

**STANDING COMMITTEE ON FOOD, CONSUMER  
AFFAIRS AND PUBLIC DISTRIBUTION (2020-2021)**

**11**

**SEVENTEENTH LOK SABHA**

**MINISTRY OF CONSUMER AFFAIRS, FOOD  
AND PUBLIC DISTRIBUTION  
(DEPARTMENT OF CONSUMER AFFAIRS)**

**PRICE RISE OF ESSENTIAL COMMODITIES –  
CAUSES AND EFFECTS**

**ELEVENTH REPORT**



**LOK SABHA SECRETARIAT  
NEW DELHI**

**March, 2021/ Phalguna 1942 (Saka)**

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*Presented to Lok Sabha on 19.03.2021*

*Laid in Rajya Sabha on 19.03.2021*



**LOK SABHA SECRETARIAT  
NEW DELHI**

**March, 2021/ Phalguna, 1942 (Saka)**

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**Composition of the Standing Committee on Food, Consumer Affairs and Public Distribution (2019-2020) :-**

Shri Sudip Bandyopadhyay, Chairperson

**LOK SABHA**

2. Shri Karadi Sanganna Amarappa
3. Shri C. N. Annadurai
4. Shri Girish Bhalchandra Bapat
5. Shri G. S. Basavaraj
6. Ms. Pratima Bhoumik

7. Smt. Pramila Bisoyi
8. Shri Anil Firojiya
9. Shri Rajendra Dhedya Gavit
10. Shri Bhagwant Mann
11. Shri Khagen Murmu
12. Shri Mitesh Rameshbhai (Bakabhai) Patel
13. Shri Subrat Pathak
14. Shri Manne Srinivas Reddy
15. Dr. Sanjeev Kumar Singari
16. Smt. Himadri Singh
17. Smt. Kavita Singh
18. Shri Ajay Misra Teni
19. Shri Saptagiri Ulaka
20. Shri Rajmohan Unnithan
21. Shri Ve.Vaithilingam

**RAJYA SABHA**

22. Dr. (Smt.) Fauzia Tahseen Ahmed#
23. Smt. Shanta Chhetri
24. Shri Satish Chandra Dubey@
25. Smt. Roopa Ganguly\$
26. Shri K. G. Kenye
27. Smt. M. C. Mary Kom
28. Shri Rajmani Patel
29. Shri Sakaldeep Rajbhar
30. Dr. Anbumani Ramadoss
31. Shri Veer Singh

**LOK SABHA SECRETARIAT**

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director
3. Shri Khakhai Zou - Additional Director
4. Shri Ginsuanlian Guite – Deputy Secretary

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@ Nominated to the Committee w.e.f. 04.02.2020.

# Vice Shri Amar Shankar Sable retired from Rajya Sabha w.e.f. 02.04.2020 and Dr. (Smt.) Fauzia Tahseen Ahmed nominated to the Committee w.e.f. 23.07.2020.

\$ Nominated to the Committee w.e.f. 23.07.2020

**Composition of the Standing Committee on Food, Consumer Affairs and Public Distribution (2020-2021):-**

Shri Sudip Bandyopadhyay, Chairperson

**Lok Sabha**

2. Dr. Farooq Abdullah
3. Shri Karadi Sanganna Amarappa
4. Shri Girish Bhalchandra Bapat
5. Shri G. S. Basavaraj
6. Shri Shafiqur Rahman Barq
7. Ms. Pratima Bhoumik
8. Shri Anil Firojiya
9. Shri Rajendra Dhedya Gavit
10. Shri Bhagwant Mann
11. Shri Khagen Murmu
12. Shri Mitesh Rameshbhai (Bakabhai) Patel
13. Shri Subrat Pathak
14. Smt. Himadri Singh
15. Smt. Kavita Singh
16. Shri Ganesan Selvam
17. Shri Nandigam Suresh
18. Shri Ajay Misra Teni
19. Shri Saptagiri Ulaka
20. Shri Rajmohan Unnithan
21. Shri Ve.Vaithilingam

**Rajya Sabha**

22. Smt. Shanta Chhetri
23. Shri Satish Chandra Dubey
24. Smt. Roopa Ganguly
25. Shri K. G. Kenye
26. Dr. Fauzia Khan
27. Smt. M. C. Mary Kom
28. Shri Rajmani Patel
29. Shri Sakaldeep Rajbhar
30. Dr. Anbumani Ramadoss
31. Vacant

**LOK SABHA SECRETARIAT**

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director
3. Shri Khakhai Zou - Additional Director
4. Shri Ginsuanlian Guite - Deputy Secretary

## INTRODUCTION

I, the Chairperson of the Standing Committee on Food, Consumer Affairs and Public Distribution (2020-2021) having been authorized by the Committee to present the Report on their behalf, present this Eleventh Report on the subject 'Price Rise of Essential Commodities – Causes & Effects' pertaining to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs).

2. The subject was selected by the Committee (2019-2020) for examination. The Committee was briefed on the subject by the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) on 5 December, 2019. The Committee also took oral evidence of the representatives of the Department of Consumer Affairs on 19 December, 2019. The Committee (2020-2021) decided to continue with the examination of the subject and took oral evidence of the representatives of the Department of Consumer Affairs on 16 December, 2020.

3. The Committee wish to express their thanks to the Officers of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) for placing before them the necessary information in connection with the examination of the subject.

4. The Report was considered and adopted by the Committee at their sitting held on 18 March, 2021.

5. For facility of reference and convenience, the Observations/Comments of the Committee have been printed in thick type in Part - II of the Report.

**NEW DELHI;  
18 March, 2021  
27 Phalguna 1942 (Saka)**

**SUDIP BANDYOPADHYAY,  
Chairperson,  
Standing Committee on Food,  
Consumer Affairs and Public Distribution**



**PART I**  
**REPORT**

**CHAPTER – I**

**INTRODUCTORY**

The rise in prices of essential commodities impacts every household but the poorest sections are the worst affected. It leads to increase in the average monthly expenditure of households, especially on food items. There is change in the consumption pattern of the people, cut in costs/spending in other areas such as healthcare and transportation. Households are forced to adopt other coping strategies. For instance, households may start using up savings, pawning or selling valuables, or taking a loan to finance their monthly cash requirements. The impact of increased cost of agri-produce and lower access/demand and consumption of nutritious products by the consumers may be adverse leading to health and labour productivity related issues as well as concern regarding unutilized stocks/ production with procuring agencies. To redress both these concerns, i.e. nutrition and excess stocks with Govt., agri-produce will have to be made available to consumers at subsidized prices.

1.2 The Department of Consumer Affairs (DoCA) is one of the two Departments under the Ministry of Consumer Affairs, Food and Public Distribution. The mandate of the Department is consumer advocacy. India was a pioneer in consumer advocacy with the Consumer Protection Act (CPA), a path breaking legislation at the time, enacted in 1986 and the establishment of a separate government department dedicated to consumer affairs as early as in 1997. Translating this mandate into action entails:

- Enabling consumers to make informed choices;

- Ensuring fair, equitable and consistent outcomes for consumers; and
- Facilitating timely and effective consumer grievance redress.

1.3 The Standing Committee on Food, Consumer Affairs and Public Distribution (2019-2020) *had* selected the subject '*Price Rise of Essential Commodities – Causes & Effects*' for examination and report. Accordingly, the Committee took briefing and oral evidence of the representatives of the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) on 5 December, 2019 and 19 December, 2019 respectively. Subsequent to these deliberations, further information was also received from the Department pertinent to the subject. *The Committee (2020-2021) have again selected the subject for examination and report and took oral evidence of the representatives of the Department of Consumer Affairs on 16 December, 2020.*

1.4 The Committee's examination of the subject '*Price Rise of Essential Commodities – Causes and Effects*', *inter-alia*, include (i) Essential Commodities, (ii) Price Rise of Essential Commodities, (iii) Control and Monitoring of the Prices of Essential Commodities, (iv) Distribution and Marketing of Essential Commodities, and (v) National Missions for Augmenting Production and Availability of some Essential Commodities.

## CHAPTER – II

### ESSENTIAL COMMODITIES

Essential commodities are vital and very essential in a way that they must reach everybody at affordable prices. To ensure adequate availability of all the essential commodities to the economically weaker families/people of the country at a fair price, under Article 246, entry no. 33 of the Concurrent List of Seventh Schedule (of the Constitution of India), the Parliament passed the Essential Commodities Act, 1955, which was assented to by the President of India on 1 April 1955. It served the purpose of regulation of the price, production, supply and distribution, and trade and commerce, in commodities essential to the general public as human beings. The powers of the Central Government under the Act, have been delegated, comprehensively, to the State Governments *vide* order dated 09.06.1978. There is no specific definition of essential commodities in the Essential Commodities Act, 1955 (EC Act), but Section 2(A) of the Act states that an “*essential commodity*” means a commodity specified in the “Schedule” of this Act. The Act gives powers to the Central Government to add or remove a commodity in the “Schedule.” The Centre, if it is satisfied that it is necessary to do so in public interest, can notify an item as essential, in consultation with the State Governments.

#### **List of Essential Commodities**

2.2 According to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), the list of commodities included in the Schedule of Essential Commodities under the Essential Commodities Act (EC Act), 1955, are given as under:

- (1) Drugs;
- (2) Fertilizers, whether organic, inorganic or mixed;
- (3) Foodstuffs, including edible oilseeds and oils;
- (4) Hank yarn made wholly from cotton;
- (5) Petroleum and Petroleum products;
- (6) Raw jute and jute textile;
- (7) (i) Seeds of food crops and seeds of fruits and vegetables;  
(ii) Seeds of cattle fodder;  
(iii) Jute seeds; and  
(iv) Cotton seeds.

2.3 The Department of Consumer Affairs apprised the Committee that the Department, as and when required, may in consultation with Ministries/Departments concerned as well as State Governments, take decision for listing or delisting of a commodity in the list of essential commodities.

2.4 Regarding the validity of a commodity remaining in the List of Essential Commodities after it being declared as such by the Government, the Department, in a written reply, submitted:

“Without specifying any period, if a notification be issued under sub-section (2) of Section 2A for declaring a commodity as an essential commodity under the Schedule of the Act (EC Act), it remains as an essential commodity for the indefinite period. As and when deemed necessary, the commodity may be deleted from the Schedule by another Notification under sub-section (2) of Section 2A of the Act.”

2.5 Asked as to whether there are plans to include more items in the list of Essential Commodities including Fast Moving Consumer Goods (FMCGs) which directly impact the welfare or health of consumers, viz. packaged foods, beverages, toiletries, over-the-counter drugs and other consumables, the Department of Consumer Affairs stated that no such plans are under consideration at present.

2.6 Giving specific instances of additions/deletions of items in the List of Essential Commodities during the last 5 years, the Department stated that after major amendment of 2006, the first and only other instance wherein amendment in the Schedule was made was in the year 2009, by way of notification under powers conferred by sub-section (2) of Section 2A of the EC Act, 1955 for including cotton seed as an essential commodity in the Act. From time to time, the Government reviews the EC Act, 1955 for making it more conducive to the current scenario.

### **The Essential Commodities (Amendment) Act, 2020**

2.7 *The Government enacted 'The Essential Commodities (Amendment) Act, 2020' on 26.09.2020 which inserted the following sub-section in Section 3 of the Essential Commodities Act, 1955:*

*'1(A) Notwithstanding anything contained in sub-section (1),-*

*(a) the supply of such foodstuffs, including cereals, pulses, potato, onion, edible oilseeds and oils, as the Central Government may, by notification in the Official Gazette, specify, may be regulated only under extraordinary circumstances which may include war, famine, extraordinary price rise and natural calamity of grave nature;*

*(b) any action on imposing stock limit shall be based on price rise and an order for regulating stock limit of any*

*agricultural producer may be issued under this Act only if there is –*

- (i) hundred per cent increase in the retail price of horticultural produce; or*
- (ii) fifty per cent increase in the retail price of non-perishable agricultural foodstuffs, over the price prevailing immediately preceding twelve months, or average retail price of last five years, whichever is lower;*

*Provided that such order for regulating stock limit shall not apply to a processor or value chain participant of any agricultural produce, if the stock limit of such person does not exceed the overall ceiling of installed capacity of processing, or the demand for export in case of an exporter;*

*Provided further that nothing contained in this sub-section shall apply to any order, relating to the Public Distribution System or the Targeted Public Distribution System, made by the Government under this Act or under any other law for the time being in force.'*

*2.8 The Department of Consumer Affairs, in a written note, has stated that the Essential Commodities (Amendment) Act, 2020 has not removed any of the commodity from the Schedule of the Essential Commodities Act, 1955, and that the Commodities listed in the Schedule at para 2.2 above are the same as they were prior to the amendment.*

*2.9 When asked about the changes in the functioning of the Department of Consumer Affairs after the coming into force of Essential Commodities (Amendment) Act, 2020, the Department stated as follows:*

*“Under the Essential Commodities (Amendment) Act, 2020, a new sub-section (1A) after the sub-section (1) of Section 3 of the Essential Commodities (EC) Act, 1955 has been inserted, which states that the supply of foodstuffs including cereals, pulses, potato, onions, edible oilseeds and oils shall only be regulated under extra ordinary*

*circumstances which may include war, famine, extraordinary price rise and natural calamity of grave nature.*

*It has been felt apparently to balance the interest of all the stakeholders including farmers, exporters, processors, other value chain participants and consumers by removing the fear of "excessive regulatory interference". At the same time, power has been retained with the Government for regulation under certain extraordinary circumstances. Hence, this amendment. The Amendment not only takes exporters, processors and other value chain participants out of the ambit of the stock limits under the EC Act but also puts in place a well-defined mechanism for imposition of these limits. It will not affect the structure of functioning of the Department."*

*2.10 The Essential Commodities (Amendment) Act, 2020 provides that the Central Government can regulate the supply of certain food items (as may be notified) only under extraordinary circumstances which may include war, famine, extraordinary price rise and natural calamity of grave nature. When the Committee asked to state the circumstances leading to the change of policy of the Union Government with regard to regulating supply of essential commodities, the Department, in a written reply, stated as follows:*

*"While India has become surplus in most agricultural commodities, farmers have been unable to get better prices due to lack of investment in cold storage, warehouses, processing and export as entrepreneurs get discouraged by the regulatory mechanisms in the Essential Commodities Act, 1955. Farmers suffer huge losses when there are bumper harvests, especially of perishable commodities. With adequate processing facilities, much of this wastage can be reduced. The agriculture sector has the potential of making significant contribution to economic growth and therefore, to boost immediate*

*investment in this sector, increase competition and enhance farmers' income, there was a need to create an environment based on ease of doing business and for removing the fear of frequent statutory controls under the Essential Commodities Act, which was one such reform measure that had already been recommended by the High Powered Committee for Transformation of Indian Agriculture comprising the Department of Agriculture and Farmers' Welfare, NITI Aayog, and the Chief Ministers of the States of Punjab, Maharashtra, Odisha, Madhya Pradesh, Gujarat, Arunachal Pradesh and Uttar Pradesh.”*

*2.11 The foodstuffs such as potato, onions and pulses are part of a common man's daily essential commodities which they can afford due to their low income. By not regulating the supply of such essential food items, the Amendment will encourage hoarding of these items and artificial price rise. In case there is no Government intervention to cap the price at such a time, the poor people will be badly affected. There are lakhs of people in the country who do not have ration cards and thus do not get the benefits of Public Distribution System or Targeted Public Distribution System. They will be worst affected.*

*2.12 When the Committee wanted to know how the Government proposes to ameliorate the sufferings of poor consumers such as labourers due to escalation in prices of foodstuffs, the Department of Consumer Affairs submitted as follows:*

*“The Government, while liberalizing the regulatory environment in order to boost farmers' income and attract investment to the agriculture sector, has also ensured that interests of poor consumers are safeguarded. It has been provided in the Amendment, that in situations such as war, famine, extraordinary price rise and natural calamity, such agricultural foodstuff can be regulated. Whenever there is unprecedented price rise, provision has been made for independent and objective assessment that this price rise needs to*



*be dealt with through imposition of stock limits. The price of that commodity during the preceding year will be compared with the average prices over the preceding five years; the lower of the two figures will be the base figure and if prevailing price of that commodity is 100% higher (for perishable commodity), or 50% higher (for non-perishable commodity), this will be the trigger for imposing stock limits. Recently, the Government has imposed stock limit on Onion as the price of it triggered for imposition of stock limits.”*

*2.13 Regarding the query whether the tradition of buffer stocking of pulses continues after the coming into force of the Essential Commodities (Amendment) Act, 2020, the Department stated that Price Stabilisation Fund (PSF) was established in 2014-15 with the purpose of stabilizing the prices of agricultural commodities viz, onion, potato and pulses. There is no linkage between Essential Commodities (Amendment) Act, 2020 and PSF buffer. However, procurement of pulses and vegetables shall be continued keeping in view protection of interests of consumers and farmers.*

*2.14 The Department also stated as under:*

*“The Essential Commodities (Amendment) Act, 2020 has not affected/restricted the powers of the State Governments to enforce stock limits on essential commodities or take actions on hoarders and profiteers. The State would still exercise all its powers including issuance of permits, licences, etc. for regulating the production, distribution, supply, movement, transportation, etc. of the essential commodities. This is amply clear from the advisory issued on 29 October, 2020 to all States suggesting that three days’ time after purchase of onion from Mandis be allowed for packing, grading etc., before any action is taken in pursuance to the order imposing stock limits.”*

## Taxes/Controls on Essential Commodities

2.15 In response to a query regarding the different tariffs levied (Goods and Services Tax or GST) on all essential commodities, including the percentage increases/decreases during the last 5 years in the country, the Department furnished the information about the GST rates on 22 Essential Commodities as reproduced below:

Essential Commodity	GST Rate
Rice	Nil for unbranded and 5% for branded and packed in unit container.
Wheat	Nil for unbranded and 5% for branded and packed in unit container.
Atta	Nil for unbranded and 5% for branded and packed in unit container.
Gram dal	Nil for unbranded and 5% for branded and packed in unit container.
Arhar dal	Nil for unbranded and 5% for branded and packed in unit container.
Moong dal	Nil for unbranded and 5% for branded and packed in unit container.
Urad dal	Nil for unbranded and 5% for branded and packed in unit container.
Masoor dal	Nil for unbranded and 5% for branded and packed in unit container.
Tea	5%
Sugar	5%
Salt	Nil
Vanaspati	5%
Groundnut oil	5%
Mustard oil	5%
Milk	Fresh Nil, UHT milk 5%
Soya Oil	5%
Palm Oil	5%
Sunflower oil	5%
Gur	Nil
Potato	Nil
Onion	Nil
Tomato	Nil

2.16 The Department of Consumer Affairs stated that export of wheat/rice attract no export duty. They also stated that in GST, most essential commodities are exempted or are taxed at nominal 5% GST rate.

