

Food inflation spurts to 9-mth high of 12.21%

FM Blames 'Dangerously' High Pace Of Price Rise On Festive Season Demand

TIMES NEWS NETWORK

New Delhi: Pricey vegetables, egg, meat, fish and pulses pushed food inflation to a nine-month high at 12.21% in late October, prompting the finance minister to say that it was dangerously above double digits.

Data released by the commerce and industry ministry on Thursday showed food inflation had shot up to 12.21% in the week to October 22, rising from 11.43% in the previous week as prices remained stubborn. After hovering above 9% for nearly a year, food inflation remained in double digits for the third consecutive week, data showed.

Prices of vegetables continued to remain strong and maintained their rising trend since September. It rose 28.89% year-on-year in the week to October 22. In the previous week, prices of vegetables had risen an annual 25%. Egg, meat and fish prices rose 13.36% year-on-year while prices of pulses which had displayed some easing in previous weeks rose 11.6%. Onion prices, which had emerged as a pressure point previously, continued their downtrend and fell an annual 20.33%.

"Food inflation is still going high. It is dangerously above double digit figure," finance minister Pranab Mukherjee said. He attributed the sharp increase in food prices to festival season demand. He said the price situation was a matter of grave concern.

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Commodities	Build up from Mar to Oct	
	'10-11	'11-12
Primary Articles	9.78	8.81
Food Articles	9.61	12.90
Cereals	2.11	2.80
Rice	3.49	5.46
Wheat	-1.58	-2.81
Pulses	-4.85	12.30
Vegetables	40.63	63.95
Potato	49.85	43.71
Onion	83.16	35.63
Fruits	11.22	-3.17
Milk	3.52	13.33
Egg, Meat and Fish	12.06	12.61



"This (high food inflation) is the effect of festive season demand. November onwards, the trend for remaining four months (of the fiscal) would be available," he said. Policymak-

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ers have been caught on the wrong foot on inflation and their estimate has been way off the mark several times.

Experts have been urging a sustained approach to raise supplies of vegetables, milk, egg, meat and fish. Demand for these items has shot up in recent times due to rising incomes and changing dietary preferences. But despite promises of improving

Times View

The latest data on food inflation confirms what we as consumers already knew — prices remain high despite the government's repeated promises that they will come down soon. This is a matter of serious concern, particularly since high food prices hurt the poor most and also upset the budgets of middle class households. The government must act with urgency to deal with the situation. Clearly, monetary policy is not having the desired impact. What is needed is raising supplies of food, through imports if necessary in the short run. Over the longer term, enhancing productivity should be the mantra. Talk of a second green revolution has been on for years, but there is little on the ground to show for all that talk. The sustained bout of double-digit food inflation should serve as a wake-up call for policymakers.

supplies, the situation on the ground has remained unchanged.

"The rise in food inflation was not unexpected as the hike in diesel prices has led to an increase in cost push inflation for food items. Festival demand too has contributed to the increase," said NR Bhanumurthy, professor, National Institute of Public Finance and Policy.