

**DEPARTMENT OF AGRICULTURE AND COOPERATION**  
**PRESS RELEASE**

**MEETING OF CORE GROUP OF CENTRAL MINISTERS AND STATE CHIEF  
MINISTERS REGARDING PRICES OF ESSENTIAL COMMODITIES**

**8<sup>th</sup> April, 2010**

1. First meeting of the Core Group was held today on 08.04.2010, chaired by Prime Minister. Finance Minister Shri Pranab Mukerjee, Agriculture and Food Minister Shri Sharad Pawar, Deputy Chairman, Planning Commission Shri Montek Singh Ahluwalia, Chairman of Prime Minister's Economic Advisory Council Shri C. Rangarajan, Chief Ministers of Andhra Pradesh, Assam, Bihar, Chhatisgarh, Gujarat, Haryana, Maharashtra, and West Bengal, Deputy Chief Minister of Tamilnadu and Food Minister, Punjab attended the meeting.
  
2. It may be recalled that a Conference of Chief Ministers was held on 6<sup>th</sup> February, 2010 to discuss issues relating to prices of essential commodities. In pursuance of the recommendations of the Conference, a Core Group of Central Ministers and State Chief Ministers was constituted on 15<sup>th</sup> March, 2010 to deliberate on and recommend measures to:
  - (i) increase agriculture production and productivity (including long term policies for sustained agriculture growth);
  - (ii) reduce the gap between farmgate prices and retail prices;
  - (iii) better implementation of and amendment to the essential commodities act;
  - (iv) ensure better and effective delivery of essential commodities to the vulnerable sections of society;

- (v) augmentation of warehousing and storage capacity (including cold chain);  
and
- (vi) issues relating to inputs viz. seeds/fertilisers etc.

3. Welcoming Prime Minister and Members of the Core Group to the meeting, Agriculture and Food Minister Shri Sharad Pawar mentioned that country could achieve production of 216.85 million tonnes during 2009-10 despite unprecedented drought. Highlighting the need for a paradigm shift by bringing back 'agriculture' to the centre of the agenda, he underlined importance of three initiatives of extending green revolution to Eastern India, raising productivity of oilseeds and pulses by organizing 60000 such villages and investing in climate resilient agriculture, announced in the budget 2010-11. Shri Pawar noted that prices of essential commodities have come down in last couple of months and are expected to maintain downward movement.
4. Prime Minister reminded that primary concern of the Government is to insulate the poor and the vulnerable from rapid rise in prices of food and essential commodities. Prime Minister emphasized that our food production needs to grow at a higher rate, not just to keep pace with our population growth at current rate of consumption, but also in order to satisfy the food and nutritional needs of country to pull its people out of poverty, hunger and malnutrition. In this regard, Prime Minister recognized the need for sustaining productivity gains and to adopt state/ district specific strategies for reducing gaps between potential and actual yields. Prime Minister further cautioned that increased production, while being absolutely essential, is not enough to achieve food security for all. For that, we need to look at strengthening of Public Distribution System to prevent large scale leakages and diversion of foodgrains and also to remedy exclusion and inclusion errors in identification of BPL and Annapurna Anna Yojana beneficiaries. Drawing attention to the experiences of some States, Prime Minister advised taking up segregation of agri feeders. Prime Minister also wanted advanced storage facilities to be constructed fast and not to allow any foodgrains to lie in open.

5. Presentation was made by Secretary Agriculture on the current agriculture situation, future demand and production scenario, present strategies and issues relating to agriculture inputs. Issues related to Essential Commodities Act and related laws and measures presently being taken by Government for reducing the gap between the farm gate prices and retail prices was presented by Secretary, Consumer Affairs. Status of procurement operations, current storage capacity and measures being taken by Government to build additional capacity in public and private sector were presented by Secretary Food and Public Distribution.
6. Core Group deliberated on issues relating to increasing agriculture production and productivity, including long term policies for sustained agriculture growth. Considering variation in productivity across states/districts in all crops and severely limited scope for increasing area under cultivation, Group felt that it is necessary to target low productivity states/districts to bridge yield gaps and enhance productivity to meet country's food requirements. Noting that while considerable attention has been paid to take up programmes for raising production and productivity, Core Group underlined need for undertaking institutional reforms in marketing, land management, and power supply to farming sector.
7. Core Group was convinced that it is necessary to reduce the gap between farm-gate and retail prices in all agriculture produce, especially in produce consumed widely by vulnerable sections. It was suggested that State governments can influence prices by intervening in the market by retailing essential commodities at prices below the prevailing market prices. Core Group also emphasized the need to implement agricultural market reforms so as to improve marketing opportunities for farmers and minimize the cost of intermediation in the supply chain by using co-operatives and other institutions to reduce the gap between wholesale and retail prices and to stabilise prices. The initiative of national spot exchanges taken by the promoters of futures commodities exchanges has to be encouraged and legal

hurdles in creating a National Market through electronic portals need to be removed.

