

The plan to keep a lid on food prices is cooking

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Consumer affairs secretary Rohit Kumar Singh.

NEW DELHI : The Centre is prepared with a plan to ensure food security over the coming year, in the wake of an erratic monsoon that disrupted the crop calendar and boosted food prices this year. According to Union consumer affairs secretary Rohit Kumar Singh, this will include sourcing pulses from a variety of countries, intervening quickly and directly in retail markets, and possible export-import related steps, depending on the situation.

As part of the plan, the government is working to create a model to predict food prices that will factor in externalities like weather and trade-related measures, Singh said in an interview.

The ministry of consumer affairs, food and public distribution is developing this with the help of academics from Delhi University. Currently, the ministry uses an artificial intelligence (AI)-based software to help with these predictions.

Mint on 29 October reported that the government was planning to create a real-time supply and demand model for agricultural commodities that will help it plan and evaluate policy for a volatile market.

This comes after a patchy monsoon disrupted the kharif crop calendar, impacting the sowing and vegetative seasons while economists forecast farm output growth in 2023-24 to be slower this year.

The government is also in talks with Argentina and Brazil for urad production, and East African countries, especially Ethiopia and Tanzania for tur production, Singh said.

Singh explained weather patterns have shifted the whole crop calendar. Besides, as income levels grow, food habits are changing.

“People will eat more protein and the consumption of 4.4 million tonnes (mt) of tur may go up. So, we will need more, and for some time, import dependency might continue at the same level,” Singh said.

In response to a question on whether the government will be able to play a larger role in coming months in stabilizing prices in the wake of an uneven monsoon, Singh said the ministry was fully prepared. He said the assessment of domestic production and imports, estimation of buffer stock and strategy and timing of its deployment were part of the preparation. These, he said, are done scientifically to ensure maximum impact.

Singh said the government was taking extra steps by way of abundant caution, although crop output estimates were confidence-inspiring. Discussions are already on with Mozambique for seamless supply of pulses.

Additionally, “we are trying to diversify risk in terms of imports. For urad, there is 99% dependence on Myanmar. Therefore, we are in talks with Brazil, Argentina and other markets. Brazil agreed to look at urad production because they have huge land availability, and they are agro-climatically conducive to growing it. For tur, we are exploring entire East African nations, especially Ethiopia and Tanzania. Both sides’ agricultural ministries are in talks to identify the right variety.” he added.

Singh asserted there is no constraint on deploying funds as the government is committed to keeping prices low.

“Resources is never an issue. The government is very committed to keeping prices low.” The idea is to use resources to manage prices efficiently using technology, buffer stock and retail mechanisms, he said.

The government’s plan entails preparedness for timely action, especially when circumstances warrant strong measures such as export curbs in the interest of price stability and availability in the domestic market, a consideration that other countries also have. Also, direct intervention at the retail level by selling pulses and other items to consumers will be considered as a template for quick cooling of prices in urban centres, he said. Experience has shown that this is more effective than intervention at the wholesale level, as at least some traders may have the capacity to hoard.

“Not all traders are bad. There is a small fraction of traders who take advantage of situations, indulge in speculation and hike prices. We have to be tough against them and they have to get the message that if such practices are resorted to, not only the government can take action, but we also have the buffer (stocks to deploy). For that messaging, you don’t require lakhs of tonnes,” Singh said. “Through retail outlets, consumer engagement is direct. Although it is logistically challenging given the size of the country, it is more effective,” said Singh.

Singh said the government is now promoting millets through vans following the Prime Minister’s vision of popularizing millet consumption.