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Food prices likely to go up in South Asia

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South Asian nations have warned that the implementation of the Food Security Act in India will most likely jack up cereal grain prices in the region, affecting countries like Nepal that largely depend on India for food supply.

The Indian Food Security Act, which was recently passed by the Parliament, aims to provide subsidised grains to two-thirds of the Indian population and enshrine access to food as a legal right.

To meet this objective the Indian government needs to keep around 30 per cent of total cereal grain production in stock, executive chairman of the South Asia Watch on Trade, Economics and Environment Dr Posh Raj Pandey told a regional conference on 'Trade, Climate Change and Food Se-

curity in South Asia' in Lalitpur today.

"Stockholding for the purpose of distributing cereal grains at subsidised rates means the government will have to directly

approach farmers and give them better prices for their yields than that offered by the market," Dr Pandey told *The Himalayan Times* on the sidelines of the conference. "Once prices are regu-

lated in this manner, food prices may spiral upward affecting prices throughout the region."

Dr Pandey said the hike would affect net food importing countries like Nepal, which imported rice, a staple food product, worth Rs 6.33 billion in the first seven months of the current fiscal, despite recording a good monsoon. It was warned that if prices of such cereal grains went up — largely due to implementation of the Act — poverty rates were likely to increase here, as around 70 per cent of Nepalis' income was spent on buying food products.

Although the Indian government had introduced the Act to protect the interest of its citizens and ensure their food and nutritional security, experts urged India to go beyond national interest to address the food security problem in the region.

One of the participants even drew analogy between US government's economic policies that affect the entire world and India's Food Security Act that is likely to affect entire South Asia.

"India will have to play a lead role in restoring cooperation between South Asian countries so that food security situation does not deteriorate in the region," joint secretary at the Pakistani Ministry of Commerce Robina Ather said. She also called on South Asian countries to revise the sensitive list of the South Asian Free Trade Area and remove as many food products from it so that their trading could be liberalised.

Prof Simrit Kaur of Delhi University, meanwhile, emphasised on the need to look for ways to raise food production through use of improved seeds, and efficiency in food distribution.

The spiralling effect

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- To meet this objective the Indian government needs to keep around 30 per cent of total cereal grain production in stock
- For that the government will have to directly approach farmers and give them better prices for their yields than that offered by the market
- Once prices are regulated in this manner, food prices may spiral upward affecting prices throughout the region

