESH: As per the Public Distribution System(Control) Order, 2001, the powers of search and seizure by designated authorities as laid down in clause 10 are yet to be notified by the State Government. Presently, the TPDS in the State is governed by the M.P. Public Distribution System Scheme, 1991. Although the number of cases involving irregularities are substantial, the cases detected after due process of law, are only compounded by the designated authorities.

(iii).TAMIL NADU: In Tamil Nadu matters relating to Essential Commodities Act, 1955 and several control orders made thereunder are dealt with and enforced jointly by the Civil Supplies CID, regular police force and officials of the revenue and Civil Supplies and Consumer Protection Department. Close vigil and watch by officials and formation of check posts at State Borders are some of the effective measures towards prevention of smuggling of essential commodities. These measures helped to prevent commission of offences to a considerable extent. In addition to prosecution under the Essential Commodities Act, several habitual offenders are detained under the Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980 resulting in considerable reduction of offences under the Essential Commodities Act 1955. Most cases which are minor in nature involving very meager quantity of essential commodities are dealt under Section 6(A) of E.C. Act by District Collectors without initiating prosecution before Court. Unlike criminal cases, the enforcing officials under the Essential Commodities Act have to play dual role namely (1) to launch prosecution before the court of law and (2) to initiate 6(A) proceedings before the District Collector. As both these jobs are equally laborious and time consuming, the officials find it difficult to concentrate on detection of offences under Essential Commodities Act. Further, police officials, while invoking the Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980 have to often attend the Collectors office. Advisory Board and High Courts which is time consuming and laborious.

After completion of investigation, final reports are filed before the Magistrate Courts. Magistrates deal with these cases along with other criminal cases. Due to heavy pendency of cases, Magistrate Courts are not able to give priority to the disposal of cases under the Essential Commodities Act, 1955. Since offences under the Essential Commodities Act impacts on food security, speedy trial is a must. However trial in Essential Commodities Act cases commence long after they are charged and filed in court. If speedy trial is ensured, more conviction is possible.

(iv) <u>ANDAMAN AND NICOBAR ADMINISTRATION:</u> The reason for low prosecution/conviction vis-à-vis the number of arrests for the incidents of diversion of PDS foodgrains and black marketing are almost nil in this UT due to the fact that the entire population of the UT is covered under the PDS. The unique topography of the Islands coupled with the absence of any manufacturing unit making bye-products i.e. Maida, Sooji etc. of PDS grains helps in imposing an automatic check over the diversion and black marketing of PDS items in these Islands. There has been no arrests/prosecution as per available records for violation under the Essential Commodities Act, 1955 and Prevention of Black Marketing Act, 1980 in this UT.

(v) <u>LAKSHADWEEP UNION TERRITORY ADMINISTRATION:</u> The Union Territory of Lakshadweep is very small UT where Public Distribution System is chanalised through a net work of Co-operative Societies which are under the supervision of the Administration, which does not leave scope for malpractice. The Administration is also involved in the function of the Cooperative Societies (Fair Price Shops) by posting the Chief Executives in the Cooperative Societies. Every fortnightly, monthly and annually verification of the Fair Price Shops are also being conducted. The UT consists of 10 inhabited islands, the population of which varies from 250 persons to 10,000 people. There is hardly any private shop which is running with tenure of more than one lakh. These are only small petty shops. Therefore there is no scope for any malpractice. Hence no persons have been arrested, prosecuted or convicted for violation of Essential Commodities Act.

In addition to the above the recommendations of the Committee contained in its 27th Report on Price Rise of Essential Commodities- Causes and Effects with special emphasis on import of wheat and enforcement of Prevention of Black Marketing and Maintenance of Supply of Essential Commodities Act, 1980 have also been communicated to the State Governments/UTs vide Secretary (Consumer Affairs)'s d.o. letter No.2/7/2007-ECR&E dated 09.02.2009 for taking immediate action to supply the information of detention cases with the prescribed time limit as per the Act. As deplored by the Standing Committee the lackadaisical approach of the State Governments/UTs in either not furnishing any 'Monthly Action Taken Reports" or by giving 'Nil" Reports have also been communicated to them. These letters and the observations/ recommendations of the Committee as communication to the State Government/UTs would give the necessary impetus to them to move the pace of implementation of the two Acts".

1.29 Not being satisfied with the performance of the 'Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act, 1980, the Committee had recommended:-

(i) To conduct regular raids to apprehend the hoarders and black marketers who create artificial scarcity leading to price rise and to ensure that the persons arrested are prosecuted in accordance with the Law of the Land (Para11.15).

(ii) The State Governments should be persuaded to supply the information of detention cases within the prescribed time limit as per the Act. (Para 11.16)

The Committee note with grave concern that the Department did not take the matter seriously and issued general directions to the States/UTs to take necessary action to prevent hoarding and smuggling. They, however, failed to persuade the State Government/UTs to report the details of cases to the Central Government within a prescribed time. The Department also failed in coordinating with the States/UTs and in monitoring their functions as out of 35 States/UTs, only 5 States/UTs namely Andhra Pradesh, Madhya Pradesh, Tamil Nadu, Union Territories of Andaman and Nicobar Islands and Lakshadweep have furnished the reasons for low prosecution/conviction viz-a-viz the number of arrest. The Committee feel that merely sending communications to the State Governments/UTs would not serve the purpose. The Committee while reiterating their earlier recommendation would like the Department to take concerted measures at the highest level and inform the Committee about them.

(I) Need to introduce fresh Forward Market Commission Bill

Recommendation (Sl. No. 24 Para No. 12.25)

1.30. The Committee had recommended as below:-

> "The Committee note that the Commission had very little regulatory work and limited enforcement machinery as there were hardly any major commodities under future trading till about 10 year back. The Committee was informed that there were certain pre-requisites for an efficient and transparent future market. According to FMC, a bill has been introduced in Parliament to amend the Future Contract Act to strengthen the regulatory framework and confer autonomy on the regulator. The Committee hope that the bill is passed expeditiously in the Parliament and the FMC is conferred with requisite autonomy so that the regulatory framework is strengthened.

1.31 The Ministry in their action taken reply stated that the passage of the F.C(R)Amendment Bill would strengthen the regulatory framework and confer the desired autonomy on the FMC. The Forward Contracts (Regulation) Amendment Ordinance 2008 has lapsed with dissolution of fourteenth Lok Sabha. Government will take necessary steps to introduce fresh Bill in 15^{th} Lok Sabha.

1.32 The Committee regret to note that the regulatory framework of the Forward Market Commission could not strengthened and the desired autonomy conferred due to non passing of Forward Contract (Regulation) Amendment Bill, 2008 due to dissolution of the 14th Lok Sabha. The Committee are aware of the fact that the Forward Contraction (Regulation) Amendment Bill was introduced in Lok Sabha in 2008 to convert the ordinance to an Act. However, the Bill could not be taken up by the House and the ordinance lapsed on 7th April, 2008. The Committee, therefore, desire that in order to strengthen and re-structure FMC, the Government should take urgent necessary steps to re-introduce the Forward Contract (Regulation) Amendment Bill during the next Session of Parliament.

(J) Need to launch massive awareness campaign

Recommendation (Sl. No. 29 Para No. 13.31)

1.33 The Committee in their earlier report had recommended as under:-

> "The Committee find that there is rampant misuse of LPG for other purposes. According to the Ministry the oil marketing companies and the Government were very much aware of the problem and they were constantly inspecting the premises of the dealers and taking punitive action against dealers whenever the misuse was revealed to them. The Committee also note that the Ministry is going to launch a massive campaign against misuse. The representative of the Ministry admitted during evidence that there was bound to be some misuse. The Ministry attributed the differential pricing of LPG as the main reason for the misuse of LPG Cylinders and so the temptation to use domestic LPG cylinders in the hotels or for marriage functions was very high. The Committee desire the Ministry to launch massive awareness campaign in the country to check the misuse of LPG cylinders for other purposes and take strong punitive action against the persons found involved in such activities".

1.34. The Ministry in their action taken reply have stated that the Government have issued advertisements cautioning the public that use of Domestic LPG cylinders for non-domestic purposes is illegal, dangerous and against national interest. Through these advertisements, cooperation of the general public has also been sought to report any irregularity/ malpractice to the Public Sector Oil Marketing Companies.

1.35 The Committee in their earlier recommendation had raised serious concern over the rampant misuse of domestic LPG cylinders for non domestic purposes and use in hotels, marriage functions, etc. and recommended that strong punitive action should be taken against the persons and officials found involved in such activities. The Government in their action taken reply stated that the advertisements have been issued cautioning the public that use of domestic LPG cylinders for non-domestic purpose is illegal, dangerous and against national interest. The Committee doubt whether merely issue of advertisement cautioning the public against misuse of domestic LPG Cylinder without any follow up action will give any fruitful result. The Committee desire that the Government should take necessary follow up action to check the misuse of LPG cylinders and ensure that the guidelines for use of domestic LPG Cylinder are strictly enforced by the agency/dealer and penal action taken against the supplying agency or persons found violating the guidelines.

CHAPTER-II

RECOMMENDATIONS/OBSERVATIONS WHICH HAVE BEEN ACCEPTED BY THE GOVERNMENT

Recommendation (Sl. No. 4, Para No. 3.10)

2.1 The Committee note that High Powered Price Monitoring Board (HPPMB) set up by the Department of Consumer Affairs regularly monitors the price situation in the market. The Committee, however, are dismayed to note that no meeting of HPPMB was held during the last two years which clearly indicates that the Government is not at all serious towards the interests of consumer welfare. The Committee feel that when common man is hit badly in the situation of uncontrolled price rise, it is the responsibility of the Government to set up a mechanism to regularly monitor the price situation and take remedial steps. The Committee fails to understand as to what purpose will be served by merely setting up of HPPMB if it does not hold meetings for such a long period. The Committee, therefore recommend that the Department should give directions to HPPMB to hold sittings at a fixed interval so that the Government may take timely action to check the price rise of Essential Commodities.

Reply of the Government

2.2 In order to regularly monitor the price situation and take appropriate remedial steps Government has set up High Level Committees such as the High Powered Price Monitoring Board (HPPMB) and Committee of Secretaries (CoS). The last meeting of the HPPMB was held on March 4, 2009 and the CoS on June 10, 2009. Although the meetings of HPPMB were not held frequently, the meetings of the CoS have been held regularly. In fact meetings of the CoS have often been held on a weekly/ daily basis to monitor the prices of essential commodities and to advocate immediate action / intervention by the Departments / Ministries concerned. From time to time suitable recommendations are also made by COS for consideration of Cabinet/ Cabinet Committee on Prices. By this mechanism Government has been able to take timely expedient action.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. No. 6, Para No. 4.14)

2.3 The Committee further note that less production of agricultural produce whether it is oil, pulses or wheat also contributes to the rise in prices of these commodities. The Committee note that the Planning Commission has constituted a Working Group on crop husbandary, agricultural inputs, demand and supply projections and agricultural statistics for the Eleventh Five Year Plan. The Working Group has given the demand and supply projections for each year of the plan for foodgrains, oilseeds, sugarcane, cotton, jute and mesta. From the statement of gap between demand and production of different kinds of foodgrains, it has been observed that there will be gap between the production and demand of the agricultural produce in the Eleventh Five Year Plan. The Committee feel that to increase agricultural production, there is need to improve the condition of soil, its nutrient content, water management and to grow alternative crops. In the opinion of the Committee, the Agricultural Ministry should organize latest researches, adopt new technologies and measures to raise agricultural production i.e. wheat, rice, oilseeds and pulses. The Government should make arrangements for telecasting the new technology for production of foodgrains on electronic media on the pattern of 'Krishi Darshan'. As suggested by Central Organization for Oil, Industry and Trade (COOIT), use of vegetable oil for bio-fuel should not be permitted as long as local production of these oils is short to meet the country's demand for food. The Committee, at the same time, also desire that conversion of vegetable oil, soya oil to bio fuel should be restricted; instead bio diesel plant should utilize only oil from non-edible oilseeds from plants grown on wasteland. The Committee, therefore, recommend that to increase supply, agriculture should be made a profitable avocation and the Government should give highest priority to provide the small and marginal farmers, opportunity for assured and remunerative marketing of their produce at the time of harvesting. The nodal ministry should also direct Agriculture Ministry and Agriculture Research Institutes and Universities to take up the responsibility for providing necessary inputs, particularly seeds of appropriate varieties and the nutrients needed for a good and healthy crop.

Reply of Government

<u>Improvement of soil and its nutrient contents etc.</u>

2.4 M/o Agriculture is implementing a Scheme namely "National Project on Management of Soil Health & Fertility". Under the scheme there is a provision for financial assistance for setting up of new static and mobile soil testing laboratories under the State Governments as well as under Private/NGOs and cooperative sector including Fertilizer Industry under the PPP Mode in the country. The proposals are invited through State Project Sanctioning –cum –Monitoring Committee (PSMC).

2.5 M/o Agriculture is also providing financial assistance to educate farmers about soil health and soil fertility through organizing Farmer's Fair, Front line Field Demonstrations through several agencies and adopting the villages by

State Soil Testing Laboratories (STLs) for demonstration on soil test based balanced use of fertilizers in the country.

Efforts taken by the Government to facilitate better price realization by the farmers

2.6 In order to facilitate better price realization by the farmers through improved marketing opportunities at the time of harvesting, Government has taken a number of initiatives to implement market reforms in agriculture. Government of India has formulated a Model Agricultural Produce Marketing (Development & Regulation) Act (APMC Act) and circulated to all the States/UTs in 2003 for making necessary amendments in their respective APMC Acts for bringing efficiency in the existing marketing systems and allowing the private markets and development of alternative marketing channels, such as, direct marketing, contract farming, e-trading etc. The details of the progress of reforms are given in the enclosed **Annexure- I.** To facilitate the implementation of amended provisions, the Central Government has also formulated Model APMC Rules and circulated to the States/ UTs for adoption in November, 2007. So far, the State Governments of Andhra Pradesh, Madhya Pradesh, Rajasthan, Maharashtra, Orissa, Himachal Pradesh, Haryana and Karnataka have notified their amended APMC Rules whereas Madhya Pradesh and Haryana have partially amended the rules.

Contract Farming: In our country contract farming has considerable potential where small and marginal farmers can no longer be competitive without access to modern technologies and support. The contractual agreement with the farmer provides access to production services and credit as well as knowledge of new technology. Pricing arrangements can significantly reduce the risk and uncertainty of market place.

2.7 Small-scale farmers are often reluctant to adopt new technologies because of the possible risks and costs involved. In contract farming, private agribusiness will usually offer improved methods and technologies because it has a direct economic interest in improving farmers' production to meet its needs. In many instances, the larger companies provide their own extension support to contracting farmers to ensure that production is according to the specification. Skills the farmer learns through contract farming may include record keeping, improved methods of applying chemicals and fertilizers and knowledge of the importance of quality and of the demands of export markets.

2.8 In order to the arrangements of contact farming, a Model law on marketing has been formulated by the Government of India keeping these requirements in view and circulated to State Governments for considering suitable amendments in their concerned Act to bring in required agricultural market reforms. This law inter-alia provides for an institutional arrangement for registration of sponsoring companies, recording of Contract Farming Agreement, indemnity to farmers' land and lays down a time bound dispute resolution mechanism. Since agriculture marketing is a State subject, it is for the State Governments to amend the APMC Act, wherever required.

Implementation of Price Support Scheme: Government's price policy for agricultural commodities seeks to ensure remunerative prices to the growers for their produce. The price policy seeks to evolve a balanced and integrated price structure in the perspective of the overall needs of the economy. Towards this end, the Government announces each season, Minimum Support Prices (MSPs) for major agricultural commodities. The designated central nodal agencies intervene in the market for undertaking procurement operations with the objective that the market prices do not fall below the MSPs fixed by the Government.

2.9 During the period 2004-05 to 2008-09, the MSP of various commodities have been increased substantially. A comparative table showing the MSPs of major crops with increase (%) during 2004-05 to 2008-09 is given hereunder:

Crop	**Increase in MSP**		
	2004-05	2008-09	2008-09 over 2004-05 (%)
Paddy(Grade A)	590	880	49.2
Wheat	640	1080	68.8
Barley	540	680	25.9
Jowar & Bajra	515	840	63.1
Maize	525	840	60.0
Arhar	1390	2000	43.9
Moong & Urad	1410	2520	78.7
Groundnut	1500	2100	40.0
Soyabean	1000	1390	39.0

Market intervention Scheme: Government is also implementing Market Intervention Scheme (MIS) on the request of the State/ UT Government for procurement of agricultural and horticultural commodities not covered under the Price Support Scheme with the aim to provide remunerative prices to the farmers. Under this Scheme growers of these commodities are protected from making distress sale in the event of bumper crop when prices fall to below the economic level/ cost of production. Procurement under MIS is made by the NAFED as a Central Nodal Agency and by the State Designated Agencies. Losses, if any, incurred by the procuring agencies are shared by the Central Government and the concerned State Government on 50:50 basis (75:25 in case of North-Eastern States). However, the amount of loss to be shared between Central Government and the concerned State Government is restricted to 25% of the procurement cost. Profit, if any, earned by the procuring agencies is retained by them. Details of implementation of MIS from 1999-2000 to 2008-09 is given in **Annexure II**.

Marketing Research and Information Network (AGMARKNET): The Ministry of Agriculture has also launched the IT based Central Sector Scheme of Marketing Research and Information Network in March, 2000 to establish a nation-wide information network by providing electronic connectivity to important Agricultural Produce Markets spread all over the country, State Agricultural

Marketing Boards and Directorates. The scheme was introduced with the objective to collect and disseminate prices and market related data for its efficient and timely utilization by the producers, traders and consumers to derive maximum advantage out of their sales and purchases, and to increase efficiency of marketing by effective improvement in the existing market information system.