2.17 Asked whether there were unnecessary and redundant controls/restrictions on movement and distribution, particularly of agricultural commodities, the Department stated as under:

“No redundant controls/restrictions on movement and distribution, particularly of agricultural commodities, (existed) during the last 3 years. As on date, there is no control on any agricultural commodity under the Essential Commodities Act, 1955.”

### **Producer Price Index**

2.18 The Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) stated that Producer Price Index (PPI) is an index designed to measure the average change in the price of goods and services from the point of view of producer either as they leave the place of production, called *Output PPI* or as they enter the production process, called *Input PPI*. PPI is an improvement over WPI since it is free from the bias of multiple counting inherent in an aggregate commodity based index like WPI. Compilation of PPI would make it possible to apply the double deflation method and thus provide a more accurate reflection of the price changes of the relevant economic activities. It will give a reliable and internationally comparable picture of prices fixed by producers.

2.19 The Department of Consumer Affairs further stated that a Working Group on PPI was constituted on 21<sup>st</sup> August 2014 under the chairmanship of Dr. B N Goldar, Ex-member, National Statistics Commission. The Working

Group submitted its report on 31<sup>st</sup> August 2017 with the main recommendation to compile PPI in India based on Supply Use Table 2011-12 published by Central Statistics Office, which has been uploaded in the website of Office of Economic Advisor. The technical decision of migration from WPI to PPI will be examined by the Working Group and Technical Advisory Committee on Series of Prices and Cost of Living. The exercise for revision of base year has commenced with the setting up of Working Group for revision of WPI on 25<sup>th</sup> June 2019 under the Chairmanship of Prof. Ramesh Chand. The terms of Reference of Working Group are as follows:

- To select the most appropriate Base Year for the preparation of a new official series of Index Numbers of Wholesale Price (WPI) and Producer Price Index (PPI) in India.
- To review commodity basket of the current series of WPI and suggest additions/ deletions of commodities in the light of structural changes in the economy witnessed since 2011-12.
- To review the existing system of price collection in particular for manufacturing sector and suggest changes for improvement.
- To decide on the computational methodology to be adopted for Monthly WPI/ PPI.
- To examine the existing methodology of compilation of Producer Price Index approved by Technical Advisory Committee on Series of Prices and Cost of Living and suggest further improvement in compilation and presentation. The Working Group may recommend roadmap for switch over from WPI to PPI.
- To examine the method of computing linking factor adopted so far and suggest appropriate change in method of computing linking factor, if necessary.

- To suggest any other improvements as may be necessary for enhancing the reliability of the official series of WPI/PPI.

2.20 The Department of Consumer Affairs also stated that the Working Group under Prof. Ramesh Chand was mandated to submit its report on June, 2020, but its term has been extended for another year, i.e. till June, 2021. *The Department further submitted to the Committee that based on recommendations of the Working Group, five sub-groups have been constituted on agricultural items; mining, fuel and power; manufacturing; services; and analytical and conceptual issues. The sub-group on technical and analytical issues has been examining issues related to PPI methodology and other modalities. Based on the recommendations of five sub-groups, the Working Group will submit its final Report to Technical Advisory Committee on Series of Prices and Cost of Living by 31<sup>st</sup> May, 2021.* The Report of this Working Group will then be technically examined by Technical Advisory Committee on Series of Prices and Cost of Living, Ministry of Statistics and Programme Implementation (MOSPI) and also by National Statistical Commission, an autonomous body. The final decision of feasibility of shifting and its modalities will be decided by the Committee of Secretaries (CoS).

### **Safety standards of food items**

2.21 The Food Safety and Standards Authority of India (FSSAI) was established in 2008 under Section 4 of Food Safety and Standards Act (FSS Act), 2006 to carry out the mandate of the Act, *viz.* to make regulations on food standards. The Authority comprises of Chairperson and 22 members. Chief Executive Officer is the Member Secretary of the Authority and the legal

representative. The Authority functions under the administrative control of the Ministry of Health and Family Welfare, and has its headquarters at New Delhi and has regional offices at Mumbai, Kolkata, Chennai, Delhi and Guwahati and two sub-regional offices at Tuticorin and Kochi.

2.22 The Department of Consumer Affairs stated that FSSAI interacts with State Governments through meetings of Central Advisory Committee (CAC) in which Food Safety Commissioners of all States/UTs are also represented, video conference with food safety officials of the State /UT Governments and periodic visit of senior officials to States/UTs.

The number of meetings of CAC held during the last few years are as under:

<b>Sl. No.</b>	<b>Year</b>	<b>Central Advisory Committee (CAC) Meetings</b>
1.	2010-11	3
2.	2011-12	3
3.	2012-13	3
4.	2013-14	2
5.	2014-15	2
6.	2015-16	3
7.	2016-17	2
8.	2017-18	3
9.	2018-19	4
10.	2019-20	2

2.23 The Committee were apprised that Food Safety Officers are taking samples of food regularly and sending them for analysis in the food laboratories and, based on the food laboratory report received from Food

Analyst, Designated Officers launch prosecution against the defaulting Food Business Operator as per the procedure defined under Section 42 of Food Safety and Standards Act, 2006. *As per the information made available by the State/UT Governments, the details of non-compliant cases and action taken thereon during the period from 2016-17 to 2020-21 (upto 30.09.2020) are as under:*

<i>Year</i>	<i>No. of samples analyzed</i>	<i>No. of samples found non-conforming</i>	<i>No. of Civil/ Criminal cases Launched</i>	<i>Convictions</i>	<i>No. of cases in which Penalties imposed / Amount raised</i>
<i>2016-17</i>	<i>78340</i>	<i>18325</i>	<i>13080</i>	<i>1605</i>	<i>4757/Rs.17,01,93,266</i>
<i>2017-18</i>	<i>99353</i>	<i>24262</i>	<i>15121</i>	<i>5198</i>	<i>7627/Rs.26,35,41,067</i>
<i>2018-19</i>	<i>106459</i>	<i>30415</i>	<i>21363</i>	<i>701</i>	<i>12734/Rs.32,57,78,087</i>
<i>2019-20</i>	<i>118775</i>	<i>29589</i>	<i>27412</i>	<i>821</i>	<i>16881/Rs. 59,38,46,359</i>
<i>2020-21 (upto 30.09.20)</i>	<i>32987</i>	<i>8936</i>	<i>7038</i>	<i>Not Available</i>	<i>Not Available</i>

2.24 To regulate import of food items, FSSAI has its presence at 22 points of entry at six locations viz. Delhi, Mumbai, Kolkata, Chennai, Tuticorin and Kochi. For regulating import at other locations, FSSAI has notified Customs Officers as authorized officers and provided them requisite training. Risk Management System has been introduced to reduce time and ease the import process. The Department submitted that the implementation of FSS Act, 2006 primarily rests with State/UT Governments.

2.25 When asked whether the quality of food items in storage godowns are within the purview of FSSAI, the Department, in a written reply, stated as under:

“In terms of Section 31 of FSS Act, 2006, all Food Business Operators doing any food business as defined under Section 3 (1) (n), which also includes storage, have to obtain licence or registration before commencing food business and to comply with the provisions of FSS Act, and rules and regulations made thereunder. The Food Business Operators engaged in storage kind of business have to comply with the hygienic and sanitary practices as prescribed under Schedule 4 of Food Safety and Standards (Licensing and Registration of Food Businesses) Regulation, 2011. In addition, Section 26 and Section 27 of the FSS Act prescribe the responsibility and liability of Food Business Operators with reference to food quality. All Food Business Operators engaged in storage of food also have to comply with the quality parameters of food accordingly.”



## CHAPTER – III

### PRICE RISE OF ESSENTIAL COMMODITIES

#### **Causes of price rise of Essential Commodities**

As per the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), the causes of price rise of essential commodities include factors such as (a) Increase in Cost of cultivation, (b) Rising incomes and shift in consumer preferences, (c) Adverse weather conditions and insufficient irrigation facilities, (d) Other infrastructure and logistics constraints, (e) Rising international prices, and (f) Speculation and artificial shortages.

3.2 Apart from these general factors, the Ministry stated that hoarding by the traders is also a factor contributing to price rise of essential commodities like pulses and onion. The Ministry further stated that in 2017-18, prices of pulses stabilized owing to near normal Monsoon, increase in the pulses production and buffer build up by the Government. Sugar prices also firmed up on account of lower production and hardening of price in the international market. Vegetable prices, especially onion and tomatoes increased owing to the lean summer season, damage of crops due to erratic rainfall, festival season and speculation.

#### *(a) Increase in cost of cultivation as a factor for price rise*

3.3 The Department of Consumer Affairs, in a written note, stated that increase in cost of cultivation for inputs like fertilizers, wages, etc. influences prices of food articles. Elaborating further the role of 'increase in cost of cultivation' in influencing the food prices, the Department stated that the Commission for Agricultural Costs and Prices

(CACP) is mandated to recommend Minimum Support Price (MSP) at national level for 22 agricultural commodities and Fair and Remunerative Price (FRP) for sugarcane, taking into consideration the cost of production, overall demand-supply, domestic and international prices, inter-crop price parity, the likely effect of the price policy on the rest of the economy, rational utilization of land, water and other production resources and a minimum of 50 per cent as the margin over cost of production in case of MSP crops and reasonable margin over cost of production in case of sugarcane.

3.4 Regarding the remedial measures taken by the Government in respect of costs of chemicals and fertilizers, the Department submitted as under:

“Government has implemented Nutrient Based Subsidy Policy w.e.f. 1.4.2020 for Phosphatic and Potassic (P&K) Fertilizers. Under the policy, a fixed amount of subsidy, decided on annual basis, is provided on subsidized P&K fertilizers depending on their nutrient content. Under this policy, MRP is fixed by fertilizer companies as per market dynamics at reasonable level which is monitored by the Government. Urea is being provided to the farmers at a statutorily notified Maximum Retail Price (MRP). The MRP of 45 kg bag of urea is Rs 242 per bag (exclusive of charges towards neem coating and taxes as applicable). The difference between the delivered cost of urea at farm gate and net market realization by the urea units is given as subsidy to the urea manufacturer/ importer by the Government of India. Accordingly, all farmers are being supplied urea at the subsidized rates.”

3.5 The information pertaining the details of funds used as fertilizer subsidy by the Government of India during the last 5 years or so as

received from the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) is given in a table below:

(Expenditure in Rs. crore)

Year	Imported P&K	Indigenous P&K	City Compost	Imported Urea
2014-15	8667.30	12000.00	N.A.	16200.00
2015-16	9968.56	11969.00	N.A.	16400.00
2016-17	6999.99	11842.88	0.55	11256.59
2017-18	7900.00	14337.00	7.26	9980.00
2018-19	9260.00	14820.35	10.00	17155.36
2019-20	N.A.	N.A.	N.A.	N.A.

The BE for expenditures on subsidy on fertilizers for 2019-20 for Imported P&K, Indigenous P&K, City Compost and Imported Urea were Rs. 10429.00 crore, Rs. 15906.00 crore, Rs. 32.00 crore and Rs. 14049.00 crore respectively.

*(b) Lack of technological breakthrough as factor for price rise*

3.6 As per information furnished by the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), the technological breakthrough for enhancing the productivity of pulses and oilseeds in India have not matched the levels of cereals. The yields have remained low, specially in cases of pulses and cereals. These are not the favoured crops due to high risk and fluctuations in production, giving rise to supply side constraints.

*(c) Infrastructure and logistics constraints as factors for price rise*

3.7 The Department of Consumer Affairs also informed the Committee that there is wastage of crops due to lack of awareness about proper storages, improper handling during their transportation, lack of awareness about proper methods of storage etc. These factors are significant in

influencing prices of highly perishable items like fruits and vegetables. Also, increase in fuel prices directly impacts transportation costs which add into the wholesale and retail prices of food products.

3.8 When asked about the remedial steps taken to address the issue of lack of awareness about proper cold storages, improper handling during their transportation, lack of awareness about proper methods of storages and the outcome thereof, the Department replied as follows:

“Government has taken various steps to spread awareness about proper use of storage and transportation techniques. Government is organising various training programmes and awareness campaigns for the benefit of farmers under schemes like Mission for Integrated Development of Horticulture (MIDH), National Food Security Mission (NFSM) etc. Awareness campaigns, advertisements, etc. are organised in print and electronic media to raise awareness among the farmers about the various initiatives taken by the Govt. of India for their welfare. Further, ICT is being deployed to boost the awareness of farmers. The Department of Agriculture, Cooperation and Farmers Welfare has developed “*Kisan Suvidha*” mobile application to facilitate dissemination of information to farmers on the critical parameters including cold storages & godowns. Very recently, a mobile application named “*Kisan Rath*” has been launched to facilitate farmers and traders in identifying right mode of transportation for movement of farm produce ranging from food grain (cereal, coarse cereal, pulses etc), fruits & vegetables, oil seeds, spices, etc.”

3.9 The Department of Consumer Affairs stated in a written note that because of the inherent perishable nature of the produce and short shelf life, around 30% of vegetables in the country perish during harvest,

storage, grading, transport, packing and distribution. Further, there is wastage of vegetables along the supply chain due to poor post-harvest management and lack of cold chain and seasonality of vegetable production creates fluctuations in prices.

3.10 When enquired if the Department of Consumer Affairs had studied the post-harvest crop/vegetables management practices of other countries, specially advanced (developed) countries with a view to replicating them in our country, the Department replied in the negative.

*(d) Adverse weather conditions and dependence on Monsoon as factors for price rise*

3.11 The Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) stated that with limited area under irrigation, crops have become susceptible to the vagaries of Monsoon and adverse weather conditions like drought. The Indian farmers are dependent on the four-month Monsoon season during which 80% of the year's total rainfall is received.

### **Sugar price**

3.12 In regard to stabilizing sugar price, the Government has submitted as under:

“To safeguard the interest of farmers, the Central Government fixes the Fair and Remunerative Price (FRP) of sugarcane for every sugar season on the recommendations of the Commission for Agricultural Costs and Prices (CACP) and after consultation with State Governments and other stakeholders. The FRP so fixed is the benchmark price below which no sugar mill can purchase cane from sugarcane growers. In so far as

payment of cane farmers is concerned, the Sugarcane (Control) Order, 1966 stipulates the payment of cane price within 14 days of supply, failing which interest at the rate of 15% per annum on amount due for the delayed period beyond 14 days is payable. The powers of enforcing this provision are delegated and vested with the State Governments/UT Administrations who have necessary field formations. However, Central Government from time to time, advises the State Governments/UT Administrations to ensure the timely payment of cane dues by sugar mills.

Surplus production in last five sugar seasons and depressed international market had adversely impacted the domestic sugar prices leading to liquidity crisis of sugar mills and accumulation of cane price arrears of farmers. In order to stabilize sugar prices at reasonable level to improve liquidity of mills, thereby enabling them to clear cane price dues of farmers, Central Government has taken a number of measures like extending assistance to sugar mills on cane crushed, fixation of Minimum Selling Price of Sugar, providing assistance to facilitate export of sugar, fixed remunerative prices of ethanol derived from C-heavy molasses, B-heavy molasses and from Sugar cane juice/sugar/sugar syrup, providing soft loan to sugar mills to clear cane dues, created buffer stock of sugar, etc. Further, loans are extended from Sugar Development Fund to sugar mills for modernization and capacity expansion purpose, which promotes sugarcane productivity and ensures stable production of sugar.

Apart from the above, Department of Food and Public Distribution (DFPD) is regularly monitoring the sugar sector scenario and appropriate action is taken as and when required.”

