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Food inflation at 17.5%, households pay price

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New Delhi: Here's why your monthly budget has been going haywire all these months even while the government's overall inflation figures remained at record lows of 0% to 1.5%. The government on Thursday said that the average wholesale price of food items had increased by a whopping 17.5% in the past one year.

The figure was 15.6% a week ago. Experts say runaway food prices may now start impacting economic growth as rising inflation may force RBI to shift to a tighter money policy, which in turn would lead to a rise in interest rates.

The Centre has blamed this year's poor monsoon for high food prices. It also put the onus on state governments to control prices through better management of food supply through ration shops.

Reports from mandis, however, reveal that poor monsoon only partially explains high food prices. At wholesale markets in Delhi, prices of food, fruits and vegetables aren't too high. The cost burden, it seems, is being added by retailers, who the government admits cannot be controlled.

Recently, Delhi CM Sheila Dikshit said that there was no way to keep a check on retailers since the city was "too big". Meanwhile, consumers continue to pay a high price for their daily rations.

"I realized how much we were being taken for a ride when I visited Ghazipur mandi. My vegetable seller used to cite shortages and charge exorbitantly. At the mandi, there was no problem," said Alka Sood, a resident of Patparganj. **VEGGIES ON FIRE Runaway retail prices dent domestic budgets Inflation Often Used As Excuse By Sellers To Hike Rates**

New Delhi: The government on Thursday announced that the average wholesale price of food items had increased by a whopping 17.5% in the past one year.

A representative of the Azadpur mandi says that some vegetables were affected due to unseasonal rain in Maharashtra recently, but most food items are reasonably priced right now. "Okra, bottlegourd, arbi and tinda are vegetables that are nonseasonal and hence they would be slightly expensive. Onions, the best variety of which comes from Nasik, were affected due to rains but

we are getting a good quantity from other places. In fact, the rate has actually come down in the past week. Potatoes were expensive due to floods in Kosi, and in West Bengal there was a problem with the seed. But now with the Punjab produce coming in, its prices are also down," he said.

The only problem is tomato, again ruined by the Maharashtra rain. "It will take another two weeks or so for tomato from Rajasthan to start coming and make up for the shortfall. The prices will start falling then," he added.

Delhi tends to suffer high prices because most of its vegetables are procured from other states. "Vegetables are highly perishable and even the slightest change in weather can ruin them in transit," said another mandi official.

That is an excuse often given by retailers who have been having a field day ever since food inflation started making headlines. "We are investing so much in getting a good quality of produce and storage is a huge hassle for us. Unless we make up for it with consumers, there is no way we can survive," said Atma Ram, a vegetable vendor in Kaka Nagar.

C u r i o u s l y,

prices vary a lot from locality to locality in Delhi — a phenomenon which may have been controlled had the city government's two year old plans of starting a price monitoring cell taken off.

Most south Delhi vendors charge almost double of what their counterparts in east or north Delhi do. One important factor that affects such costing decisions is how much the vendor needs to dole out to the police to ensure that his set-up is permitted. "If we want good business we have to pay the policeman his cut from what we earn. The more posh the area where we set up our stalls, the more money we need to pay. Also, in certain areas it is evident that spending on good quality vegetables is not an issue with residents, specially if their are buying vegetables like baby corn and bell pepper," said a vendor in Greater Kailash-I in south Delhi..

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