Efforts taken by the Government for raising agricultural production

2.10 (i) Seed production for raising wheat production: State-wise improved wheat varieties have been developed. The recommended varieties for different production conditions across different wheat growing states are presented as follows. Breeder seed production of high yielding and disease resistant wheat varieties are being promoted and obsolete varieties are being avoided.

Irrigated, timely sown	Irrigated, late sown	Rainfed, timely sown
Punjab, Haryana, Delhi, Rajasthan (except Kota and Udaipur divisions) and Western UP (except Jhansi division), parts of J&K (Jammu and Kathua distt.) and parts of HP (Una dist. and Paonta valley) and Uttaranchal (Tarai region)		
DBW 17, PBW 502, PBW 343, WH 542 UP 2382 & UP 2554 - (for tarai area of Uttranchal) PDW 291(D), PDW 251 (D), WH 896 (D), PDW 233 (D)	DBW 16, PBW 373, RAJ 3765, UP 2425, PBW 226, PBW 509 (for Punjab only) UP 2526 & up 2565 - (for tarai area of Uttranchal)	PBW 396, PBW 299, WH 533
Eastern UP, Bihar, Jharkhand, Orissa, West Bengal, Assam and plains of NE States.		
K 0307, HD 2733, HD 2824, HP 1761, PBW 443, HUW 468, K 9107, NW 1012	DBW 14, NW 2036, HW 2045, NW 1014, HD 2643, HP 1744, HUW 234 Unnath Halna (K 9423) –(for eastern UP only)	K 8962, K 8027, MACS 6145, HD 2888
Madhya Pradesh, Chhattisgarh, Gujarat, Kota and Udaipur divisions of Rajasthan and Jhansi division of Uttar Pradesh		
GW 366, GW 322, GW 273 Lok 1 HI 8498 (D), HI 8381(D)	HD 2864, MP 4010, DL 788-2, Lok 1	HI 1531, HI 1500, HW 2004, JWS 17, WH 147 HD 4672(D), HD 8627(D)# #suitable for resistriced irrigated condition also
Maharashtra, Karnataka, Andhra Pradesh, Goa, plains of Tamil Nadu		

Irrigated, timely sown	Irrigated, late sown	Rainfed, timely sown
GW 322, RAJ 4037, NIAW 917 Triambak (NIAW 301) – (for Maharashtra only) CoW(W)-1 (for Tamil Nadu only) MACS 2846 (D), DDK 1009 (Dic), DDK1025 (Dic.)	RAJ 4083, PBW 533, HD 2833, NIAW 34, HUW 510	HD 2781, K 9644, AKDW 2997-16 (D)
Western Himalayan regions of J&K (except Jammu and Kathua distt.); H.P. (except Una and Paonta Valley); Uttaranchal (except Tarai area); Sikkim and hills of West Bengal and N.E. States		
VL 804, HS 240, VL 738	HS 420, HS 295	HS375(summer sowing), SKW 196, VL 832 & HS 365 (high altitudes), VL 616, VL 829 (early sowing), DT 46 (Triticale), TL 2942 (Triticale)
Hilly areas of Tamil Nadu and Kerala comprising the Nilgiri and Palni hills of southern plateau.		
HUW 318, HW 1085, HW 2044		
Moderate salinity and sodicity areas of north western , north eastern plains as well as central India		
KRL 1-4, KRL19 (for salinity/alkalinity conditions)	-	-

(D) Durum wheat (Dic.) – Dicoccum wheat

(ii) Seed production for raising rice production: State-wise improved varieties and hybrids have been developed.

i. About 850 varieties and hybrids released for different agro-climatic situations and presently more then one million area is under hybrid rice cultivation.
ii. Export quality basmati rice varieities such as Pusa Basmati -1, Pusa Sugandh-4 etc. and hybrids (Pusa RH-10) etc. released.
iii. Integrated Pest Management, Integrated Nutrient Management and also System for Rice Intensification (SRI) have been developed for enhancing the efficiency of inputs.
iv. Rapid advances in rice biotechnology since nineties culminating in whole genome sequencing, development of efficient transformation protocols and effective gene linked markers hold unforeseen potential in rice improvement for the future. Two of the varieties identified this year viz,

Rice Bio 226 (IET 19046) and Pusa 1460-01-32-6-7-67 (IET 18990, released) are product of this Marker Aided Selection Technology. In these, the genes of interest are put into any desired variety without changing its other original qualities through molecular marker assisted back cross breeding.

v. So far, thirty three hybrids have been released for commercial cultivation in the country. Among these 25 have been released from the public sector while the remaining eight viz., PHB-71, 6201, 6444, RH-204, Suruchi-5401, Ganga, JKRH-2000 and PA 6219 have been developed and released by the private sector. Out of the thirty three hybrids, twenty two have been released by the State Variety Release Committees, while the eleven viz., PHB-71, 6201, 6444, RH-204, Suruchi 5401, Ganga, JKRH-2000, PA 6129 (private) and Pusa RH-10, KRH-2, DRRH-2 (public bred) have been released by the Central Variety Release Committee (CVRC). The most popular hybrids and their area are listed as under:

Popular released hybrids and their area of adaptation

S. No.	Hybrid	Released for
1	PA 6444	U.P, Tripura, Orissa, A.P, Karnataka, Maharastra and Uttarakhand
2.	PHB 71	Haryana,U.P, Tamilnadu, A.P, Karnataka and Punjab
3.	KRH-2	Pondicherry, Bihar,Karnataka,T.N, Tripura, Maharastra, Haryana, Orissa,Uttarkand, Rajasthan,West Bengal and Uttar Pradesh
4.	Pusa RH-10	Haryana, Delhi,U.P and Uttarkhand
5.	Suruchi	Haryana, A.P, Gujarat, Orissa, Chattisgarh, Karnataka and Maharastra
6.	JKRH-2000	West Bengal, Bihar and Orissa
7.	DRRH-2	Haryana, T.N, West Bengal, Uttarakhand
8.	PSD-3	Uttarakhand
9.	Sahyadri	Maharastra
10	CORH-3	Tamilnadu
11.	Ajay and Rajalakshmi	Orissa
12.	JRH-4 and 5	Madhya Pradesh

(iii) For raising production of oilseed & pulses

- Under the National Agricultural Research System (ICAR and Universities) several high yielding varieties and hybrids in different oilseed and pulses crops have been developed and released.
- Location specific crop production technologies for different agro ecologies have been developed.
- Oilseeds and pulses are being popularized in non-traditional areas.

- Resistance breeding specifically for biotic and abiotic stresses is being prioritized.
- Development of cytoplasmic male sterility based hybrids in mustard, safflower and pigeonpea has opened new area for development of high yielding hybrids. Two mustard hybrids and one pigeonpea hybrid is released.
- Improved varieties and crop management technologies in pulses and oilseeds are being demonstrated through front line demonstrations for enhancement of productivity.

2.11 Further keeping in view the projections of requirement of oilseeds for production of edible oils and pulses during 11th five year plan, the Government of India has taken several steps to increase the production and productivity of these crops in the country.

2.12 The Department of Agriculture and Cooperation is implementing a Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM) in 14 major oilseeds and pulses growing States w.e.f. 1.4.2004. In order to provide flexibility to the States in implementation based on regionally differentiated approach, to promote crop diversification and to provide focused approach to the programmes, the four erstwhile schemes of Oilseed Production Programme(OPP), Oil Palm Development Programme (OPDP), National Pulses Development Programme(NPDP) and Accelerated Maize Development Programme (AMDP) have been merged into a Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oilpalm and Maize (ISOPOM) which is being implemented from 2004-05.

2.13 Under the scheme, financial assistance is provided for purchase of breeder seed, production of foundation seed, production and distribution of certified seed, distribution of seed minikits, distribution of plant protection equipments, weedicides, supply of rhizobium culture/phosphate solubilising bacteria, distribution of gypsum/pyrite/ liming/dolomite, distribution of sprinkler sets and water carrying pipes, publicity, training of farmers and extension workers etc. to encourage farmers to grow pulses on a large scale. In order to disseminate information on improved production technologies amongst the farmers, block demonstrations and Integrated Pest Management (IPM) demonstrations are organized through State Departments of Agriculture and Frontline Demonstrations through ICAR.

2.14 Further, the scheme implementing States have been advised to earmark the funds under Scheduled Caste Plan (SCP), Tribal Sub-Plan (TSP) and Women farmers, as per the policy of the Government, for extending the benefits of the scheme to these sections of the society so that small and marginal farmers also use the incentives provided under ISOPOM.

2.15 The scheme provides support for transfer of technology to the farmers through organizing block demonstrations, Frontline Demonstrations on latest technologies, training to the farmers , training of extension workers, farmers fairs etc. The assistance is also provided to the States for publicity of the programme and technologies through various media including electronic media. To improve/sustain the health of the soil, the assistance is also given to the farmers for application of gypsum/pyrite/liming/dolomite, micronutrients besides water saving devices like sprinklers for oilseeds and pulses and drip irrigation systems for oil palm cultivation for optimum use of water for these crops.

2,16 In addition, National Food Security Mission (NSFM)-Pulses and Rashtriya Krishi Vikas Yojana (RKVY) have been launched in 2007-08 and Macro Management of Agriculture (MMA) (Revised) in 2008-09 to increase the production and productivity of oilseeds and pulses.

2.17 As a result of concerted efforts of the Government, the production of oilseeds increased from 25.19 million tones in 2003-04 to 28.82 million tones in 2007-08. This was brought about not only by increase in area but also by improving the productivity from 1064 kg. to 1086 kg. per hectare during the above period. There has been a record production of 28.82 million tones of oilseeds in the country during 2007-08 (4th Advance Estimate).

2.18 The pulses production in the country increased from 14.91 million tones in 2003-04 to 15.11 million tones in 2007-08. There has been a record production of 15.11 million tones of pulses during 2007-08 (4th Advance Estimate).

Resource conservation technologies developed

2.19
- Resource conservation technologies like zero tillage reduces the cost of cultivation (about Rs 2500 per ha), advances the time of wheat sowing requires less water for first irrigation and results in less infestation of Phalaris minor which is serious problem in North western India.
- The Furrow Irrigated Raised Bed Planting System (FIRBS) is another resource conservation technology which saves seed and nitrogen (25 percent) as well as water (25-35 percent).
- Laser leveler is another technology which helps in resource conservation specially water helps in better crops stands and precision farming.

Location specific Technologies developed

2.20 The DAC has also developed various location specific technologies encompassing cropping /farming system models, integrated water and nutrient management packages, resource conservation technologies, reclamation technologies for acidic and saline/alkaline soils and participatory watershed management to boost the crop production in different agro-ecological situations of the country. The technological interventions could bridge -up the existing productivity gap to a considerable extent. The relevant technological interventions for different states have been published crop wise (namely “State-

Specific Technological Interventions for Higher Agricultural growth"). The technologies are disseminated through Krishi Vigyan Kendras (KVKs), institute-village link programme and state extension agencies by arranging frontline demonstrations on the farmers' fields, trainings, farmers' fairs, exhibitions, goshthis, documentary films, extension publications and mass media etc.

2.21 The information on new technology is regularly shared with Doordarshan & AIR for coverage of the same in their programmes under the scheme Mass Media Support to Agricultural Extension.

Introduction of new/high yielding varities of seeds

2.22 Introduction of new/high yielding varieties of seeds is the mandate of the Department of Agriculture Research and Education/ ICAR/ State Agricultural Universities. Breeder Seed Production is a indent driven process where different states are submitting their indent to department of Agriculture and Cooperation after compilation which is being forwarded to ICAR for production of breeder seed of different crops. The breeder seed is used to produce foundation seed than certified seed which is being supplied to the farmers.

2.23 The statement of breeder seed produced during last 5 years is given below. Year-wise details of breeder seed produced of different field crops may kindly be perused vide **annexure-III.**

Sl. No.	Year	Indent	Production
1.	2003-04	25316.80	40228.86
2.	2004-05	29491.75	43413.05
3.	2005-06	34783.54	50260.08
4.	2006-07	46078.32	52913.19
5.	2007-08	59530.28	71622.82

2.24 In addition to above, more than 20,000 quintals breeder seed is produced yearly for State released Varieties directly by centres as per indent of their respective states.

2.25 The production of foundation and certified seed is through state agencies and in this respect ICAR has been able to produce breeder seed as per the requirement of the government and often in excess of the requirement placed. The Government continues to sponsor seed produced in the public system.

2.26 The breeder seed of high yielding varieties and parental lines of hybrids are also being supplied to State Governments and other organizations for production of foundation and certified seeds, which is supplied to farmers of the country for growing different crops.

2.27 In addition to above, State Agricultural Universities and ICAR Institutes are supplementing the quality seed production by way of growing truthfully leveled seed of high yielding varieties of different crops.

2.28 Besides, the quality seed is also produced at farmers field under participatory seed production programme by breeder seed production centers of National Seed Project (Crops).

2.29 The M/o Agriculture is also implementing, a Central Sector Scheme 'Development and Strengthening of Infrastructure Facilities for Production and Distribution of Quality Seeds'. The scheme is being implemented from the year 2005-06 on all India basis aiming at making available quality seed of various crops to the farmers at affordable price and in time. The major thrust under this scheme is to upgrade the quality of farmer-saved seed, which is about 80-85% of the total seed used for crop production programme by providing financial assistance for distribution of foundation/certified seeds at 50% cost of the seed of crops for production of certified/quality seeds and hybrids and for training on seed production and technology to the farmers. Besides, credit linked back-ended capital subsidy is provided to the private sector at the rate of 25% of the project cost subject to a maximum of Rs. 25.00 lakh on seed infrastructure development. The State Seed Testing Laboratories, State Seed Corporations, Central Seed Testing Laboratories are strengthened to ensure the quality of seeds. Financial assistance is also provided for creation/strengthening of infrastructure facilities for production and distribution of quality seeds. The implementation of the scheme during the Tenth Five Year Plan has been evaluated by the Indian Institute of Management, Calcutta, who has generally appreciated the scheme.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Annexure-I

Latest Status of Market Reforms in Agriculture through APMC Act Amendments

Sl. No.	**Stage of Reforms**	**Name of States/ Union Territories**
1.	States/ UTs where reforms to APMC Act have been done as suggested.	*Andhra Pradesh, Arunachal Pradesh, Assam, Chattisgarh, Goa, Gujarat, Himachal Pradesh, Jharkhand, Karnatka, Madhya Pradesh, Maharashtra, Nagaland, Orissa, Rajasthan, Sikkim, Tripura*
2.	States/ UTs where reforms to APMC Act has been done partially a) by amending APMC Act/ resolution	a) Direct Marketing: NCT of Delhi b) Contract Farming: Haryana, Punjab and Chandigarh c) Private Markets: Punjab and Chandigarh
3.	States/ UTs where there is no APMC Act and hence not requiring reforms	Kerala, Manipur, Bihar*, Andaman & Nicobar Islands, Dadra & Nagar Haveli, Daman & Diu and Lakshadweep
4.	States/ UTs where APMC Act already provides for the reforms	Tamil Nadu
5.	States/ UTs where administrative action is initiated for the reforms	Mizoram, Meghalaya, Haryana, J&K, Uttaranchal, Uttar Pradesh, West Bengal, NCT of Delhi and Pondicherry

* APMC Act is repealed w.e.f. 1.9.2006

Annexure-II

MIS IMPLEMENTED FROM 1999-2000 to 2008-2009

SL. No.	Name of Commodity	State	Year	Procurement Price (MIP) (Rs. per Qtl.)	*Procure-ment Target* (in MTs)	*Actual procure-ment* (in MTs)	*Value of Qty. Procured (Rs. lakh)*
1.	Oilpalm	Andhra Pradesh	1999-2000 1.1. to 31.12.2000	275	65000	65000	1820.00
2.	Oilpalm	Karnataka	1999-2000 18.2. to 17.8.2000	275	5000	3189	89.31
3.	Onion	Maharashtra	1999-2000 20.1 to 29.2.2000	250	65000	65000	2600.00
4.	Kinno/ Malta/	Himachal Pradesh	1999-2000 10.12.99 to 15.2.2000	425 (B grade) 365 (C grade)	200	148	9.91
5.	Galgal	Himachal Pradesh	1999-2000 10.12.99 to 15.2.2000	250	150	85	3.00
6	Apple (Kinnaure)	Himachal Pradesh	2000-2001 15.9. to 14.10.2000	1000 (A grade)	16000	1982	239.47
7.	Potato	Punjab	2000-01 15.2. to 31.3.2001	200	17000	NIL	NIL
8.	Apple (culled)	Himachal Pradesh	2000-2001 15.7. to 15.11.2000	375	44,000	44,000	2222.00
9.	Red Chillies	Andhra Pradesh	2001-2002 20.3. to 30.6.2001	2400	15,000	602	167.95
10	Oilpalm	Andhra Pradesh	2001-2002 1.3. to 31.10.2001	275	1,05,000	37,824	1059.07
11.	Oilpalm	Karnataka	2001-2002 1.04. to 31.12.2001	275	8,000	2489	69.71
12.	Arecanut	Goa	2001-2002 1.05. to 31.7.2001	7300	208	171	137.43
13.	Arecanut	Karnataka	2002-2003 25.6. to 31.10.2002	6000	10,000	3097	1978.59
14.	Arecanut	A&N Islands	2002-2003 1.6. to 31.10.2002	5500	3250	204	111.73
15.	Potato	Uttar Pradesh	2002-2003 22.2. to 25.4.2003	190	1,00,000	885	21.02
16.	Ginger	Mizoram	2003-2004 1.4 to 30.6.2003	400	15,000	15,000	669.00
17.	Potato	West Bengal	2003-2004 7.4.to 6.5.2003	200	20,000	8275	194.94
18.	Chillies	Andhra Pradesh	2003-2004 3.3.to 29.6. 2004	2650	30,000	27910	8319.97
19.	Potato	Uttar Pradesh	2003-2004 15.2.to 30.4.2004	195	1,00,000	NIL	NIL
20.	Orange	Rajasthan	2003-2004 15.2.to 30.3.2004	244	5,000	NIL	NIL
21.	Coriander seed	Rajasthan	2003-2004 29.3.to 28.5.2004	1450	2000	594	104.00

