

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 376
DUE FOR ANSWERED ON 05.02. 2024

HIGH INFLATION

†376. KUNWAR DANISH ALI:

Will the Minister of FINANCE be pleased to state:

- a) whether retail and wholesale inflation have soared record high in the country;
- b) if so, the details thereof and the reasons therefor;
- c) the extent to which increasing prices of food and fuel are responsible for increasing rate of inflation;
- d) the details/statement showing difference between inflation rates during the last five years and the current year alongwith the impact of inflation on households and jobs;
- e) the details of major commodities contributing in soaring wholesale and retail inflation in the country as well as the details/statements of taxes on petrol, diesel and auto gases alongwith the percentage of their contribution in increasing wholesale and retail inflation;
- f) whether any target has been set by the Government to control inflation rate and provide employment to the people or any steps have been taken in this regard; and
- g) if so, the details of outcome exhibited as a result of various measures taken by the Government to mitigate inflation?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a) & (b): The consumer price inflation declined in 2023-24 (April-December) to 5.5 per cent as compared to 6.8 per cent in 2022-23 (April-December). The wholesale price inflation rate was (-) 1.1 per cent in FY24 (April-December), which was the lowest in the last eight years. Temporary price pressures are caused by demand-supply mismatches arising out of global shocks and adverse weather conditions. Proactive supply-side initiatives by the Government and measures by the Reserve Bank of India have helped to rein in inflation.

(c): 'Food & beverages' group and 'fuel & light' group contributed 57.7 per cent and 2.8 per cent respectively to overall retail inflation in 2023-24 (April-December).

(d) Retail inflation rate based on Consumer Price Index-Combined for the last five years and the current year is given below:

2018-19	2019-20	2020-21	2021-22	2022-23	2023-24 (April-Dec)
3.4	4.8	6.2	5.5	6.7	5.5

Appropriate supply side and trade policy interventions, as well as, measures like provision of free food grains under Pradhan Mantri Garib Kalyan Anna Yojana and increase in targeted subsidy of LPG for Pradhan Mantri Ujjwala Yojana beneficiaries helped making essential items available to households at reasonable prices. As per the annual Periodic Labour Force Survey, the unemployment rate (persons age 15 years and above, as per Usual Status) declined from 6 per cent in 2017-18 to 3.2 per cent in 2022-23 with simultaneous increase in labour force participation rate from 49.8 per cent in 2017-18 to 57.9 per cent in 2022-23.

(e): The major items that contributed to retail inflation in April-December 2023 are non-PDS rice and wheat/atta, liquid milk, rental payments, jeera, medicine, arhar, onion, garlic, etc. The major commodities that contributed to wholesale inflation in April-December 2023 are high-speed diesel, cotton yarn, palm oil, tomato, etc. The total central excise duty on petrol is Rs.19.90 per litre and on high speed diesel, it is Rs.15.80 per litre. The total central excise duty on compressed natural gas is 14 per cent, and, on liquefied natural gas, it is 'nil'.

(f) & (g): The Government has notified inflation target for the period from April 1, 2021 to March 31, 2026 as 4 per cent, with upper tolerance level of 6 per cent and lower tolerance level of 2 per cent. The measures taken by the Government to control inflation *inter alia* include strengthening of buffers of key food items and making periodic open market releases, easing imports of essential food items, preventing hoarding, and channelling supplies through designated retail outlets. As a result, the retail inflation is now stable and within the notified tolerance band. The Government is implementing many schemes for generating employment and livelihood and for improving employability of people. These include Aatmanirbhar Bharat Rojgar Yojana, Garib Kalyan Rojgar Abhiyaan, Mahatma Gandhi National Rural Employment Guarantee Act, Deendayal Antyodaya Yojana-National Rural Livelihoods Mission, Prime Minister's Employment Generation Programme, Deen Dayal Upadhyaya Grameen Kaushalya Yojana, Pradhan Mantri Rojgar Protsahan Yojana, Pradhan Mantri Mudra Yojana etc.
