



REFORMS
IN
▶ PRICE
MONITORING
DIVISION

**STRENGTHENING OF PRICE
MONITORING CELL & PRICE
STABILISATION FUND**

JANUARY 2021

INTRODUCTION

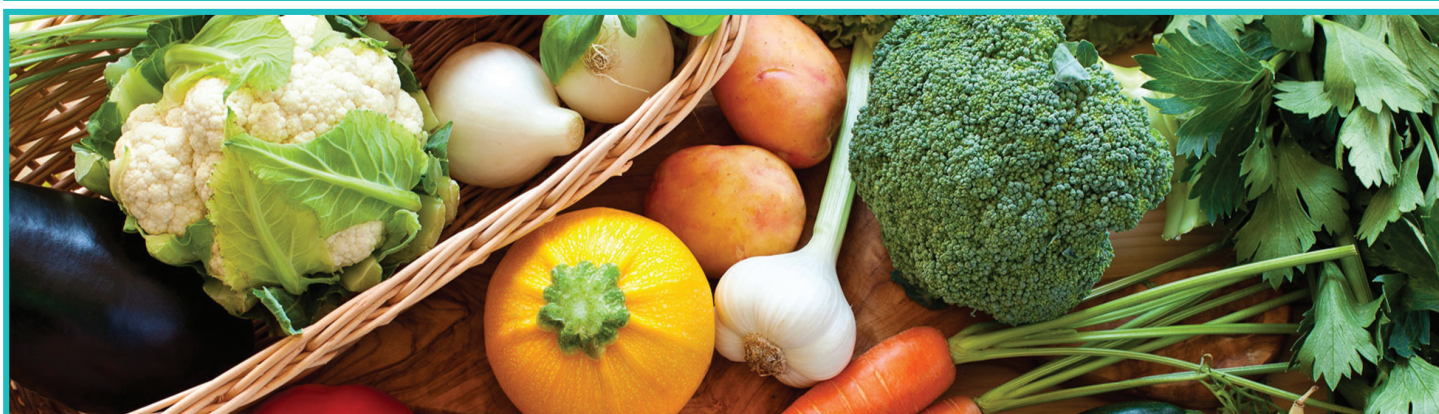
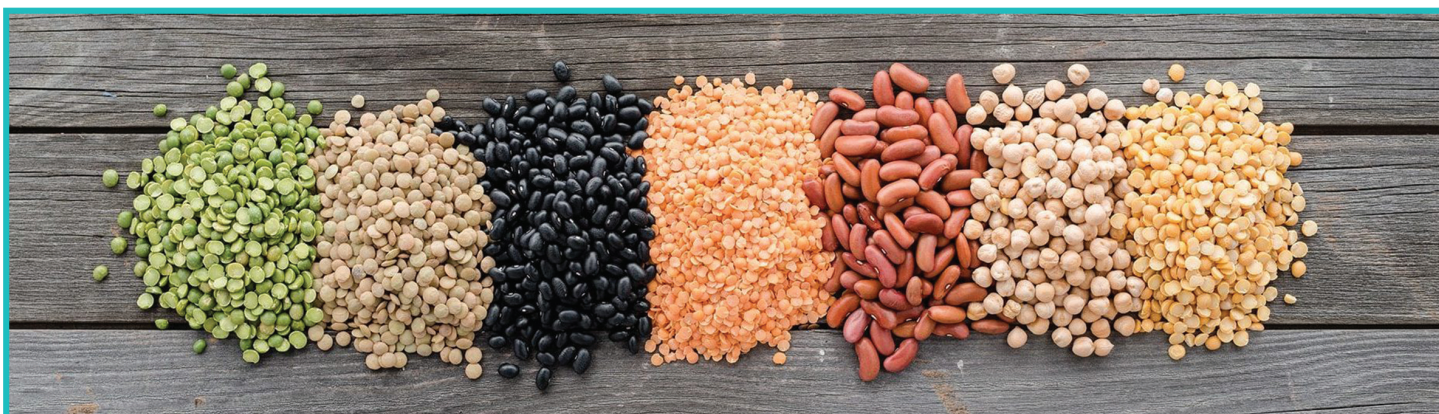
Price Monitoring Division (PMD) of Department of Consumer Affairs (DoCA) was set up in 1998 to keep a close watch on the prices of selected food items, and also look into structural and other constraints affecting their availability for timely intervention to improve the availability and thereby moderate prices.

PRICE MONITORING

Initially, prices of 14 essential commodities were monitored from 18 centres in the country. Today the number commodities expanded to 22 and the number of price reporting centres increased to 122. The price reporting centres spread across various States/UTs, and are under the supervision of the respective State Food & Civil Supply Departments. The retail and wholesale prices of 22 essential commodities are uploaded by the reporting centres either on the Price Monitoring web portal or the PMS Mobile App on daily basis.

PRICE STABILISATION FUND

The Price Stabilization Fund (PSF) was set up with an initial corpus of ₹500 crore for maintaining strategic buffer of agri-horticultural commodities for subsequent calibrated release to moderate price volatility and discourages hoarding and unscrupulous speculation. Buffer stock of five major pulses, viz., Tur, Urad, Moong and Chana, and buffer stock of onion are maintained under the Price Stabilisation Fund. Pulses buffer is built with pulses procured at MSP from farmers under PSS and onion buffer is built with Rabi onion procured from farmers/Farmer Producer Organisations (FPOs). The scheme has a component for State Level Price Stabilization under which States are provided fundson 50:50 sharing basis (75:25 in case the North Eastern States). Apart from domestic procurement from farmers/wholesale mandis, imports may also be undertaken under PSF for building adequate buffer at reasonable cost.