22.	Cumin seed	Rajasthan	2003-2004 29.3 to 28.4.2004	5200	2000	NIL	NIL
23.	Ginger	Mizoram	2004-2005 15.4.to 15.6.2004	500	5900	5900	346.36
24.	Onion	Rajasthan	2004-2005 11.6.to 25.7.2004	280	5000	26	0.89
25.	Hatkora	Mizoram	2004-2005 17.8. to 16.9.2004	450	1410	1410	79.24
26.	Apples ‘C’ Grade	Himachal Pradesh	2004-2005 1.8. to 31.10.2004	400	32500	32500	1354.69
27.	Apples ‘C’ Grade	Jammu & Kashmir	2004-2005 15.10. to 31.12.2004	300	45000	NIL	NIL

SL. No.	**Name of Commodity**	**State**	**Year**	**Procurement Price (MIP) (Rs. per Qtl.)**	***Procure-ment Target* (in MTs)**	***Actual procure-ment* (in MTs)**	***Value of Qty. Procured (Rs. Lakh)***
28.	Ginger	Mizoram	2004-2005 1.2. to 15.03.2005	500	6400	6400	375.26
29.	Black Pepper	Kerala	2004-2005 15.2. to 15.4. 2005	7000	5050	4755	3804.00
30.	Chillies	Andhra Pradesh	2004-2005 23.3. to 31.5.2005	Premium 2700 Common 2500	30,000	9581	2722.14
31.	Garlic	Rajasthan	2005-2006 10.5. to 10.6.2005	700	2000	NIL	NIL
32.	Onion	Rajasthan	2005-2006 1.6. to 31.7. 2005	250	5000	NIL	NIL
33.	Apples ‘C’ grade	Himachal Pradesh	2005-2006 1.8.to 31.10.2005	425	50,000	22362	1185.18
34.	- do -	Uttarakhand	- do -	350	10,000	NIL	NIL
35.	Malta	Uttarakhand	2005-2006 15.12. to 15.2.2006	400	8,000	NIL	NIL
36.	Hatkora	Mizoram	2005-2006 1.10.to 10.11.2005	450	1700	1700	95.54
37.	Chilli	Mizoram	2005-2006 15.2. to 15.3.2006	2800	1250	1250	388.65
38.	Onion	Rajasthan	2006-2007 29.5.to 28.6.2006	280	5000	NIL	NIL
39.	Apples ‘C’ grade	Uttarakhand	2006-2007 1.9. to 30.11.2006	425	1000	NIL	NIL
40.	Malta	Uttarakhand	2006-2007 1.9. to 30.11.2006	425	2000	NIL	NIL
41.	Ginger	Mizoram	2007-2008 5.5.07 to 4.6.2007	500	20,194	20,194	1009.70
42.	Chilli	Mizoram	2007-2008 10.6. to 10.7.2007	2800	4250	4250	1261.82
43.	Passion Fruit	Mizoram	2007-2008 10.6. to 10.7.2007	700	8000	8000	692.00
44.	Apples ‘C’ grade	Himachal Pradesh	2007-2008 1.8.to 31.10.2007	450	27,000	27,000	1518.75

45.	- do -	Uttarakhand	2007-2008 20.8.to 20. 09.2007	450	1,500	115	5.17
46.	Malta 'C' grade	Uttarakhand	2007-2008 4.12.07 to 31.01.08	500	2,000	116	6.46
47.	Onion	Karnataka	2007-2008 1.1.08 to 31.1.08	450	30,000	NIL	NIL
48.	Potato	Uttar Pradesh	2008-2009 8.4.08 to 7.5.2008	250	1,00,000	Information awaited	--
49.	Chilli	Mizoram	2008-2009 21.4.08 to 21.5.08	2800	1810	1810	633.50
50.	Potato	West Bengal	2008-2009 12.5.08 to 11.6.08	230	1,00,000	Information awaited	--
51.	Passion Fruit	Mizoram	2008-2009 10.7. to 10.8.2008	700	9000	9000	787.50
52.	Apples 'C' grade	Uttrakhand	2008-2009 1.8. to 31.8.2008	450	1500	17	0.76
53.	Apples 'C' grade	Himachal Pradesh	2008-2009 01.8 to 30.9.2008	450	38,000	28451	1280.29
54.	Malta 'C' grade	Uttrakhand	2008-2009 1.11. to 31.12.2008	525	1600	69	3.62
55.	Chow Chow (Iskut)	Mizoram	2008-2009 15.10. to 15.12.08	450	6450	3180	143.10
56.	Ginger	Nagaland	2008-2009 03.2. to 2.3.2009	500	15000	Information awaited	

Annexure-III

BREEDER SEED INDENT & PRODUCTION OF DIFFERENT CROPS DURING 2003-04 TO 2007-08

(Production in quintals)

CROPS	2003-04		2004-05		2005-06		2006-07		2007-08	
	Indent	Prodn.	Indent	Prodn.	Indent	Prodn.	Indent	Prodn.	Indent	Prodn.
Wheat	7279.70	12498.80	9808.90	13502.20	10906.02	16407.00	13451.80	14863.42	21460.56	26204.13
Paddy	867.24	1518.35	1199.41	2571.53	1574.67	2849.77	2076.24	3405.11	2490.73	3923.40
Sorghum	32.58	105.47	36.64	86.55	35.48	181.74	30.10	96.98	22.25	97.55
Maize	30.58	116.58	64.70	115.96	88.11	136.94	83.10	172.45	99.54	145.88
Barley	189.25	443.10	313.00	701.33	362.55	851.61	1338.85	1915.50	1810.85	2316.83
Pearl millet	12.89	15.12	12.31	12.69	15.01	35.49	20.28	16.18	16.19	39.85
Small millet	5.87	13.10	5.72	24.94	5.99	14.93	5.28	19.33	2.92	31.63
Pulse Crops	4764.40	6745.78	4967.75	7120.90	5535.93	6865.40	7348.48	9382.98	9947.76	11234.00
Jute/ S&M	8.89	8.31	7.37	5.23	7.85	10.08	11.61	14.12	10.53	13.94
Cotton	70.93	262.90	112.62	196.47	197.24	454.02	60.23	217.29	161.63	176.53
Forage *Crops*	385.27	385.67	387.5	515.35	389.84	706.65	456.44	1043.10	930.64	1401.60
Oilseed crops	11669.20	18115.68	12515.78	18559.90	15664.78	21755.45	21195.41	21766.73	22576.68	26037.48
Total	25316.80	40228.86	29491.75	43413.05	34783.54	50260.08	46078.32	52913.19	59530.28	71622.82

Recommendation (Sl. No.7 Para No. 5.18)

2.30 From the Statement of demand and estimated production of foodgrains, the Committee observed that the production of foodgrains during the last five years was less as compared to their demand. For example, in 2002-03, the demand of rice was 86.59 million tonnes whereas the production was only 71.82 million tonnes. Similarly, during 2004-05, the demand of rice was 89.24 million tonnes but the production was 83.13 million tonnes. In the case of wheat, pulses and oilseeds, the production was less than the demand in the country for the last five years. The reasons for less production of foodgrains are stated to be increase in population and diversion of agricultural land for non-agricultural purpose such as urbanization, roads, industries etc. In order to increase the production of agricultural produce, the Government of India has been implementing a number of schemes viz. Integrated Cereals Development Programme (ICDP), Integrated Scheme of Oilseeds, Pulses, Oil Palm and Maize (ISOPOM). The Department of Agricultural and Cooperation has also taken a number of initiatives to enhance the production of foodgrains during 2007-08 which includes two major programmes namely, The National Food Security Mission (NFSM) and Rashtriya Krishi Vikas Yojana (RKVY) to incentivize the states to invest more in agricultural and allied sectors. A National Policy for Farmers 2007 has also been approved for economic well being of farmers. The National Rainfed Area Authority (NRAA) has been operationalized to coordinate and address the problem of rainfed agriculture. Besides, a Weather Based Crop Insurance Scheme (WBCIS) has been introduced in addition to National Agricultural Insurance Scheme to cover the farmers' risk. The Committee are of the opinion that unless and until these schemes and programmes are implemented in letter and spirit, the situation will remain unchanged. The Committee, therefore, recommend that the Government should make sincere efforts to persuade the State Governments to implement the aforesaid programmes /schemes/ projects to maintain sustainable agricultural production to meet the requirement of increasing population in the country.

Reply of Government

2.31 Integrated Cereals Development Programme is a component of the Macro Management Programme, a Centrally Sponsored Scheme of the Department of Agriculture & Cooperation. This scheme provides flexibility to the States to develop and pursue activities on the basis of their regional priority through their Work Plan.

2.32 In the year 2008-09, Macro Management of Agriculture (MMA) Scheme has been revised to improve its efficacy in supplementing/complementing the efforts of the States towards enhancement of agricultural production and productivity. The revised MMA scheme comprises 11 sub-schemes relating to crop production and natural resource management.

2.33 On the basis of the major cropping systems followed in the country, schemes for three cereal-based major cropping systems like Rice Based Cropping system; Wheat Based Cropping System; and Coarse Cereals Based Cropping System were formulated. These included (i) Integrated Cereals

Development Programme in Rice Based Cropping Systems Areas (ICDP-Rice), (ii) Integrated Cereals Development Programme in Wheat Based Cropping Systems Areas (ICDP-Wheat); and (ii) Integrated Cereals Development Programme in Coarse Cereals Based cropping Systems Areas (ICDP-Coarse Cereal). However, assistance to all the cereal crops will be provided under all the schemes.

2.34 In order to give a boost to the production of pulses and oilseeds to meet the food and nutritional security, a new component of Integrated Crop Production Programmes for Pulses, Oilseeds and Maize has been included as one of the Crop Production Programmes under the revised Macro Management of Agriculture Scheme. However, to avoid overlapping it has been decided that the crop production programme for pulses, oilseeds and maize under the revised MMA scheme will only be implemented in the area not covered under the Centrally Sponsored Scheme of Integrated scheme of Oilseeds, Pulses, Oil palm and Maize (ISOPOM).

2.35 In view of the stagnating food grain production and increasing consumption need of the growing population, the NDC in its 53rd meeting held on 29th May, 2007 adopted a resolution to enhance the production of rice, wheat and pulses by 10 million, 8 million and 2 million tonnes respectively by 2011.

2.36 Accordingly, on 16th August, 2007 Government has approved the 'National Food Security Mission (NFSM)' a Centrally Sponsored Scheme to operationalize the resolution passed by the NDC. It has three components - (i) National Food Security Mission – Rice (NFSM-Rice); (ii) National Food Security Mission – Wheat (NFSM-Wheat); and (iii) National Food Security Mission – Pulses (NFSM-Pulses). The Mission aims at increasing production of rice, wheat and pulses through a set of measures such as area expansion, productivity enhancement in selected districts; restoring soil fertility; creating employment opportunities; and enhancing farm level economy to restore the confidence of the farmers of the targeted districts. The NFSM-Rice would be implemented in 133 Districts, NFSM-wheat in 138 districts and NFSM-Pulses in 168 Districts.

2.37 The scheme aims to target the select districts in the country by making available the developed technologies to the farmers through a series of planned interventions. A close monitoring mechanism at various levels would ensure that these interventions reach the targeted beneficiaries.

2.38 Under the Mission, 305 districts will be covered; 20 million hectares of rice, 13 million hectares of wheat and 4.5 million hectares of pulses are included in these districts that roughly constitute about 50 per cent of cropped area for wheat and rice. For pulses, an additional 20 per cent cropped area would be created.

2.39 There is a major shift in approach to target low producing districts as against the high productivity districts. The highest productivity districts are reaching a plateau in productivity and exploitation of natural resources is now overstretched. The opportunity of a quantum jump in productivity in these districts is very low. As against this, the gap in potential yield and actual yield in eastern and central States is very wide even though there is very good irrigation coverage. The districts identified for rice and wheat contribute about 37.33 percent and 42.6 percent of the national production of the respective crops with an average productivity level of 1714 kg/ha and 2339 kg/ha. If the productivity of these districts increases to the level of national average i.e. 2127 kg/ha for rice and 2671 kg/ha for wheat, the gain in production would be about 10.0 million tons in rice and 8.0 million tons in wheat and 2.0 million tones of pulses from identified districts. The pattern of assistance for three components of the Mission is given at **Annexure IV.**

2.40 Government has also approved a new State Plan Scheme of Additional Central Assistance (ACA) for agriculture and allied sectors, namely, Rashtriya Krishi Vikas Yojana (RKVY) has been launched during 2007-08, with a view to reorient the current agricultural development strategies, to meet the needs of the farmers and for fresh efforts by the Central and State Governments to rejuvenate agriculture so as to achieve 4% annual growth during the 11th Five Year Plan, with an envisaged outlay of Rs. 25,000/- crore for the 11th Five Year Plan.

2.41 The broad objective of RKVY is to incentivize the States to increase public investment to achieve 4% growth rate in agriculture and allied sectors in the 11th Five Year Plan. The new scheme requires the States to prepare District and State Agriculture Plans and to increase or at least maintain the percentage share of expenditure in the agriculture and allied sectors in the State Plan. The allocation of funds to the States is based on the net un-irrigated area, gross state domestic product in agriculture and allied sectors to be attained by the end of the 11th Five Year Plan, and increase in the State Plan expenditure in agriculture and allied sectors. The ACA is made available to the States as 100% grant. The States have been provided flexibility and autonomy in the process of selection, planning, approval and execution of schemes. The State Level Sanctioning Committee (SLSC) headed by the Chief Secretary approves the projects under RKVY. The distribution of the funds among the States is in two streams – Stream-I and Stream-II. Under Stream-I, at least 75% of the RKVY funds are made available for specific projects as part of the State and District Plans. Under Stream-II, upto 25% of the total RKVY funds to a State are made available for strengthening existing State Sector schemes. The funds are routed through the State Agriculture Department, which is the nodal Department for the scheme.

2.42 Under the Scheme, the following broad activities have been identified for focus attention - Integrated Development of Food Crops, including coarse cereals, minor millets and pulses; Agriculture Mechanization; Soil Health and Productivity; Development of Rainfed Farming Systems; Integrated Pest Management; Market Infrastructure; Horticulture; Animal Husbandry, Dairying and Fisheries; Concept to Completion Projects that have definite timelines; Support to Institutions that promote Agriculture and Horticulture, etc.; Organic and Bio-fertilizers; and Innovative Schemes. These activities are only indicative in nature.

2.43 The Scheme has been operationalized with effect from August, 2007 and has evoked a good response from the States during 2007-08 with 22 States holding the meetings of the SLSC headed by the Chief Secretary to clear the projects. During the year 2007-08 an amount of Rs.1246.89 crore including Rs.48 crore @ Rs. 10 lakh per district for preparation of District Agriculture Plan(DAP) was released to States under the RKVY.

2.44 For the current fiscal a revised outlay of Rs.2891.70 crore has been provided under the RKVY. An amount of Rs.1863.77 crore has been released to eligible States. This includes Rs.6.40 crore @ Rs.10 lakh per district for preparation of District Agriculture Plans to five States and three UTs. State-wise allocation and release of funds under RKVY during 2007-08 and 2008-09 is at **Annexure-V.**

2.45 Further in order to provide flexibility to the States in implementation based on regionally differentiated approach, to promote crop diversification and to provide focused approach to the programmes, a Centrally Sponsored Integrated Scheme of Oilseeds, Pulses, Oilpalm and Maize (ISOPOM) is being implemented from 1.4.2004 in 14 major oilseeds and pulses growing States.

2.46 As a result of concerted efforts, the production of oilseeds increased from 25.19 million tones in 2003-04 to 28.82 million tones in 2007-08. This was brought about not only by increase in area but also by improving the productivity from 1064 kg. to 1086 kg. per hectare during the above period. There has been a record production of 28.82 million tones of oilseeds in the country during 2007-08 (4^{th} Advance Estimate).

