

FICCI Retail Committee Delegation suggests measures to contain price rise of perishables to Ministry of Consumer Affairs, Food & Public Distribution

New Delhi, 12 July 2014: *The problem of price rise of perishable food products has been an issue of deep concern for the Government and the Nation at large. While it is recognized that the demand & supply side pressures due to climate changes play a major role in leading to this situation, it is also equally important to identify and deliberate on other critical reasons which can be addressed by bringing in progressive reforms and revisiting the prevalent laws & regulations.*

With this background **FICCI Retail Committee delegation** was invited by the Secretary, Mr. Keshav Desiraju, Additional Secretary, Joint Secretary and Senior Economic Advisor, MoCA on 10th July 2014 to discuss both the medium term and long term solutions to curb the problem of price rise of perishable commodities.

FICCI Retail Committee emphasized that it is important to understand that F&V as a category is different than other food related items of retail and hence separate treatment should be given to it while dealing with any issue.

Ministry is keenly monitoring the price rise of Onions and Potatoes. Government's focus is on perishable produce and it is encouraging to see a proactive drive from the Ministry. Ministry suggested that one way to curb the issue of price rise could be to encourage the retailers to increase the number of retail outlets/stores- This way a large set up would come under the modern retail channel where distribution is more organized and prices are controllable. However, retailers shared the apprehension that due to various licensing procedures, it is not a smooth process to increase the number of stores. Mr K Radha Krishnan, Chief Mentor, Freshkins Foods and Member FICCI Retail committee said that "simplicity in laws and reduction in no of licenses would only help to bring the benefits of organized retail to Indian markets."

Further, the issue of hoarding was discussed which is a major cause of increased prices – FICCI Retail Committee members from Metro Cash n Carry, Aditya Birla (More), Future, Walmart, Reliance fresh etc- clarified that modern retail is not at all involved in any sort of hoarding activities. There is no hoarding mechanism in their business model. Modern Retail indeed aggregates demand and reduce wastages through efficient backend infrastructure thereby helping in price control. Also, it is important to distinguish between stocking and hoarding. There are certain products like onions which require being stored for 2-3 months for drying before they are ready to be sold. Hence such kind of stocking should not be deemed under hoarding category.

Some of the suggestions shared by FICCI are:

1. Addressing the issue of Transport Infrastructure Bottleneck
2. Fruits & Vegetables should be delisted from APMC act-
3. Physical condition of APMC markets should be improved
4. Improvement in warehousing capacities- PPP model can become a solution in the days to come

Mr Bijou Kurian FICCI Retail committee chairman feels that "the new government is proactive and it is very positive if they are inclined to consult industry on such critical matters of national importance. This will build trust between government and the industry and would certainly benefit in long run". Ministry of Consumer affairs is working closely

with industry through FICCI to get the solution on the ground.

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