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EDITORIAL ANALYSIS

It's Time to Insulate Food from Oil Shocks — Supply Chain Reform for Food Security

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CURATED & WRITTEN BY

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It's Time to Insulate Food from Oil Shocks — Supply Chain Reform for Food Security

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CONTEXT

The Indian Express editorial argues that India must **decouple food prices from energy price volatility** by reforming logistics, cold-chain infrastructure, and agricultural supply chains. The ongoing Iran-West Asia conflict has pushed crude oil prices above \$100/barrel, which directly inflates **food transport costs** — threatening food security for vulnerable populations. The editorial contends that India's food inflation is as much a logistics problem as an agricultural one.

THE EDITORIAL ARGUMENT

- ❶ **Oil-food price transmission is direct** — diesel powers trucks that carry food from farm to mandi to retail; every \$10/barrel crude increase adds ~Rs 2-3/kg to final food prices for perishables
- ❷ **India's food travels too far by road** — 65%+ of agricultural freight moves by road (the most oil-intensive mode); rail and waterways carry a tiny fraction
- ❸ **Cold chain gaps** — only ~4% of India's perishable food passes through a cold chain (vs 85% in developed countries); the rest spoils or requires faster (more fuel-intensive) transport
- ❹ **Strategic petroleum reserves are insufficient** — India's SPR can cover only ~9.5 days of imports; the editorial argues for expanding SPR alongside building agricultural logistics that are less oil-dependent
- ❺ **Renewable-powered cold chains** — solar-powered cold storage at the farm gate would reduce both wastage and oil dependence simultaneously



OIL-FOOD PRICE TRANSMISSION IN INDIA

CHANNEL	MECHANISM
Direct transport cost	Diesel price → truck freight → food retail price
Fertiliser cost	Crude oil → naphtha/gas → urea/DAP → input cost → MSP pressure
Packaging cost	Crude → petrochemicals → plastic packaging → food product cost
Cold chain fuel	Diesel-powered refrigeration → perishable logistics cost
LPG/cooking fuel	Crude → LPG → household food preparation cost

INDIA'S AGRICULTURAL LOGISTICS — THE EFFICIENCY GAP

PARAMETER	INDIA	BENCHMARK
Food wastage (farm to fork)	~16% of total production	<5% (US, EU)
Cold chain coverage (perishables)	~4%	85% (US), 70% (UK)
Road share of food freight	65%+	30% (US), 20% (EU)
Rail share of food freight	~5%	40% (US)
Post-harvest losses (fruits/vegetables)	~30-40%	<10% (developed countries)

Cost Implication

India's food logistics cost is **~Rs 50,000 crore per year** higher than it would be if agricultural freight shifted to rail and waterways. This difference is ultimately paid by consumers through higher food prices.



POLICY RECOMMENDATIONS (EDITORIAL)

RECOMMENDATION	MECHANISM
Modal shift to rail	Dedicated kisan trains; refrigerated rail wagons; rail-linked mandis
Solar cold storage at farm gate	PM Kisan SAMPADA Yojana expansion; KUSUM scheme for solar cold chains
Expand Strategic Petroleum Reserves	From 9.5 days → 30+ days of import cover
Buffer stock management	FCI to release stocks when oil shocks trigger food inflation
Direct benefit transfer (DBT)	Subsidise cooking fuel directly to vulnerable households during price spikes

GOVERNMENT INITIATIVES

SCHEME	FOCUS
PM Kisan SAMPADA Yojana	Food processing infrastructure, cold chains
Pradhan Mantri Kisan Urja Suraksha evam Utthaan Mahabhiyan (PM-KUSUM)	Solar pumps and solar energy in agriculture
Operation Greens (TOPS → Total)	Price stabilisation for tomato, onion, potato; extended to all perishables
Kisan Rail	Dedicated train service for perishables (launched 2020)
National Logistics Policy (2022)	Reduce logistics cost from 13-14% to 8% of GDP

UPSC RELEVANCE

GS Paper 3 — Economy, Food Security

- Food inflation: structural vs cyclical drivers
- Agricultural supply chain and logistics
- Oil price transmission to food prices



- Cold chain infrastructure and food wastage
- Strategic Petroleum Reserves (SPR)

Mains Probable Questions:

- “India’s food inflation is as much a logistics problem as an agricultural one. Discuss the role of supply chain reform in achieving food price stability.” (250 words)

FACTS CORNER

- India’s **Strategic Petroleum Reserves (SPR)** are stored at three locations: **Visakhapatnam** (1.33 MMT), **Mangaluru** (1.5 MMT), and **Padur** (2.5 MMT) — total capacity ~5.33 MMT, covering ~9.5 days of imports
- **Kisan Rail** (launched August 7, 2020) was India’s first dedicated agricultural produce train service — but utilisation remains below 50% due to last-mile connectivity issues
- India is the **world’s second-largest food producer** but has the **highest food wastage** in absolute terms — ~68.7 million tonnes annually (UNEP Food Waste Index, 2024)
- **Operation Greens** was launched after the 2017 tomato price crisis (when tomato prices crossed Rs 80/kg) — it now covers all perishables with 50% subsidy on transportation and storage
- The **National Cold Chain Grid** — proposed by the National Centre for Cold-chain Development (NCCD) — envisages 70,000 pack houses and 50,000 reefer vehicles by 2030; current coverage is less than 15% of this target

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