2.47 The pulses production in the country increased from 14.91 million tones in 2003-04 to 15.11 million tones in 2007-08. There has been a record production of 15.11 million tones of pulses during 2007-08 (4^{th} Advance Estimate). Despite a record production of oilseeds and pulses during 2007-08, the production of these crops is less than the domestic demand in the country

2.48 In order to make implementation the ISOPOM more effective, the States are advised to enhance the production of major Oilseeds and Pulses in potential areas. The States have also been advised to bring additional area in potential regions of the States under oilseeds and pulses through intercropping and use of rice fallows. To monitor the implementation of ISOPOM, the scheme is reviewed by the Department by organizing regional meetings and filed implementation through National Level Monitoring Teams (NALMOTs). Beside this, the Scheme is also monitored through State Level Sanctioning Committee (SLSC) under the Chairmanship of the Secretary (Agriculture) of States.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Comments of the Committee

(Please see Para No. 1.17 of Chapter – I of the Report)

ANNEXURE - IV

Allocation and Release of funds under NFSM during 2008-09 as on 10.2.2009 (Rs. in Crore)

State	Rice		Wheat		Pulses		Publicity			Other Expenditure at central level	Total alloc.	Total amount released
	Allocation	Release	Allocation	Release	Allocation	Release	Allocation	Release	Allocation	Release		
1	**2**	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11**	**12**	**13**
Andhra Pradesh	36.69	20.16	0.00	0.00	68.34	23.00	1.00	1.00	0.00	0.00	106.03	44.16
Assam	32.43	15.45	0.00	0.00	0.00	0.00	0.20	0.20	0.00	0.00	32.63	15.65
Bihar	39.28	18.77	40.87	9.12	29.46	16.24	0.00	0.00	0.00	0.00	109.61	44.13
Chhattisgarh	35.30	22.69	0.00	0.00	52.22	32.96	0.00	0.00	0.00	0.00	87.52	55.66
Gujarat	4.45	2.76	9.48	2.43	7.21	3.04	0.41	0.10	0.00	0.00	21.55	8.33
Haryana	0.00	0.00	25.53	3.33	1.68	0.75	0.00	0.00	0.00	0.00	27.21	4.08
Jharkhand	12.77	9.50	0.00	0.00	0.00	0.00	0.30	0.30	0.00	0.00	13.07	9.80
Karnataka	19.39	15.36	0.00	0.00	15.92	9.55	0.50	0.50	0.00	0.00	35.81	25.41
Kerala	1.89	1.51	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	1.89	1.51
Madhya Pradesh	20.89	14.16	42.85	26.18	50.83	24.05	0.00	0.00	0.00	0.00	114.58	64.38
Maharashtra	15.06	12.16	19.51	9.99	42.78	24.91	1.53	1.25	0.00	0.00	78.88	48.31
Orissa	40.02	30.60	0.00	0.00	28.93	19.99	0.81	0.70	0.00	0.00	69.76	51.29
Punjab	0.00	0.00	41.09	24.62	4.10	1.78	0.00	0.00	0.00	0.00	45.19	26.40
Rajasthan	0.00	0.00	28.05	8.41	12.53	3.56	1.48	0.75	0.00	0.00	42.06	12.71
Tamil Nadu	41.18	23.54	0.00	0.00	6.14	2.02	0.50	0.50	0.00	0.00	47.82	26.05
Uttar Pradesh	33.74	44.89	120.07	76.33	38.43	20.70	0.00	0.00	0.00	0.00	192.24	141.92
West Bengal	49.02	32.32	5.69	1.60	15.69	9.89	0.00	0.00	0.00	0.00	70.39	43.81
Total	**382.11**	**263.88**	**333.14**	**162.02**	**374.27**	**192.42**	**6.73**	**5.30**	**0.00**	**0.00**	**1096.24**	**623.62**
IIPR, Kanpur	0.00	0.00	0.00	0.00	3.40	3.15	0.00	0.00	0.00	0.00	3.40	3.15
ICRISAT	0.00	0.00	0.00	0.00	1.61	0.47	0.00	0.00	0.00	0.00	1.61	0.47
	0.00	0.00	0.00	0.00	2.38	1.00	0.00	0.00	0.00	0.00	2.38	1.00
NSC-seed Minikit	0.00	0.00	7.12	0.03	0.00	0.00	0.00	0.00	0.00	0.00	7.12	0.03
SFCI-Seed Minikit	0.00	0.00	6.52	0.31	0.00	0.00	0.00	0.00	0.00	0.00	6.52	0.31
S.S.Cs-Seed Minikit	0.00	0.00	0.16	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.16	0.00
SFCI for Pulses seed Production	0.00	0.00	0.00	0.00	20.78	10.00	0.00	0.00	0.00	0.00	20.78	10.00
Publicity at central level	0.00	0.00	0.00	0.00	0.00	0.00	20.00	20.00	0.00	0.00	20.00	20.00
Other Expenditure at Central level	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	5.84	0.82	5.84	0.82
Grand Total	**382.11**	**263.88**	**346.94**	**162.36**	**402.44**	**207.05**	**26.73**	**25.30**	**5.84**	**0.82**	**1164.05**	**659.40**

Annexure-V

State-wise Allocation and Release of Funds under RKVY during 2007-08 & 2008-09 (Rs. Crores)

Sl. No.	Name of the State	2007-08		2008-09(as on 31st Jan. 09)		
		Allocation	Release	Allocation	Release	
1	2	3	4	5	6	
1	Andhra Pradesh	93.13	61.08	316.57	297.17	
2	Arunachal Pradesh#	2.85	1.90	6.88		
3	Assam*	23.77	0.00	142.62	72.81	
4	Bihar	64.02	57.77	148.54	148.54	
5	Chhatisgarh	60.54	52.96	116.48	59.94	
6	Goa #	2.29	1.70	6.91		
7	Gujarat	53.71	49.81	243.39	243.39	
8	Haryana	23.12	21.52	74.00	39.5	
9	Himachal Pradesh	17.39	16.17	15.11	15.11	
10	Jammu & Kashmir* #	6.85	0.00	16.17	1.20	**
11	Jharkhand	61.66	55.68	58.62	10.46	
12	Karnataka	171.97	154.30	316.57	314.14	
13	Kerala	61.41	55.40	60.11	30.06	
14	Madhya Pradesh	110.01	101.62	146.05	60.03	
15	Maharashtra	142.20	128.20	269.63	24.20	
16	Manipur * #	1.35	0.00	4.14	0.90	**
17	Meghalaya	7.00	6.37	13.53	6.77	
18	Mizoram * #	1.05	0.00	4.29	0.80	**
19	Nagaland	9.45	3.19	13.89	0.99	
20	Orissa	46.59	39.30	115.44	47.73	
21	Punjab	39.85	36.05	87.52	43.76	
22	Rajasthan	71.68	55.76	233.75	116.88	
23	Sikkim	2.77	2.77	11.37	5.68	
24	Tamil Nadu	188.21	153.60	140.38	70.19	
25	Tripura	4.69	4.16	34.02	16.08	
26	Uttar Pradesh	116.15	103.90	316.57	158.29	
27	Uttarakhand	30.54	28.25	20.60		
28	West Bengal	60.87	54.93	147.38	76.01	
	Total States	**1475.12**	**1246.39**	**3080.53**	**1860.63**	
	UTs					
1	A & N Islands	9.52	0.00	6.43	0.41	
2	Chandigarh	0.22	0.00	2.2	0.14	
3	D& N Haveli #	0.25	0.00	0.61	0.00	
4	Daman & Diu			1.42	0.26	
5	Delhi #	0.56	0.10	1.83	0.00	
6	Lakshadweep	0.92	0.00	12.08	1.13	
7	Pondicherry #	3.13	0.40	6.67	0.00	

	Total UTs	**14.58**	**0.50**	**31.24**	**1.94**	
	District Agricultural Plan	10.30		53.90		
	NIRD, ISEC, IEG				1.00	
	Contingency				0.20	
	Grand Total	**1500.00**	**1246.89**	**3165.67**	**1863.77**	

* These States were ineligible for accessing funds under RKVY during 2007-08.
# These States/UTs are ineligible for accessing funds under RKVY during 2008-09.
** Funds have been released for preparation of DAPs @ Rs.10 lakh per district.

Recommendation (Sl. No.8 Para No. 5.19)

2.49 The Committee are constrained to note that despite the various measures undertaken by the Government, the production of oilseeds in the country has not increased. Although the area under oilseeds has increased from 18.91 million hectare in 1980-81 to 22.64 million hectares in 2006-07 and the production of oilseeds has increased from 20.66 million tonnes in 2001-02 to 24.89 million tonnes in 2006-07, still the dependency on import to meet the requirement of oilseed in the country cannot be negated. Taking note of the indigenous production and imports alongwith the overall demand and supply position of oilseeds and edible oil in the country, the Committee feel that there is an urgent need to pay more attention to R&D for improved varieties of seeds and improved technologies for production of oilseeds. Farmers should be made aware of the R&D technology and given incentives for opting of production of oilseeds through result oriented scheme/plan. The Committee feel that to bridge the gap between demand and supply of edible oil, the increase in production of oilseeds is desirable. To reduce the dependency on imported edible oils, efforts for developing improved high-yielding varieties of oilseeds through Seed Corporation of India need to be geared up. For this, Government should make a policy to make available good quality seeds at cheaper rates and educate farmers about latest methods of agriculture. So far the water conservation and irrigation is concerned, scope of drip irrigation should be extended. The Committee therefore, strongly recommend that Government should think of ways and means to make available disposable drip system within the reach of every farmer that would result in water conservation and there will be surety of irrigation. Result-oriented action should also be taken to promote and popularize the use of non-traditional secondary source of edible oil. The Committee urge upon the Government to make available high yielding seeds and fertilizers in time to boost small farmers' crop production capacity.

Reply of Government

2.50 Introduction of new/high yielding varieties of seeds is the mandate of the Department of Agriculture Research and Education/ICAR/State Agricultural Universities. However, the Deptt. of Agriculture & Cooperation is implementing a Central Sector Scheme 'Development and Strengthing of Infrastructure Facilities for Production and Distribution of Quality Seeds' is being implemented from the year 2005-06 on all India basis aiming at making available quality seed of various crops to the farmers at affordable price and in time. The major thrust under this scheme is to upgrade the quality of farmer-saved seed, which is about 80-85% of the total seed used for crop production programme by providing financial assistance for distribution of foundation/certified seeds at 50% cost of the seed of crops for production of certified/quality seeds and hybrids and for training on seed production and technology to the farmers. Besides, credit linked back-ended capital subsidy is provided to the private sector at the rate of 25% of the project cost subject to a maximum of Rs. 25.00 lakh on seed infrastructure development. The State Seed Testing Laboratories, State Seed Corporations, Central Seed Testing Laboratories are strengthened to ensure the quality of seeds. Financial assistance is also provided for creation/strengthening of infrastructure facilities for production and distribution of quality seeds. The implementation of the scheme during the Tenth Five Year Plan has been evaluated by the Indian Institute of Management, Calcutta who has generally appreciated the scheme

2.51 As regards extention of scope for drip irrigation the Government of India has launched a Centrally Sponsored Scheme on Micro Irrigation during 10th Plan period for installation of drip sprinkler irrigation system for both horticulture and non-horticulture crop. Oilseeds are also covered under this scheme as non-horticulture crop. The scheme envisages 40% assistance from Government of India, 10% from State Government and the remaining 50% of the cost of the system to be borne by the farmers either through his or her own resources or by availing soft loan from financial institutions. **All categories of farmers are eligible for taking benefit of this scheme.** During this year (2008-09) there is a budget allocation of Rs.480.00 crore to cover 4.00 laky ha. area under micro irrigation (drip & sprinkler system) for different crops including oil seed excluding oil palm.

2.52 To reduce dependency on imported edible oils, the Government of India has modified ISOPOM during the XIth plan period as under to facilitate assistance for cultivation of oilseeds:

a. The financial assistance on production and distribution of certified seeds of oilseeds and pulses has been enhanced from Rs.500/-qtl. to Rs.1000/- qtls. and from Rs.800/ qtl. to Rs.1200/ qtls. respectively under modified ISOPOM during XI plan.
b. In addition to NSC & SFCI, new seed producing agencies viz. NAFED, KRIBHCO & IFFCO have been designated as Central seed producing and distributing agencies of oilseeds, pulses & maize crops under modified ISOPOM during XI plan
c. In order to provide a level playing field to the private sector seed producing agencies vis.a.vis public sector seed producing agencies, the benefit of distribution subsidy has also been extended to private sector seed producing agencies subject to seeds being certified and that distribution undertaken through State Governments.
d. Enhancement/rationalization of subsidy on demonstration, sprinkler sets, rhizobium cultures, irrigation pipes besides inclusion of new components i.e. supply of improved farm implements and micronutrients.

2.53 Further, with a view to augment the supply of edible oil through palm oil and also to exploit the potential of oilpalm in the country, a Committee under the Chairmanship of Dr. K.L. Chadha to re-assess the scope of oilpalm cultivation, was constituted by the Department of Agriculture & Cooperation in November, 2005. The Committee in its report, submitted to DAC, has identified 10.36 lakh ha. as potential area for oilpalm plantation and has recommended that 2.24 lakh ha. be brought under oilpalm cultivation in the 11th Five Year Plan.

2.54 During last 3 years of Xth Five Year Plan and in first two years of XI plan, Oilpalm Development Programme is being implemented as a component of restructured Integrated Scheme of Oilseeds, Pulses, Oilpalm and Maize

(ISOPOM) in the states of Andhra Pradesh, Karnataka, Tamil Nadu, Kerala, Goa, Gujarat, Orissa, Tripura, Assam & Mizoram to achieve the area expansion targets. An area expansion 75840 ha has been achieved from 2004-05 to 2008-09 (till Nov, 2008) under ISOPOM.

2.55 To educate farmers about the latest methods of agriculture farmers are given training and demonstration on the latest methods of farming/modern technology through the following programmes of the Department of Agriculture & Cooperation

1. **Support to State Extension Programmes for Extension Reforms** – This Scheme launched during 2005-06, aims at making extension system farmer driven and farmer accountable by way of new institutional arrangements for technology dissemination in the form of an Agricultural Technology Management Agency (ATMA) at district level to operationalize the extension reforms. ATMA will has active participation of farmers / farmer groups, NGOs, Krishi Vigyan Kendras, Panchayati Raj Institutions and other stakeholder operating at district level and below. 581 districts level ATMAs have been established. Gender concerns are being mainstreamed by mandating that 30% of resources on programmes and activi8ties are allocated for women farmers and extension functionaries. Since inception, out of total 49 lakh farmers' beneficiaries, 13.96 lakh women farmers (28.49%) have participated in various extension activities under the scheme.

2. **Mass Media Support to Agriculture:** This scheme is focusing on two initiatives. The first is use of Doordarshan infrastructure for providing agriculture related information and knowledge to the farming community. 180 Narrow casting Centres, 18 Regional Centres and 1 National Centre of Doordarshan Kendras telecast agricultural programmes for 30 minutes, five days a week. Programmes of Regional Kendras and some Narrowcasting centres are being repeated the next day on respective Regional Satellite Channel. Audio/ Video spots on emerging issues viz. Rabi/Kharif campaign, Kisan Call Centre, Kisan Credit Card etc. are also publicized through the programme using free commercial time. Live 'Crop Seminars' on DD involving farmers and experts have also been organized.

   The other component of the mass media initiative is use of 96 FM Transmitter of AIR to broadcast area specific agricultural programme with 30 minutes radio transmission in the evening six days a week.

3. **Kisan Call Centers** – The scheme was launched on 21st January'04 to provide agricultural information to the farming community through toll free telephone lines. A country wide common eleven digit number '**1800-800-1551'** has been allocated for KCC. The replies to the queries of the farming community are being given in 21 local languages. Calls are attended from 6.00 am to 10.00 pm on all 7 days of the week. Since inception of the scheme, over 30.78 lakh calls have been received upto 31st December,2008.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. No.9 Para No. 6.17)

2.56 The Committee observe that the Government of India is fully committed to provide food security to every citizen in the country. Due to less production of wheat in the country in 2006-07, there was reduction in wheat stock in the Central Pool. The Committee have been informed that at the start of RMS 2007-08, i.e. as on 01/04/07, the stock of wheat in the Central Pool was 45.6 lakh tonnes against the buffer norms of 40 lakh tonnes. The procurement of wheat in RMS 2007 was only 111 lakh tonnes against the requirement of 150 lakh tonnes for the TPDS and other welfare schemes. In order to make up the shortfall as well as to keep the prices stable and ensure adequate buffer stock, the Government took decision to import wheat for the Central Pool. The custom duty on import of wheat was reduced to zero and a ban on export of wheat and rice was imposed. Accordingly, in 2006-07, a quantity of 54.540 lakh metric tonnes of wheat was imported from Australia, Canada, CIS, France, Argentina and Hungary. Besides, a quantity of 13.06 lakh metric tonnes was contracted for the year 2007-08.

The Committee find that despite putting a ban on export of wheat and rice and reduction of custom duty in the import of pulses to zero, the Government could not succeed in curbing the price rise of essential commodities. However, consequent upon the ban on export of wheat, the prices of wheat declined by 3.92 per cent during this period. The Committee fail to understand the reasons for import of wheat in 2007-08 when the availability of wheat in the country exceeded the demand. In the opinion of the Committee, the Government could not take timely steps to address the issues viz. high open market prices, less than targeted production, less market arrivals, negative market sentiments and more private participation which contributed to less procurement of wheat. With the high rate of inflation, the prices of foodstuffs have risen considerably and the consumers are hit from all sides. The Committee, therefore, recommend that the Government should make sincere and timely efforts to address the aforementioned issues. In this regard, the Government should also take steps for procurement of wheat directly from the farmers by giving them remunerative prices. To increase the production of foodgrains in the country, the farmers should also be encouraged to adopt modern methods and modern technology of agriculture. The Government should also ensure that the buffer stocks of foodgrains especially wheat and rice in the Central Pool do not fall below the buffer norms so as to meet any eventualities in future.

Reply of Government

2.57 As regards encouraging farmers to adopt modern methods and modern technology of agriculture, the Deptt. of Agriculture & Cooperation has been implementing the following programmes.

a. **Support to State Extension Programmes for Extension Reforms** – This Scheme launched during 2005-06, aims at making extension system farmer driven and farmer accountable by way of new institutional arrangements for technology dissemination in the form of an Agricultural Technology Management Agency (ATMA) at district level to operationalize the extension reforms. ATMA will has active participation of farmers / farmer groups, NGOs, Krishi Vigyan Kendras, Panchayati Raj Institutions and other stakeholder operating at district level and below. 581 districts level ATMAs have been established. Gender concerns are being mainstreamed by mandating that 30% of resources on programmes and activities are allocated for women farmers and extension functionaries. Since inception, out of total 49 lakh farmers' beneficiaries, 13.96 lakh women farmers (28.49%) have participated in various extension activities under the scheme.

b. **Mass Media Support to Agriculture:** This scheme is focusing on two initiatives. The first is use of Doordarshan infrastructure for providing agriculture related information and knowledge to the farming community. 180 Narrow casting Centres, 18 Regional Centres and 1 National Centre of Doordarshan Kendras telecast agricultural programmes for 30 minutes, five days a week. Programmes of Regional Kendras and some Narrowcasting centres are being repeated the next day on respective Regional Satellite Channel. Audio/ Video spots on emerging issues viz. Rabi/Kharif campaign, Kisan Call Centre, Kisan Credit Card etc. are also publicized through the programme using free commercial time. Live 'Crop Seminars' on DD involving farmers and experts have also been organized.

