

MINUTES OF THE CONFERENCE OF MINISTERS OF CONSUMER AFFAIRS
OF STATES/ UTs HELD ON 4TH JULY 2014 AT VIGYAN BHAWAN, NEW
DELHI

A Conference of State/UT Ministers for Food and Consumer Affairs, was convened on 04.07.2014 to evolve a consensus on preventive measures to arrest price rise, particularly of vegetables, pulses and other food items of common consumption. The Conference was attended by all States and Union Territories. Twenty five Ministers from the States and the LG of Delhi participated in the Conference.

2. The list of participants is **Annexed**.

3. Shri Raosaheb Dadarao Danve, Minister of State for Consumer Affairs, Food and Public Distribution, informed the Conference that though the Central Government has taken certain steps to contain the food inflation, State Governments have to play a major role in ensuring availability of Essential Commodities to the people of the country at a fair and reasonable price.

4. Shri Radha Mohan Singh, Agriculture Minister said that there is enough stock of Agricultural products in the country. Food inflation is attributable to the weak Agricultural product marketing system and profiteering by the intermediaries. He suggested that a robust Agricultural product marketing system having better market integration, market infrastructure and market information be put in place for containing food inflation.

5. Shri Ram Vilas Paswan, Minister of Consumer Affairs, Food and Public Distribution while noting that prices of perishable commodities do increase between July and November, stated that it is important to take action to prevent hoarding and black marketing as well as to strengthen the supply and distribution of essential commodities during this period. He also emphasised the importance of establishing a common market in India.

6. Shri Arun Jaitley, Minister of Finance, Corporate Affairs and Defence addressing the conference emphasized the importance of coordinated action between the Central Government and the States in tackling the phenomenon of increase in food prices.

7. While addressing the conference, the State Governments/ UT Administrations outlined the action being taken at their level and made important suggestions for strengthening the efforts to ensure availability of essential commodities at reasonable prices.

8. After detailed deliberations, the conference noted that:

Contd...

i). Due to structural constraints on the supply side, seasonal variations and the pattern of demand, the period between July-December each year typically constitutes the critical period for the availability of essential commodities of common consumption including vegetables(Onion, tomatoes & Potatoes), Cereals (rice, jowar and bajra), Pulses (masur, tuar and moong dal) and edible oils.

ii). The pattern of price movement indicates that prices of these commodities start increasing from July reaching a peak in December before they start moderating with the arrival of Kharif/late Kharif produce in the markets. This period also coincides with rise in demand owing to important festivals such as Id-UI-Fitr, Durga Pooja, Dusshera, Onam, Deepavali, Muhrram and Christmas. Perishable commodities in particular are price sensitive owing to their limited shelf life.

iii). The intermediaries in the market – the mandi merchants, wholesale traders and APMC yards – play a disproportionately important role in controlling the availability of the commodities and during the ensuing six months the risks, as in the past, of hoarding, cartelization and artificial storages are likely.

iv). It is, therefore, critical that an Action Plan for maintaining adequate supplies of select essential commodities at reasonable prices is drawn up by each State and monitored closely with the help of Government of India to ensure that market interventions are made on a real-time basis.

v). It was recognized that there is a need to establish a Common National Market. An efficient supply chain management with scientific storage godowns especially for onion and potatoes at strategic locations may be able to address this inflationary trend.

9. The Conference of Food Ministers noting the importance of the government of India and the State Governments working together agreed to the following action plan and its effective implementation over the next six months. The six month Action Plan will include the following elements:

- i). The action plan will cover rice, jowar, bajra, onions, tomatoes, potatoes, moong dal, masoor dal, tuar dal and edible oils, bread, milk and eggs.
- ii). The States will map vulnerable areas prone to supply shortages for special monitoring and ensure that “stock-out” situations do not occur especially for these items of common consumption.
- iii). In areas where Coarse Cereals like Jowar, Bajra and Maize constitute the staple diet, close monitoring of the availability of these commodities and ensuring that the quality of the produce does not deteriorate in storage will be done.

- iv). States will mobilize existing storage capacity utilizing the Government/private/cooperative storage infrastructure to ensure that adequate decentralized stocks are maintained across different cities/rural areas of the State to ensure adequate supplies of these commodities.
- v). During the six months period ahead, States will establish a Price Monitoring Cell that will monitor the prices of these specific commodities on the basis of wholesale prices at the mandies as well as the retail prices obtaining in various parts of the State. This should enable the States to make market interventions on a real time basis.
- vi). States are encouraged to establish a revolving fund for buying products/produce in bulk and regulate their storage as well as distribution to meet peak demand during festival season at reasonable prices. This should be done through the Public Distribution System for the benefit of the BPL Card holders.
- vii). The Food and Civil Supplies Corporation of the State should partner with the network of Cooperative Societies to sell important essential commodities including through PDS shops to economically weaker Sections (Ration Card Holders and Green Card Holders) at reasonable prices.
- viii). Senior Officers such as the District Commissioners/Collectors in the District and the Municipal Commissioners in the cities/towns may be designated as focal points for monitoring the availability and price levels of these commodities.
- ix). Effective operations against hoarders and Black-marketeers will need to be taken. These steps should be swift and visible and the food grains stocks seized distributed through retail outlets of the Food and Civil Supplies Corporation.
- x). Essential Commodities Act to be made more stringent by making offences under the Act non-bailable. Necessary Amendments to the Essential Commodities Act need to be made.
- xi). Onion will constitute a major challenge since five States : Maharashtra (28%),Madhya Pradesh (16%), Karnataka (14%), Andhra Pradesh (9%),Bihar (7%) account for 75% of the total production of onions. The onion whole-sale market is also controlled by a cartel of about 12-15 wholesalers across the country. The free inter-state

Contd...

movement, de-hoarding operations and decentralized stocking of onion to meet the dispersed demand across the country will be ensured. There is also need to maintain central stocks.

- xii). Vegetables, fruits and other perishable commodities which are price sensitive will be removed from the ambit of the APMC Act. State Governments will take immediate action to issue appropriate notifications in this matter.
- xiii). In the interim, States will exempt these perishable commodities from the APMC yard taxes/local fees, if any, to provide some relief on pricing.
- xiv) The Government of India should consider setting up a 'Price Stabilisation Fund' to enable states to undertake market intervention to tackle rise in prices of commodities of the common man's consumption.

10. The Central Government will coordinate implementation of the Action Plan closely with States. The Joint Secretary, Consumer Affairs, Government of India will be the National Focal Point and each State Government has been advised to designate the Commissioner of Food and Civil Supplies of the State as the State focal point for the effective price monitoring of essential commodities over the next six months.
