

Food emergency in Sri Lanka

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In news— Recently, the President of Sri Lanka using powers vested in the country's Public Security Ordinance, declared Emergency regulations pertaining to the distribution of essential food items as private banks ran out of foreign exchange to finance imports.

What is a food crisis?

- Food crisis occurs when rates of hunger and malnutrition rise sharply at local, national, or global levels.
- The world's worst food crises occur in countries affected by several threats at once: from violent conflicts to climate shocks to economic instability.

What are the new regulations imposed by Sri Lanka?

- The regulations sought to **empower authorities to provide essential food items at a "concessionary rate"** to the public by purchasing stocks of essential food items, including paddy, rice and sugar, at government-guaranteed prices, and prevent market irregularities and hoarding.
- The **army has been tasked with the duty of seizing food supplies** from traders and supplying them to consumers at fair prices.
- It has also been given the **powers to ensure that forex reserves are used only for the purchase of essential goods.**
- The Proclamation on the Emergency Regulations for the Supply of Essential Foods enacted by President Rajapaksa was passed in Parliament.

Impact of the regulations-

- Various steps taken by the government to tackle the

crisis may actually make things worse.

- The capping of food prices, for instance, can lead to severe shortages as demand exceeds supply at the price fixed by the government.
- People have already had to queue up to buy essential goods due to rising shortages.
- The strong-arm tactics of the army can also have unintended consequences.
- **When supplies are seized from traders, there is lesser incentive for them to bring in fresh supplies to the market.** This **can lead to a further drop in supplies** and even higher prices for essential goods.
- The speculative traders help contain price volatility by allocating scarce supplies rationally across time. So, to the extent the **army's actions discourage speculation, it can lead to greater volatility in food prices.**