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It's official: Food prices biting buyers

13.4% Rise, Admits New Data

TIMES NEWS NETWORK

New Delhi: Even as the overall inflation rate remains at around 1.5%, prices of food articles have gone up 13.4% in the last one year. That statistic, officially released on Thursday is bad news for the aam admi, but details of specific commodities like potatoes, onions and pulses show that is even worse.

As decided earlier, the government discontinued the release of weekly data on price rise of all commodities. Instead, it released data on select commodities.










According to the latest data, prices of potatoes have doubled over the last 12 months, onions are 50% more expensive and the prices of pulses have gone up by over 23% on average. It's another matter that the price of some specific pulses like arhar and moong have risen to all-time highs of around Rs 90 per kg.

The bad news doesn't end there. Food and agriculture minister Sharad Pawar has already said it is unlikely that prices would ease in the next three months. He anticipates that the situation will change for the better only when the rabi crops are harvested early next summer.

Contributing to the spike in food prices has been a weak monsoon this year, which is expected to lead to foodgrain production falling by around 21 million tonnes in the current kharif season compared to kharif 2008. Rice production is estimated to fall by over 15 million tonnes and the output of coarse cereals by 5.5 million tonnes.

As usual, the price rise in the food articles has affected the middle and lower-middle class adversely. Senior economist with HDFC Bank D K Joshi said the fall in agricultural production is one of the main reasons for the price rise.

But, he added that the situation has worsened because some traders are exploiting the shortage. **'Release more foodgrains to check prices'** A senior economist in the government department said that the government should release more foodgrains in the market to control the price rise. He pointed out that there are enough reserves with the government, which could have been used to control the prices. The government is learnt to be of the opinion that vulnerable sections of the population below the poverty line are protected as they are supplied with 25 kg of rice at Rs 3 per kg and in some states at Rs 2 per kg. TNN

Hand To Mouth	
Driven mostly by potato and onion, price rise of food items is well ahead of the overall inflation rate of 1.5%	
	
Potato	101
	
Onion	50
	
Pulses	23
	
Rice	12
	
Vegetables	12
	
Milk	10
	
Cereals	11
	
Fruits	9
	
Wheat	7
Year-on-year rise in %	