8. Core Group discussed suggestions made by some state governments with respect to re-introducing some Essential Commodities (Special Provisions) Act, 1981 and amending the Prevention of Black Marketing and Maintenance of Supplies of Essential Commodities (PBMMSEC) Act, 1980 to provide for more stringent punishment and for authorizing State Governments to issue control orders prescribing upper ceiling of retail prices of commodities/maximum profit margins on wholesale and retail trade in essential commodities to check undue profiteering. It was recalled that administration of essential commodities was liberalized following recommendations of the Conference of Chief Ministers in 2001. Hence, any proposal for re-introduction of controls would need very careful consideration.
9. For ensuring better and effective delivery of essential commodities to the vulnerable sections of society, it was felt that involvement of Panchayati Raj Institutions (PRIs) in functioning of the Public Distribution System (PDS) has to be strengthened. For this, introduction of modern technology such as computerization of PDS operations and use of Global Positioning System (GPS) to track vehicles carrying PDS commodities for better management of PDS, smart cards for PDS beneficiaries, and display of PDS related information on internet in consumer-friendly manner has to be encouraged.
10. In order to augment warehousing and storage capacity and to build cold chains in the country, a major programme for building up storage capacity has to be taken up. Creation and upgradation of cold storage facilities to meet the requirement of growing agricultural/horticultural produce has to be addressed.
11. Core Group also discussed issues relating to agriculture inputs. It was emphasized that proposed Mission on Seeds may be expedited to provide necessary impetus to seed sector reforms and to help attain desired levels of Seed Replacement Ratio

(SRR). Seed production programmes need to be organised and entire seed multiplication chain strengthened by the States including contingency planning to meet the demand for seeds during natural calamities. States have to speed up setting up of soil testing laboratories, prepare soil health maps and issue soil health cards to all farmers in a time bound manner. There is also need to strengthen the pesticide quality control set up, provide deterrent punishment for sale of spurious pesticides and create facilities for testing of bio-pesticides. Pest surveillance system should also be strengthened. Improving irrigation efficiency, water conservation and harvesting structures like construction of farm ponds, on-farm drainage, rejuvenation of old dug wells and afforestation should be taken on a massive scale using MGNREGS funds. Water carrying pipelines, sprinklers and drips need to be promoted, especially in the rain-fed areas. State Governments may take appropriate measures for extending fresh credit to all farmers who have benefited under the Agricultural Debt Waiver and Debt Relief Scheme and also launch branch/village level campaign for activating dormant Kisan Credit Cards (KCCs) and provide KCCs to all willing and eligible farmers. The agricultural extension machinery in the States must be strengthened and re-energised. Full use of Kisan Call Centres may be made. Establishment of agri-business centres by Self Help Group of farmers (SHGs), user groups, agri-preneurs, and cooperative societies of farmers to purchase, maintain and provide farm machinery to farmers under custom hiring arrangements needs to be encouraged. Availability, efficiency and reach of electric power for agriculture purposes needs to be increased substantially. States may consider taking up segregation of feeders for dedicated availability of power to agriculture sector, efficiency improvement of existing pump-sets and making power available in un-served areas especially in eastern India.

12. Finance Minister Shri Pranab Mukerjee summed up the deliberations and underlined the resolve of the Government to ensure Food Security. He also elaborated on the four pronged strategy announced by him in the budget to cover agriculture production, reduction in wastage of agriculture produce, credit support to farmers and thrust to the food processing sector. Slew of schemes and tax

concessions introduced in the budget for implementing this strategy would help address the underlying reasons in price rise of essential food commodities.

and stated that the Group had recognized that many of the issues before them need to be examined in depth. It was, therefore, decided that the following three Working Groups will be constituted:

a. Group on Agriculture Production

Chief Minister, Haryana Chair

Chief Minister, Punjab

Chief Minister, West Bengal

Chief Minister, Bihar

b. Group on Consumer Affairs

Chief Minister, Gujarat Chair

Chief Minister, Andhra Pradesh

Chief Minister, Maharashtra

Chief Minister, Tamilnadu

c. Group on Food and Public Distribution

Deputy Chairman, Planning Commission Chair

Chief Minister, Chhatisgarh

Chief Minister, Assam

Chairman, Economic Advisory Council to Prime Minister

13. The Working Groups will be serviced by the Departments concerned and would present their recommendations to the Core Group in two months.

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