

Editorial

Cost of food in India increased 7.75 percent in June of 2022 over the same month in the previous year probably due to higher feedstock costs and quantum leap in minimum support prices. It reveals that the food inflation will average over 8 per cent year-on-year in 2022 from 3.7 percent in 2021. Recent ban on wheat exports and protectionist moves are likely to exacerbate global prices may have an indirect impact on domestic prices. It is expected that rice could become dearer as countries look for alternative in the wake of wheat prices increased. Government had imposed a ban on wheat exports to ensure stable prices and food security and to manage the domestic situation in a better way. However, some relaxations were given allowing those wheat consortium already registered with customs. It has been observed that food inflation is surging in the second half of 2022 in Asia with major food importers like Singapore bearing the brunt of higher prices of staples. The reasons that could spur food prices further due to COVID measures taken by China along with swine fever in Thailand and an excessive heat wave in India. Consumers' perception of inflation is strongly influenced by the prices of frequently purchased necessities, such as food, and can lead to higher inflation expectations. Food inflation in India was marginally below 8 percent in May compared to 8.3 percent in April. As reported by the Central Government that the onset of the summer heat wave has also contributed to the rise in food prices. It can be expected that the food prices and the inflation may come down on the back of timely arrival of southwest monsoon. Food inflation has been driven by high vegetable prices as heat waves scorched perishables. Retail food inflation has been higher than non-food and the difference may be partly attributed to the onset of summer heat waves as retail vegetable inflation, with a weight of 6 percent in CPI basket, increased to 18.26 percent in May 2022. Not only vegetables, even high edible oil prices have led to higher food inflation in India. India imports nearly 60 percent of edible oil and Inflation in ,oils and fats' rose to 18.79 percent amid the Russia-Ukraine conflict which has pushed edible oil prices higher. The Reserve Bank of India in its latest monetary policy review revised its inflation projection upwards to 5.7 percent from 4.5 percent earlier on the back of the hardening of oil and commodity prices globally. The Reserve Bank of India, which till now kept its focus on growth, is now prioritising inflation.

Editor-in-Chief



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