## Export and import of food items

3.13 The Department of Consumer Affairs gave information about export of foodgrains by India, including the quantity and names of importing countries during 2014-15, 2015-16, 2017-18, 2018-19, 2019-20 and 2020-21 (till 31.12.2020). According to the Department, the quantity of wheat and non-basmati rice issued from Central Pool Stocks to the Ministry of External Affairs for further shipment to other countries as humanitarian assistance during the period from 2014 to 2020 is as follows:

Sl. No.	year	Country	Commodity	Quantity (in MT)
1	2014-15	Zimbabwe	Non- basmati Rice	500
2	2015-16	Myanmar	Non- basmati Rice	100
3	2016-17	-	-	-
4	2017-18	Sri Lanka	Non- basmati Rice	100
5		Zimbabwe	Non- basmati Rice	500
6		Lesotho	Non- basmati Rice	500
7		Namibia	Non- basmati Rice	1,000
8		Afghanistan	Wheat	1,10,000
9	2018-19	-	-	-
10	2019-20	DPR Korea	Wheat	1,584
11		Madagascar	Non- basmati Rice	600
12	2020-21 (till 31.12.2020)	Bhutan	Non- basmati Rice	2,000
13		Afghanistan	Wheat	75,000

3.14 Asked about the quantity of wheat, rice, pulses and onions imported during the last three years, the Department of Consumer Affairs submitted as under:

“Wheat and Rice come under the purview of Department of Food and Public Distribution. As regards imports of Pulses and Onion for building buffer is concerned (sic), no imports of pulses has been undertaken under Price Stabilization Fund (PSF) during the last three

years. In November 2019, Government has approved import of 1 lakh MT of onion. Private imports of wheat, rice, pulses and onion are as under:

<b>Imports (Qty. in MT)</b>				
<b>Commodity</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20</b>
RICE	1,144	2,122	6,869	1784
WHEAT	5,749,434	1,649,725	2,746	1,162
PULSES	6,609,487	5,607,532	2,527,875	28,98,078
ONIONS	87	6,593	7,081	1,41,190

### **Price rise in Oil and Gas sectors**

3.15 As per information provided by the Department of Consumer Affairs, 'Petroleum and Petroleum Products' have been included in the list of Essential Commodities. When asked about the situation regarding the prices of petroleum products such as petrol, diesel and cooking gas, the Department replied that the prices of petrol and diesel have been made market-determined by the Government with effect from 26.06.2010 and 19.10.2014 respectively. Since then, the Public Sector Oil Marketing Companies (OMCs) take appropriate decision on pricing of petrol and diesel in line with their international product prices, exchange rate, tax structure, inland freight and other cost elements. The Public Sector OMCs have not only increased but also decreased the prices accordingly.



The Government modulates the effective cost to consumer for Subsidized Domestic LPG. The prices of non-subsidized domestic LPG are however, determined by the OMCs in line with changes in international markets. There is no under-recovery on sale of PDS Kerosene w.e.f 01.03.2020.

The Natural Gas available in the country can be divided into two categories:

(a) *Domestic Natural Gas*: Domestic gas being produced from APM/Non APM/NELP fields (~85% quantity) is being allocated as per relevant Gas utilization policies. Further, gas supplies (~15% quantity) are being governed as per various Production Sharing Contracts (PSCs). The Hydrocarbon Exploration and Licensing Policy (HELP) provides for Marketing and Pricing freedom from Deepwater, Ultra Deep water and High Pressure- Temperature areas to field operators.

(b) *Imported Liquefied Natural Gas (LNG)*: Liquefied Natural Gas (LNG) is imported in the country through Open General Licence (OGL) as per mutually agreed terms between buyer and seller. Domestically produced Crude Oil and Natural Gas under PSC regime is supplied within domestic market as per the PSC provisions whereas in case of Nomination fields, Government allocates such crude oil & gas production based on priority. There is an industry demand for complete pricing and marketing freedom for domestic Natural Gas, which is under consideration of Ministry of Petroleum & Natural Gas (MoP & NG). Absolute pricing and marketing freedom across all regimes for all types of gas is required to translate India into a Gas-based economy wherein market will aid in price discovery.

3.16 When asked why petroleum products such as petrol, diesel and cooking gas have not been brought within the ambit of Price Monitoring Division (PMD) of the Department, the Department of Consumer Affairs submitted as follows:

“Price Monitoring Division (PMD) of the Department of Consumer Affairs monitors wholesale and retail prices of 22 essential items covered under the essential commodity ‘Foodstuffs’.”

3.17 The total revenue recovered by the Central Government through Excise duties/Import duties (Customs duty) on petroleum products since 2010-11 till 2019-20 (April-January- provisional) as intimated by Department of Consumer Affairs is as given in the following table:

Sl. No.	Financial Year	Central Excise Duty on POL* (In Rs. crore)	Year on Year Increase/Decrease in Central Excise (%)	Customs duty on POL(In Rs. crore)	Year on Year Increase/Decrease in Customs (%)
1	2010-11	76,547		26,282	
2	2011-12	74,701	-2	20,520	-28
3	2012-13	84,899	14	13,704	-50
4	2013-14	88,355	4	15,563	12
5	2014-15	1,05,653	20	12,572	-24
6	2015-16	1,85,958	76	15,202	17
7	2016-17	2,53,254	36	21,290	29
8	2017-18	2,55,075	1	28,292	25
9	2018-19	2,29,247	10	39,123	28
10	2019-20 (April-January) (P)	1,73,127	-24	35,260	-11

\* POL- Petroleum, Oil and Lubricants

3.18 The rates of Value Added Tax (VAT) on petrol and diesel as on 04.06.2020 at Delhi as intimated by Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) is reproduced below:

<b>Product</b>	<b>Rate of VAT/Sales Tax</b>
Petrol	30% VAT
Diesel	Rs.250/KL air ambience charges + 30% VAT
Natural Gas	Exempt for supply to Delhi Govt. - power companies & for CNG for sale in Delhi otherwise 5.00 %
CNG	0%
PNG	5%
NG sold for Fertilizer Manufacturing	5%
NG sold for Power Generation	0%

3.19 Enquired about the overall impact of GST on oil and gas prices, the Government has stated in a written reply as under:

“Clause 12 A of the Article 366 of the Constitution of India defines ‘goods and services tax’ (GST) as ‘any tax on supply of goods or services or both except taxes on the supply of alcoholic liquor for human consumption’. Article 27A (5) of the Constitution provides that Goods and Services Tax Council shall recommend the date on which goods and services tax shall be levied on petroleum items including crude oil and natural gas. Thus while, petroleum products are constitutionally included under GST, the date and rate of GST which shall be levied on such goods, shall be as per the decision of the GST Council. The matter for bringing petrol and diesel under the GST has been taken up with Ministry of Finance. The petroleum sector is, thus faced with a hybrid tax regime on account of being subject to levy of existing taxes i.e. excise duty and state sales tax for non-GST items and GST for the remaining petroleum products. On major petroleum products within the purview of GST, the excise duty prevailed in the

range of 0% to 14% and state taxed varied predominantly in the range of 0% to around 25%, pre GST. Thus under GST regime, there is an effective tax reduction on major petroleum products across most States.”

*3.20 When the Committee asked about the updated position regarding the taking up with the Ministry of Finance of the issue of bringing petrol and diesel under the Goods and Services Tax (GST), the Government stated as under:*

*“As per Article 279 A (5) of the Constitution, the Goods and Service Tax Council shall recommend the date on which the goods and services tax be levied on petroleum crude, high speed diesel, motor spirit (commonly known as petrol), natural gas and aviation turbine fuel (ATF). As per the section 9(2) of the CGST Act, inclusion of these products in GST will require recommendation of the GST Council. So far, the GST Council has not made any recommendation for inclusion of petrol and diesel under GST.”*

## **Food inflation**

3.21 The Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) stated in a written note, that food inflation is a cause of concern for not only the common man, but also for the policy makers. Supply-side constraints have been causing inflationary spurts in food items from time to time, in particular in pulses, edible oils and vegetables. Several factors like demand-supply mismatch, including due to adverse weather/rainfall induces shortages in food supply, rising international prices, multiple tiers in the value-chain, increase in cost of production, structural changes in demand patterns, etc. are factors affecting food inflation.

3.22 According to the Department of Consumer Affairs, the prices of pulses could be contained due to Government interventions including buffer operations. Lower prices of pulses lead to consumer savings and also helped contain food inflation. During the year 2019, prices of pulses remained relatively stable at reasonable levels. Sugar prices, on the other hand, had fallen to very low levels, which firmed up on account of various measures taken by the Government in the form of subsidies to sugar-mills etc. Vegetable prices (onion, potato and tomato) have shown fluctuations during this year, caused primarily due to seasonal factors and adverse weather conditions.

3.23 The all-India food Inflation rate (%) for the year from 2018-19 to 2019-20 as received from Department of Consumer Affairs is as follows:

Month	Inflation (%)			
	Consumer Food Price Index		General Index (All Groups)	
	2018-19	2019-20	2018-19	2019-20
April	2.8	1.1	4.58	2.99
May	3.1	1.83	4.87	3.05
June	2.91	2.25	4.92	3.18
July	1.3	2.36	4.17	3.15
August	0.29	2.99	3.69	3.28
September	0.51	5.11	3.7	3.99
October	-0.86	7.89	3.38	4.62
November	-2.61	10.01	2.33	5.54
December	-2.65	14.19	2.11	7.35
January	-2.24	13.63 (P)	1.97	7.59(P)
P- Provisional				

3.24 When asked about the causes of food inflation rate (%) spiralling from 1.1% in April, 2019 to 7.89% (Provisional) in October, 2019 whereas the

corresponding figures decreased from 2.8% to (-) 0.86% during 2018, the Department of Consumer Affairs submitted as under:

“From the table, it may be seen that food inflation, based on Consumer Food Price Index (CFPI), has jumped from 2.99% in August 2019 to 5.11% in September 2019 and subsequently shot up to 7.89% in October 2019 unlike the corresponding months of last year. CFPI consists of ten sub groups, viz, Cereals and products, Meat and fish, Egg, Milk and products, Oils and fats, Fruits, Vegetables, Pulses and products, Sugar & confectionery and spices. The aforementioned rise in food inflation is because of ‘Vegetables’ sub-group, which has been registering moderate inflation rate till August 2019 and started rising since September 2019. In September and October 2019, the inflation rate for ‘Vegetables’ sub-group were 15.47% and 26.1% respectively. Three items namely, Onion, Garlic and Tomato have been primarily responsible for the aforementioned spikes in the inflation rates of vegetables resulting in significant rise in the food inflation in September and October, 2019.”

3.25 The all-India average retail prices of essential commodities in India as received from the Department of Consumer Affairs, are given in the following 2 (two) tables:

#### A. Cereals

Items	All India average retail prices (in Rs/kg) during			% Variation over	
	Price as on (15.12.20)	1 year ago (15.12.2019)	Last 5 years average price	Last Year	last 5 years average
<b>Wheat</b>	27.68	28.06	25.34	-1.35	9.23
<b>Rice</b>	35.13	33.45	30.44	5.02	15.39

## B. Vegetables

Items	All India average retail prices (in Rs/kg) during			% Variation over	
	Price as on (15.12.20)	1 year ago (15.12.2019)	Last 5 years average price	Last Year	last 5 years average
Potato	38.74	24.00	20.61	61.42	87.96
Onion	45.74	85.43	26.39	-46.46	73.31
Tomato	37.19	25.12	28.89	48.05	28.75

## CHAPTER – IV

### CONTROL AND MONITORING OF THE PRICES OF ESSENTIAL COMMODITIES

#### **Government Measures to mitigate price rise**

In view of the adverse effects of food inflation, specially for relatively economically vulnerable sections, steps have been taken by the Government from time to time to mitigate the price rise, some of which are listed as follows:

- (a) *General Measures:*
  - (i) As States/UTs are important stakeholders, they are also advised to take steps to keep prices of essential commodities including pulses, edible oil, etc. under control at various fora including National Consultation Meeting of Ministers of States & UTs in charge of Food and Consumer Affairs.
  - (ii) Advisory are issued to State Governments to take strict action against hoarding & black marketing, at times resorting to the Essential Commodities Act (EC Act), 1955 & the Prevention of Black-marketing and Maintenance of Supplies of Essential Commodities Act (PBMSEC Act), 1980, wherever applicable.
  - (iii) Periodic review meeting on price and availability situation of essential commodities is regularly held at the highest level including at the level of Ministers, Committee of Secretaries, Inter-Ministerial Committee, Price Stabilization Fund Management Committee (PSFMC) and other Departmental level review meetings.



(iv) Higher MSP has been announced so as to incentivize production and thereby enhance availability of food items which may help moderate prices.

*(b) Specific Measures:*

- (i) Government has approved creation of a dynamic buffer of up to 20 lakh tonnes of pulses for appropriate market intervention. A buffer stock of 20.50 lakh tonnes of pulses was built through both domestic procurement of 16.71 lakh tonnes by Food Corporation of India (FCI), National Agricultural Cooperatives Marketing Federation of India Ltd. (NAFED) and Small Farmers Agribusiness Consortium (SFAC), and imports of 3.79 lakh tonnes by Metals and Minerals Trading Corporation (MMTC) and State Trading Corporation (STC).
- (ii) Pulses from the buffer is utilized for meeting institutional requirements like supplies for MDM, Integrated Child Development Services (ICDS), Public Distribution System (PDS), Army & Central Paramilitary Forces (CPMFs). Food Aid has also been provided to Afghanistan as well as for Flood-relief measures in Kerala. The stock is also utilized for releases in open market to effectively manage/moderate the prices of pulses.
- (iii) Subsequently, Government has also decided that procurement at Minimum Support Price (MSP) would be under Price Support Scheme (PSS) of Department of Agriculture Cooperation and Farmers Welfare (DACFW) and requirement towards re-building suitable buffer would be met from the PSS stock in case procurement is not required to be undertaken under Price Stabilization Fund (PSF). As the procurement since Rabi-17 was under MSP operation of PSS, requirement of

pulses for building the buffer under PSF as recommended by Committee under the chairmanship of Prof. Ramesh Chand, Member, NITI Aayog, are met through transfer/replenishment of stock procured under PSS. This has ensured utilization of PSS stocks towards price stabilization efforts. As on date, around 15.63 LMT has been replenished/transferred from PSS stocks.

- (iv) Government of India has entered into a Memorandum of Understanding (MoU) with Mozambique to ensure assured supply of pulses (Tur and other pulses) in India. As per the MoU, during 2018-19, 1.50 lakh metric tones (MT) of pulses have been imported from Mozambique.
- (v) Export of all pulses were banned except kabuli channa and up to 10,000 MTs in organic pulses and lentils when availability was low. However, in view of the bumper production in 2016-17 and their reasonable prices, prohibition on export of Tur, Urad and Moong has been removed since 15.09.2017.
- (vi) Import of pulses are allowed for Tur at import duty of 10%, Chana at 60% and Masur at 50% due to improved production in 2016-17. Subsequently, quantitative restrictions were imposed on imports of Tur, Moong and Urad to help stabilize their prices at reasonable levels.
- (vii) Stock limit on pulses are appropriately utilized to manage the availability and prices of pulses. Thus, States/UTs were empowered to impose stock limits on pulses when availability was constrained. However, the same has now been withdrawn in view of bumper production and the need to facilitate larger procurement and storage by stakeholders.

- (viii) 8 Video Conferences were held with States/UTs during February-November 2019 to review status of setting up of State-level PSF and retailing of pulses and onions from Central Buffer stocks.

### *Edible Oils*

- (i) MSP (including bonus) increased for oil seeds to incentivize their production.
- (ii) Export of edible oils was allowed only in branded consumer packs of up to 5 kg. with a minimum export price of USD 900 per MT. This restriction has now been liberalized.
- (iii) Import duty on crude palm oil, RBD palm oil and soya oil were suitably adjusted to encourage domestic production of oilseeds.

### *Vegetables*

- (i) During the year 2019, buffer stock of 57,372.90 MT of onion was created under Price Stabilization Fund (PSF) through procurement from Maharashtra (48,183.54 MT) and Gujarat (9,189.36 MT). Of this, after adjusting for storage losses, moisture, driage, spoilage and low quality onion disposed of in the local market, a total quantity of 26,735 MT (46.59% of procurement) was distributed to various State Governments, other agencies and also sold in various mandi through open auction, as on 12.11.2019. In addition, about 11,408 MT of low grade onions were sold /disposed of in the local market.
- (ii) During April to November, 2019, the Government requested all States/UTs to indicate their demand for onion at several forums/levels.
- (iii) Government, on 29 September 2019, imposed stock limits on traders across the country – 10 MT on retail traders and 50 MT on wholesale

traders under the Essential Commodities Act, 1955. Further, Government of India urged State Governments to hold regular meetings with the traders of Onions at State and District level to prevent hoarding, speculative trading and profiteering, unfair and illegal trade practices like cartelling, etc.

(iv) Onions were supplied to State Governments of Haryana, Kerala, Andhra Pradesh and Uttar Pradesh at no-profit no-loss basis to improve availability at lower prices. Since July 2019, onions were supplied from the buffer stock for direct retailing in Delhi-NCR through Mother Dairy, National Cooperative Consumers' Federation of India Ltd. (NCCF), NAFED and Govt. of NCT of Delhi at regulated retail rates to ensure availability of onions at reasonable prices. Freshly procured onion from Alwar (Rajasthan) area were also supplied to Govt. of NCT of Delhi.