LIST OF COMMODITIES MONITORED

GRAINS

PULSES

Rice, Wheat,
Atta

Dried
Matar

Gram Dal, Tur
Dal, Masoor Dal

Urad Dal,
Moong Dal

EDIBLE OIL

GROUNDNUT,
MUSTARD,
VANASPATI

SOYA,
SUNFLOWER,
PALM

VEGETABLES & OTHERS

POTATO,
TOMATO,
ONION

SUGAR, GUR,
MILK, TEA, SALT

OBJECTIVES

PMC SCHEME

Monitoring and analyses of prices of 22 essential commodities to give advance feedback for taking appropriate policy interventions to ensure the availability of essential commodities and keep price of the item under control.

PSF SCHEME

- To maintain a strategic buffer stock that would discourage hoarding and unscrupulous speculation.
- To protect consumers by supplying such commodities at reasonable prices through calibrated release of stock.
- To promote direct purchase from farmers /farmers' association at farm gate/Mandi.



APPROACH

PRICE MONITORING

Price Monitoring Centres are located in Food and Civil Supply Departments of the States/UTs. The Department of Consumer Affairs provides support to the States/UTs for engagement of dedicated Data Entry Operator who would collect and upload retail and wholesale prices on daily basis.

INNOVATION IN PRICE MONITORING: REPORTING THROUGH MOBILE APP

Developed a Mobile App for price reporting which became operationalised from 1st January, 2021. The App has inbuilt features to calculate the average the retail prices collected from three markets. Prices data reported through the Mobile App are geo-tagged, thereby improving the veracity of the reported prices.

UPSCALING PRICE MONITORING: ADDITION OF NEW PRICE REPORTING CENTRES

More price reporting centres makes the prices data more representative. States have been requested to propose additional price reporting centres. In FY 2020-21 (till date), 8 new price reporting centres had been added, and several new centres proposed by States/UTs are under trial period. Those proposed centres which reported prices data in a consistent manner continuously for ten days are formally added to the price reporting centres. The Department also utilise NAFED and FCI field offices to report retail prices of selected commodities for accurate assessment of prices data.

PRICE STABILISATION FUND

The Price Stabilization Fund (PSF) has been set up for maintaining strategic buffer of agri-horticultural commodities for subsequent calibrated release to moderate price volatility and discourage hoarding and unscrupulous speculation. The approved target buffer size for pulses has been increased from 19.5 LMT in 2020-21 to 23 LMT in 2021-22. Similarly, the approved onion buffer has been raised from 1 LMT in 2020-21 to 1.5 LMT in 2021-22.

Enhancement of both pulses and onion buffers would help in making interventions for containing price rise more effective thereby benefiting the consumer. It would also benefit the farmers by expanding the procurement of pulses at MSP and assure the onion farmers remunerative price for their produce.

The scheme has a component for State Level Price Stabilization under which States are provided fund on 50:50 sharing basis (75:25 in case the North Eastern States). Apart from domestic procurement from farmers/wholesale mandis, imports may also be undertaken under PSF for building adequate buffer at reasonable cost.

UTILISATION OF PULSES BUFFER

Pulses from the PSF buffer are supplied to the States/UTs for nutrition programmes such as MDM and ICDS, and to Central Agencies such as Army and Central Para-Military Forces (CPMFs).

To cool down retail prices of pulses, States are offered Tur, Urad and Moong for supply to consumers through retail outlets and fair price shops.

Strategic disposal of pulses through open market sales have also been carried out to moderate prices in the market.

Pulses from the PSF buffer had also been utilized in the past for food aid to Afghanistan and also for flood relief to Kerala.

Pulses from the buffer have also been utilized to supply pulses, free of cost, under the Pradhan Mantri Garib Kalyan Anna Yojana (PMGKAY) and AtmaNirbhar Bharat (ANB) packages to ensure food security of citizens during the challenging times of Covid-19 pandemic.



UTILISATION OF ONION BUFFER

Onions from buffer stock are released in focused and calibrated manner to contain price increase during lean season (July to November/December) between Rabi onion harvest and Kharif/Late Kharif harvest. In 2020-21, onion stock from the PSF buffer was supplied for retail intervention to State Governments and Government agencies, as per requirement, such as Mother Dairy/SAFAL, Kendriya Bhandar and NCCF, Assam, Telangana, Andhra Pradesh, Goa, Kerala and Tamil Nadu.

Onion from the PSF buffer had also been released in a calibrated manner through open market sale in mandis of major consumption centres to augment availability and moderate the market price of onion.



BENEFITS OF PRICE MONITORING AND PSF BUFFER

Increase in price of essential food items has devastating effect on the health and wellbeing of poor households. Therefore, regular monitoring of prices of these items is critical for informed and timely policy interventions to improve availability and moderate the prices.

Reports of price situation and price trends constitute critical inputs for the Government to take policy decisions to ensure availability of essential food commodities at affordable prices.

Market intervention using pulses buffer have contributed towards maintain stable prices in recent past. The pulses buffer also provides assured supply for welfare/nutrition schemes of States and also meets the requirements of the Army and CPMF. These supplies from the buffer also played important role in easing the pressure on prices in the open market.

Large sections of consumers got relief from seasonal spikes in the prices of onion through retail intervention by the State Governments/ Government agencies using onion buffer from PSF.

Calibrated releases of onions during lean period helps moderate prices of onion, and improve its availability thus ensuring overall welfare of farmers and consumers.

Retail prices of food items especially that of vegetables, during September –October 2020 resulting in food inflation rate over 10%. However, swift action taken by the Government to contain price rise has led to a reduction in food inflation to 3.4% in December, 2020.

PSF operations of DoCA balance the interest of consumers and farmers. While price stabilization measures aimed at protecting consumers from price volatility, building of pulses and onion buffers help the farmers in getting remunerative price for their produce.