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## Onion pushes food inflation to 14.4%

### TIMES NEWS NETWORK

New Delhi: Food inflation rose to a 10-week high mid-December on soaring prices of onion, vegetables, fruits and other commodities, prompting the government to raise its year-end headline inflation forecast to 6.5%.

Data released by the commerce and industry ministry on Thursday showed the food price index rose 14.44% in the week ended December 18, accelerating from 12.13% in the previous week.

Economists say that poultry and milk are likely to exert further pressure on food inflation even as vegetable prices are expected to moderate in the coming weeks. **Prices varying weekly, says FM**

"Weekly variations in prices are there and whether these can be corrected in the coming weeks remains to be seen," finance minister Pranab Mukherjee told reporters. Mukherjee's revision to 6.5% came barely 10 days after Prime Minister Manmohan Singh estimated that year-end inflation would be around 5.5%. The finance minister's earlier projection was 6%.

"The speed of decline in food prices will not be what the policymakers expect it to be. Vegetable prices will come down but eggs, meat, fish prices will be under pressure due to the change in dietary patterns in the country," said D K Joshi, chief economist at ratings agency Crisil. Continued high inflation could step up the political heat for the government, already under attack from the Opposition on various issues ranging from the 2G scam to the Commonwealth Games mess.

During the week ended December 18, rising onion was the main culprit, recording a 40% price rise from a year ago while vegetable prices jumped by 29.26%. Fruit prices rose 21.97% and egg, meat and fish went up by 20.34%. But cereal inflation, including rice, wheat and pulses, declined significantly and economists attributed it to the improvement in supply due to a good monsoon.

RBI in its Financial Stability report said the high rate of price rise has emerged as a new risk factor.

RBI has cautioned about the rising inflationary pressures. It has raised interest rates six times this year and economists expect it to again hike policy rates in its January 25 review to counter inflationary risks.

TOUCHING THE ROOF		
Commodity	March-Dec	Yr-on-Yr
Onions	142	39
Vegetables	74	29
Fruits	14	21
Eggs, meat	12	20
Milk	4	17
Oilseeds	3	2
Rice	2	0.7
Wheat	0.2	-5
Pulses	-5	-10
Source: Commerce and Industry Ministry		Figures in %