The other component of the mass media initiative is use of 96 FM Transmitter of AIR to broadcast area specific agricultural programme with 30 minutes radio transmission in the evening six days a week.

c. **Kisan Call Centers** – The scheme was launched on 21st January'04 to provide agricultural information to the farming community through toll free telephone lines. A country wide common eleven digit number '**1800-800-1551'** has been allocated for KCC. The replies to the queries of the farming community are being given in 21 local languages. Calls are attended from 6.00 am to 10.00 pm on all 7 days of the week. Since inception of the scheme, over 30.78 lakh calls have been received upto 31st December,2008.

2.58 The government is also taking steps to minimize procurement and to ensure that stocks of essential foodgrains do not fall below the buffer stock norms. Whenever necessary imports are also being resorted to, in orders to supplement domestic production.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Comments of the Committee

(Please see Para No. 1.20 of Chapter – I of the Report)

Recommendation (Sl. No. 12 Para No. 8.13)

2.59 The Committee are concerned to note that the availability of agricultural land is decreasing mainly due to increase in the population and diversion of agricultural land for non-agricultural purposes such as urbanization, roads, industries etc. The Committee have been informed that the land is being acquired for setting up Special Economic Zones (SEZs) to generate employment through industries. Till now, the Government have given approval to 404 projects under SEZ for about 54,280 hectares land from 23 States/UTs out of which 95 approvals are in respect of State Industrial Development Corporation of State Government Agencies involving land areas of approximately 2000 hectares. The Committee note that the Empowered Group of Ministers (EGOM) had discussed some important issues relating to SEZ viz (i) Norms for disposal of pending applications for SEZ; (ii) Fixing of minimum as well as maximum limit of land required for multi-product SEZs; (iii) Reformulation of a comprehensive Land Acquisition Act; and (iv) Working out a comprehensive Resettlement and Rehabilitation Policy.

The Committee further note that to maintain the sustainable agricultural production to meet the requirement of agricultural production in the country, the Ministry of Agriculture has formulated a 19 Action Points of National Land Use Policy Outline (NLPOS) for prevention of diversion of agricultural land for non agricultural purposes by the State Governments. The Committee are of the opinion that setting up of large number of SEZ will affect not only agriculture adversely but also threaten food security and will undermine availability of resources for development. Industrialization is good for the prosperity of the country but not at the cost of agricultural land. The Committee, therefore, desire that the Government should not give the formal approval without obtaining a certificate from the State Government to the effect that waste land/degraded land/barren land was not available in the district for setting up of SEZ in the particular areas of State. The State Government should identify wasteland for development in lieu of agricultural land being acquired. The Committee, therefore, recommend that the Government should give priority to acquire only barren and waste lands not exceeding 10% of the total land required under the SEZ. In case of utilization of agricultural land, if required for the purpose, the State Governments should try to compensate the agricultural land by improving the productivity of other agricultural lands. Further, they should try to locate other barren land and develop them into agriculturally sound productive land and formulate a Land Use Policy to minimize and regulate the conversion of agricultural land for other uses. The Committee are aware that the Land Acquisition Bill, 2007 is pending in Lok Sabha for discussion. The Committee desire that in the meantime the Government should frame model rules under the Land Acquisition Act for early implementation of the Act.

Reply of Government

2.60 The land and its management are under the exclusive legislative and administrative jurisdiction of the States as provided in Entry No. 18 of List of II (State List) of the Seventh Schedule to the Constitution. Acquisition of land for industrial or for development purposes including Special Economic Zones (SEZs) is being done by the concerned State Government.

2. However, Ministry of Commerce and Industry has been requested that prime agricultural land should not be acquired for establishing SEZs and these Zones need to be established envariably on wastelands. In unavoidable situations, if it is necessary to acquire agricultural land for a SEZ, the requiring body must develop equal area of wastelands simultaneously so that the loss of agricultural land could be compensated (copy of the letter enclosed).

3. The Department of Land Resources, Ministry of Rural Development has formulated a revised National Rehabilitation and Resettlement Policyt (NRRP), 2007, which was approved by the Cabinet on 11th October, 2007, and the same have been published in the Gazette of India dated 31st October, 2007. The para 1.4 of NRRP, 2007 inter-alia envisages that as far as possible, projects may be set up on wasteland, degraded land or un-irrigated land. Acquisition of agricultural land for non-agricultural use in the project may be kept to the minimum, multi-cropped land may be avoided to the extend possible for such purposes, and acquisition of irrigated land, if unavoidable, may be kept to the minimum.

4. The Land Acquisition (amendment) Bill, 2007 was introduced in the Lok Sabha on 6th December, 2007 and it is referred to the Standing Committee on Rural Development for examination. The Committee has presented its Thirty-ninth Report, covering the The Land Acquisition (amendment) Bill, 2007, to the Lok Sabha on 21.10.08 and laid the same in Rajya Sabha on the same date.

5. In this Report, the Committee has made detailed observations on the Bill and has made a number of recommendations. These recommendations have been examined and views of the Department firmed up. The official amendment to the Bill has been developed by this Department in consultation with the Ministry of Law. These official amendments were considered by the Cabinet and the revised Bill has been passed by the Lok Sabha on 25th February, 2009 and sent to Rajya Sabha for consideration. However, the Bill has been lapsed due to dissolution of the Fourteenth Lok Sabha. This Bill is under consideration of the Government.

6. This Department had requested to Ministry of Agriculture to take necessary action to convene the meeting of the National Land Use and Conservation Board (NLBC), so that the issues relating to conversion of agriculture land for non-agriculture purposes including SEZ, formation of a National Land Use Policy, etc. could be discussed. However, Ministry of Agriculture vide their note No. I-50/2008-NLM-I dated 24th July, 2008 that Planning Commission has discontinued the National Land Use and Conservation Board vides their D.O. letter No. 11021/2/2003-Afr. Dated 13th August, 2004. This Department has again requested to Ministry of Agriculture for the taking necessary action for revival of the National Land Use and conservation Board on 19th February, 2009.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Comments of the Committee

(Please see Para No. 1.23 of Chapter – I of the Report)

Recommendation (Sl No. 14 Para No. 9.14)

2.61 The Committee are concerned to note that the Government has not been able to fulfill its commitment to help the poor in the context of rise in prices of essential commodities through PDS. The Committee note that the Government supplies subsidized foodgrains to the poor families under Public Distribution System. FCI has been given the responsibility for procurement, storage, transportation and distribution of foodgrains to the public through a network of more than 4.93 lakh Fair Price Shops (FPS). Identification of beneficiaries, issue of ration cards, monitoring and supervision of FPS, rest with the State Governments/UTs. Under Antodaya Anna Yojana (AAY), foodgrains to the poorest of the poor families at a highly subsidized rate i.e. Rs. 2 per kg for wheat and Rs. 3 per kg for rice is supplied. The Committee find that although the Government has formulated and is following the strategy to issue foodgrains, edible oils and pulses at subsidized rates to the BPL, AAY and APL families, yet it has not been able to help the poorer sections of the society due to the shortcomings in the functioning of PDS. The Committee strongly recommend that 20% of the poor persons who are above poverty line i.e. just above BPL should be considered for supply of PDS foodgrains at subsidized rates. One of the menace in the proper functioning of PDS is the leakage and diversion of foodgrains at large scale, which fact has also been corroborated in the evaluation study conducted by NCAER. The Committee, therefore, strongly recommend that to stop the leakage and diversion of foodgrains, Government should introduce Vehicle Movement System to track the delivery of foodgrains to Fair Price Shops (FPS). The Government should also persuade the States/UTs to strengthen its enforcement machinery to take action in case of diversion and leakage of foodgrains. The Committee are of the view that the very purpose of supply of foodgrains at highly subsidized prices is defeated if the benefit of TPDS does not reach to the intended persons of AAY, BPL and APL families and are diverted to open market for sale at higher rates. The Committee feel that although the management and operation of PDS is the joint responsibility of Central and State Governments concerned, yet it is the Central Government which procures and allocates the foodgrains to the State Governments which in turn distribute foodgrains through their agencies within their respective States. It is, therefore, the responsibility of the Central Government to devise a mechanism to obviate the diversion of foodgrains meant for distribution to poorer people of the society. The Committee, therefore, emphasize that the issue of diversion of foodgrains should be tackled with utmost seriousness and recommend that to check the diversion of foodgrains, a joint special audit by officials of FCI and State Governments should be conducted in the event of offtake being abnormally high.

Reply of Government

2.62 As regards the recommendation of the committee that 20% of the poor persons who are above poverty line i.e. just above BPL should be considered for supply of PDS foodgrains at subsidized rates, it is stated that as informed in the earlier reply of the Department, allocations of foodgrains to States and Union

Territories for APL category are made by the Department depending upon their availability in the Central Pool after meeting the commitments of allocations for BPL and AAY categories and other welfare scheme.

2. While allocations of foodgrains for the APL category were made in larger quantities in earlier years to liquidate surplus stocks of foodgrains in the Central Pool, with lower procurement and resultant reduced availability of rice and wheat in the Central Pool from 2006-07 onwards, their allocations for the APL category were rationalized. Allocations to States & UTs were made by linking them with levels of offtake during previous years. However, whenever quantities of foodgrains available in the Central Pool could accommodate, additional allocations have also been made for the APL category. With these rationalized allocations, the State & UT Governments were expected to carry out a similar exercise so as to distribute the revised allocations to the more needy of the APL families.

3. With record high procurement of wheat during the Rabi Marketing Season 2008-09 and higher procurement of rice during KMS 2007-08, for additional allocations for the APL category, larger quantities of wheat and rice became available in the central pool during later part of financial year 2008-09. In view of this and considering the recommendation of the Standing Committee for modifying the APL allocations to cover at least 20% of the population covered under this category, the Government has taken a decision in March, 2009 to allocate further additional quantities of rice and wheat for the APL category so as to ensure allocation of at least 10 kg. of foodgrains per APL family per month in all States & Union Territories to cover the total number of APL families as per March, 2000 estimates of population.

4. It may be stated that the total number of APL families in the country as per the population estimate of March, 2000 was 11.52 crore. So, if 20% of these families, namely 2.30 crore APL families are to be covered even with a scale of allocation of 35 kg. of foodgrains per family per month, the monthly required allocations would be of 8.05 lakh tons of foodgrains. The Government has decided, in March, 2009, to make allocation of foodgrains to ensure distribution of at least 10 kg. of foodgrains per APL family per month to all APL families in all States & UTs. This would require monthly allocation of only 11.52 lakh tons. However, the actual monthly allocations of rice and wheat to States & UTs for the APL category from March, 2009 are of 15.36 lakh tons. Therefore, out of the present allocations made to States & UTs, they can distribute foodgrains even upto 35 kg. per APL family per month to more than 20% of the total APL families in each of the States & UTs.

5. As regards the recommendation of the Committee that Government should introduce Vehicle Movement System to track the delivery of foodgrains to Fair Price Shops (FPS), to stop the leakage and diversion of foodgrains, this Department has issued directions to State & UT Governments, vide this Department letter No.9(12)/2006/PD-II dated 2.11.2006, for displaying Banners/Boards, on vehicles transporting PDS commodities from central godowns to the Fair Price Shops indicating that

the vehicles are carrying PDS commodities. Such Banners/Boards should be written/printed in black ink and as far as possible, should be in the local language and should be displayed prominently on the wind shield as well as the rear end of the truck/vehicle carrying PDS articles. With the display of these details, public awareness gets generated, the action of transportation of PDS commodities becomes transparent and thus chances of diversion get reduced.

6. In addition, this Department has launched an Innovative Scheme of installing Global Positioning System (GPS) devices on vehicles carrying TPDS foodgrains, for curbing leakages/diversion of foodgrains meant for Public Distribution System during their transportation. Under the scheme, on pilot basis, the State Governments of Chhattishgarh, Tamil Nadu and Government of NCT of Delhi have been released a sum of Rs.45 lakhs for installation of GPS sets on vehicles carrying PDS foodgrains in these States. During implementation of pilot scheme, its feasibility in tracking movement of vehicles will get tested. On the basis of implementation of the pilot scheme in above States/UTs, if it is found to be successful, the scheme will be rolled over to other States/UTs for installation of GPS sets on vehicles carrying PDS foodgrains.

7. As regards conducting of Joint Special Audit by officials of FCI and State Governments in the event of offtake being abnormally high, it is submitted that offtake details of TPDS allocations of rice and wheat in States & UTs over a period of two years and nine months i.e. from April, 2006 to December, 2008, have been examined in detail. During this period, APL allocations were rationalized. The offtake levels have not been abnormally high in any State/UT. As a result, the need has not arisen for taking up joint special inspection/audit by teams of FCI and State Government officers.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. No. 16 Para No. 10.12)

2.63 The Committee note that the Central Government has taken a number of steps to control the prices of essential commodities. One of the major initiatives taken by the Government was to issue Wheat (Stock Declaration by Companies or Firms or Individuals) Order, 2007 through which it was made mandatory for any company, individual to file return if they purchase wheat in excess of 50,000 metric tonnes. So far as implementation of these orders is concerned it has been mentioned that only 17 State Governments/UTs have either issued stock limits for all the five items or wheat and pulses. 5 States/UTs have issued licensing requirements/stock declarations). 7 States are considering to issue stock limit orders. 7 States/UTs have decided not to issue stock limit orders. The remaining 4 States/UTs have not responded at all. The Secretary, Department of Consumer Affairs admitted during evidence that there is some amount of hoarding because except six, the other States have not taken steps to put the stock hoarding limit of wheat. In the opinion of the Committee, a large number of multi national companies or private traders have entered into the market in a big way and are purchasing huge quantity of wheat over and above Minimum Support Price (MSP) fixed by the Government. They procure wheat in excess of their requirement which leads to profiteering, hoarding and blackmarketing of wheat. The Committee feel that only filing the return by the individual or traders or companies will not give any tangible result to curb the hoarding of wheat by them. The Committee, therefore, recommend that the matter should be taken at the highest level of the remaining States to implement the stock hoarding limit in letter and spirit to fight the menace of hoarding and blackmarketing of essential commodities thereby helping in curbing the price rise.

Reply of Government

2.64 It is submitted that two different orders, are issued by Department of Consumer Affairs and the other by Department of Food and Public Distribution are being referred to in this para.

2.65 The Orders issued by Department of Consumer Affairs relates to keeping in abeyance the provisions of Central Orders dated 15.02.2002 and 16.06.2003 thereby causing State Governments/UT Administrations to impose stock limits on specific commodities viz. wheat, pulses, rice, edible oils, edible oilseeds, and paddy to prevent hoarding and blackmarketing of essential commodities with a view to keep the prices and availability in check. So far as implementation of these orders is concerned it is mentioned that only **18** State Governments/UTs have either issued stock limits for all the five items or wheat and pulses only or have issued only licensing requirements/ stock declaration (of these 18, 13 States/UTs have actually issued stock limit Orders/ in the process of issuing, 5 States/UTs have issued licensing requirements/stock declarations

2.66 As per information provided, Department of Food & Public Distribution had issued a notification under the Essential Commodities Act, 1955 on 1st March, 2007 according to which any company or firm or individual which purchased wheat beyond 50,000 tonnes during 2007-08 were to furnish to the

Central Government, a return indicating the name/address of the company, quantity of wheat purchased, etc. During RMS 2007-08, ten (10) Companies filed the declarations under the Wheat (Stock Declaration by Companies or Firm or Individuals) Order, 2007".

2.67 The recommendation of the Steering Committee have been communicated to the State Governments for suitable action as per letter dated 9.2.2009 addressed to all State Governments.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. Nos. 18 & 19 Para No. 11.15 & 11.16)

2.68 The Committee note that Essential Commodities Act, 1955 and Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act, 1980 empowers the State Governments/UTs to take action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities. From the information furnished by the Department of Consumer Affairs, the Committee find that during 2008, the rate of conviction of the persons arrested is very low as compared to the persons prosecuted for violation of the Essential Commodities Act, 1955. Out of 1,76,350 persons arrested during this period, 3416 persons were prosecuted and only 770 persons were convicted. It is more surprising that in Andhra Pradesh, Gujarat, Kerala and Uttar Pradesh where 12,367, 22,867, 58, 346 and 19,869 respectively raids were conducted but not a single person was convicted. In respect of Punjab, 20,584 raids were convicted but only 15 persons were arrested and out of 4 prosecution, only one person was convicted under the said Acts. The Committee are not satisfied with the argument of Department of Consumer Affairs that the enforcement of the Essential Commodities Acts lies with the State Governments and Union Territories to take action against the hoarders and blackmarketers. In the opinion of the Committee, the Central Government cannot shrink with its responsibility for the proper implementation of the Acts. According to the Department, going by the 'NIL' reports sent by some State Governments/UTs, it can be presumed that these State Governments/UTs might not have conducted any raids or not have detained any persons for indulging in malpractices in essential commodities. The Committee deplore the lackadaisical approach of State Governments/UTs in either not furnishing any 'monthly action taken reports' or by giving 'NIL' reports. The Committee, therefore, strongly recommend that the Department should strengthen its enforcement machinery and direct the State Government/UTs to conduct regular raids to catch hold the hoarders and blackmarketers who create artificial scarcity leading to price rise and to ensure that the persons arrested are prosecuted strictly in accordance with the law of land. It will also help the Government to keep check over the rising in prices of essential commodities.

2.69 The Committee note that as per Section 3 of the 'Prevention of Black-Marketing and Maintenance of Supplies of Essential Commodities Act, 1980', the State Governments/UTs are required to report the details of detention cases to the Central Government within 7 days from the date of approval of detention case by the State Governments/UTs. The Committee find that only 5 State Governments have furnished information in this regard to the Department of Consumer Affairs during the year 2007 and 2008 (upto 18.09.2008). The Committee are of the view that other State Governments have not furnished any information so it may be construed that except 5 State Governments/UTs, other State Governments/UTs have not made any detention under the Act. It appears to the Committee that the remaining States/UTs are not serious in the implementation of the Acts and, therefore, Department of Consumer Affairs is being kept in the dark by most of the State Governments by not abiding by Section 3 of the aforesaid Act. The Committee, therefore, recommend that the

State Governments should be persuaded to supply the information of detention cases within the prescribed time limit as per the Act.