(v) The benefit to exporters of onions under Merchandise Exports from India Scheme (MEIS) was withdrawn through notification dated 11.06.2019. Minimum Export Price (MEP) of \$ 850/MT was imposed on 13.09.2019.

(vi) On 29 September, 2019, export of onions was banned. Stock limits were imposed across the country.

(vii) On 9 November, 2019, Government directed MMTC to import up to 1 Lakh MT of onion and NAFED to procure surplus onion from Rajasthan, Maharashtra and undertake distribution in deficit States.

4.2 The Committee desired to know whether the Department of Consumer Affairs, being the nodal Department on the issue of price rise, has interacted with the concerned Ministries, particularly the Ministry of Agriculture, for taking note of the initiatives to increase the agricultural productivity. In response to this query, the Ministry of Consumer Affairs, Food and Public

Distribution (Department of Consumer Affairs) in a written note stated as under:

“As per Allocation of Business Rules, 1961, Department of Consumer Affairs is not the Nodal Department for Price Control of essential commodities. Price rise can be controlled by a Department which controls its production, storage, supply, trade & commerce, import, export & price as the competent administrative department of that Commodity. The Department of Consumer Affairs is not such an administrative department for any commodity. An administrative department is responsible for price control of the commodities allocated to it. As facilitator, five National Consultation Meetings have been organized where the concerned Ministers, Principal Secretaries/ Senior Officers of State Governments have participated. The Union Ministry of Agriculture has also participated in these meetings. Every meeting has unanimously prepared an Action Plan including increasing production of Pulses, Edible Oilseeds, Edible Oils, Potato, Onions, increasing storage capacities for them ensuring adequate availability of these commodities and keeping prices at reasonable level. Further, ‘Price Control’ is a subject of Concurrent List of Constitution of India. Thus, State and Union Governments are jointly responsible to control prices of all commodities. So far as Department of Consumer Affairs is concerned, it administers the Essential Commodities Act, 1955 and monitors wholesale & retail prices of 22 essential items covered under the essential commodity ‘Foodstuffs’.”

4.3 When asked if the Government has any mechanism to have periodic demand/supply projections of different essential commodities so as to take timely action in this aspect, the Department of Consumer Affairs replied as follows:

“Periodic review meeting on price and availability situation of essential commodities are held at the highest level including at the level of Ministers, Committee of Secretaries (CoS), Inter-Ministerial Committee (IMC), Price Stabilization Fund Management Committee (PSFMC) and other Departmental level review meetings wherein all the concerned Ministries including Ministry of Agriculture and Farmer’s Welfare participate.”

4.4 When asked about the long-term and short-term measures adopted to address the issue of mismatch between demand and supply of the essential commodities so as to arrest the trend of hike in prices, the Department submitted the reply as below:

“In view of the adverse effects of food inflation, especially for relatively economically vulnerable sections, Government keeps taking various measures from time to time to mitigate the price rise. Some of the measures taken are as follows:

- States/UTs are advised from time to time to take steps to keep prices of essential commodities including pulses, edible oil, etc. under control.
- Advisories are issued to State Governments to take strict action against hoarding and black marketing.
- Periodic review meetings on price and availability situation of essential commodities are held regularly at the highest level including at the level of Ministers, Committee of Secretaries, Inter-Ministerial Committee, Price Stabilization Fund Management Committee and other Departmental level review meetings.
- Higher Minimum Support Price (MSP) is announced to incentivize production and thereby enhance availability of food items to moderate prices.

- Government also takes other measures from time to time to stabilize prices of essential food items which, *inter-alia*, include appropriately utilizing trade and fiscal policy instruments like import duty, Minimum Export Price, export restrictions.
- Government is implementing Schemes which, *inter alia*, include Mission for Integrated Development of Horticulture (MIDH), National Food Security Mission (NFSM), National Mission on Oilseeds and Oil Palm (NMOOP), etc. for increasing production and productivity through appropriate interventions. Besides, Government is also implementing Price Stabilization Fund (PSF) to help moderate the volatility in prices of agri-horticultural commodities like pulses, onion and potato.”

4.5 Asked further whether any specific study has been done to find out the impact of ban on the export of an essential commodity on the rate of inflation, the Department of Consumer Affairs replied in the negative.

### **Price monitoring**

4.6 Price Monitoring Division (PMD) was set up in 1998 for keeping a close watch on the prices of selected food items. These information are critical for ensuring timely intervention for improving the market availability and thereby moderating prices. Initially, PMD was tasked with monitoring prices of 14 essential food items across 18 centres in the country. Over the span of about 22 years, *the coverage of commodities monitored by PMD has expanded to 22 and the number of reporting centres has increased to 122.* The 22 commodities being monitored by PMD include five item groups i.e., Cereals (Rice & Wheat), Pulses (Gram, Tur, Urad, Moong, Masur), Edible Oils (Groundnut Oil, Mustard Oil, Vanaspati, Soya Oil, Sunflower Oil, Palm Oil ), Vegetables (Potato, Onion, Tomato), and Other items (Atta, Sugar, Gur, Milk,

Tea, and Salt). *List of 122 Price Reporting Centres (PRCs) in the country as on 16.12.2020 is given at Annexure.*

4.7 According to the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), the prices are collected for the most popular/maximum consumed variety of the commodity from one wholesale market and three retail markets of each reporting centre. Retail prices are collected from markets catering to three income groups, *viz.*, low income, middle income and high income groups. These information on prices of select 22 commodities are furnished by the States Food and Civil Supplies Departments. Based on the information provided by the reporting centres, prices of these items are brought out daily by PMD. These commodity prices are available on the website of the Department which is updated daily. PMD also analyses the price situation and provides policy recommendations to manage price rise.

4.8 The Department of Consumer Affairs informed the Committee that 106 PRCs have been provided financial assistance for procuring Desktop Computer, Multipurpose Printer (only black and white)-cum-Scanner-Photocopier-Fax machine, UPS, Handheld device with geotagging facilities, etc. as per guidelines of the Scheme for Strengthening of Price Monitoring Cell.

4.9 When asked whether any PRC had been discontinued due to irregular and inconsistent reporting, the Department replied that one PRC at Kohima (Nagaland) has been discontinued.

4.10 As per the Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), onion, garlic and tomatoes had been



primarily responsible for spikes in inflation rates of vegetables, resulting in significant rise in food inflation in September and October, 2019.

4.11 When inquired about the measures proposed to be taken by the Government in future to curb spikes in inflation rates of vegetables, the Department furnished the reply as under:

“Government keeps taking various measures from time to time to stabilize prices of essential food items which, *inter-alia*, include appropriately utilizing trade and fiscal policy instruments like import duty, Minimum Export Price (MEP), export restrictions, etc. to regulate domestic availability and moderate prices; imposition of stock limits and advising States for effective action against hoarders & black marketeers; and, provision of higher Minimum Support Prices (MSP) to incentivize farmers for increasing production. Government is also implementing Schemes which, *inter alia*, include Mission for Integrated Development of Horticulture (MIDH). Besides, Government is also implementing Price Stabilization Fund (PSF) to help moderate the volatility in prices of agri-horticultural commodities like pulses, onion, and potato. NAFED has been directed to create a buffer stock of 50,000 MT onions during Rabi 2020 season for its utilization in making price stabilizing market interventions during lean season under Price Stabilization Fund scheme. A new Scheme “Operation Greens” was introduced by Ministry of Food Processing Industries for integrated development of Tomato, Onion and Potato (TOP) value chain, with an outlay of Rs.500 crore to promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management.”

### **Marketing intelligence**

4.12 When asked about the status of marketing intelligence in the country, the Department, in a written reply, submitted as under:

“It is to inform that under the Directorate of Economics & Statistics (DES), M/o Agriculture & Farmers Welfare, there are

12 Market Intelligence Units (MIUs) operating across the country which report prices of 176 agricultural commodities from wholesale markets spread across the country. The wholesale prices are collected during the peak hours of transaction on every Friday. DES maintains these weekly wholesale prices reported by the MIUs and provides the same as inputs for various meetings, assessing the agricultural price situation in the country for policy/decision making and to the Department for the Promotion of Industry and Internal Trade (DPIIT), M/o Commerce & Industry for the computation of Wholesale Price Index (WPI). In cases of abnormal price movements of agricultural commodities, the MIUs are directed immediately to submit reports on those agricultural commodities subjected to price volatility.”

4.13 As to the question whether any specific study has been done to find out the impact of ban on export of an essential commodity on the rate of inflation, the Department of Consumer Affairs replied in the negative.

### **Price Monitoring meetings**

4.14 When inquired about the detail of key decisions taken as a result of feedback received from Price Monitoring Division (PMD) since its inception in 1998, the Department replied that no such record is maintained by Department of Consumer Affairs.

4.15 The Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), in a written note, stated that periodic review meetings on price and availability situation of essential commodities are held at the highest level of Ministers, Committee of Secretaries, Inter-Ministerial Committee, Price Stabilization Fund Management Committee and other Departmental-level review

meetings wherein all the concerned Ministries including Ministry of Agriculture and Farmers Welfare participate. Giving the number of such periodic meetings held and the outcome achieved on prices and availability situation of essential commodities in the last one year (2019), the Department of Consumer Affairs submitted as follows:

“An Inter-Ministerial Committee (IMC) chaired by Secretary, D/o Food and Public Distribution and comprising of Secretaries of D/o Consumer Affairs, D/o Agriculture, Cooperation and Farmers Welfare (DACFW), D/o Commerce, D/o Revenue and DGFT is functioning at present. 14 meetings of the Committee have been held during the year 2019. Some of the major recommendations of the Committee made during 2019 include imposition/extension of quantitative restriction on import of tur/urad/peas, procurement/distribution/sale of onion, finalization of calendar/timetable by DACFW for timely intervention in pulses/oilseeds/onions etc.

During 2019, 17 meetings of Re-constituted Price Stabilization Fund Management Committee, 35 meetings of Inter-Ministerial Committee, 9 meetings of Committee of Secretaries on review of prices of essential commodities, 2 meetings of Committee of Ministers and 35 meetings on weekly review of management of buffer stock under PSF were held. In these meetings, buffer stock operations including procurement and disposal are reviewed. Based on the prevailing and anticipated scenario and proposals from designated agencies of PSF and inputs from concerned Departments/Ministries, appropriate intervention is guided. These, *inter-alia*, include build-up of buffer stock of pulses and onions and calibrated releases therefrom with a view to moderate price volatility and discourage hoarding/speculation.

Government had decided that procurement at MSP would be under Price Support Scheme (PSS) of DACFW and requirement towards building suitable buffer would be met from the PSS stock in case procurement is not required to be undertaken under PSF. As the procurement since Rabi-17 was under MSP operation of PSS, pulses procured under Price Support Scheme of Department of Agriculture, Cooperation and Farmers Welfare (DACFW) have since been channelized to PSF to the extent of meeting buffer requirements. This has ensured effective utilization of PSS stocks towards stabilization efforts as calibrated releases are made from PSF. Thus, harmonization between PSS and PSF has been achieved with remunerative prices being assured to farmers and intervention on the supply side is undertaken to manage their prices in consumer interest. Around 15.64 LMT of pulses have been transferred/replenished from PSS stocks to rebuild PSF buffer stock. This includes 12.39 LMT transferred on cost basis and 3.25 LMT PSF buffer utilized under DACFW's ₹15 subsidy scheme replenished from PSS stocks. Of this transferred/replenished stock, nearly 1 LMT Tur has been disposed through OMS to cool down their prices. In addition, around 8.5 LMT pulses have been offered to States/UTs for utilization under their welfare schemes as well as direct retailing. Department of Consumer Affairs (DoCA) has also taken up the matter of retailing of pulses with NAFED, NCCF, Mother Dairy and Kendriya Bhandar. Balance requirement of pulses to achieve the recommended level of buffer has been indicated to DACFW for necessary procurement under PSS. Shortfall, if any, shall be reviewed at an appropriate stage keeping in view prevailing and anticipated prices and availability scenario and may be met from domestic procurement under PSF.

Pulses from the buffer are being utilized for PDS distribution, in Mid-day Meal Scheme and in ICDS Schemes across

States/UTs. In addition, utilization of pulses from the buffer to meet the requirement of Army and Central Para-Military Forces has been streamlined to the satisfaction of all stakeholders involved. The balance stock is disposed in market, based on considerations like shelf life, efficient buffer management, market prices, etc.

Creation of buffer stock of pulses has helped in moderating pulses prices. Lower prices of pulses lead to consumer savings. Also, production was incentivized which led to two successive years of bumper production taking country towards self-sufficiency and resulting in reduced imports and concomitant savings in forex.

In addition, Government created buffer of about 57,000 MT onions during Rabi 2019 season for its regulated release during lean season to improve prices and availability situation of onions. Government of India directed MMTC to import onion for improving its availability and moderating its prices. MMTC contracted import of 41,950 metric tonnes (MT) of onions during November-December 2019...

During the period, assistance was provided to Tamil Nadu (₹2.50 crore) for setting up State Level PSF.”

4.16 Asked whether such review meetings have been held at the level of Prime Minister in the past, the Department replied in the negative.

### **Price Stabilization Fund**

4.17 The PSF was set up in 2014-15 under the Department of Agriculture, Cooperation & Farmers Welfare (DAC&FW) to help regulate the price volatility of important agri-horticultural commodities like onion, potatoes and pulses.

- ✓ Procurement of these commodities will be undertaken directly from farmers or farmers' organizations at farm gate/*mandi* and made available at a more reasonable price to the consumers.
- ✓ Losses incurred, if any, in the operations will be shared between the Centre and the States.
- ✓ PSF provides for advancing interest-free loans to State Governments/ UTs and Central agencies to support their working capital and other expenses they might incur on procurement and distribution interventions for such commodities.
- ✓ The scheme provides for maintaining a strategic buffer of the commodities for subsequent calibrated release to moderate price volatility and discourages hoarding and unscrupulous speculation.
- ✓ The PSF is managed centrally by a Price Stabilization Fund Management Committee (PSFMC) which will approve all proposals from State Governments and Central Agencies.
- ✓ The PSF is maintained as a Central Corpus Fund by Small Farmers Agribusiness Consortium (SFAC), a society promoted by the Ministry of Agriculture for linking agriculture to private businesses and investments and technology.

## CHAPTER – V

### DISTRIBUTION AND MARKETING OF ESSENTIAL COMMODITIES

#### **Public Distribution System**

Public Distribution System (PDS), which was started to manage food supplies during scarcity, has evolved as a system for distribution of foodgrains at affordable prices. PDS is supplemental in nature and is not intended to make available the entire requirement of any of the commodities distributed under it to a household or a section of the society. Until 1997, the Public Distribution System was universal in nature, however, the Government introduced “*Targeted Public Distribution System*” (TPDS) w.e.f June, 1997 to focus on the poor. The coverage was linked to poverty estimates under two categories, namely, Below Poverty Line (BPL) and Above Poverty Line (APL). Later w.e.f. December 2000, Government introduced “*Antyodaya Anna Yojana*” (AAY) in order to make TPDS more focused and targeted to poor and the poorest of poor (Antyodaya). Detailed guidelines for identification and inclusion of AAY category households under TPDS were also issued to all State Governments/UT Administrations by the Department. Presently, about 2.5 Crore households are covered under AAY across the country.

#### **Improvements made in Public Distribution System**

5.2 The Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), in a written note, stated that the “*National Food Security Act (NFSA), 2013*” was enacted in the year 2013 and came into force from 5<sup>th</sup> July, 2013. Eligible households/beneficiaries under NFSA comprise of Antyodaya Anna Yojana (AAY) households and

persons belonging to Priority Households (PHH) categories. AAY households, which constitute the poorest-of-the-poor, are entitled to receive 35 Kg of foodgrains per household per month whereas households covered under PHH category are entitled to receive 5 Kg of foodgrains per person per month at highly subsidised prices of Rs.3/2/1 per Kg for Rice/Wheat/Coarse-grains respectively.

5.3 TPDS is presently operated under the joint responsibility of the Central and the State Governments, where the Central Government has assumed the responsibility for procurement, storage, transportation and allocation of foodgrains to all States/UTs. The operational responsibility of allocation of foodgrains within States/UTs, identification of eligible families under NFSA, issuance of ration cards, distribution of foodgrains through Fair Price Shops (FPSs) and licensing and monitoring of FPSs, etc. rests with the respective State/UT Governments. Under PDS, foodgrains, namely, Rice, Wheat and Coarse-grains are being distributed to eligible households. Some States/UTs also distribute additional items of mass consumption through PDS outlets such as sugar, pulses, edible oil, iodized salt, spices, etc.

5.4 The Department of Consumer Affairs submitted to the Committee that in the Union Territories of Chandigarh, Puducherry and urban areas of Dadra & Nagar Haveli, the Act is implemented in DBT (Direct Benefit Transfer) mode wherein cash equivalent to entitled subsidy is being transferred directly into the bank accounts of eligible households to enable them to purchase foodgrains from open market, whereas, in the rest of the States/UTs, highly subsidized foodgrains under NFSA are being distributed to eligible households through TPDS every month.



