

MOST IMMEDIATE

No. N-22/2/2021-P&C
Government of India
Ministry of Consumer Affairs, Food & Public Distribution
(Department of Consumer Affairs)

Krishi Bhawan, New Delhi
Dated 14th October, 2021

Subject: - Monthly Summary for the Cabinet for the month September, 2021
in respect of Department of Consumer Affairs – regarding.

The undersigned is directed to enclose herewith as Annexure to this letter, the unclassified portion of the Monthly Summary for the Cabinet for the month of September, 2021 in respect of Department of Consumer Affairs for kind information.



(D.K. Sonker)
Director

Ph. No. 2338 6210

To

Copy with enclosures, forwarded to through email

1. All Members of Council of Ministers.
2. PIB/Ministry of Information & Broadcasting.
3. Secretary to Vice- President.
4. Cabinet Secretary, Cabinet Secretariat Rashtrapati Bhavan, New Delhi.
5. Secretaries to the Government of India. (As per the list)
6. Chairmen, Union Public Service Commission, Dholpur House, New Delhi.
7. Deputy Chairman, NITI Aayog, Yojana Bhavan, New Delhi.
8. Director (NIC) for uploading on the website of the Department.
9. Assistant Director Official Language of the Department.

DEPARTMENT OF CONSUMER AFFAIRS

Monthly Summary for the month of September, 2021

Important activities/decisions of the department of Consumer Affairs during the month of September 2021.

In this regard it is stated that one of the primary responsibilities of DoCA is ensuring timely action for curbing retail prices of Onions, Pulses and Potato. Therefore, the effort of the Department has been focused on developing a holistic strategy, by integrating the activities of Price Monitoring with buffer management. This integrated approach takes into account daily prices reported by State Governments – Wholesale and Retail - and also mandi arrivals and mandi prices as reported by DA&FW. The key aspects of this strategy are as below:

- 1) Procurement of Pulses for the buffer.
- 2) Analysis of Price data for price forecasting.
- 3) Targeted disposal through Open Market Sale (OMS)

During September, 2021 action was taken on each aspect namely, procurement strategy, price analysis and disposal from buffer.

1) Procurement of Pulses for the buffer.

The target for the buffer has already been finalised and DoCA has conveyed the requirement of 7.38 LMT Tur and 3.45 LMT Urad to DA&FW on 18.8.21 for procurement under PSS this year. However, considering last year's experience of insufficient PSS procurement, DoCA has also identified mandis where significant quantities of Tur, Masur and Urad were transacted during the past 3 marketing seasons, but prices were consistently below MSP. For Urad procurement, 90 such mandis have been identified in 11 States, viz., Assam, Chhattisgarh, Gujarat, Karnataka, Madhya Pradesh, Maharashtra, Rajasthan, Tamil Nadu, Telangana, Uttar Pradesh and West Bengal, and a procurement strategy is being implemented, in coordination with the concerned Department of these States (Agriculture/Co-operative Department) and NAFED. Thus, supporting farmers through procurement at MSP is expected to incentivise them to continue the production of pulses and would also help in building the buffer.

2) Use of price monitoring data for price forecasting and policy intervention.

The price data as collected on a daily basis from all States/UTs, was available with the Department from the year 2009 onwards but had not been integrated. The same was done last year and this legacy data of prices has been built into a price forecasting model based on ARIMAX (Autoregressive integrated moving average with explanatory variable). The predictive accuracy of the model was tested over the last several months and has been found to be reasonably reliable. The ARIMAX model using supply as explanatory variable, accommodates changes likely to impact future prices by way of enhanced availability i.e., through mandi arrivals and import.