Reply of Government

2.70 The enforcement of the Essential Commodities Act, 1955 lies with the State Governments/ Union Territories. The State Governments/UT Administrations have been delegated powers to take necessary action under the provisions of both "The Essential Commodities Act, 1955" and "The Prevention of Blackmarketing of Essential Commodities Act, 1980", to prevent mal-practices in essential commodities. Besides, Central Government is also regularly monitoring actions being taken by various States/UTs under the aforementioned two Acts.

2.71 Directions have been given to States/UTs from time to time to take necessary actions under both the Acts to prevent hoarding and smuggling. Secretary (Consumer Affairs) had, vide his d.o. letter dt. 14.06.2007 advised Chief Secretaries of all States/UTs, to strengthen the enforcement machinery to prevent mal practices in essential commodities and take necessary action against the unscrupulous persons indulging in hoarding and blackmarketing of essential commodities. In addition to the above the recommendations of the Committee contained in its 24th Report on Demands for Grants (2008-09) of Department of Consumer Affairs, have also been communicated to the State Governments/UTs vide Secretary (Consumer Affairs)'s d.o. letter No.2/1/2008-ECR&E dated 16.06.2008 for taking immediate action to check price rise in essential commodities and keep this Department posted with the action taken by them. For this purpose this Department has asked all state Governments/UT Administrations to submit monthly reports to the Central Government (this Department) indicating the action taken under the provisions of these two Acts. Conferences with the Secretaries of Consumer Affairs, Food & Civil Supplies Departments of all States/UTs are held by this Department periodically in which all the State Governments/UT Administrations are emphasized upon to take necessary actions under the provisions of these two Acts to check hoardings, smugglings etc. of essential commodities by unscrupulous traders/persons. Another meeting with State Secretaries has been held on 16th June, 2008 in which it has been emphasized upon them to take all necessary measures to prevent hoarding and blackmarketing which lead to non-availability of essential commodities coupled with rise in prices. Further, periodical video conferences are also arranged with States/UTs under the chairpersonship of Additional Secretary (Consumer Affairs) wherein the need for taking effective action under these two Acts by the States/UTs is reiterated. So far seven such video conferences have been held between May, 2006 and May, 2008. This was also taken up in the Chief Secretaries conference held under the chairmanship of Cabinet Secretary on 22.04.2008.

2.72 Moreover vide this Department's d.o.letter Nos.13(1)/2007-ECR&E dated 15.12.2008 and 23.12.2008 the State Governments/UT Administrations were requested, inter-alia, to furnish the action taken reports in time and also furnish reasons for low prosecution/conviction vis-à-vis the number of arrests. It is seen that only **15** States/UTs have responded of which **10** of them have not given any specific reason. The following **5** State Governments/UTs have given the specific reasons indicated as under:

(i).ANDHRA PRADESH : As per Section 6(C) (2), if a person, against whom prosecution has been launched the stock confiscated has to be returned or the value thereof should be paid. Therefore, prosecutions are launched only depending upon the gravity of offence where there is a good case for getting conviction. Secondly, all the enforcement official under various control orders do not have any powers to arrest and hence the seizure is only effected. However, whenever any Police Officer or the officers having Magisterial powers inspect, the arrests are resorted to. Even in the Court of Law, depending upon the merits as viewed by them, the conviction are ordered through the case presented properly.

(ii). MADHYA PRADESH: As per the Public Distribution System(Control) Order, 2001, the powers of search and seizure by designated authorities as laid down in clause 10 are yet to be notified by the State Government. Presently, the TPDS in the State is governed by the M.P.Public Distribution System Scheme, 1991. Although the number of cases involving irregularities are substantial, the cases detected after due process of law, are only compounded by the designated authorities.

(iii).TAMIL NADU: In Tamil Nadu matters relating to Essential Commodities Act, 1955 and several control orders made thereunder are dealt with and enforced jointly by the Civil Supplies CID, regular police force and officials of the revenue and Civil Supplies and Consumer Protection Department. Close vigil and watch by officials and formation of check posts at State Borders are some of the effective measures towards prevention of smuggling of essential commodities. These measures helped to prevent commission of offences to a considerable extent. In addition to prosecution under the Essential Commodities Act, several habitual offenders are detained under the Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities Act, 1980 resulting in considerable reduction of offences under the Essential Commodities Act 1955. Most cases which are minor in nature involving very meager quantity of essential commodities are dealt under Section 6(A) of E.C.Act by District Collectors without initiating prosecution before Court. Unlike criminal cases, the enforcing officials under the Essential Commodities Act have to play dual role namely (1) to launch prosecution before the court of law and (2) to initiate 6(A) proceedings before the District Collector. As both these jobs are equally laborious and time consuming, the officials find it difficult to concentrate on detection of offences under Essential Commodities Act. Further, police officials, while invoking the Prevention of Black Marketing and

Maintenance of Supplies of Essential Commodities Act, 1980 have to often attend the Collectors office. Advisory Board and High Courts which is time consuming and laborious.

After completion of investigation, final reports are filed before the Magistrate Courts. Magistrates deal with these cases along with other criminal cases. Due to heavy pendency of cases, Magistrate Courts are not able to give priority to the disposal of cases under the Essential Commodities Act, 1955. Since offences under the Essential Commodities Act impacts on food security, speedy trial is a must. However trial in Essential Commodities Act cases commence long after they are charged and filed in court. If speedy trial is ensured, more conviction is possible.

(iv) ANDAMAN AND NICOBAR ADMINISTRATION: The reason for low prosecution/conviction vis-à-vis the number of arrests for the incidents of diversion of PDS foodgrains and black marketing are almost nil in this UT due to the fact that the entire population of the UT is covered under the PDS. The unique topography of the Islands coupled with the absence of any manufacturing unit making bye-products i.e. Maida, Sooji etc. of PDS grains helps in imposing an automatic check over the diversion and black marketing of PDS items in these Islands. There has been no arrests/prosecution as per available records for violation under the Essential Commodities Act, 1955 and Prevention of Black Marketing Act, 1980 in this UT.

(v) LAKSHADWEEP UNION TERRITORY ADMINISTRATION: The Union Territory of Lakshadweep is very small UT where Public Distribution System is chanalised through a net work of Co-operative Societies which are under the supervision of the Administration, which does not leave scope for malpractice. The Administration is also involved in the function of the Cooperative Societies (Fair Price Shops) by posting the Chief Executives in the Cooperative Societies. Every fortnightly, monthly and annually verification of the Fair Price Shops are also being conducted. The UT consists of 10 inhabited islands, the population of which varies from 250 persons to 10,000 people. There is hardly any private shop which is running with tenure of more than one lakh. These are only small petty shops. Therefore there is no scope for any malpractice. Hence no persons have been arrested, prosecuted or convicted for violation of Essential Commodities Act.

In addition to the above the recommendations of the Committee contained in its 27th Report on Price Rise of Essential Commodities-Causes and Effects with special emphasis on import of wheat and enforcement of Prevention of Black Marketing and Maintenance of Supply of Essential Commodities Act, 1980 have also been communicated to the State Governments/UTs vide Secretary (Consumer

Affairs)'s d.o. letter No.2/7/2007-ECR&E dated 09.02.2009 for taking immediate action to supply the information of detention cases with the prescribed time limit as per the Act. As deplored by the Standing Committee the lackadaisical approach of the State Governments/UTs in either not furnishing any 'Monthly Action Taken Reports" or by giving 'Nil" Reports have also been communicated to them. These letters and the observations/recommendations of the Committee as communication to the State Government/UTs would give the necessary impetus to them to move the pace of implementation of the two Acts.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Comments of the Committee

(Please see Para No. 1.29 of Chapter – I of the Report)

Recommendation (Sl No. 23 Para No. 12.24)

2.73 The Committee find that the creation of awareness among the farmers and related bodies and organizations was one of the major activities of the commission. The Committee has been informed that the benefits of future markets have not tickled down to the small and marginal farmers in a big way mainly due to their ignorance and lack of awareness and non-availability of appropriate infrastructure. The Committee has also been informed that the FMC is collaborating with the commodity exchanges, agricultural universities etc. to launch awareness campaigns to create awareness amongst the farmers and in the financial year 2007-08, FMC has conducted 114 awareness programmes out of which 75 were exclusively for farmers. While the Committee appreciate the steps taken by FMC to spread awareness among the farmers, it is not enough and a lot more is needed to be done so that the benefits of future market could reach the level of small and marginal farmers in a big way.

Reply of Government

2.74 The FMC fully appreciates the concerns of the Committee with regard to the awareness programmes. Organising awareness programmes across the country for the benefit of farmers and various other stake holders requires huge resources in terms of finances and manpower. However, despite various constraints the number of awareness programmes organised by the Forward Markets Commission has increased from 55 in 2006-07 to 114 in 2007-08. During 2008-09 (till December, 2008), the number of awareness programmes organised has been 107. 65-70 % of these programmes are now devoted to farmers. Besides FMC has also organised various capacity building programmes. In this regard, the Commission is taking help of the following organizations who have rural connectivity.

1. NABARD
2. NIAM
3. VAMNICOM
4. AGRICULTURAL UNIVERSITIES
5. MANAGE
6. IRMA etc.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. No. 26 Para No. 13.28)

2.75 The Committee note that the total production of crude oil by two major oil companies i.e. by ONGC and Oil India Limited was 30.14 million metric tonnes during 2005-06, 31.513 million metric tonnes during 2006-07 and 31.362 million metric tonnes during 2007-08. The Committee was informed during evidence that around 80 per cent of our requirement was met through imports. The Committee further note that the Government has permitted export of all other petroleum products except LPG and Kerosene. The Committee are surprised to note that on the one hand about 80 per cent of our petroleum requirement is met by imports and on the other hand permission is granted to some oil companies to export these products for profit depending upon geographic locations. The argument put forth by the Ministry that crude oil is imported at a particular price and is exported after value addition is not acceptable to the Committee. The Committee, therefore, recommend that the export of petroleum products be allowed only after the domestic requirements are met.

Reply of Government

2.76 In the year 2007-08, domestic production of crude oil (including condensate) was 34.11 Million Metric Tonnes (MMT) and the imports of crude oil were 121.67 MMT. There is a surplus refining capacity in the country today. As against the total domestic consumption of petroleum products of 128.94 MMT during 2007-08, the country produced 149.89 MMT of refined petroleum products, with the private sector refineries contributing 40.92 MMT. Therefore, the surplus products have necessarily to be exported. During 2007-08, 39,327 Thousand Metric Tonne (TMT) of petroleum products worth Rs.107,603 crores were exported as against product imports of 22,716 TMT worth Rs.61,504 crore during the previous year.

2.77 The Kandla Special Economic Zone, under the Ministry of Commerce and Industry, Government of India in February, 2007 converted the Domestic Tariff Area (DTA) unit of Reliance Industries Limited at Jamnagar into a 100% Export Oriented Unit (EOU) under the EOU Scheme of Foreign Trade Policy. Under the provisions of the EOU Scheme, the Jamnagar Unit of RIL was to export its entire production excluding the following products:

(i) Kerosene and LPG, which cannot be exported without the specific permission of the Ministry of Petroleum & Natural Gas; and

(ii) The products which are allowed for sale in DTA under EOU scheme for a period of 5 years from the date of commencement of production.

2.78 Accordingly, Jamnagar unit of RIL has thus been exporting its products, barring Kerosene and LPG, under the EOU Scheme of Foreign Trade Policy formulated by the Ministry of Commerce and Industry. RIL had approached this Ministry on some occasions for permission to export their LPG production but permission was not given in the public interest.

2.79 The major factor contributing to the import of Petrol & Diesel by the Public Sector Oil Marketing Companies is an increase in their domestic demand. Also, some imports and exports of Petrol & Diesel are necessitated due to the stipulations of the Auto Fuel Policy, which has laid down strict emission norms for auto fuels being used in the country. Similarly, for products other than Petrol & Diesel, exports and imports are found necessary on ground of technical specifications of products, and their suitability in Indian conditions.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl No. 27 Para No. 13.29)

2.80 The Committee note that the prices of crude oil in the International Market came down substantially from $147 per barrel to around less than $40 per barrel but the prices of petroleum products viz Diesel, Petrol, Kerosene and LPG had not been reduced and the benefits of the decrease in prices of crude oil in International Market did not percolate down to the domestic consumers. The Committee was informed that the under-recoveries of the oil companies are estimated to be around Rs. 1,24,000 crores on completion of the whole year. The huge under-recoveries of the oil companies was stated to be the main reason for not decreasing the prices in domestic market despite decrease in the price of crude oil in the International market. The substantial devaluation of Indian currency i.e. Rupee as compared to dollar was another reason attributed by the Ministry for not decreasing the prices of petroleum products in the domestic market. However, the Government has recently reduced the prices of petrol and diesel in domestic market by Rs. 5 per litre and Rs. 2 per litre respectively but the prices of LPG remained unchanged. The Committee feel that the minimal reduction in prices is not enough and more needs to be done keeping in view the fact that the prices of crude oil in International Market still has a reducing trend and recommend that the effect of reduction in the price of crude oil should percolate down to the consumers and consequently the prices of four major petroleum products viz. Petrol, Diesel, Kerosene and LPG be further reduced in proportion to the reduction in the price of crude oil in the International Market and the Public Sector Oil Marketing companies be compensated whenever there is an increase in the price of crude oil so as to offset the losses to be suffered by the oil companies.

Reply of Government

2.81 International prices of crude oil and petroleum products have remained volatile in the recent past. The Indian basket of crude oil, which averaged $79.25 / bbl during 2007-08, went up to an unprecedented level of $142.04 per barrel on 3rd July'2008 before declining sharply, due to fall in demand on account of economic recession in major oil consuming countries. The average price of Indian basket of crude oil came down to $ 46.02/ bbl. in March'09. However, the average price of Indian basket of crude oil for the year 2008-09 was $ 83.57/bbl.

2.82 As the retail prices of sensitive petroleum products were not revised in line with the increase in international prices, it resulted in huge under-recoveries to the Public Sector Oil Marketing Companies (OMCs).

2.83 With the decline in the international prices of crude and product prices since August'08, the total gross under-recoveries of Public Sector OMCs during 2008-09 are now estimated to be around Rs.1,03,181 crores. Considering the financial position of the OMCs, Government has decided that the entire under-recoveries on the sale of sensitive petroleum products during 2008-09 shall be compensated through price discounts by upstream oil PSUs and issue of Oil Bonds by the Government.

2.84 In view of the recent decline in the international oil prices, the Government has reduced the RSPs of the sensitive petroleum products on two occasions as indicated below (at Delhi), with corresponding reductions in the rest of the country :

- Effective from 6.12.2008 – Petrol by Rs.5/- per litre and Diesel by Rs.2/- per litre; and
- Effective from 29.1.2009 – Petrol by Rs.5/- per litre, Diesel by Rs.2/- per litre and Domestic LPG by Rs.25/- per cylinder.

The retail selling price of PDS Kerosene has not been revised since March 2002.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C   Dated 30.06.2009]

Recommendation (Sl No. 28 Para No. 13.30)

2.85 The Committee further note that State Level Taxes form a substantial part of the retail selling price of Petrol and Diesel. The rates of taxation vary widely from State to State from 18% to 33% in case of Petrol and from 8.8% to 26% in case of Diesel. According to the Ministry they were constantly writing to the State Governments to reduce the sales tax so as to make it uniform throughout the country. No State Government can charge more than 4% as Tax on Kerosene and LPG. The Government is trying this in case of Petrol and Diesel. The Committee are not satisfied with the version of the Ministry that they are constantly writing to the States to reduce the Sales/VAT Tax and recommend that the Government should take up the matter in right earnest at the higher levels in the State Governments and make the taxes uniform throughout the country as has been done in case of Kerosene and LPG.

Reply of Government

2.86 The Central Government, on its part, has taken a number of measures to rationalize the Taxes and Duties on Petrol and Diesel, to keep the consumer prices of these products within reasonable limits. From 5.6.2008, Customs Duty on crude oil has been reduced from 5% to NIL and on Petrol and Diesel from 7.5% to 2.5%. The ad-valorem portion of Excise Duty on unbranded Petrol and Diesel has also been done away with, with effect from 1.3.2008. The specific Excise Duty on unbranded Petrol and Diesel was also reduced by Re.1/- per litre w.e.f. 5.6.2008.

2.87 The subject matter of Sales Tax comes under the purview of the State Governments. However, in order to cushion the burden of the price hike in these products effected on 5th June 2008, the matter of reduction of Sales Tax was taken up with the State Governments and they were requested to bring down the State Taxes on the sale of Petrol/Diesel. Many State Governments responded and reduced the Sales Tax on these products. As regards the Committee's recommendation to 'make the State level taxes on Petrol and Diesel uniform throughout the country as has been done in case of Kerosene and LPG', it is submitted that with effect from 19.4.2006, the Central Government included Domestic LPG in the 'Declared Goods' category under the Central Sales Tax Act, thereby ensuring a maximum Sales Tax/VAT rate of 4% across the country. The subject of conferring 'Declared Goods' status on any goods/products comes under the jurisdiction of the Ministry of Finance.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl No. 30 Para No. 13.32)

2.88 The Committee find that according to the comprehensive study conducted by National Council for Applied Economic Research (NCAER) the leakage in kerosene was about 38.6% of total sale of PDS Kerosene. The Committee also find that at times the cylinders of domestic LPG were delivered underweight. According to the Ministry constant checks were conducted by Oil Marketing Companies in their bottling plants and the cylinders were weighed. The representative of the Ministry was candid during evidence in admitting that in spite of all that it was happening. He also admitted during evidence that the system was not immune to malpractices. The Committee take a serious view of the situation prevailing and recommend that the Government take stringent measures to check the malpractices of diversion of kerosene and underweight of gas cylinders and make foolproof measures to make the system immune to such malpractices.