## **Computerization of Targeted Public Distribution System**

5.5 To bring in reforms in the functioning of Targeted Public Distribution System, and to bring transparency in the distribution of highly subsidized foodgrains across the country, the Department, in association with all States/UTs, is implementing a scheme on “*End-to-End Computerization of Targeted Public Distribution System (TPDS) Operations*”. The key activities and their expected outcomes under Component – I of the scheme include (a) Digitization of ration cards/beneficiary database for correct identification of beneficiaries; removal of bogus cards and better targeting of food subsidies; (b) Online allocation of foodgrains for system generated allocation orders to bring transparency in allocation of foodgrains, up to the Fair Price Shops level; (c) Computerisation of Supply Chain Management for ensuring timely availability of foodgrains at all FPSs for delivery to the targeted beneficiaries and also to check leakage/diversion of foodgrains; (d) Online Grievance Redressal/Toll Free Helplines and Transparency Portals to introduce transparency and public accountability in the implementation of TPDS; (e) Automation of Fair Price Shops (FPS) by installing electronic Point of Sale (ePoS) devices for distribution of foodgrains in transparent manner and biometric/Aadhaar authentication for unique identification of genuine beneficiaries under NFSA.

5.6 The Department stated that seeding of Aadhaar numbers with digitized ration cards/beneficiaries’ data is being done by States/UTs to identify and weed out duplicate/ineligible ration cards/beneficiaries and to enable unique identification of rightfully eligible beneficiaries /households. The Department is implementing a Central Sector Scheme namely, “*Integrated*

*Management of Public Distribution System” (IM-PDS) in all States/UTs w.e.f. April, 2018. The main objective of this scheme is to implement nation-wide portability of benefits under NFSA, i.e. eligible households/beneficiaries covered under NFSA shall be able to lift their entitled foodgrains from any Fair Price Shop (FPS) of their choice in the country by using their existing ration card after biometric/Aadhaar authentication on electronic Point of Sale (ePoS) device of the FPS in a destination/sale State/UT through ‘One Nation, One Ration Card’ scheme. This would largely benefit the numerous migratory beneficiaries who frequently change their place of dwelling in search of employment or for other reasons across the country and get otherwise deprived of their quota of subsidized foodgrains due to migration.*

*5.7 According to the Department of Consumer Affairs, the scheme of Integrated Management of Public Distribution System (IM-PDS) is being implemented by the Department in all States/UTs, which is extended till March, 2022. So far, financial assistance of Rs. 50.96 crore (40%) has been released to 31 States/UTs, NIC, etc. after fulfillment of some requisite conditions. Upto December, 2020, the facility of portability of ration card under ‘One Nation, One Ration Card’ plan has been seamlessly enabled in 32 States/UTs covering about 69 crore beneficiaries (86% of NFSA population) to access their NFSA foodgrains/benefit anywhere in these States/UTs, viz. Andaman & Nicobar Islands, Andhra Pradesh, Arunachal Pradesh, Bihar, Chandigarh, Dadra & Nagar Haveli and Daman & Diu, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Ladakh, Lakshadweep, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Puducherry, Punjab,*

*Rajasthan, Sikkim, Tamil Nadu, Telengana, Tripura, Uttar Pradesh and Uttarakhand. The transactions under 'One Nation, One Ration Card' are undertaken through e-PoS installed at FPS after biometric authentication by beneficiaries and these transactions are updated and reported in Central portals of the Department on real-time basis. As per available reports in these portals, presently, almost about 1.3 to 1.5 crore monthly portability transactions under 'One Nation, One Ration Card' (including intra-State transactions) are being consistently recorded in these States/UTs.*

*5.8 The Department of Consumer Affairs also stated that, presently, at the national level, about 90% ration cards have been seeded with Aadhaar number of atleast one member of the household, whereas at the beneficiary level the Aadhaar seeding is about 86% at the national level. Online allocation of foodgrains upto FPS levels has started in all States/UTs except three UTs, namely, Chandigarh, Dadra and Nagar Haveli (Urban) and Puducherry, where the Direct Benefit Transfer (DTB)/Cash Transfer pilot is under way. Besides, supply chain management operations are computerized in 29 States/UTs (except DBT/Cash transfer implementing UTs as above) while online grievance/toll-free helplines and transparency portals are available in all States/UTs.*

### **Role of Food Corporation of India in market control**

5.9 Asked about the role of Food Corporation of India (FCI) to check pilferage, unauthorized diversions and transit losses of foodgrains in India, the Department submitted a written reply as follows:

“The role of FCI is limited to the extent of making available sufficient quantity of foodgrains in its depots all over the country in order to fulfil the requirement of NFSA/OWS. FCI has no control over the stocks once issued out of the premises. The responsibility for distribution of foodgrains to end consumers rests with the concerned State/UT Governments through their retail distribution network. Thus, FCI has no role in above matter.

### **Market intervention**

5.10 Giving the overall policy and strategy of the Government regarding various market interventions to check the price rise of essential commodities, the Ministry of Consumer Affairs, Food & Public Distribution (Department of Consumer Affairs) stated that in addition to maintaining buffer stocks for meeting the requirement of Targeted Public Distribution System (TPDS) and Other Welfare Schemes (OWS), FCI, on the instructions from the Government, sells excess stocks of wheat and rice from the Central pool, (accumulated due to Open ended procurement to support farmers) at pre-determined prices in the open market under “*Open Market Sale Scheme*” (OMSS) through e-tender to enhance the supply, especially during the lean season in the deficit regions and thereby to moderate the open market prices. To fast track the process, a Committee of Secretaries was constituted with the approval of CCEA in January, 2015 for making recommendations regarding the quantities and reserve price of wheat and rice to be liquidated in domestic or export market. Based on the recommendations of the Committee of Secretaries, policy for sale of excess stocks of foodgrains through OMSS (Domestic) is being formulated for the concerned financial year. The composition of committee is as under:

- (i) Secretary, Deptt. of Food & Public Distribution

- (ii) Secretary, Deptt. of Expenditure
- (iii) Secretary, Deptt. of Consumer Affairs
- (iv) Secretary, Deptt. of Commerce

5.11 The Department stated, in a written reply, that OMSS (D) 2020-21 policy has been issued on 21.04.2020 to encourage retail sale and it has been decided to sell wheat to small (private) traders desirous of purchasing wheat from 1-9 MT per person per depot from nominated FCI/State Agency depot at the reserve price under OMSS (D) during 2020-21 without participation in e-auction. Sale of wheat will be undertaken throughout the year upto 31.03.2021, in all procuring / non-procuring States. Sale of rice under OMSS (D) may be undertaken even in surplus/deficit procuring States during procurement of paddy/ rice, on the request of State Governments only, for meeting their additional requirements.

5.12 A retail scheme for sale of wheat and rice to State Governments/UTs has been introduced under OMSS (D). Under this scheme, State/UT Governments may lift the allocated quantity of wheat and rice from the godowns of FCI and distribute it to retail consumers through their own Corporations/cooperatives/federations/self-help groups or any other Government or Semi-Government organization. Similarly, allocations to institutions like NAFED/NCCF/Kendriya Bhandar for sale to retail consumers, for checking inflationary trend in food economy and to small processors may be considered. Accordingly, for this scheme FCI may send proposal to the Department of Food and Public Distribution for necessary allocation to State Governments/institutions like NAFED/NCCF/Kendriya Bhandar at the reserve price of OMSS (D).

5.13 The minimum and maximum quantity of Wheat that a bidder can bid in an e-auction conducted by a Region for a State/UT is 10 MT and 5000 MT respectively. The minimum and maximum quantity of Wheat that a State/ UT Govt. can bid in an e-auction conducted by a Region is 10 MT and 50,000 MT respectively, whereas the minimum and maximum quantity of Rice that a bidder can bid in an e-auction conducted by a Region for a State/UT is 50 MT and 3500 MT respectively. The minimum and maximum quantity of Rice that a State/UT Government can bid in an e-auction conducted by a Region is 10 MT and 50,000 MT respectively.

5.14 When asked about the remedial measures taken to curb excessive procurement by big business houses like Reliance, Spencer, Big Bazaar etc., thereby causing artificial shortages in market and jacking up the prices, the Ministry of Consumer Affairs, Food & Public Distribution (Department of Consumer Affairs) submitted as under :

“No stock limit is in force on any essential food item. However, a State/UT can take action, if requires, in such matters.”

## CHAPTER – VI

### NATIONAL MISSIONS FOR AUGMENTING PRODUCTION AND AVAILABILITY OF SOME ESSENTIAL COMMODITIES

#### **National Food Security Mission**

National Food Security Mission (NFSM) was launched in 2007-08 to increase the production of rice, wheat and pulses through area expansion and productivity enhancement; restoring soil fertility and productivity; creating employment opportunities; and enhancing farm level economy. The coarse cereals were included from 2014-15 under NFSM.

6.2 According to Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs), NFSM is being implemented in identified districts of 28 States & 2 Union Territories (UTs) by the Crops Division, Department of Agriculture, Cooperation and Farmers Welfare with the objective of increasing foodgrain production through area expansion and productivity enhancement, restoring soil fertility and productivity at individual farm level and enhancing farm level economy. Assistance is provided for various interventions like demonstrations on latest crops production technologies, promotion of newly released varieties/HYVs/ climate resilient varieties/ stress tolerant/bio-fortified varieties, Integrated Nutrient Management (INM) & Integrated Pest Management (IPM) techniques, water conservation devices, farm implements/tools and capacity building of farmers. The targeted selection of beneficiary under the programme is done by implementing agency i.e., State Governments and the programme has a strong mechanism of monitoring and evaluation with involvement of all the implementing agencies and line departments. The

16% of the total allocation is for Special Component Plan (SCP) and 8% is for Tribal Sub-Plan (TSP). In addition, at least 33% of allocation of the fund is to be made for small and marginal farmers and at least 30% of allocation of the fund is to be made for women farmers. The allocation for NFSM for the year 2020-2021 is Rs.1600 crore (BE).

6.3 The Department of Consumer Affairs, in a written note, furnished the details of production of foodgrains, which is reproduced in a table below:

**(Production in million tonnes)**

<b>Crops &amp; (Rabi &amp; Kharif)</b>	<b>2014-15</b>	<b>2015-16</b>	<b>2016-17</b>	<b>2017-18</b>	<b>2018-19</b>	<b>2019-20 (2<sup>nd</sup> advance estimate)</b>
Rice	105.48	104.41	109.70	112.76	116.48	117.48
Wheat (Rabi)	86.53	92.29	98.51	99.87	103.60	106.21
Pulses	17.15	16.32	23.13	25.42	22.07	23.02
Nutri/Coarse Cereals	42.86	38.52	43.77	46.97	43.06	45.24
<b>Total</b>	<b>252.02</b>	<b>251.54</b>	<b>275.11</b>	<b>285.02</b>	<b>285.21</b>	<b>291.95</b>

### **National Mission on Oilseeds and Oil Palm**

6.4 The Ministry of Consumer Affairs, Food and Public Distribution (Department of Consumer Affairs) informed that the domestic demand for vegetable oils and fats has been rising at the rate of 6 % per annum, but our domestic output has been increasing at about 2 per cent per annum. Low and unstable yields of most oilseed crops, and uncertainty in returns to investment, which result from the continuing cultivation of oilseeds in rain



fed, high risk production environments, are leading to this situation of wide demand-supply gap. Nearly 65% of India's edible oil requirement is met through import, and a major component of this import is palm oil. Hence, prices of edible oils are largely driven by prices in international market. Over the years, retail prices increased for groundnut oil (14.83%), mustard oil (20.36%), Vanaspati (22.01%), soya oil (19.28%), sunflower oil (24.80%) and palm oil (28.19%). *The following table illustrates the over-dependence of the country on imports of edible oils:*

<b>Oil Year (Nov-Oct)</b>	<b>Area Under Cultivation of Oil Seeds (lakh Hectar es)</b>	<b>Production of oilseeds * (LMT)</b>	<b>Domestic Availability of Edible Oils (LMT)</b>	<b>Imports of Edible Oils**(LMT)</b>	<b>Total Availability/ Consumption (LMT)</b>	<b>% Share of imports</b>
2014-15	255.9	275	92	138.5	230.5	60
2015-16	260.8	253	86.3	148.5	234.8	63.2
2016-17	261.7	313	100.9	153.1	254.1	60.3
2017-18	245	315	103.8	145.9	249.7	58.4
2018-19	247.9	315	103.5	155.7	259.2	60
2019-20 ##	263.1	332	106.5	133.4	240.0	55.6
Average	255.7	300.5	98.8	145.9	245.7	60.4

LMT : Lac Metric Tonnes

6.5 The Government of India has been implementing National Mission on Oilseeds and Oil Palm (NMOOP), a Centrally Sponsored Scheme comprising of three Mini Missions (MM), one each for Oilseeds (MM-I), Oil Palm (MM-II) and Tree Borne Oilseeds (MM-III) since 2014-15. With effect from 2018-19, the NMOOP scheme has been merged with National Food Security Mission (NFSM) and is being implemented as NFSM (OS & OP). The scheme is implemented through the State Department of Agriculture/

Horticulture in 26 States for oilseeds, 13 States for oil palm and 12 States for Tree Borne Oil (TBOs).

6.6 As per the Department of Consumer Affairs, the NFSM (OS & OP) which was earlier called NMOOP scheme, is being implemented with sharing of expenditure between Central and State Governments in the ratio of 60:40 for general category of States and 90:10 for North Eastern and Himalayan States. Interventions such as purchase of breeder seeds by both State and Central seed producing agencies, supply of seed minikits to the farmers through Central seed producing agencies, seed hubs, development of seed infrastructure at State Agricultural Universities (SAUs)/Krishi Vigyan Kendras (KVKs) farms, Front Line / Cluster Demonstrations through Indian Council of Agricultural Research (ICAR)/KVKs, R&D activities and Kisan Mela etc. are provided with 100% Central assistance.

6.7 The main objectives and targets of NFSM (OS & OP) during 2020-2021 are as follows:

- “Increase in production and productivity of edible/vegetable oils sourced from oilseeds and Oil palm. It aims to augment the availability of edible vegetable oils and to reduce the import of edible oils by increasing the production and productivity of oilseeds to 36.47 million tonnes and 1300 kg/ha. respectively.
- Effort will be made to achieve additional area of 31,500 ha. under oil palm cultivation during 2020-21. With this additional area, total area of about 3.75 lakh ha. will be achieved.
- An area of 2000 ha. will be covered under plantation of 9 TBOs namely Olive, Mahua, Kokum, Wild Apricot, Neem, Jojoba, Karanja, Simaroba and Tung.”

6.8 The Department, in a written reply, stated that new initiatives have been taken by the Government in respect of oilseeds and oil palm. For oilseeds, a new scheme called “*Targeting Rice Fallow Areas*” (TRFA) was launched in 2016-17, which is a key programme focused on land that remains underutilized after harvesting of Kharif paddy crops. It is being implemented in six Eastern States, viz. Assam, Bihar, Chhattisgarh, Jharkhand, Odisha and West Bengal that represent over 82% of India’s rice fallow areas. During 2018-19, about 2.5 lakh ha. were covered under oilseeds in rice fallows. The scheme was also extended to Andhra Pradesh, Karnataka, Tamil Nadu, Madhya Pradesh and Maharashtra from 2019-20.

6.9 The allocation for the scheme for NFSM (OS & OP) for the year 2020-21 is Rs. 500 crore (BE).

**PART II**  
**OBSERVATIONS/RECOMMENDATIONS**

**1. *List of Essential Commodities***

The Committee observe that at present, there are 7 (seven) commodities included in the Schedule of essential commodities under the Essential Commodities Act (EC Act), 1955, viz. (1) Drugs; (2) Fertilizers (whether organic, inorganic or mixed); (3) Foodstuffs, including edible oilseeds and oils; (4) Hank yarn made wholly from cotton; (5) Petroleum and petroleum products; (6) Raw jute and jute textile; (7) (i) Seeds of food crops and seeds of fruits and vegetables; (ii) Seeds of cattle fodder; (iii) Jute seeds; and (iv) Cotton seeds. The Committee also observe that the Department, as and when required, in consultation with Ministries/Departments concerned as well as State Governments, take decision for listing or delisting of a commodity in the list of essential commodities. They also note that after major amendments of 2006, the only instance when amendment in the Schedule was made was in 2009 when cotton seed was notified as an essential commodity under the EC Act, 1955. The Committee are of the view that a proper mechanism may be evolved to periodically review the inclusion/deletion of commodities under the

**Essential Commodities Act, 1955** after due consultations with the concerned Departments and State Governments/UT authorities. The Committee also recommend that the Government may consider for the inclusion of more consumables in the list of essential commodities, particularly those which directly affect the health of all consumers, and which are useful for village and town dwellers, and subsidize these products. Such items may also be included in the list of commodities monitored by the Price Monitoring Division (PMD), which may go a long way in improving the health and welfare of needy consumers at large.

