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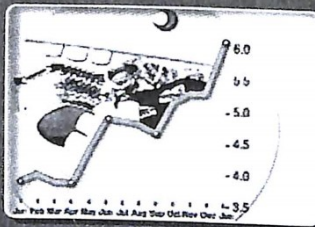
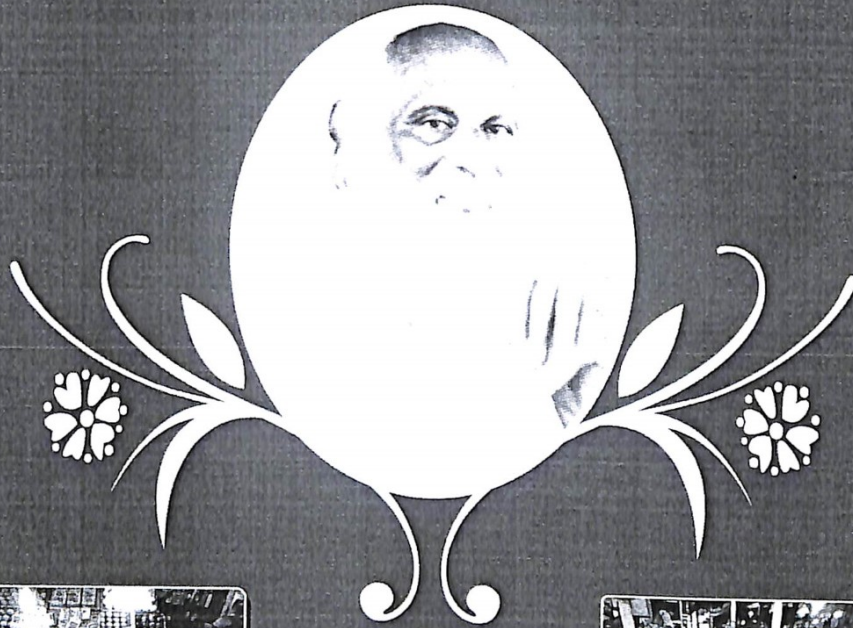
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## NATIONAL LEVEL SEMINAR ON ECONOMY THROUGH SELF HELP



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## Food Price Inflation

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- **Abstract:-**

Inflation or rising prices, has been chronic problem for all Countries. The rise in the general price level or fall in the value of money is the main feature of this phenomenon. But, at time, there is the problem of falling prices. Let us study the changes in the price level or the changes in the value of money. In ordinary language we use the term price rise, but in economics, it is known as 'inflation'. If a slight price rise in real income and economic development, it is not called inflation but when prices rise costs rise and money income rise, but real income remains constant, we say that there is inflation.

**Keywords:-** Foods Price Inflation effect in aam aadmi.

- **Introduction:-**

Raghuram Rajan, inflation warrior and crusader for banking reforms, bowed out of India's policymaking stage Tuesday with his final monetary policy statement. June consumer inflation at 5.8% was unacceptably high. Markets were not expecting cuts in policy rates. Rajan lived up to those expectations. Policy repo and reverse repo rates remain unchanged at 6.5% and 6% respectively. Banks will continue with a cash reserve ratio (CRR) of 4%. The RBI believes that by the time this fiscal year ends in March 2017, inflation will remain around 5% with risks tilted on the upside. "Its chart shows that the central bank expects March 2017 consumer price inflation to remain in a range between 4.8% and 6.3% on the plus side, Governor Rajan is pumping in greater liquidity via open market operations.

The government should involve the corporate sector and undertake far-reaching agricultural reforms to convert the current inflationary spiral into an opportunity. Cost of food in India increased 7.79% in June of 2016. India averaged 8.51% from 2012 until 2016, reaching an all-time high of 2.15% in July of 2015. Food Inflation Implementation (MOSPI), India.

- **Objective:-**

- 1) Study of the food price inflation.
- 2) Which of the factors of food price inflation.
- 3) Study of the food price inflation analysis.