Reply of Government

2.89 The possibility of black marketing / diversion of subsidized PDS Kerosene Oil and Domestic LPG cylinders by some unscrupulous elements cannot be ruled out due to the wide gap between the retail selling prices of these subsidized products and their market price.

2.90 Distribution of PDS Kerosene is under the control of the respective State Governments. As per Kerosene Control Order, action can be taken by State Governments against any person who is selling or using PDS Kerosene for a purpose other than the intended use as per the Control Order.

2.91 In order to prevent diversion of PDS Kerosene, the field officers of the Public Sector Oil Marketing Companies (OMCs) inspect the Kerosene Dealerships once in a quarter and senior level officers inspect the Dealerships once in a year. During the inspection, they check for the following malpractice:

- Non-observance of Government/Company regulations.
- Over charging.
- Unauthorized purchase.
- Stock variation.

2.92 In case of any irregularity, action is taken as per the Marketing Discipline Guidelines. They also ensure that the Dealers uplift Kerosene as per the schedule. In addition, the State Civil Supplies authorities carry out inspection at Kerosene Dealerships to ensure that the product uplifted is delivered to the fair price shops.

2.93 Checking malpractices of diversion of PDS Kerosene is a continuous process and this Ministry keeps on reviewing the steps taken by the OMCs to curb its adulteration from time to time.

2.94 The officials of the OMCs carry out random checks at LPG Distributors' godowns, delivery points, as well as en-route, to ensure that no misuse takes place. The Distributors of OMCs are under strict instructions to check the weight of cylinders at their godowns before delivery, and only the cylinders with the specified weight are to be delivered to the customers. The Distributors have also been instructed to ensure that the seals are verified & shown to the customers at the time of delivery. In case any under-weight cylinder is received by the customer, such cylinders are replaced free of charge by the OMCs.

2.95 OMCs have introduced different colours for domestic and non-domestic LPG cylinders for controlling the diversion of Domestic LPG for unauthorized use.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl No. 31 Para No. 13.33)

2.96 The Committee was informed by the Ministry that the subsidies on kerosene and domestic LPG were to be phased out in three to five years time. The Government reviewed the position of fiscal subsidies on kerosene and LPG in October, 2007 and extended the scheme till 31 March, 2010. The Committee find that the subsidy provided by the Government on kerosene and domestic LPG was Rs. 2.45 per litre and Rs. 67.75 per cylinder respectively in the year 2002-03 which was reduced to Rs. 0.82 per litre and Rs. 22.58 per cylinder during 2007-08. According to the Ministry the intention of the Government at that time was to come to market related prices and remove all subsidy element. During evidence also the Ministry admitted that the subsidy element has decreased. The Committee was assured that BPL families will continue to get kerosene at the subsidized rates. The Committee are not convinced with the reasoning of the Ministry and recommend that the BPL families who constitute about 26% of the population be provided domestic LPG also at the subsidized rates, the subsidies on LPG and kerosene be increased and the oil companies be compensated by way of oil bonds etc.

Reply of Government

2.97 At present, the prices of PDS Kerosene and Domestic LPG are subsidized. On every 14.2 kg cylinder of Domestic LPG, the Government gives a subsidy of Rs.22.58 whereas the OMCs incur an under-recovery of Rs.87.99 (as of May, 2009). Price of PDS Kerosene has not been increased since March' 2002 and is very low, compared to the other countries in the region.

2.98 With the decline in the international prices of Crude oil and product prices, the Government has reduced the price of Domestic LPG by Rs.25/- per 14.2 kg cylinder with effect from 29th January, 2009. Considering the difficult financial position of the OMCs, Government has decided that during the year 2008-09, the entire under-recoveries on the sale of sensitive petroleum products shall be compensated through sharing by upstream oil PSUs and issue of Oil Bonds by the Government.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl No. 32 Para No. 13.34)

2.99 Another malpractice found by the Committee was that the LPG cylinders were not delivered on time and were sold at higher price. According to the Ministry whenever complaints in this regard were received by them those were attended to. The Committee was informed that there were marketing discipline guidelines issued by the Ministry and all the oil marketing companies were bound to follow those guidelines. The Committee feel that merely issuance of guidelines will not sufficient as still such cases are rampant. The Committee are of the view that the monitoring mechanism in this regard needs to be strengthened. The Committee, therefore, desire the Government to make concerted efforts in this direction so that all the oil marketing companies as well as the distributing agencies strictly adhere to the guidelines and further the oil distribution agencies who are not delivering the LPG cylinders within the stipulated time or found selling at higher price are strictly punished. The Committee further desire that the oil companies should provide LPG cylinders to the distributing agencies in proportion to the number of consumers registered with them to avoid blackmarkeing of LPG cylinders. The Committee would like to be informed of the steps taken in this direction.

Reply of Government

2.100 The possibility of black marketing / diversion of subsidized Domestic LPG cylinders by some unscrupulous elements cannot be ruled out due to the wide gap between the retail price of LPG for domestic use and the market price for commercial LPG.

2.101 Public Sector Oil Marketing Companies (OMCs) have detected 1112 cases of diversion/overcharging of LPG by the LPG Distributors in the country during the last three years and from April 2008 to December 2008. Action against the erring Distributors was taken as per provisions of the Marketing Discipline Guidelines (MDS)/Distributorship Agreement.

2.102 In order to stop black marketing/diversion of Domestic LPG cylinders, the Government has enacted “Liquefied Petroleum Gas (Regulation of Supply and Distribution) Order 2000” and formulated “Marketing Discipline Guidelines, 2001” which provide for penal action against LPG Distributors, indulging in diversion/black marketing of LPG.

2.103 Whenever OMCs receive complaints, these are investigated and if the complaint is established, suitable action is taken against the LPG Distributor (s) in accordance with the provisions of the Marketing Discipline Guidelines (MDG). MDG provide for following action against the Distributor:-

- Fine of Rs.20,000 plus the price of LPG diverted, at commercial rates, for 1st offence.
- Fine of Rs.50,000 plus the price of LPG diverted, at commercial rates, for 2nd offence.
- Termination of the Distributorship for 3rd offence.

2.104 In addition to the action taken by the OMCs, State Governments are empowered under the LPG (Regulation of Supply & Distribution) Order 2000 promulgated under the Essential Commodities Act, 1955 to take action against black marketing/diversion of Domestic LPG. Similarly, the Weights and Measures Departments of the States / UTs initiate legal action against the LPG Distributors found black marketing /diverting the Domestic LPG cylinders. The State Governments have been alerted from time to time to take steps against the black marketing /diversion of Domestic cylinders for unauthorized usage.

2.105 Government have issued advertisements cautioning the public that use of Domestic LPG for non-domestic purposes is illegal, dangerous and against national interest. Through these advertisements, cooperation of the general public has also been sought to report any irregularity / malpractice to the OMCs.

2.106 The officials of OMCs carry out random checks at LPG Distributors godowns, delivery points, as well as en-route to ensure that no misuse takes place. The Distributors of OMCs are under strict instructions to check the weight of cylinders at their godowns before delivery, and only cylinders with the specified weight are to be delivered to the customers. The Distributors have also been instructed to ensure that the seals are verified & shown to the customers at the time of delivery. In case any under-weight cylinder is received by the customer, such cylinders are replaced free of charge by the OMCs.

2.107 OMCs have introduced different colours for domestic and non-domestic LPG cylinders for controlling the diversion of Domestic LPG for unauthorized use.

2.108 The product demand of the LPG Distributors is assessed by Public Sector Oil Marketing Companies (OMCs) and a supply plan is drawn, per month basis, for each Distributor. The demand plan is based not only on the number of customers attached to the LPG Distributors but also on new connection releases, consumption pattern, backlog of the market etc. However, in case a Distributor requires additional loads, it is also provided after ensuring genuineness of such demand.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

CHAPTER-III

RECOMMENDATIONS/OBSERVATIONS WHICH THE COMMITTEE DO NOT DESIRE TO PURSUE IN VIEW OF THE GOVERNMENT'S REPLIES

Recommendation (Sl. No. 2 Para No. 2.9)

3.1 The Committee further note that "Onion" was declared as essential Commodity vide Central Notification dated 29.6.1999 which was subsequently removed from the list of essential commodities vide Central notification dated 25.11.2004. The Committee are concerned to note that onion is the commodity which is used in every household whether rich or poor throughout the year. There are instances in the past when due to short supply of onion in the market, the Government had decided to distribute the onion through Super Bazar and Kendriya Bhandar on control rate. The Committee are not convinced with the arguments put forth by the Secretary, Department of Consumer Affairs that Onion cannot be declared as essential commodity as it comes under the category of vegetable. The Committee have observed that at times the prices of onion are much high as compared to other vegetables in the market. The Committee, therefore, desire that in view of the gap in the production and demand and supply of onion, the Government should review its decision taken on 25.11.2004 and include the onion in the list of essential commodities to check hoarding and black-marketing and also to make available the onion to consumer at a reasonable prices.

Reply of Government

3.2 "Onion" was declared as essential commodity vide Central Notification dated 29.06.1999 and subsequently removed from the list of essential commodities vide Central Notification dated 25.11.2004. The decision to remove "Onion" from the list of essential commodities was taken as part of the policy evolved by the Committee comprising of some Union Ministers and Chief Ministers constituted during the Conference of Chief Ministers on "WTO and Agriculture" held on 21st May, 2001. The said Committee had decided to dismantle all unnecessary and redundant controls on movement and distribution, particularly of agricultural commodities, under the Essential Commodities Act, 1955.

3.3 The question of notifying Onion prices is being separately examine. However, Government have been taking measures to contain rise in prices of onion whenever the need arose by increasing Minimum Export Price (MEP) and by arranging distribution of onion through Super Bazar, Mother Dairy, Kendriya Bhandar outlets.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. No. 20 Para No. 12.21)

3.4 The Committee note that there were 3 National Multi Commodity Exchanges out of which 2 were situated in Mumbai and one at Ahmedabad. According to FMC, some more applications were in the process for recognition as National Multi Commodity Exchanges. The Committee desire that the National Multi Commodity Exchanges should be spread all over India and should not be limited to a particular area/zone and recommend that the recognition to other parties for National Multi Commodity Exchanges be accorded without any further loss of time.

Reply of Government

3.5 At present, there are 22 Commodity Exchanges including three with National Status recognized for forward trading in commodities. The Forward Markets Commission has prescribed guidelines dated 24th May, 2008 for setting up of Commodity Exchanges with national status. In response to the press note, only one application for recognition of Commodity Exchanges with national status has been received so far and the same has been processed. The exchange proposes to set up its office in National Capital Region of Delhi. There is no application pending with the Commission for setting up of a National Exchange at present. It may however, be mentioned that all the National Exchanges, though situated at Bombay and Ahmedabad, are accessable from any part of the country through a network of members spread over whole of the country and the electronic connectivity provided through internet/v-sat.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. No. 25 Para No. 12.26)

3.6 The Committee note that pursuant to the recommendations of the Committee, the Government imposed a ban on trading of agricultural/essential commodities in the futures market from February, 2007. The Chairman, FMC informed the Committee during evidence that the ban on trading of these commodities in the futures market was still in operation. The Committee was surprised to find in the press the very next day, that the ban on trading of these commodities would be lifted after November, 2008. The Committee take a very serious view in this matter and recommend that the ban on trading of essential commodities should continue.

Reply of Government

3.7 Futures markets are only a platform for price discovery and price risk management through hedging. The trading in standardised futures contracts are essentially financial instruments which are the medium for these price discovery and hedging functions. The prices of the underlying physical commodities are governed by the supply and demand factors in the economy. The regulator, through enforcement of the regulatory measures and constant monitoring and corrective actions, ensures that futures prices are true reflection of the fundamental supply and demand factors. The futures market gives an advance price signal of the expected price at future points of time on the basis of expected supply and demand at those points of time, based on which one can decide the course of action to be taken by him. The Abhijit Sen Committee (an expert committee appointed by the Government of India under the chairmanship of Planning Commission Member Prof. Abhijit Sen to examine whether futures market was responsible for rise in the prices of essential commodities) in its report submitted in April 2008, did not find futures markets responsible for the increase of the prices of essential commodities. A recent study by the Indian Institute of Management, Bangalore on wheat, rice, tur and urad also does not indicate any such influence of futures trading on the rise in the prices of such commodities.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

CHAPTER –IV

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT HAVE NOT BEEN ACCEPTED BY THE COMMITTEE

Recommendation (Sl. No. 1 Para No. 2.8)

4.1 The Committee note that under the Essential Commodities (Amendment) Act, 2006, only seven commodities have been retained as essential commodities. The Government considers four aspects to declare the commodity as essential viz. (i) the demand and supply position of the commodity during the last 4-5 years and specific shortage, if any; (ii) whether any control/regulation has been resorted to during the last five years or so; (iii) supply trends so as to indicate if private variation was far above the normal rate of inflation; and (iv) import/export policy profile of the commodity. Once the commodity is declared as essential, under the provision of section 3 of the Essential Commodities Act, the Government may issue orders inter-alia to (a) regulate by licenses, permits or otherwise the production or manufacture of that commodity; (b) control the price at which it may be bought or sold; (c) regulate by licenses, permits or otherwise its storage, transport, distribution, disposal, acquisition use or consumption; (d) prohibit its withholding from sale. The Committee also note that pulses have already been included as essential commodities under the nomenclature 'Foodstuffs" and, therefore, the Department of Consumer Affairs does not feel the need to declare it as essential commodity separately. The Committee feel that the due to less production of pulses, the country has to import pulses in a large quantity every year to meet the consumer demand. In the opinion of the Committee the word "pulses" should be clearly mentioned in the seven commodities which have been declared as essential. The Committee, therefore, recommend that Section 3 (iii) of the Essential Commodities Act, 2006, should be read as "foodstuffs including pulses, edible oilseeds and oils".

Reply of Government

4.2 If any new commodities other than those seven commodities listed in Schedule to the Essential Commodities (Amendment) Act, 2006 are to be declared as 'essential' under the Essential Commodities Act, 1955, the provisions laid down in Section 2 A of the Essential Commodities Act, 1955 have to be followed. **Section 2A(2)** provides that **"** Subject to the provisions of sub-section (4), the Central Government may, if it is satisfied that it is necessary so to do in the public interest and for reasons to be specified in the notification published in the Official Gazette, amend the Schedule so as to-

(c) add a commodity to the said Schedule;

(d) remove any commodity from the said Schedule, in consultation with the State Government**."**

4.3 Pulses already stand included as essential commodities under the nomenclature “Foodstuffs”. Therefore, there is no need to declare pulses as essential commodities separately. Already orders have been issued under the Essential Commodities Act which enable State Governments to fix stock limits for pulses

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Comments of the Committee

(Please see Para No. 1.8 of Chapter – I of the Report)

Recommendation (Sl. No. 3 Para No. 3.9)

4.4 The Committee have been informed that the Price Monitoring Cell (PMC) in the Department of Consumer Affairs monitors the prices of 14 commodities namely rice, wheat, atta, gram, tur/arhar, tea, milk, sugar, vanaspati, mustard oil, groundnut oil, potato, onion and salt, their availability and related development on national and international level and prepare a weekly note for being placed before the Cabinet Committee on Prices. This Cell recommends appropriate necessary action to check the rise in prices. The Committee find that the Government has not been able to check the rise in prices of essential Commodities specially wheat, pulses and edible oil which have risen manifold in the past few years which in the opinion of the Committee is lack of foresightedness on the part of Price Monitoring Cell. The Committee, therefore, recommend that the Department of Consumer Affairs should review the working of Price Monitoring Cell and adopt a strategy to watch the market trend of prices which are likely to rise in future, so that there is no shortage of Essential Commodities in the market.

Reply of Government

4.5 Price Monitoring Cell in the Department of Consumer Affairs is entrusted inter alia with the task of monitoring the prices and availability of essential commodities in the country. Prices of essential commodities are largely affected by supply factors as well as international price movements. There has been rise in the prices of essential commodities all over the world owing to various factors such as decline in global production, diversion of food to feed and bio fuel production, increase in freight cost, as well as increase in demand. The spiraling crude oil price last year was manifest in record high prices in agricultural commodities. Although the volatility observed in international markets in 2008 was not experienced to the same extent in India, the high dependence on imports in the case of edible oils (where more than 40% of the requirements are imported) and pulses makes the domestic prices of these commodities vulnerable to the international price movements. In the case of wheat India remains largely insulated, owing to high domestic production.

4.6 The sharp swings in the prices of commodities that occurred in the year 2008 are not easily predictable. However, in general, the Price Monitoring Cell studies the international and domestic market trends of major commodities from various sources and this information is incorporated in the Notes prepared for the High Level meetings that are held regularly to enable the Committees to arrive at considered policy decisions. Consequently, various measures adopted by the Government, both fiscal and administrative, have helped to moderate the wide fluctuations of prices and to insulate the common man to the extent feasible.

4.7 The long term strategy for improving the domestic availability of essential commodities is to increase domestic production. In the short run various measures were taken as indicated in para-2 above.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Comments of the Committee

(Please see Para No. 1.11 of Chapter – I of the Report)

Recommendation (Sl. No. 5 Para No. 4.13)

4.8 The Committee express their concern over the rising trend in the prices of most of the essential commodities during the last two years. Prices of commodities in the physical market are governed by demand and supply sectors prevailing in the market. The Committee have noted that mismatch between demand and supply is the main contributor to the hike in prices of essential commodities specifically the foodgrains. The Committee have been given to understand that the rise in domestic prices is owing to the combined effect of the factors such as growing demand on account of increase in population and income, hardening of international prices, changes in consumption, diversion of foodgrains for fuel, adverse weather and climate change, increase in crude oil prices, improvement in income and living standards and increase in freight rate.