## **2. *Essential Commodities (Amendment) Act, 2020***

*The Committee note that although the country has become surplus in most agricultural commodities, farmers have been unable to get better prices due to lack of investment in cold storage, warehouses, processing and export as entrepreneurs stated to be get discouraged by the regulatory mechanisms in the Essential Commodities Act, 1955. This has resulted in farmers suffering huge losses when there are bumper harvests, especially of perishable commodities, much of which could have been reduced with adequate processing facilities. The Committee also note that, as recommended*

***by the High Powered Committee for Transformation of Indian Agriculture comprising the Department of Agriculture and Farmers' Welfare, NITI Aayog, and the Chief Ministers of the States of Punjab, Maharashtra, Odisha, Madhya Pradesh, Gujarat, Arunachal Pradesh and Uttar Pradesh, there is a need to create an environment based on ease of doing business and for removing the fear of frequent statutory controls under the Essential Commodities Act in order to boost immediate investment in agriculture sector, increase competition and enhance farmers' income. The Committee hope and expect that the recently enacted 'The Essential Commodities (Amendment) Act, 2020' which was aimed at addressing the issue will become a catalyst for unlocking vast untapped resources in the agriculture sector by creating an environment for enhanced investments in agriculture sector, fair and productive competition in agricultural marketing and increase farmers' income. They, therefore, recommend the Government to implement the Essential Commodities (Amendment) Act, 2020 in letter and spirit, and without let or hindrances so that the farmers and other stakeholders of farming sector in this country receive the benefits intended under the said Act. Noting further that foodstuffs such as potato, onions and pulses***

*are part of a common man's daily diet and that lakhs of people who do not get the benefits of Public Distribution System (PDS) may suffer adversely in the aftermath of the implementation of the new Act, the Committee also desire the Government to continue to keep a constant watchful eye on the prices of all essential commodities and to resort to the remedial provisions provided in the Essential Commodities (Amendment) Act, 2020 when called for.*

### **3. Taxes/Controls on Essential Commodities**

The Committee note that rice, wheat, atta, gram dal, arhar dal, moong dal, urad dal, masoor dal attract nil Goods and Services Tax (GST) for unbranded and 5% for branded and packed in unit container, and tea, sugar, vanaspati, groundnut oil, mustard oil, UHT (ultra high temperature) milk, soya oil, palm oil, and sunflower oil attract GST at the rate of 5%. The Committee further note that the export of wheat/rice attract no export duty, and that no redundant controls/restrictions on movement and distribution, particularly of agricultural commodities existed during the last 3 (three) years. The Committee would like the Government to take all necessary steps to

further streamline the free movement of essential commodities in the country to ensure affordable prices of such items for all citizens.

#### **4. *Producer Price Index***

The Committee note that Producer Price Index (PPI) is an index designed to measure the average change in the price of goods and services from the point of view of the producer, either as they leave the place of production (called 'Output PPI'), or as they enter the production process (called 'Input PPI'). It is stated to be an improvement over the Wholesale Price Index (WPI), which is currently in use in the country, being free from the bias of multiple counting inherent in an aggregate commodity based index like WPI. The Committee also note that a Working Group on PPI was constituted on 21<sup>st</sup> August, 2014 under the Chairmanship of Dr. B.N. Goldar, ex-Member, National Statistics Commission, which submitted its report on 31<sup>st</sup> August, 2017, which has been uploaded in the website of the office of Economic Advisor. The Committee further note that the technical decision of migration from WPI to PPI will be examined by the Working Group and Technical Advisory Committee on Series of Prices and Cost of Living, and that the final decision of feasibility of shifting and its modalities will be decided by the Committee of



**Secretaries. They also note that the exercise for revision of base year has commenced with the setting up of Working Group for revision of WPI on 25<sup>th</sup> June, 2019 under the Chairmanship of Prof. Ramesh Chand, which was to submit its report in June, 2020, but its term has been extended for another year, i.e. till June, 2021. While appreciating the fact that PPI would provide a more accurate reflection of the price changes of the relevant economic activities, and give a reliable and internationally comparable picture of prices fixed by producers, the Committee nevertheless, desire that the Government should consider the subject of switch-over from WPI to PPI after making proper study and examination of the entire ramifications and also after making wide consultations with the States/UTs, i.e. after the requisite modalities have been duly completed. The Committee further hope that the Working Group under the Chairmanship of Prof. Ramesh Chand will submit its report within the extended term, i.e. June, 2021. The Committee also desire to be apprised of the gist of recommendations of the Working Group under Prof. Ramesh Chand in the matter.**

## **5. Safety standards of food items**

The Committee observe that the Food Safety and Standards Authority of India (FSSAI) was established in 2008 under Section 4 of Food Safety and Standards Act (FSS Act), 2006 to carry out the mandate of the Act, *viz.* to make regulations on food standards. The Committee were informed that FSSAI interacts with State Governments through meetings of Central Advisory Committee (CAC) in which Food Safety Commissioners of all States/UTs are represented, and a total of 27 CAC meetings have been held from 2010-11 to 2019-20. Further, as per the information provided by the Department of Consumer Affairs, Food Safety Officers are taking samples of food regularly for analysis in food laboratories, based on which designated officers launch prosecution against defaulting food business operators under FSS Act, 2006. *A look at the data provided by the Department, however, revealed that while between the years 2016-17 and 2019-20, there was an increase in the number of food samples analyzed from 78340 to 118775, the number of samples found non-conforming from 18325 to 29589, and the number of civil/criminal cases launched from 13080 to 27412, but the number of convictions actually fell from 1605 to 821 during the same period.* The

Committee are of the opinion that these trends undoubtedly indicate a slackening of efforts by FSSAI regarding enforcement work on food safety standards in the country. The Committee are convinced that the qualitative and safety aspect of food items is as important as its quantitative aspect, and they, therefore, urge the Government to add vigour to existing efforts on testing and analysis of food items, and ensure that there is no slackening of enforcement of food safety standards against the defaulting food business operators and stringent action is taken against them. They also feel that the total number of 27 meetings held by CAC between 2010-11 and 2019-20 is too few and far between, and that more interactions by CAC with State Governments/UT Administrations will be helpful for FSSAI to fulfill its mandate in a more efficient manner. Noting that FSSAI has its presence at 22 points of entry at six locations, viz. Delhi, Mumbai, Kolkata, Chennai, Tuticorin and Kochi, the Committee desire that efforts should be made to increase the number of such locations from 6 at present to atleast 10 numbers by including more ports and trade centres. Side by side, vigorous efforts should be made to ensure that all food business operators comply with the quality parameters of food items which are stored in godowns

**6. *Increase in cost of cultivation as a factor for price rise***

The Committee note that increase in cost of cultivation for inputs, specially fertilizers, wages, etc., influence the prices of food articles. The Committee further note that with limited area under irrigation, crops have become susceptible to the vagaries of Monsoon and weather conditions like drought. The Committee desire that the Government should make a comprehensive study of the impact thereof on the cost of farm produce through a panel of experts, professionals, academicians, etc. and then to devise an effective action plan to address the problems associated with it.

**7. *Fluctuations in prices due to crop losses because of poor management***

The Committee are unhappy to note that around 30% of vegetables in the country perish during harvest, storage, grading, transport, packing and distribution. Further, there is wastage of vegetables along the supply chain due to poor post-harvest management and lack of cold chain and seasonality production creates fluctuations in prices. In this connection, the Committee note that the Government has taken various steps to spread awareness about proper use of storage and transportation techniques, and is

organizing various training programmes and awareness campaigns under schemes like Mission for Integrated Development of Horticulture (MIDH), National Food Security Mission (NFSM), etc. Other measures taken by the Government include awareness campaign, advertisements, etc. in print and electronic media to raise awareness among the farmers, '*Kisan Suvidha*' mobile application developed by the Department of Agriculture, Cooperation and Farmers Welfare to facilitate dissemination of information to farmers on critical parameters including cold storages and godowns, and '*Kisan Rath*' mobile application which was launched to facilitate farmers and traders in identifying the right mode of transportation of farm produce like cereals, coarse cereals, pulses, fruits, vegetables, oil seeds, spices, etc. The Committee desire the Government to take effective steps to ensure that these schemes and measures do not remain merely on paper, but achieve their intended results and bring actual benefits to the farmers and traders. The Government should monitor the progress and success of these schemes through annual appraisal and also by calling evaluations from the concerned State Governments so that the present unsustainable level of vegetable wastages at 30% in the country during harvest, storage, grading,

transport, packing and distribution is brought down to the minimum. The Committee further note that no study has been made so far about the post-harvest crop/vegetables management practices of other countries, specially advanced (developed) countries. As such, the Committee feel that the Government should initiate necessary steps to explore the feasibility of undertaking study/training in post-harvest practices of advanced countries with a view to replicating such practices in India, where applicable. *The Committee also desire that the efforts should be made by the Government to disseminate awareness among farmers about the crops to grow during particular seasons by use of all available media tools to avoid crop losses and ensure optimal utilization of storage capacities.*

#### **8. Sugar price**

The Committee observe that surplus production in the last 5 (five) sugar seasons and depressed international market had adversely impacted domestic sugar price which led to liquidity crisis of sugar mills and accumulation of cane price arrears of farmers. The Committee also note, in this connection, that to safeguard the interest of farmers, the Central Government fixes the Fair and Remunerative Price (FRP) of sugarcane for every sugar season, on the

recommendation of the Commission for Agricultural Costs and Prices (CACP) and after consultation with the State Governments and other stakeholders, wherein FRP so fixed is the minimum price for purchase of sugarcane from cane farmers by sugar mills. Further, the Sugarcane (Control) Order, 1966 stipulates the payment of cane price within 14 days of supply, failing which interest at the rate of 15% per annum on amount due for the period beyond 14 days is payable, and that the State Governments/UT Administrations have been vested with the powers of enforcing this provision. The Committee desire that the sugarcane farmers should be ensured remunerative returns of their crops through FRP by the Government by taking steps for effective implementation of the Sugarcane (Control) Order, 1966 by the concerned State Governments/UT Administrations. Side by side, necessary steps are urgently called for to improve the liquidity of sugar mills, which are currently facing problem, by providing them liberal financial assistance from the Government. Such twin measures would bring stability to sugar prices in the country, while at the same time safeguarding the interests of cane farmers and sugar mill owners. The Committee appreciate that the Central Government has taken several measures in this direction, viz. extending assistance to

sugar mills on cane crushed, fixation of minimum selling price of sugar, fixing remunerative prices of ethanol, providing soft loan to sugar mills to clear cane dues, creation of buffer stock of sugar, extending loans from Sugar Development Fund to sugar mills for modernization and capacity expansion, etc. The Committee, however, desire the Government to continue to render all assistance to cane farmers and sugar mills not only by loan and financial aid, but by undertaking physical and financial evaluation of sugar mills on annual basis. If need be, liberal financial assistance may also be extended from Price Stabilization Fund (PSF).

#### **9. *Price rise in Oil and Gas sectors***

As per the Schedule of Essential Commodities Act (EC Act), 1955, '*Petroleum and Petroleum Products*' have been included in the list of Essential Commodities. The prices of petrol and diesel have been made market-determined by the Government from 26.06.2010 and 19.10.2014 respectively, and the Public Sector Oil Marketing Companies (OMCs) take decision on pricing of petrol and diesel in line with their international product prices, exchange rate, tax structure, inland freight and other cost elements. The Government modulates the effective cost to consumer for subsidized domestic



LPG, whereas the prices of non-subsidized domestic LPG are determined by the OMCs in line with changes in international markets. The Committee note that during the period from 2010-11 to 2018-19, the Central Excise duty on Petroleum, Oil and Lubricants (POL) grew from Rs. 76,547 crore to Rs. 2,29,247 crore while the customs duty on POL witnessed increase from Rs. 26,282 crore to Rs. 39,123 crore during the same period. The Committee are of the opinion that the taxes levied on petroleum products, specially on petrol and diesel are on the higher side, and need a revision after making an evaluation of the prevailing oil pricing regime existing in the country and also making comparative assessment of the same with the systems prevailing in this regard in other countries.

#### ***10. Measures to stabilize food inflation***

The examination of the data furnished by the Department of Consumer Affairs has revealed that based on Consumer Food Price Index (CFPI), the all-India food inflation rate spiraled from 1.1% in April, 2019 to 7.89% in October, 2019 reaching to a high 14.19% in December, 2019, whereas the corresponding figures decreased from 2.8% to (-)0.86% during the year 2018. Explaining the reasons for this unhealthy scenario, the Department stated that the CFPI consists of

ten sub-groups, viz., Cereals and products, Meat and fish, Egg, Milk and products, Oils and fats, Fruits, Vegetables, Pulses and products, Sugar & Confectionery and Spices, and the rise in food inflation was because of 'vegetables' sub-group, which had been registering moderate inflation rate till August, 2019 but started rising since September, 2019, reaching upto 15.47% in September, 2019 and 26.1% in October, 2019. Three items, namely, Onion, Garlic and Tomato were primarily responsible for these spikes in inflation rates of vegetables, resulting in significant rise in the food inflation during September and October, 2019. Noting from the Department's reply that food inflation is a cause of concern for not only the common man, but also for the policy makers, the Committee desire that the Government should make concerted efforts to keep food inflation rate in the country to the minimum by adopting policies and measures to tackle the supply-side constraints which have been causing inflationary spurt in food items from time to time. They also recommend that the Government should take concrete steps to monitor all existing schemes and programmes aimed at augmenting production of food crops. The Government should, in this connection, take measures to boost the output of cereals, fruits, vegetables,

pulses, oilseeds, etc. by injecting improved, high-yielding variety seeds. Proper attention may also be given to enhance the skills and know-how of the farmers cultivating such crops, specially growers of pulses and oilseeds, who happen to be small and marginal farmers. The Government should make efforts to popularize the use and application of proper and updated agro-management techniques through provision of credit at concessional terms from financial institutions, banks etc. to enable the farmers to achieve higher yields from their investment, thereby resulting in increased output of essential food items in the country in the long-run.

**11. *General and specific measures to mitigate price rise***

The Committee are apprised that the Government has taken general as well as specific measures from time to time to mitigate the price rise. The general measures taken up include (i) advisories to States/UTs to take steps to keep prices of essential commodities including pulses, edible oil, etc. under control at various fora such as National Consultation meeting of Ministers of States & UTs in-charge of Food and Consumer Affairs, (ii) advisories to State Governments for taking strict action against hoarding and black marketing under the Essential Commodities Act (EC Act), 1955 and the Prevention of

**Black-marketing and Maintenance of Supplies of Essential Commodities Act (PBMSEC Act), 1980, wherever applicable, (iii) periodic review meeting on price and availability of essential commodities at the level of Ministers, Committee of Secretaries (COSs), Inter-Ministerial Committee (IMC), Price Stabilization Fund Management Committee (PSFMC) and other Departmental level review meetings, and (iv) higher Minimum Support Price (MSP) to incentivize production and thereby enhance availability of food items. Among the specific measures taken by the Government in respect of pulses are (i) creation of a buffer stock of 20.50 lakh tonnes of pulses through domestic procurement of 16.71 lakh tonnes and imports of 3.79 lakh tonnes, for appropriate market intervention, (ii) entering into a Memorandum of Understanding (MOU) with Mozambique, which resulted in import of 1.50 lakh metric tonnes (MT) of pulses during 2018-19, (iii) ban on export of all pulses except kabuli chana, and (iv) allowing import of tur at import duty of 10%, channa at 60% and masur at 50% due to improved production in 2016-17. For controlling price of edible oils, Minimum Support Price was increased for oilseeds, export of edible oils was allowed only in branded consumer packs of up to 5 kg. with a minimum export price of US \$ 900 per MT,**

and import duty on crude palm oil and soya oil were suitably adjusted to encourage domestic production of oilseeds. As for vegetables, (i) a buffer stock of 57,372.90 MT of onion was created under PSF through domestic procurement from Maharashtra and Gujarat, (ii) stock limit on traders across the country was imposed on 29 September, 2019, viz. 10 MT on retail traders and 50 MT on wholesale traders under EC Act, 1955, (iii) onions were supplied to Haryana, Kerala, Andhra Pradesh and Uttar Pradesh at no-profit, no-loss basis to improve availability, (iv) benefit to onion exporters under Merchandize Exports from India Scheme (MEIS) was withdrawn on 11.06.2019 and Minimum Export Price (MEP) at \$ 850/MT was imposed on 13.09.2019, (v) ban on export of onions was imposed on 29 September, 2019, and (vi) stock limits were imposed across the country. The Committee desire the Government to continue to keep a close watch on the production, procurement and distribution aspects of all the 22 essential commodities so that there are no scarcities in any part of the country. Buffer stocks may be created for these commodities (wherever applicable) in order to avoid artificial scarcities and thus limiting the avenues for price rise of such commodities and their costly imports. Further, given the fact that agricultural productivity is a key for price

stability and control, the Department of Consumer Affairs may also impress upon the Ministry of Agriculture, Cooperation and Farmers Welfare the need for giving impetus to increasing farm output and productivity at periodic review or consultative meetings held by the Government.

