Times of India

Combat price rise with reform

The price of onions has often made aam aadmi cry.Ditto for governments,especially at polltime.So,the UPA will worry that retail prices have in recent days exceeded Rs 50 a kg in most regions,hitting Rs 80 in Delhi and other cities.The trigger was beyond anyones control: crop damage in Maharashtra and other places courtesy heavy rains.But,as UPA ministers say,hoarding may have done its bit in contributing to the price spiral.Steps taken so far include an exports ban,which has had some impact,and a minimum export price hike where no-objections were issued.Cutting import duty can also help traders already importing from Pakistan to access varied suppliers.Above all,disturbing allegations that hoarding in some onion-producing states have officialdoms blessings demand probing and,if needed,tough punitive action.

The fact is that food inflation remains sticky,even as the UPA talks of spurring farm productivity and food security.Thats a reminder of the need for structural changes to better combat periodic crises,whatever their cause.Our farm-to-fork supply chain is poorly integrated and short on facilities.Reform is required for organised retails expansion,benefiting farmers and consumers while creating jobs and infrastructure,especially in storage and distribution.Its scandalous that prices frequently soar while farm produce rots for lack of infrastructure.Price volatility issues equally from deficient post-harvest marketing networks and rules denying farmers direct sales avenues.Given Indias size,a seamless,private initiative-friendly market unencumbered by multiplication whether of taxes,entry barriers,intermediaries or monopolies like those of state-supported agricultural produce market committees is needed.Commodities must move easily,especially during emergencies from surplus to deficit areas.With agricultures modernisation boosting farm incomes,therell be less need for palliatives like ever-climbing support prices,another prop for high food inflation.