The Committee note that various steps have been taken by the Government to contain the price rise which include measures like augmenting domestic supplies of wheat and pulses through imports at reduced rates of duty and ban on imports; and reduction in import duty on edible oils etc. The Government has also imposed stock limits for wheat, pulses, edible oil, oilseeds and rice. On the monetary side, RBI has increased CRR by .25 points on two occasions to reduce money supply in the market to reduce inflationary pressures on prices. For improving productivity and production in the medium-term in the agricultural sector, the Government have taken initiatives such as National Food Security Mission and Rashtriya Krishi Vikas Yojana. The Committee note that 40 per cent of the edible oil requirement of the country is met by the imports which is susceptible to international pressures on price front. Therefore, its impact is felt on the price rise of the edible oils in domestic sector also. The Committee feel that although the Government is vigilant about the adverse impact of price rise on the economy of the country culminating into inflationary trends yet the measures taken by the Government are not proving to be effective in bringing down the prices of the essential commodities. The Committee desire that the Department in consultation with other concerned Departments should chalk out a long-term strategy to meet such a situation so that it does not assume gigantic proportions, affecting the development and growth of the country. They should also take such steps that would insulate the prices in the country from international price fluctuations.

Reply of Government

4.9 This Department has already communicated to M/o Agriculture and Department of Food about the recommendations of Standing Committee on long-term strategy for improving productivity and production in the agricultural sector.As stated under reply to para 3.9, the Indian market is fairly insulated from international price fluctuations. The prices of essential commodities in the domestic market have not followed the steep rise in international prices during the first half of 2008, owing to the slew of measures-monetary, fiscal and administrative-announced by Government, which did not allow pass through of the high prices of international market. In addition, vulnerable sections of the population have been protected. The CIP of wheat and rice has not been raised since 2002. Recently, imported edible oil and pulses have also been included for distribution to State Governments for PDS.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Comments of the Committee

(Please see Para No. 1.14 of Chapter – I of the Report)

Recommendation (Sl. No. 17 Para No. 11.14)

4.10 The Committee note that the Department of Consumer Affairs is entrusted with the responsibility to prevent unethical trade practices like hoarding and blackmarketing through two Acts viz. The Essential Commodities Act, 1955 and Prevention of Blackmarketing of Essential Commodities and Maintenance of Supplies of Essential Commodities Act, 1980. Action against hoarders and blackmarketers is undertaken by the State Governments under the provision of these acts. The Department of Consumer Affairs from time to time takes views of the State Governments/UTs to know whether there is any lacuna in the Acts due to which most of the unscrupulous persons go scot free despite serious offences. From the information furnished by the Government, the Committee find that despite a large number of raids conducted by the enforcement machinery of State Governments/UT Administration, the number of persons prosecuted and convicted were very minimal which may be due to shortcomings in the Acts. The Secretary, Department of Consumer Affairs during evidence stated that the provisions of the Acts are adequate provided these are implemented properly with vigour. However, he admitted that due to technology used by miscreants, they try to get out of the clutches of the law. The Committee feel that since the number of persons arrested and convicted under the Acts are on the rise, indicating the corresponding rise in cases of hoarding and blackmarketing, there is inadequacy in the provisions of the Acts to take action against unscrupulous persons indulging in hoarding and blackmarketing of essential commodities. The Committee, therefore, strongly recommend that the Government should make amendments in the penal provisions of the Acts in consultation with the States/UTs so that the offenders do not escape for want of the requisite provision in the law.

Reply of Government

4.11 In the Report of the Standing Committee, the Committee had desired that in view of the low convictions in such cases, the Department should examine whether there is any lacunae in the Act due to which most of them go scot free despite serious offences. The outcome of the examination alongwith the suggestions of the of the Department for bringing in any new amendment to meet the situation may be reported to the Committee within six months of the presentation of this report to the Parliament. Accordingly, Secretary (CA) had vide his D.O.letter dated 16th June, 2008 addressed to the Chief Secretaries of all States/UTs, requested the State Governments to give their views on the recommendation made by the Committee . However, only 17 States had responded to this letter and none of the States had suggested any review or amendment of the existing provisions of the Essential Commodities Act and the Prevention of Blackmarketing and Maintenance of Supplies of Essential Commodities Act . Accordingly, the Lok Sabha Secretariat had been informed that the available provisions are adequate, if properly implemented, to achieve the desired objectives. Hence the need for further amendment in the penal provisions of the Acts is not required at present.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Comments of the Committee

(Please see Para No. 1.26 of Chapter – I of the Report)

Recommendation (Sl. No. 24 Para No. 12.25)

4.12 The Committee note that the Commission had very little regulatory work and limited enforcement machinery as there were hardly any major commodities under future trading till about 10 year back. The Committee was informed that there were certain pre-requisites for an efficient and transparent future market. According to FMC, a bill has been introduced in Parliament to amend the Future Contract Act to strengthen the regulatory framework and confer autonomy on the regulator. The Committee hope that the bill is passed expeditiously in the Parliament and the FMC is conferred with requisite autonomy so that the regulatory framework is strengthened.

Reply of Government

4.13 The passage of the F.C(R)Amendment Bill would strengthen the regulatory framework and confer the desired autonomy on the FMC. The Forward Contracts (Regulation) Amendment Ordinance 2008 has lapsed with dissolution of fourteenth Lok Sabha. Government will take necessary steps to introduce fresh Bill in 15th Lok Sabha.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Comments of the Committee

(Please see Para No. 1.32 of Chapter – I of the Report)

Recommendation (Sl. No. 29 Para No. 13.31)

4.14 The Committee find that there is rampant misuse of LPG for other purposes. According to the Ministry the oil marketing companies and the Government were very much aware of the problem and they were constantly inspecting the premises of the dealers and taking punitive action against dealers whenever the misuse was revealed to them. The Committee also note that the Ministry is going to launch a massive campaign against misuse. The representative of the Ministry admitted during evidence that there was bound to be some misuse. The Ministry attributed the differential pricing of LPG as the main reason for the misuse of LPG Cylinders and so the temptation to use domestic LPG cylinders in the hotels or for marriage functions was very high. The Committee desire the Ministry to launch massive awareness campaign in the country to check the misuse of LPG cylinders for other purposes and take strong punitive action against the persons found involved in such activities.

Reply of Government

4.15 Government have issued advertisements cautioning the public that use of Domestic LPG cylinders for non-domestic purposes is illegal, dangerous and against national interest. Through these advertisements, cooperation of the general public has also been sought to report any irregularity / malpractice to the Public Sector Oil Marketing Companies.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Comments of the Committee

(Please see Para No. 1.35 of Chapter – I of the Report)

CHAPTER –V

RECOMMENDATIONS/OBSERVATIONS IN RESPECT OF WHICH REPLIES OF THE GOVERNMENT ARE STILL AWAITED

Recommendation (Sl. No. 10 Para No. 7.11)

5.1 The Committee note that as per entry no. 54 of the State list of the Seventh Schedule to the Constitution of India, the Taxation on Sale and Purchase within a State of goods, including essential commodities, is a State subject. The Committee observe that there is a large scale variation in levying of various taxes like Mandi Tax, DEMI, IDF, VAT by the State Governments. The concept of Value Added Tax (VAT) was introduced with a view to having a harmonized tax structure in respect of all commodities. The rates of VAT for various commodities were accordingly agreed to be uniform across the States by the Empowered Committee of State Finance Ministers. The Empowered Committee of State Finance Ministers had initially decided to keep the VAT rate of foodgrains at 4%. Subsequently, the EC itself provided the flexibility to the States in this regard which resulted in some States levying tax on foodgrains like rice and wheat, while some others have exempted these items from levy of VAT. Consequently, 11 States namely, Chhattigarh, NCT of Delhi, Gujarat, Jammu & Kashmir, Jharkhand, Karnataka, Maharashtra, Madhya Pradesh, Pudducherry and West Bengal have exempted foodgrains from VAT. State Government of Tamil Nadu has exempted foodgrains except wheat which is being taxed at 2%. The Committee strongly recommend that the remaining States/UTs should be persuaded to exempt the foodgrains from VAT provided that the State Government be consulted and the difficulties of the States be resolved before making such exemptions.

Reply of Government

5.2 VAT/Sales Tax, being a tax on sale or purchase of goods within a State, is State subject as per Entry 54 of the State List of the Seventh Schedule of the Constitution. Mandi Tax and Local Municipal Tax like entry tax, octroi are also levied and collected by States. An Empowered Committee of State Finance Ministers (EC) has been constituted for taking decisions on all matters relating to State VAT/Commercial Tax etc. The Union Government is only a facilitator in this tax reform process. Hence a copy of the Recommendations/observations contained in Chapter VII regarding "Imposing of Tax on Essential Commodities" has been forwarded to Empowered Committee of State Finance Ministers for consideration/taking necessary action.

The Union Government and the Empowered Committee of State Finance Ministers are working towards introducing the Goods and Services Tax which is likely to considerably reduce the multiplicity of taxes.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. No. 11 Para No. 7.12)

5.3 The Committee further note that all the taxes like Sales Tax, Local Municipal Taxes and other market taxes have been merged with VAT except the Central Sales Tax (CST) which is levied by the Central Government on sale or purchase of goods in the course of inter-State Trade and Commerce. The Government proposes to phase out the CST by 1.04.2010. The Committee do not appreciate the multiple tax pattern like Mandi Tax, Sales Tax, Local Municipal Tax like entry tax, octroi tax and toll tax levied on the foodgrains which ultimately lead to increase in the prices of essential commodities. The Committee, therefore, recommend that the Government should remove restrictions on the inter-State movement on agricultural commodities and introduce single uniform tax pattern across the States on essential commodities especially on foodgrains.

Reply of Government

5.4 VAT/Sales Tax, being a tax on sale or purchase of goods within a State, is State subject as per Entry 54 of the State List of the Seventh Schedule of the Constitution. Mandi Tax and Local Municipal Tax like entry tax, octroi are also levied and collected by States. An Empowered Committee of State Finance Ministers (EC) has been constituted for taking decisions on all matters relating to State VAT/Commercial Tax etc. The Union Government is only a facilitator in this tax reform process. Hence a copy of the Recommendations/observations contained in Chapter VII regarding “Imposing of Tax on Essential Commodities” has been forwarded to Empowered Committee of State Finance Ministers for consideration/taking necessary action.

The Union Government and the Empowered Committee of State Finance Ministers are working towards introducing the Goods and Services Tax which is likely to considerably reduce the multiplicity of taxes.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. No. 13 Para No. 8.14)

5.5 The Committee further note that Ministry of Rural Development is not maintaining the data of waste land which has been converted into agricultural land rather they depend only on the information provided by the State Governments. The Secretary, Ministry of Rural Development have promised during evidence that they will try to compile and calculate the data of agricultural land from State Governments which have been converted into agricultural land. The Committee, therefore, recommend that Ministry of Rural Development (Department of Land Resources) should collect the data of waste land converted into agricultural land from all the States/UTs which would help the Government to take the desired initiatives for food security for large population of the country and have a fair idea of conversion of agricultural land into other uses.

Reply of Government

5.6 Department of Land Resource has requested the concerned State Governments to furnish information on the wasteland converted into agricultural land in the project areas funded by Department of Land Resource. The information will be provided on receipt of the same from the State Governments.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. No. 15 Para No. 9.15)

5.7 The Committee further note that the Government contemplates to strengthen the Public Distribution System (PDS) by setting up a new scheme viz. 'Non-Formal Public Distribution System' to spruce up supplies of essential commodities at control price. The scheme will be implemented through State Civil Supplies Corporations and Consumers' Marketing Federations by increasing availability of commodities during period of price increase. While appreciating the efforts made by the Government to spruce up supplies of essential commodities at control price during price increase, the Committee desire that the scheme of Non-formal PDS should be introduced and implemented in the current financial year itself.

Reply of Government

5.8 For strengthening the capacity of State Civil Supplies Corporations/Consumers Marketing Federations, in consultation with Planning Commission, the Department of Food & Public distribution has prepared a Non-Plan Scheme for "Non-Formal Public Distribution System". However, the scheme is yet to be approved.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. No. 21 Para No. 12.22)

5.9 In this connection, the Committee also note that the National Board of Trade (NBOT), Indore was declared the best Commodity Exchange during the National Conference of Commodity Exchanges held on 2nd September, 2003 on the basis of volume of trade. The NBOT has not yet been declared a National Multi Commodity Exchange. According to the Ministry, the NBOT had achieved the highest turnover amongst the existing single commodity exchanges. The Committee understood that NBOT has put in place fully automated online system long ago. Being a duly approved demutualised set up, NBOT deserve a fair and better treatment because it pioneered the concept of the most efficient, transparent trading, clearing, settlement and delivery mechanism. The Committee strongly recommend that NBOT be recognized as a National Multi Commodity Exchange as per the old guidelines in the national interest and the paid up capital criteria of Rs. 100 crore as stipulated under New Guidelines should not be made applicable to the existing commodity exchanges who are otherwise satisfying the other guidelines stipulated in the guidelines.

Reply of Government

5.10 The Forward Markets Commission would be finalizing the guidelines for upgradation of the Regional Exchanges to the status of National Exchanges. The views of the Committee for not prescribing the criteria of Rs.100 crores networth would be taken into consideration.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

Recommendation (Sl. No. 22 Para No. 12.23)

5.11 The Committee note that the Government of India launched the Price Dissemination Project during the Eleventh Five Year Plan in order to facilitate the farmers to increase the bargaining capacity and to provide information of prices for their product in pre-sowing and pre-harvesting period. The Committee was also informed that the dissemination of future prices would enable farmers to understand the economic significance of the futures market and help them to make use of price signals emanating on a real time basis. According to FMC, the task of placing the ticker board in areas having farmers' footfalls is stupendous and would be implemented with the support of various organizations having reach to the farmers. In the first phase, around 1,000 agmarknet APMCs spread over 18 States which already have agmarknets computer hardware and internet connectivity have been identified for placement of Price Sticker Boards. It will be extended to all mandis in all States in the following years. The Committee recommend that the Price Sticker Boards which have been identified be commissioned without any further delay for the benefit of the farmers. FMC should also make concerted efforts to install the Price Sticker Boards to all the mandis in all the States of the country in the coming years. The Committee also desire that a study/survey be conducted to ascertain the percentage of small and marginal farmers who have been benefited from future/forward trading as according to FMC, no such study has yet been carried out by them.

Reply of Government

5.12 FMC proposes to launch the Price Dissemination Project in 180 AGMARKNET Mandis in 10 states during 2008-09. This will be further expanded to cover the entire country during the 11th Plan period. The process for identifying a suitable agency for undertaking a study to ascertain the percentage the small and marginal farmers who have benefited from futures / forward trading has been initiated. Letters in this regard have been sent to various institutions like, IIMs and Agricultural Universities and other Management Institutes.

[Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)
O.M. No.G-11027/15/2008-P&C Dated 30.06.2009]

New Delhi
19th November, 2009
28 Kartika, 1931 (Saka)

VILAS MUTTEMWAR
Chairman
Standing Committee on Food,
Consumer Affairs and Public Distribution

APPENDIX – I

STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2009-10)

MINUTES OF THE SIXTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION HELD ON MONDAY, 16TH NOVEMBER, 2009

The Committee sat from 1200 hrs to 1310 hrs in Committee Room '62', Parliament House, New Delhi.

Present

Shri Vilas Muttemwar - Chairman

Members

Lok Sabha

2. Shri Jaywant Gangaram Awale
3. Shri Shivraj Bhaiya
4. Shri Arvind Kumar Chaudhary
5. Shri Sanjay Singh Chauhan
6. Shri Lal Chand Kataria
7. Shri Puranmasi Ram

Rajya Sabha

8. Smt. T.Ratna Bai
9. Shri Kanjibhai Patel
10. Shri Rajniti Prasad
11. Shri Matilal Sarkar
12. Shri Kaptan Singh Solanki

Secretariat

1. Shri P.K.Misra - Joint Secretary
2. Smt. Veena Sharma - Director
3. Shri Jagdish Prasad - Deputy Secretary

2. At the outset, Hon'ble Chairman welcomed the Members to the sitting of the Committee. The Committee then took up for consideration the draft report on action taken by the Government on the recommendations contained in the Twenty-seventh Report (14th Lok Sabha) on the subject 'Price rise of Essential Commodities-Causes and Effects with special emphasis on import of wheat' and 'Enforcement of Prevention of Black Marketing and Maintenance and supply of Essential Commodities Act, 1980' and adopted the same with minor amendments.

3. The Committee authorized the Chairman to finalize the report and present the same to both the Houses of Parliament during the ensuing Session of Parliament.

The Committee then adjourned.

/……………/

APPENDIX – II

(Vide introduction in the Report)

ANALYSIS OF THE ACTION TAKEN BY THE GOVERNMENT ON THE RECOMMENDATIONS CONTAINED IN THE TWENTY SEVENTH REPORT OF THE COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (FOURTEENTH LOK SABHA)

Total Number of Recommendations	32

(i) Recommendations/ Observations which have been accepted by the Government:

Recommendation Nos. – 4, 6, 7, 8, 9, 12, 14, 16, 18, 19, 23, 26, 27, 28, 30, 31 and 32.

Total	17
Percentage	53

(ii) Recommendations/ Observations which the Committee do not desire to pursue in view of the replies received from the Government:

Recommendation Nos. – 2, 20 and 25.

Total	3
Percentage	9

(iii) Recommendations/ Observations in respect of which replies of the Government have not been accepted by the Committee and which require reiteration:

Recommendation Nos. – 1, 3, 5, 17, 24 and 29.

Total	6
Percentage	19

(iv) Recommendations/ observations in respect of which the final replies of the Government are still awaited:

Recommendation Nos. – 10, 11, 13, 15, 21 and 22.

Total	6
Percentage	19