## ***12. Price monitoring***

The Committee note that the Price Monitoring Division (PMD), set up in 1998, was initially tasked with monitoring prices of 14 essential food items across 18 centres in the country. *The number of Price Reporting Centres (PRCs) has increased to 122, while the coverage of commodities monitored by PMD has expanded to 22, viz.* five item groups, namely, Cereals (Rice & Wheat), Pulses (Gram, Tur, Urad, Moong, Masur), Edible Oils (Groundnut Oil, Mustard Oil, Vanaspati, Soya Oil, Sunflower Oil, Palm Oil), Vegetables (Potato, Onion, Tomato), and other items (Atta, Sugar, Gur, Milk, Tea and Salt), The examination of the subject has revealed that while the number of PRCs in the country has increased to 122, the number of PRCs in some States are less in number. For example, the States of Arunachal Pradesh, Assam, Goa, Jharkhand, Manipur, Nagaland, Sikkim and Tripura have only a single Price Reporting Centre each. Delhi NCT

and UT of Chandigarh also have one PRC each. Some bigger States like Andhra Pradesh, Gujarat, Haryana, Karnataka, Maharashtra, Rajasthan and Uttarakhand have only four PRCs each; and Punjab has only 3 PRCs. The Committee desire that an evaluation of the adequacy of the number of Price Reporting Centres may be made by the Government to make an overall assessment of the functioning and performance of these Centres with a view to increasing the number of PRCs, where needed. The Committee also note that one PRC, at Kohima (Nagaland) has been discontinued due to irregular and inconsistent reporting and they desire the Government to take urgent steps to ascertain the problems faced by this PRC in order to take corrective measures to revive it without any loss of time. Noting further that 106 PRCs had been provided financial assistance for procuring Desktop Computer, Multipurpose Printer (only black and white)-cum-Scanner-Photocopier-Fax machine, UPS, Handheld device with geotagging facilities, etc. as per guidelines of the Scheme for Strengthening of Price Monitoring Cell, the Committee recommend that the Government should make concerted efforts to ensure that the remaining PRCs are also provided with the needed financial assistance to procure these equipments and hardware to enable them

to carry out the task of monitoring of essential commodities in an efficient manner. The Committee desire to be apprised of action taken in this regard.

### **13. *'Operation Greens' scheme***

The Department of Consumer Affairs apprised the Committee that to stabilize the prices of essential food items, the Government has taken various measures from time to time, including (i) appropriately utilizing trade and fiscal policy instruments like import duty, Minimum Export Price (MEP), export restrictions, etc. to regulate domestic availability and moderate prices; (ii) imposition of stock limits and advising States for effective action against hoarders and black marketeers; (iii) provision of higher Minimum Support Prices (MSP) to incentivize farmers for increasing production. In this regard, the Committee note that a new scheme called *'Operation Greens'* was introduced by the Ministry of Food Processing Industries for integrated development of Tomato, Onion and Potato (TDP) value chain, with an outlay of Rs. 500 crore to promote Farmer Producers Organizations (FPOs), agri-logistics, processing facilities and professional management. The Committee believe that Operation Greens besides benefiting the farmers, will go a long way in



augmenting domestic production and availability of tomato, onion and potato in the country, thereby stabilizing and moderating their prices for the benefit of the consumers. The Committee, therefore, desire the Government to take concerted steps to closely monitor the progress of 'Operation Greens' scheme across the States/UTs. The Government may also make an evaluation of the progress of the scheme and make enhanced financial allocation for the scheme, if required.

#### ***14. Marketing intelligence & price monitoring meetings***

The Committee note that there are 12 Marketing Intelligence Units (MIUs) under the Directorate of Economics & Statistics (DES), Ministry of Agriculture and Farmers Welfare, which report prices of 176 agricultural commodities from wholesale markets spread across the country. The wholesale prices are collected during the peak hours of transaction every Friday, and DES maintains these weekly wholesale prices reported by MIUs and provides the same as inputs for various meetings, assessing the agricultural price situation in the country for policy/decision making and to the Department for the promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry for the computation of Wholesale Price Index

**(WPI). In cases of abnormal price movements of agricultural commodities, the MIUs are directed immediately to submit reports on those agricultural commodities subjected to price volatility. The Committee desire the Government to take suitable steps for strengthening the organization and functioning of marketing intelligence in the country, by streamlining the work of DES and 12 Market Intelligence Units as well as by increasing the number of MIUs presently operating across the country.**

**The Committee are also disappointed to note the Department's reply that no record is maintained about the details of key decisions taken as a result of feedback received from Price Monitoring Division (PMD) since its inception. The Committee expect and desire the Department to keep track of at least the details of key decisions taken by the Government based on feedback received from PMD for making necessary reference and evaluation *vis-à-vis* their implementation aspects as and when called for.**

**Noting further that 17 meetings of Reconstituted Price Stabilization Fund Management Committee (PSFMC), 35 meetings of Inter-Ministerial Committee (IMC), 9 meetings of Committee of Secretaries (CoS) on review of prices of essential commodities, 2**

meetings of Committee of Ministers and 35 meetings on weekly review of management of buffer stock under PSF were held during 2019, the Committee desire that the Government should hold such meetings more frequently at the highest level of the Government, if required, and take corrective, follow-up measures for controlling and moderating the prices of essential commodities in the country.

#### **15. *Price Stabilization Fund***

The Committee note that the Price Stabilization Fund (PSF) was set up in the year 2014-15, which advances interest-free loans to State Governments/UTs and Central Agencies to support their working capital and other expenses that they might incur on procurement and distribution interventions for the prescribed/stipulated commodities. The PSF is centrally managed by the Price Stabilization Fund Management Committee (PSFMC), which will approve all proposals from the State Governments and Central Agencies. The Committee desire that the proposals received by PSFMC should be processed within a fixed time frame and funds released with a view to moderating volatility in prices of commodities like onions, potatoes and pulses to prevent rise in prices and scarcity.

## **16. *Revamping and monitoring of Public Distribution System***

The Committee observe that the Public Distribution System (PDS) has evolved as a system for distribution of foodgrains at affordable prices in the country. In June, 1997, the Government introduced '*Targeted Public Distribution System*' (TPDS) to focus on the poor, followed by a scheme called '*Antyodaya Anna Yojana*' (AAY) introduced in December, 2000 which aims to make TPDS more focused and targeted to poor and the poorest of poor. About 2.5 crore households are presently covered under AAY across the country. Under National Food Security Act (NFSA) enacted in 2013, eligible households/beneficiaries comprise of Antyodaya Anna Yojana (AAY) households and persons belonging to Priority Households (PHH) categories. AAY households, which constitute the poorest-of-the-poor, are entitled to receive 35 kg of foodgrains per household, whereas households covered under PHH category are entitled to receive 5 kg of foodgrains per person per month at highly subsidized prices of Rs. 3/2/1 per kg for rice/wheat/coarse grains respectively. The Committee note that TPDS is presently operated under the joint responsibility of the Central and the State Governments, where the Central Government has assumed the responsibility of procurement,

storage, transportation and allocation of foodgrains to all States/UTs and the operational responsibility of allocation of foodgrains within States/UTs, identification of eligible families under NFSA, issuance of ration cards, distribution of foodgrains through Fair Price Shops (FPSs) and licensing and monitoring of FPSs, etc. rests with the respective State/UT Governments. The Committee desire the Government to put in place an institutional mechanism for robust monitoring of TPDS for increasing its efficiency and utility.

#### ***17. Computerization of Targeted Public Distribution System***

The Committee note that in order to bring in reforms in the functioning of Targeted Public Distribution System (TPDS) and also to bring transparency in the distribution of highly subsidized foodgrains across the country, the Department is implementing a scheme called 'End-to-End Computerization of Targeted Public Distribution System (TPDS) Operations' entailing key activities under its Component-I, like, (a) digitization of ration cards/beneficiary database, (b) online allocation of foodgrains for system-generated allocation orders to bring transparency in allocation of foodgrains, up to the Fair Price Shops (FPSs) level, (c) Computerization of Supply Chain Management for ensuring timely availability of foodgrains at all FPSs, (d) Online

grievance redressal/toll-free helplines and transparency portals, (e) automation of Fair Price Shops (FPSs) by installing electronic Point of Sale (ePoS) devices for transparent foodgrain distribution and biometric/Aadhaar authentication for unique identification of genuine beneficiaries under NFSA. *In this connection, the Committee are happy to learn that under the scheme of 'Integrated Management of Public Distribution System (IM-PDS) being implemented by the Department of Consumer Affairs in all States/UTs, financial assistance of Rs. 50.96 crore (40%) has been released to 31 States/UTs, NIC etc., after fulfillment of some requisite conditions. The Committee are also encouraged to note that, presently, at the national level, about 90% ration cards have been seeded with Aadhaar number of atleast one member of the household, whereas at the beneficiary level the Aadhaar seeding is about 86% at the national level. Further, online allocation of foodgrains upto FPS levels has started in all States/UTs except three UTs, namely, Chandigarh, Dadra and Nagar Haveli (Urban) and Puducherry where the Direct Benefit Transfer (DBT)/Cash Transfer pilot is under way. The Committee hope and expect that the Government will endeavor to achieve its target of 100% Aadhaar seeding of ration cards across all the States/UTs in a*

time bound manner by making concerted efforts in the matter and also by engaging proactively with all the States/UTs which have not made good progress in this work. The Committee also desire the Government to take urgent steps to install ePoS devices in all Fair Price Shops (FPSs) as envisaged under the scheme of 'End-to-End Computerization of Targeted Public Distribution System (TPDS) Operations' in the country. The success of all these efforts would undoubtedly lead to removal of loopholes in the functioning of TPDS, viz. removal of bogus cards, leakage/diversion of foodgrains, and ensure quick grievance redressal, bringing in transparency and accountability in distribution of foodgrains in the country.

**18. *'One nation, one ration card' system***

The Committee note that the Department is implementing a Central Sector Scheme, namely, 'Integrated Management of Public Distribution System' (IM-PDS) in all States/UTs since April, 2018 with the objective to implement nation-wide portability of ration cards under which eligible households/beneficiaries covered under NFSA shall be able to draw entitled foodgrains from any FPS of their choice using their existing/same ration cards through the '*One Nation, One Ration Card*' plan. *The Committee note that upto December, 2020, the*

*facility of portability of ration card under ‘One Nation, One Ration Card’ plan has been seamlessly enabled in 32 States/UTs covering about 69 crore beneficiaries (86% of NFSA population) to access their NFSA foodgrains/benefit anywhere in these States/UTs viz. Andaman & Nicobar Islands, Andhra Pradesh, Arunachal Pradesh, Bihar, Chandigarh, Dadra & Nagar Haveli and Daman & Diu, Goa, Gujarat, Haryana, Himachal Pradesh, Jammu & Kashmir, Jharkhand, Karnataka, Kerala, Ladakh, Lakshadweep, Madhya Pradesh, Maharashtra, Manipur, Meghalaya, Mizoram, Nagaland, Odisha, Puducherry, Punjab, Rajasthan, Sikkim, Tamil Nadu, Telengana, Tripura, Uttar Pradesh and Uttarakhand, and that at present almost about 1.3 to 1.5 crore monthly portability transactions under ‘One Nation, One Ration Card’ (including intra-State transactions) are being consistently recorded in these States/UTs. The Committee believe that this scheme would undoubtedly benefit large sections of the population, specially the country’s migratory population, and that concerted efforts should be made to fully implement such a system in all the States/UTs, after making consultations with the concerned States/UTs. The Committee further recommend that efforts regarding implementation of the scheme of Integrated Management of Public*



*Distribution System (IM-PDS) also be taken up with intra-State emphasis to ensure portability of ration cards in all the States/UTs of the country as well.* The Committee would like to be apprised of the progress made in the matter.

**19. Measures on marketing of foodgrains**

The Committee note that the Food Corporation of India (FCI) sells excess stocks of wheat and rice from the Central Pool (accumulated due to open-ended procurement to support farmers) at pre-determined prices in the open market under '*Open Market Sale Scheme*' (OMSS) through e-tender to enhance the supply, specially during the lean season in the deficit regions and thereby to moderate the open market prices. The OMSS (D) 2020-21 policy was issued on 21.04.2020 to encourage retail sale, and it has been decided to sell wheat to small (private) traders desirous of purchasing wheat from 1-9 MT per person per depot from nominated FCI/State Agency depot at the reserve price under OMSS (D) during 2020-21 without participation in e-auction. Sale of wheat will be undertaken throughout the year upto 31.03.2021 in all procuring / non-procuring States. Sale of rice under OMSS (D) may be undertaken even in surplus/ deficit procuring States during procurement of paddy/ rice,

on the request of State Governments only, for meeting their additional requirements. The Committee desire the Government to ensure transparency and continuity in the operation of OMSS Scheme in the country. They also desire that efforts be made to curb the tendencies of big business houses to procure essential commodities in bulk, thereby causing artificial shortages in market and jacking up their prices by taking penal actions under EC Act, 1955 and rules made thereunder.

## **20. *National Food Security Mission***

The Committee note that under the '*National Food Security Mission*' (NFSM) launched in 2007-08 and being implemented in identified districts of 28 States and 2 Union Territories (UTs), the country achieved considerable increases in output of foodgrains during the period from 2014-15 to 2018-19, viz. 105.48 million tonnes to 116.48 million tonnes for rice, 86.53 million tonnes to 103.60 million tonnes for wheat, 17.15 million tonnes to 22.07 million tonnes for pulses, and 42.86 million tonnes to 43.06 million tonnes for nutritional/coarse cereals. The total projected production for these foodgrains during 2019-20 as per second advance estimate are 117.48 million tonnes, 106.21 million tonnes, 23.02 million tonnes, and 45.24

million tonnes, for rice, wheat, pulses and nutritional/coarse cereals, respectively, whereas the allocation for NFSM made for 2020-21 is Rs. 1600.00 crore (BE). The Committee are convinced that enhancement of production of foodgrains comprising rice, wheat, pulses and coarse cereals is sine qua non for achieving enhanced availability of foodgrains for buffer stock and for the consumers, thereby contributing to stability of foodgrain prices in the country. The Committee, therefore, recommend that the Ministry of Agriculture and Farmers Welfare (Crops Division) may be impressed upon to spare no efforts in implementation of NFSM for achieving bumper output of foodgrains, thereby leading to moderating the prices of these food items for the benefit of the consumers of the country. They also hope and desire the Government to take necessary steps to ensure that the allocation of Rs. 1600 crore made for 2020-21 is fully utilized, enabling the NFSM to achieve higher output of foodgrains, pulses and nutri/coarse cereals in the country. The Government should make a review/evaluation of the performance of NFSM, and also take further necessary steps with a view to strengthening the mission. The Committee would like to be informed of the steps taken by the Government in this regard.

## **21. National Mission for Oilseeds and Palm Oil**

The Committee note that while the domestic demand for vegetable oils and fats has been increasing at the rate of 6% per annum, the domestic output has been increasing at about 2% per annum, which undoubtedly lead to supply-demand mismatch, with the result that nearly 65% of the country's edible oil requirement is met through import, of which the major component is palm oil. The Committee also note that the Government has been implementing '*National Mission on Oilseeds and Oil Palm*' (NMOOP), a Centrally-sponsored scheme comprising of three Mini Missions (MM), one each for Oilseeds (MM-I), Oil Palm (MM-II) and Tree Borne Oilseeds (MM-III) since 2014-15, and further that w.e.f. 2018-19, the NMOOP scheme was merged with National Food Security Mission (NFSM) under the name of NFSM (OS & OP) and is being implemented through the State Department of Agriculture/Horticulture in 26 States for oilseeds, 13 States for oil palm and 12 States for Tree Borne Oil. A sum of Rs. 500 crore has been allocated for the scheme in 2020-21. In this connection, *the Committee observe that the import of edible oils in the country which was 138.5 lakh metric tonnes (LMT) in 2014-15 declined slightly but still stood at 133.4 (LMT) in the year 2019-20, despite the ongoing*

**NFSM (OS & OP). The Committee note that a new scheme, 'Targeting Rice Fallow Areas' (TRFA) was launched in 2016-17 which focusses on land that remains under-utilized after harvesting Kharif paddy crops. It is now under implementation in 6 (six) Eastern States, i.e. Assam, Bihar, Chhattisgarh, Jharkhand, Odisha and West Bengal representing over 82% of the country's rice fallow areas. The Committee desire the Government to evaluate and review the progress of NFSM (OS & OP) and take necessary remedial steps to address the associated shortcomings of the Mission (if any) so as to increase production and productivity of edible/vegetable oils in the country. They also hope and desire that the Government would make full utilization of Rs. 500 crore allocated for the scheme during 2020-21. The Committee further recommend the Government to make concerted efforts to ensure that TRFA scheme is effectively implemented in 6 (six) rice-cultivating Eastern States, leading to increased availability of edible/vegetable oils in the country, thereby contributing to moderation of prices of these food items for the consumers, as also lead to decreased dependence on import of edible oil by the country. The Committee also desire that adequate attention should be given to encourage oil palm cultivation in the country**

under TRFA Scheme through active participation of cooperative societies/ NGOs/ farmers' associations, etc. The Committee would like to be apprised of action taken in this regard.

