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## Food inflation spurts again, crosses 17%

### Onions, Veggies Pile Pressure

#### TIMES NEWS NETWORK

New Delhi: Food inflation surprisingly shot up in late January due to high prices of onions and vegetables, piling fresh pressure on the UPA government which is already battling a string of corruption allegations.

Data released by the commerce and industry ministry on Thursday showed the food price index rose 17.05% in the year to January 22, rising from previous week's 15.57%. Food inflation stood at 20.56% in the same period last year.

Economists said the latest spurt in food inflation was surprising as vegetable and onion prices had shown some signs of moderation since December when food inflation shot up to 18.32%. Retail prices of vegetables and onions have eased in the past two to three weeks.

"Prices of vegetables and onions have moderated and this will be reflected in the data in the coming weeks. But overall inflation will remain high for the rest of the year as non-food inflation will dominate in the months ahead," D K Joshi, chief economist at ratings agency Crisil, said.

Unseasonal rain had damaged vegetable and onion crop which impacted supplies leading to a sudden spike in prices. The government was forced to import onions from Pakistan to ease the situation.

On Thursday, finance minister Pranab Mukherjee played down the increase in food inflation in late January and said the government was taking steps to moderate price pressures. "Just yesterday, I said that these types of fluctuations take place, sometimes weekly fluctuations, sometimes monthly fluctuations," Mukherjee told reporters.

"Price rise is always, particularly of the essential commodities and food, a matter of grave concern."

He said efforts were being made both from the demand and supply side to moderate price pressures. The government had banned export of onions and pulses and cracked down on hoarders to calm prices. **Global food prices at historic peak: UN agency**

Finance minister Pranab Mukherjee will present the 2011-12 Union Budget on February 28 and economists expect more steps to ease supply bottlenecks and shore up the country's farm infrastructure. The UPA government has been under attack from the Opposition over rising prices.

Thursday's data showed the fuel price index also rose to 11.61% in the year to January 22, rising from previous week's 10.87%.

Meanwhile, a UN agency (Food and Agriculture Organization) reported that world food prices have reached a historic peak, but good harvests are for now forestalling the kind of food emergency felt in many places in 2008. Rising food prices have been among the triggers for protests in Egypt, Algeria and elsewhere.

Food inflation has remained stubborn for almost a year and now economists say there is evidence of it spilling into overall inflation. The widely watched wholesale price index rose 8.43% in December

