



## Election Jitters

*We need far more radical steps to  
bring down food prices*

The government is in a quandary with food prices continuing to escalate at double-digit levels when elections are due over the year in politically important states like Karnataka, Madhya Pradesh, Rajasthan and Delhi. Though inflation in wholesale prices overall has been now pushed down to below 7%, food prices in wholesale markets have continued to move up at double-digit levels, triggering retail price increases in vegetables, cereals, oils, egg, fish and meat of the order of 15-21% in February this year.

This is indeed deplorable considering that India has displaced Thailand to emerge as the largest exporter of rice in global markets and also emerged a major exporter of wheat. However, government efforts to push down food prices have primarily focussed on clamping down on traders by imposing stock limits on rice, oilseeds and pulses and banning futures trading in a few products. But it fails to note that one of the most important reasons for rising grain prices is excessively large food stocks of around 66 million tonnes, which have been accumulated for meeting the needs of the pending food security Bill.

So the only way out of this quagmire is to reduce buffer stocks by at least half through open market sales. Steps have also to be taken to modernise the food supply chain, bring down barriers on interstate movement of food products, break down trading cartels by increasing competition in wholesale trade and removing perishables from the purview of the APMC Act – as suggested by the chairman of the prime minister's Economic Advisory Council – so that retailers can directly access produce from the farmers, reduce wastage and sell the products at much lower prices.