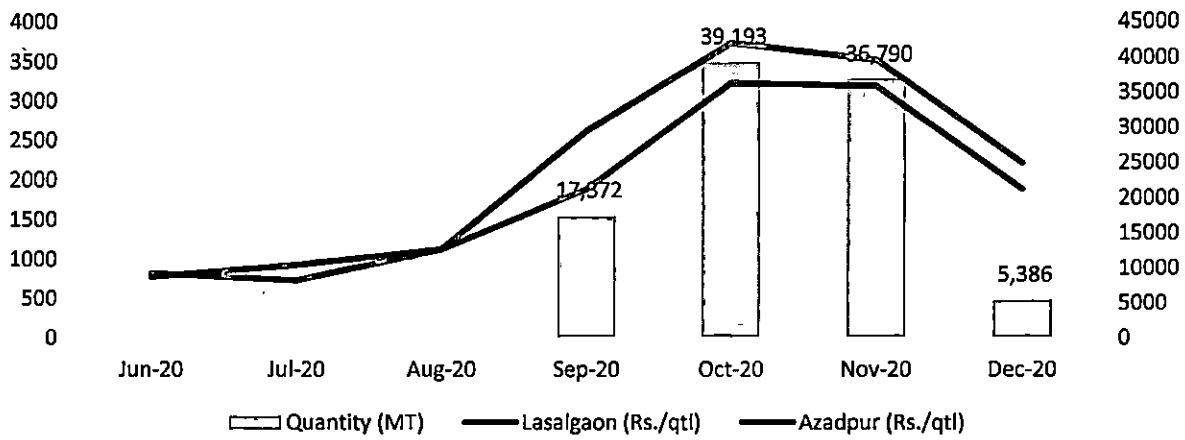
The results generated by the predictive price forecasting model have been utilized for taking the decision regarding disposal of pulses from the buffer to cool down prices. Accordingly, Masur and Tur have been offered to States/UTs, (from September 16, 2021 and September 24, 2021 respectively) as per the retail intervention mechanism, both for welfare programmes and for direct purchase by consumers in retail packs from fair price shops and the States/UTs' horticulture / dairy etc outlets. Already, Tripura has placed an order for 25,000 MT of Masur. The Governments of Assam and West Bengal have also expressed interest, but formal requisition orders have not yet been received from these States. In the case of Tur, the states of Gujarat, Andhra Pradesh and Tamil Nadu are expected to communicate their requirements shortly.

The Department is also developing a regression model to predict prices in major consuming centres based on prevailing prices in key mandis. Price transmission from mandis to consumption centres and the time lag are being studied to arrive at the best regression model. Going forward, this data-driven model would be a useful tool for gauging the prices of major pulses upto 6 months ahead, i.e., before the next crop cycle, and thus help in taking requisite policy decisions.

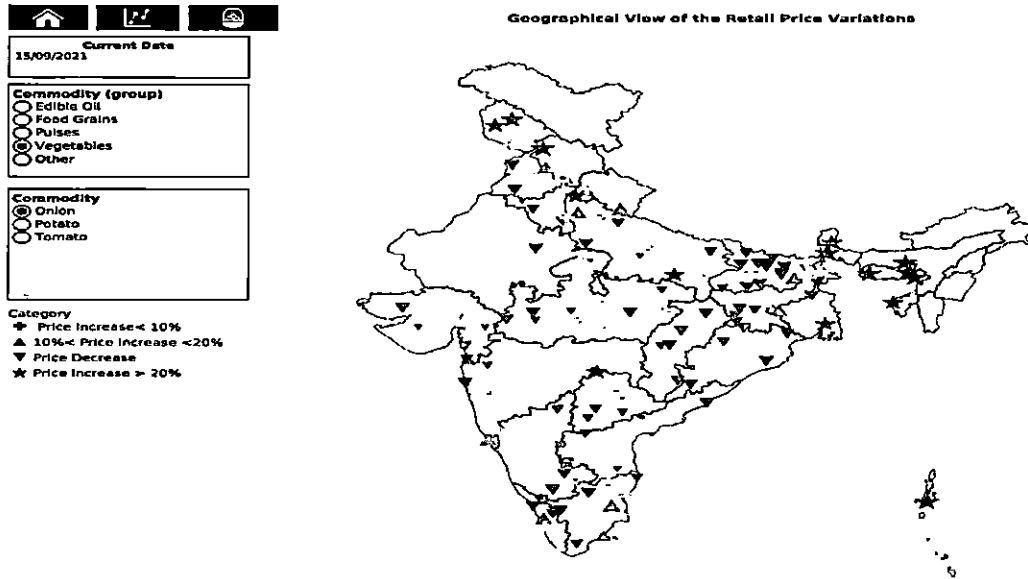
3) Disposal of Onion through Open Market Sales (OMS)

Open market Sale is a market intervention mechanism to improve the overall availability situation in the market and thereby cool down prices. Onion disposal from the buffer through OMS last year put downward pressure on retail prices, till Kharif and late Kharif onion became available.

Graph: Impact of Onion Release on Prices



This year, the strategy adopted for OMS is Targeted disposal, namely by releasing stocks in States/Markets where prices are higher and on a rising trend through the application of geographical visualization of prices like a heat map.



The above map indicates onion prices in mid-September 2021. Data visualization was the basis for selecting markets for onion OMS during the month and the same principle would be followed for future disposal from the buffer.