**NEW DELHI;  
MARCH,2021  
1942 (Saka)**

**SUDIP BANDYOPADHYAY,  
Chairperson,  
Standing Committee on Food,  
Consumer Affairs and Public Distribution**

**ANNEXURE****LIST OF PRICE REPORTING CENTRES IN THE COUNTRY  
(as on 16.12.2020)**

<b>Name of the State/UT</b>	<b>No. of Centres</b>	<b>Name of the Centre</b>
Chandigarh	1.	Chandigarh
Delhi	2.	Delhi
Haryana	3.	Hisar
	4.	Karnal
	5.	Panchkula
	6.	Gurgaon
Himachal Pradesh	7.	Mandi
	8.	Shimla
	9.	Dharamshala
	10.	Solan
	11.	<i>Una*</i>
Punjab	12.	Amritsar
	13.	Bathinda
	14.	Ludhiana
Uttarakhand	15.	Dehradun
	16.	Haldwani
	17.	Rudrapur
	18.	Haridwar
Uttar Pradesh	19.	Varanasi
	20.	Kanpur
	21.	Agra
	22.	Lucknow
	23.	Jhansi
	24.	Meerut
	25.	Allahabad
	26.	Gorakhpur
Rajasthan	27.	Jaipur
	28.	Jodhpur
	29.	Kota
	30.	Udaipur
Chhattisgarh	31.	Raipur
	32.	Durg
	33.	Ambikapur
	34.	Bilaspur
	35.	Jagdalpur
Gujarat	36.	Ahmedabad
	37.	Rajkot
	38.	Surat
	39.	Bhuj

Madhya Pradesh	40.	Indore
	41.	Bhopal
	42.	Jabalpur
	43.	Gwalior
	44.	Rewa
	45.	Sagar
	46.	<i>Jhabua*</i>
	47.	<i>Hoshangabad*</i>
	48.	<i>Shahdol*</i>
	49.	<i>Ujjain*</i>
Maharashtra	50.	Mumbai
	51.	Nagpur
	52.	Pune
	53.	Nashik
Andhra Pradesh	54.	Vijayawada
	55.	Vishakhapatnam
	56.	Kurnool
	57.	Tirupathi
Kerala	58.	Thiruvananthapuram
	59.	Kozhikode
	60.	Ernakulam
	61.	Thrissur
	62.	Palakkad
	63.	Wayanad
Puducherry	64.	Puducherry
Tamil Nadu	65.	Chennai
	66.	Dindigul
	67.	Thiruchirapalli
	68.	Coimbatore
	69.	Tirunelveli
	70.	Cuddalore
	71.	Dharmapuri
	72.	Vellore
	73.	Ramanathapuram
	Odisha	74.
75.		Cuttack
76.		Sambalpur
77.		Rourkela
78.		Berhampur
79.		Jeypore
80.		Balasore
81.		<i>Baripada*</i>
82.		<i>Balangir*</i>
	83.	Kolkata
	84.	Siliguri



West Bengal	85.	Kharagpur
	86.	Rampurhat
	87.	Malda
	88.	Purulia
	89.	Raiganj
Karnataka	90.	Bengaluru
	91.	Dharwad
	92.	Mangalore
	93.	Mysore
Bihar	94.	Patna
	95.	Bhagalpur
	96.	Purnia
	97.	Darbhanga
	98.	Gaya
	99.	Muzaffarpur
Assam	100.	Guwahati
Meghalaya	101.	Shillong
	102.	Tura
	103.	Jowai
Nagaland	104.	Dimapur
Mizoram	105.	Aizawl
Goa	106.	Panaji
Arunachal Pradesh	107.	Itanagar
A & N Islands	108.	Port Blair
	109.	Mayabunder
Jammu & Kashmir	110.	Srinagar
	111.	Jammu
	112.	<i>Poonch*</i>
Jharkhand	113.	Ranchi
Tripura	114.	Agartala
Telangana	115.	Hyderabad
	116.	Karimnagar
	117.	Warangal
	118.	Adilabad
	119.	Suryapet
	120.	Jadcherla
Manipur	121.	Imphal
Sikkim	122.	Gangtok

\* New PRCs set up during 2020

## **APPENDIX I**

### **MINUTES OF THE FOURTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2019-20) HELD ON THURSDAY, 5 DECEMBER, 2019**

The Committee sat from 1500 hrs. to 1600 hrs. in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

#### **PRESENT**

Shri Sudip Bandyopadhyay - Chairperson

#### **Members**

#### **Lok Sabha**

2. Smt. Pramila Bisoyi
3. Shri Anil Firojiya
4. Shri Rajendra Dhedya Gavit
5. Shri Khagen Murmu
6. Shri Subrata Pathak
7. Smt. Himadri Singh
8. Shri Ajay Misra Teni
9. Shri Saptagiri Ulaka
10. Shri Rajmohan Unnithan

#### **Rajya Sabha**

11. Smt. Shanta Chhetri
12. Shri K.G.Kenye
13. Shri Rajmani Patel
14. Shri Sakaldeep Rajbhar
15. Shri Amar Shankar Sable

#### **SECRETARIAT**

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director
3. Shri Khakhai Zou - Additional Director

## LIST OF WITNESSES

SI No.	Name	<i>Designation</i>
<b>Department of Consumer Affairs</b>		
1.	Shri Avinash K. Srivastava	<i>Secretary</i>
2.	Shri Rohit Kumar Parmar	Senior Economic Advisor
3.	Shri Amit Mehta	Joint Secretary
4.	Shri Awadhesh K. Choudhary	Economic Advisor
5.	Shri Abhay Kumar	Director
6.	Sh. B.N.Dixit	Director
<b>Department of Food &amp; Public Distribution</b>		
7.	Shri Kamal Dutta	Joint Secretary
<b>Department of Agriculture, Co-operation and Farmers Welfare</b>		
8.	Ms. Dolly Chakravarty	Addl. Secretary
<b>Department of Commerce</b>		
9.	Shri Diwakar Nath Mishra	Joint Secretary
10.	Shri N.Ashok Kumar	Director
<b>Department of Revenue</b>		
11.	Shri J.D.Lohani	Joint Secretary
<b>Ministry of Food Processing Industries</b>		
12.	Shri Minhaj Alam	Joint Secretary
<b>Department of Horticulture</b>		
13.	Dr. B.N.S. Murthy	Commissioner
<b>Govt. of NCT of Delhi</b>		
14.	Shri Manoj Trivedi	Addl. Commissioner

2. At the outset, Hon'ble Chairperson welcomed the Members to the sitting of the Committee convened for briefing by the representatives of the Department of Consumer

Affairs on the subject 'Price Rise of Essential Commodities – Causes & Effects' followed by XXXX XXXX XXXX XXXX XXXX XXXX XXXX.

*[The witnesses were then called in.]*

3. The Chairperson then welcomed the representatives of Department of Consumer Affairs to the sitting and apprised them about Direction 55 (1) of the 'Directions by the Speaker' regarding confidentiality of the proceedings. In his welcome remarks, the Chairperson pointed out, *inter-alia*, that though the Government is monitoring 22 essential commodities on daily basis, yet the prices of commodities keep increasing and the monitoring of the Government appears to be ineffective. Thereafter, before briefing, the representatives of the Ministry introduced themselves to the Committee. Then, with the permission of the Hon'ble Chairperson, the representatives of the Department of Consumer Affairs briefed the Committee on various aspects of the subject 'Price Rise of Essential Commodities – Causes & Effects' with the help of power point presentation. The main issues covered, *inter-alia*, include price reporting mechanism, commodities monitored by PMC, price monitoring division and its impacts, measures to control prices, projections of demand and supply of food items, coordinated strategy with other departments, parameters for essential commodities etc. The queries raised by the Chairperson and the Members on various issues during the course of briefing were responded to by the witnesses.

4. The Hon'ble Chairperson then thanked the Secretary, Department of Consumer Affairs and other witnesses for briefing the Committee and directed the Secretary, Department of Consumer Affairs to furnish information to the Committee on the issues that remained unanswered/partially answered and also some further clarifications in connection with detailed examination of the subject.

*[The Witnesses then withdrew.]*

5. XXXX XXXX XXXX XXXX XXXX XXXX

6. XXXX XXXX XXXX XXXX XXXX XXXX.
7. XXXX XXXX XXXX XXXX XXXX XXXX.

A verbatim record of the proceedings has been kept.

**The Committee then adjourned.**

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XXXX XXXX Matter does not relate to the Report.

## APPENDIX II

### **MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2019-20) HELD ON THURSDAY, 19 DECEMBER, 2019**

The Committee sat from 1100 hrs. to 1245 hrs. in Committee Room No. '2', Block A, Extension to Parliament House Annexe, New Delhi.

#### **PRESENT**

Shri Saptagiri Ulaka - Acting Chairperson

#### **Members**

#### **Lok Sabha**

2. Shri Khagen Murmu
3. Shri Mitesh Rameshbhai (Bakabhai) Patel
4. Smt. Himadri Singh
5. Smt. Kavita Singh
6. Shri Ajay Misra Teni
7. Shri Rajmohan Unnithan

#### **Rajya Sabha**

8. Shri Rajmani Patel
9. Shri Sakaldeep Rajbhar
10. Shri Amar Shankar Sable
11. Shri Veer Singh

#### **SECRETARIAT**

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director
3. Shri Khakhai Zou - Additional Director

### LIST OF WITNESSES

SI No.	Name	Designation
1.	Shri Avinash K. Srivastava	Secretary
2.	Shri Rohit Kumar Parmar	Senior Economic Advisor
3.	Shri Awadhesh K. Choudhary	Economic Advisor
4.	Dr. B.N.S. Murthy	Commissioner
5.	Shri Minhaj Alam	Joint Secretary
6.	Shri Ved Prakash	CMD, MMTC
7.	Shri Sunil Chadha	MD, NAFED
8.	Shri A.K.Sharma	Sc G& DDG
9.	Dr. D.K.Pandey	Advisor
10.	Shri Pradeep Bhatnagar	Director
11.	Shri Abhay Kumar	Director
12.	Sh. B.N.Dixit	Director

2. At the outset, the Committee were informed that due to certain exigencies, the Hon'ble Chairperson was not in a position to preside over the sitting of the Committee and were requested to choose one amongst themselves to preside over the day's sitting. Accordingly, in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha, the Committee chose Shri Saptagiri Ulaka, MP (Lok Sabha) to preside over the sitting of the Committee for the day. Thereafter, the Acting Chairperson welcomed the Members to the sitting of the Committee to take oral evidence of the representatives of the Department of Consumer Affairs on the subject 'Price Rise of Essential Commodities – Causes & Effects'.

*[The witnesses were then called in.]*

3. The Acting Chairperson then welcomed the representatives of Department of Consumer Affairs to the sitting and apprised them about Direction 55 (1) of the 'Directions by the Speaker' regarding confidentiality of the proceedings. Thereafter, the witnesses introduced themselves and then the representatives of the Ministry of Consumer Affairs briefed the Committee on various aspects of the subject 'Price Rise of Essential Commodities – Causes & Effects'. The Committee then held detailed discussion on various issues pertaining to the subject. The main issues covered, inter-alia, included Commodities monitored by PMC, Price Monitoring Division and its impacts, Price Stabilization Fund, Measures to control prices of Essential Commodities particularly onions, Parameters for Essential Commodities, Measures to check hoarding, Existing system of market interventions etc. The queries raised by the Acting Chairperson and the Members on various issues during the course of discussion were responded to by the witnesses.

4. The Hon'ble Acting Chairperson then thanked the Secretary, Department of Consumer Affairs and other witnesses for their free and frank discussion and directed the Secretary, Department of Consumer Affairs to furnish information to the Committee on the issues that remained unanswered/partially answered and also some further clarifications in connection with detailed examination of the subject.

[The *Witnesses* then *withdrew*.]

A verbatim record of the proceedings has been kept.

**The Committee then adjourned.**

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## APPENDIX III

### **MINUTES OF THE FIFTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2020-2021) HELD ON WEDNESDAY, 16 DECEMBER, 2020**

The Committee sat from 1100 hrs. to 1300 hrs. in Committee Room 'D', Ground Floor, Parliament House Annexe, New Delhi.

#### **PRESENT**

Shri Sudip Bandyopadhyay - Chairperson

#### **Members**

#### **Lok Sabha**

2. Shri Karadi Sanganna Amarappa
3. Ms. Pratima Bhoumik
4. Shri Anil Firojiya
5. Shri Bhagwant Mann
6. Shri Khagen Murmu
7. Shri Mitesh Rameshbhai (Bakabhai) Patel
8. Shri Subrat Pathak
9. Smt. Himadri Singh
10. Smt. Kavita Singh
11. Shri Ajay Misra Teni
12. Shri Saptagiri Ulaka
13. Shri Rajmohan Unnithan
14. Shri Ve. Vaithilingam

#### **Rajya Sabha**

15. Shri Satish Chandra Dubey
16. Smt. Roopa Ganguly
17. Dr. Fauzia Khan
18. Shri Rajmani Patel

## SECRETARIAT

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director

## WITNESSES

Sl No.	Name	Designation
1.	Ms. Leena Nandan	Secretary
2.	Ms. Nidhi Khare	Additional Secretary
3.	Ms. Rupta Dutta	Sr. Economic Advisor
4.	Shri Sanjeev Kumar Chadha	MD, NAFED
5.	Shri Anupam Mishra	Joint Secretary
6.	Shri Kamkhenthang Guite	Economic Advisor

2. At the outset, the Chairperson welcomed the Members to the sitting of the Committee convened to: (i) XXXXX XXXXX XXXX; and (ii) take oral evidence of the representatives of the Department of Consumer Affairs on the subject 'Price Rise of Essential Commodities – Causes & Effects'. XXXX X XXXX XXXXX

*[The witnesses were then called in.]*

3. The Chairperson then welcomed the representatives of Department of Consumer Affairs to the sitting and apprised them about Direction 55 (1) of the 'Directions by the Speaker' regarding confidentiality of the proceedings. Thereafter, the witnesses introduced themselves and then briefed the Committee through a power point presentation on various aspects of the subject 'Price Rise of Essential Commodities – Causes & Effects'. The Committee then held detailed discussion on various issues pertaining to the subject. The main issues covered, inter-alia, included Price Reporting Mechanism, Prices of Essential Commodities, Causes of Price Rise, Effects of Price

Rise, Measures/tools to control the prices and interventions made etc. The queries raised by the Chairperson and the Members on various issues during the course of discussion were responded to by the witnesses.

4. The Hon'ble Chairperson then thanked the Secretary, Department of Consumer Affairs and other witnesses for their free and frank discussion and directed the Secretary, Department of Consumer Affairs to furnish information to the Committee on the issues that remained unanswered/partially answered and also some further clarifications in connection with detailed examination of the subject.

[The *Witnesses* then *withdrew*.]

A verbatim record of the proceedings has been kept.

**The Committee then adjourned.**

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**XXXX Matter does not relate to the Report.**

## APPENDIX IV

### **MINUTES OF THE THIRTEENTH SITTING OF THE STANDING COMMITTEE ON FOOD, CONSUMER AFFAIRS AND PUBLIC DISTRIBUTION (2020-2021) HELD ON THURSDAY, 18 MARCH, 2021**

The Committee sat from 1000 hrs. to 1030 hrs. in Committee Room 'C', Ground Floor, Parliament House Annexe, New Delhi.

#### **PRESENT**

Shri Ajay Misra Teni - Acting Chairperson

#### **Members**

#### **Lok Sabha**

2. Dr. Farooq Abdullah
3. Shri Girish Bhalchandra Bapat
4. Shri Shafiqur Rahman Barq
5. Ms. Pratima Bhoumik
6. Shri Anil Firojiya
7. Shri Rajendra Dhedya Gavit
8. Shri Bhagwant Mann
9. Shri Khagen Murmu
10. Shri Mitesh Rameshbhai (Bakabhai) Patel
11. Smt. Himadri Singh
12. Smt. Kavita Singh
13. Shri Saptagiri Ulaka

#### **Rajya Sabha**

14. Shri Satish Chandra Dubey
15. Dr. Fauzia Khan
16. Shri Rajmani Patel

#### **SECRETARIAT**

1. Shri Pawan Kumar - Joint Secretary
2. Shri Lovekesh Kumar Sharma - Director
3. Shri Khakhai Zou - Additional Director

2. At the outset, the Committee were informed that due to certain exigencies, the Hon'ble Chairperson was not in a position to preside over the sitting of the Committee and were requested to choose one amongst themselves to preside over the day's sitting. Accordingly, the Members present chose Shri Ajay Misra Teni, MP (Lok Sabha) to preside over the sitting of the Committee for the day in terms of Rule 258(3) of the Rules of Procedure and Conduct of Business in Lok Sabha.

3. The Acting Chairperson then welcomed the Members to the sitting of the Committee convened for consideration and adoption of the XXXX XXXX XXXX Draft Report on the subject (i) 'Price Rise of Essential Commodities – Causes and Effects' relating to the Department of Consumer Affairs. XXXX XXXX XXXX.

3. Thereafter the Committee took up for consideration the following Draft Report :-

(i) XXXX XXXX XXXX

(ii) XXXX XXXX XXXX

(iii) Price Rise of Essential Commodities – Causes and Effects; and

(iv) XXXX XXXX XXXX

4. After due discussion, the Committee adopted the Draft Report without any amendments/modifications.

5. The Committee then authorized the Acting Chairperson to finalize the aforesaid Draft Report in the light of verbal and consequential changes and also in the light of factual verification from concerned Departments and also authentication of the Report on behalf of Chairperson for presentation of the same to Parliament during the current Budget Session.

6. XXXX XXXX XXXX.

**The Committee then adjourned.**

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XXXX XXXX XXXX Matter does not relate to the Report.