

## Humanitarian Hypocrisy

More of the same. Yet another bout of hike in interest rates by the Reserve Bank of India (RBI). This is the 13th time in the recent past. No doubt RBI remains the villain of the week. But RBI has so far failed to curb inflationary pressure and contain what they call 'food inflation' by way of periodically increasing interest rates. The surge in food prices continues unabated though food grains rot in government godowns. And the crisis managers, including the redoubtable prime minister, in Delhi never get tried to talk sweet nothings while assuring the economically disadvantaged all the time that good days are ahead. But food prices defy all their tall talks and concerns as the rise is steady against almost a statutory level of wholesale price index. As food prices soar and gap between rich and poor widens further one can hope, not against hope, that the Sultans in Delhi would be more optimistic about inflation reality and hardships that wage earners in the organised sector, not to speak of unorganised sector, face day in and day out.

Unlike North Africa and Middle East, India has not yet seen any major food riots but simmering discontent among a large section of population, living just above the officially sponsored poverty line, may lead to a massive explosion anywhere anytime. After all those who are below poverty line, are too weak to assert themselves in any meaningful way.

In truth the privileged elite is not worried about spontaneous outbursts because they could seize on 'mob violence' easily and carry out their game of deceit nicely. Everybody knows spontaneity cannot fundamentally challenge the existing order, it could create some irritants and ripples in a society that has been proverbially inactive and passive for decades despite systematic institutionalisation of the oppressive regime.

Right now only the Bharatiya Janata Party (BJP)—the right-wing opposition party—is making some noises about inflation and rising food prices while the left, the official left to be precise, is reluctant to go beyond issuing press statements criticising the Congress dispensation at the centre. But it is food movement that raised their electoral fortunes in the sixties and seventies. What is more they are not even interested in launching any agitation against future trading in food items which is diagnosed by many, as a major source of 'food inflation'. A government appointed expert committee in 2008 didn't opine in favour of future trading in agricultural commodities. Instead it suggested to strengthen the ever deteriorating public distribution system and revising upward the minimum support price of agricultural produce in order to ensure normal supply of staples from farmers and stabilise food prices. It's now a globally accepted fact that there lies a link between commodity futures and inflation. But BJP is not against future trading—after all it is basically a party of traders. They are talking this or that about rising food prices and unlimited corruption in high places to derive extra mileage in electoral politics.

Traditionally food prices tended to be almost exclusively due to bad weather such as monsoon failure, drought, heat wave and all that—natural vagaries. But today they are mostly driven by market manipulators and persons in power who have vested interests in maintaining a perpetual imbalance in demand and supply even in times of good harvest. Also, hoarding coupled with hysteria

plays a role in increasing the volatility of food prices, as does the flow of speculative capital from financial investors who literally exert considerable influence on commodity price movement. To compound the problem, governments across the world, no matter whether they are developed countries or developing countries, are converting massive amounts of grain into biofuels and continually shrinking cropland to make room for biofuel plantation. In 2010 America harvested nearly 400 million tons of grain of which 126 million tons went to ethanol (up from 16 million tons in 2000). Then global warming and related factors are causing gradual reduction in food grains yield in a number of ways. Water tables are falling and longest food bubbles are in India and China—the most populous countries of the world. Indian farmers are said to have drilled some 20 million irrigation wells and they are all set to pump more water from aquifers despite warning of a timetable for catastrophe, only to see how green revolution turning brown even in areas of mechanised and advanced farming. While an estimated 130 million Chinese are currently fed by over-pumping, the figure for India stands at 175 million as per World Bank data.

Government comes, government goes. But the wrangle over how to combat inflation, rather 'food inflation' persists. It's a global phenomenon affecting India and other third world countries most as the majority of 'below poverty line' population lives there. A report released in May by Oxfam, a British charity, paints a gloomy picture for global food scenario. As per Oxfam's prediction food prices will more than double in the next 20 years unless the present system is overhauled. Then nobody is talking about rational food policy. Not very long ago World Bank announced that some 44 million people in developing countries, particularly in South Asia, had been thrown into poverty by raising food prices since June 2010, gravely affecting the most vulnerable of the society who spend more than half their income on food. Then governments of all hues depend on market forces to stabilise prices and control inflation knowing full well market operators and different stakeholders will never allow food prices to go down.