

## **FICCI SUGGESTS 5-POINT PLAN TO TAME FOOD INFLATION AND ENSURE BETTER PRICES FOR FARMERS AND CONSUMERS**

**NEW DELHI, January 15, 2011.** FICCI has suggested the immediate implementation of a five-point plan to tame food inflation that has remained inordinately high for more than a year.

In the first place, FICCI has asked that special status be granted to perishables and horticulture commodities and that horticulture commodities be delisted from Schedule-I containing notified commodities in Agricultural Produce Marketing Regulation (APMR) Acts of all states. This would allow anyone to buy or sell perishable commodities anywhere in the country. It would also mean that the zone of influence of perishables would be beyond states resulting in better prices for farmers and stabilized prices for consumers.

The APMR Act is popularly known as the Agricultural Produce Marketing Committees (APMC) Act.

Secondly, FICCI endorses foreign direct investment in the retail sector with the stipulation that the organized retail chains work closely with farmers to improve productivity, share information with farmers from whom produce should be directly sourced. This would result in better prices for both farmers and consumers; moreover, it would address structural issues, such as low productivity and wastage. Large retailers could be required by law to procure major part of their supplies locally.

FICCI also proposes that farmers should be encouraged to form producer associations/farmer cooperatives and aggregate the produce, which could be directly sold on electronic spot exchanges or to retailers at consumer centres. This would help alleviate the problems caused by the long chain of intermediaries and inefficient price discovery mechanism which are the reasons for high mark-ups.

Moreover, FICCI suggests that all markets be linked electronically by introducing electronic auctions or electronic spot exchange counters for transparent price discovery. This would lead to improved efficiency and better price discovery for both the farmers and consumers. The producers would also have access to on-line price information and arrivals in different markets and would have a better understanding of market trends enabling them to plan their crop acreages. The government of India could consider providing special funds to APMCs for developing electronic auction platforms.

Finally, the Government should formulate a system whereby the transport of goods is smooth across the country. For example, the Government could grant special green permits to transport carriers, which would enable them to move across the border with minimal inspections. At present, problems and delays arise out of frequent checks at borders and multiple stops where taxes are to be paid; as a result, goods perish or are severely damaged.