Last fortnight, as supply-side constraints continued to put pressure on prices and pulled food inflation to 17.5%, an interesting political drama was being played out in the national capital. Cracks surfaced in the UPA as the Congress spokesmen began blaming agriculture minister Sharad Pawar for rising food prices, asking him to solve the issue rather than highlighting problems. There were also hints that Pawar, who holds charge



of food and civil supplies along with consumer affairs and public distribution, should be divested of some of his workload. But the doughty Maratha is not one to take things lying down.

Agricultural prices are fixed by the commission for agricultural costs and prices and it is the Union Cabinet, headed by the Prime Minister, which takes a final decision on most issues, he stressed. The BJP stepped into the picture, accusing the UPA of making a "Mess of the food economy" with a senior minister shifting blame to the PM and the cabinet. Uttar Pradesh CM, Mayawati, chipped in at this stage, saying the both the PM and Pawar should quit.

Announced a Country wide agitation on 10 February, there by hoping to nip the congress party's chances of an electoral revival in Bihar in the bud. The trade union are also bracing the mselves for the occasion.

Even though there are reports of a softening of food price futures, the spectre of food price inflation is haunting households across the country like never before, undermining the budget of the aam aadmi. The food inflation rate almost touched the 20% mark in December, the highest in a decade, with retail prices of sugar, potatoes and pulses soaring by as much as 100%, 57.56% and 46.87% respectively over the last year.

- **Bittersweet:-**

According to a Delhi has commodity analyst, "Sugar price have peaked at Rs.49-50/Kg retail but the drop in price will only be marginal, at around Rs.42.43/Kg. Then it will stabilise primarily since there is an acute shortage globally that will continue to impact market sentiment". Top producer Brazil, for instance has recently decided to cut down ethanol doping of petrol, after a relatively poor cane harvest caused by heavy rains and this would impact global market sentiment on sugar price. In a recent interview, Narendra Murkumbai, MD of Shree Renuka Sugars, had aired a similar view pointing out that market and that Brazil's lower cane harvesting would persistently impact global sugar prices.

Economists tend to disagree on other issue as well "The food inflation rate now will primarily depend on the prospects of the rabi crop. While I do not expect it to breach the 20% mark, it will continue to remain high" says crisis chief economist, D.K.Joshi. The high food prices are leading to a firming up of overall inflation, which rose 73% in November. The overall inflation rate was at sub-zero levels for 13 weeks till September.

- **Create a connect:-**

Then there is the issue of connectivity. In India, the agriculture related supply chain segment suffers from maximum inefficiency. Cumulative wastage in this supply chain is estimated to be 9.8% of the agriculture component of GDP. The archaic infrastructure for reaching the agricultural produce from farm gate to consumers has meant huge losses in transit and large marks ups in pricing due to extra layers of intermediation.

The Bharat Nirman programme was conceived with the objective of unleashing the growth potential of villages by upgrading rural infrastructure, but the progress on rural roads has been tardy. A key component of Bharat Nirman was road building aimed at ensuring farm to market connectivity. It was proposed to upgrade 1,94.132Km of the existing Associated Through Routes(ATRS). The centre should ask the states to new injection of zeal into the highways development programme by road transport minister Kamalnath will also help.

The government must encourage the link between agriculture and organised retail Foreign and domestic chain retailers have begun investing in the supply chain, which includes cold storages. The collaboration between Bharti Enterprises launched field fresh foods and VK based ELRO holding an investment arm of the Rothschild family.

- **Danger flags:-**

Mechanisation is difficult to introduce and implement. The first corollary of mechanisation is reduced farm Jobs. A study titled Impact of farm Mechanisation on Employment and Entrepreneurship shows that as a consequence of the increasing use of farm machines and equipment in some of the farm operations for selected crops, employment opportunities have been reduced. In the study area in Haryana, 733.3(51.19%), 335.25(38.58%), 132.26(15.95%) and 148.46(22.24%) man-hours of employment hectare have been reduced in wheat, rapeseed, mustard pearl millet and sorghum, respectively, as a consequence of its supply chains trading on the open market as well as serving its Reliance fresh outlets.

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