

**GOVERNMENT OF INDIA
FINANCE AND COMPANY AFFAIRS
LOK SABHA**

STARRED QUESTION NO:511
ANSWERED ON:25.04.2003
INFLATION RATE
RAOSAHEB PATIL DANVE;SUSHIL KUMAR INDORA

Will the Minister of FINANCE AND COMPANY AFFAIRS be pleased to state:

- (a) whether the inflation rate has increased to 5.56 per cent in the week ending on 15th March, 2003;
- (b) if so, the details thereof in this regard during the last three months, week-wise;
- (c) the major reasons for increase in the rate of inflation;
- (d) the details of the whole sale price index and consumer price index of essential commodities during the last one year; month-wise; and
- (e) the steps taken by the Government to check the price rise and to contain the inflation rate?

Answer

MINISTER OF FINANCE AND COMPANY AFFAIRS (SHRI JASWANT SINGH)

(a), (b), (c), (d) & (e) A Statement is placed on the Table of the House.

Statement in reply of Lok Sabha Starred Question No. 511 on Inflation Rate for April 25, 2003

(a) Yes Sir. The annual point to point inflation rate based on the Wholesale Price Index (WPI) for the week ended March 13, 2003 was 5.56%.

(b) The annual point to point inflation rate based on the Wholesale Price Index (WPI) for the last three months is given in Table 1 below.

Table 1: Annual Point to point Inflation Rate based on WPI (%)

Week ending Inflation rate (%)

Dec 6, 2002 3.27
Dec 13, 2002 3.21
Dec 20, 2002 3.34
Dec 27, 2002 3.47

Jan 3, 2003 3.78
Jan 10, 2003 3.84
Jan 17, 2003 4.42
Jan 24, 2003 4.79
Jan 31, 2003 5.29

Feb 7, 2003 5.35
Feb 14, 2003 4.91
Feb 21, 2003 4.91
Feb 28, 2003 4.69

Mar 6, 2003 5.13
Mar 13, 2003 5.56
Mar 20, 2003 5.99
Mar 27, 2003 6.24

(c) The annual point to point inflation rate based on the WPI remained moderate during much of the last financial year. However, uncertainty associated with war in the Gulf, the possibility of disrupted supplies of crude oil in the event of war, alongwith strike in Venezuela (a major producer of crude oil) pushed up crude oil prices after December 2002. A major factor for the rise in inflation rate since January 2003, is this increase in domestic prices of petroleum products consequent upon a hardening of international prices of crude oil. This pressure on inflation rate was also contributed to by a rise in prices of edible oils, arising from a drought related shortfall plus hardening of prices in the international markets.

(d) Wholesale Price Index (WPI) and Consumer Price Index (CPI) of essential commodities and inflation rates based on these indices are as follows:

Table 2: Wholesale & Consumer Price Index of Essential Commodities & Inflation in Essential Commodities

| WPI All comm | Inflation (%) | WPI (ess. comm) | Inflation (ess.comm) (%) | CPI General | Inflation (%) | CPI essential comm. | Inflatio (ess. Comm) (%) |
|--------------------|------------------|-----------------------|--------------------------------|----------------|------------------|---------------------------|--------------------------------|
|--------------------|------------------|-----------------------|--------------------------------|----------------|------------------|---------------------------|--------------------------------|

2002

| | | | | | | | | |
|-----|-------|-----|-------|-----|-----|------|-----|-----|
| JAN | 161.0 | 1.5 | 164.0 | 1.6 | 467 | 4.94 | 438 | 3.8 |
| FEB | 160.8 | 1.4 | 165.4 | 3.0 | 466 | 5.19 | 436 | 4.4 |
| MAR | 161.9 | 1.8 | 168.4 | 4.3 | 468 | 5.17 | 438 | 4.5 |
| APR | 162.4 | 1.5 | 168.7 | 3.1 | 469 | 4.69 | 439 | 4.3 |
| MAY | 162.8 | 1.6 | 169.1 | 2.8 | 472 | 4.66 | 441 | 3.9 |
| JUN | 164.7 | 2.4 | 169.7 | 3.0 | 476 | 4.16 | 444 | 3.4 |
| JUL | 165.7 | 2.8 | 170.7 | 3.6 | 481 | 3.89 | 452 | 4.2 |
| AUG | 167.1 | 3.3 | 171.7 | 3.4 | 484 | 3.86 | 457 | 3.6 |
| SEP | 167.4 | 3.5 | 172.3 | 4.0 | 485 | 4.30 | 457 | 4.0 |
| OCT | 167.5 | 3.1 | 172.1 | 2.9 | 487 | 4.06 | 459 | 3.9 |
| NOV | 167.8 | 3.4 | 172.0 | 3.1 | 489 | 3.60 | 461 | 3.5 |
| DEC | 167.2 | 3.3 | 169.0 | 1.7 | 484 | 3.20 | 454 | 2.7 |

2003

| | | | | | | | | |
|-----|-------|-----|-------|-----|-----|------|-----|-----|
| JAN | 167.6 | 4.2 | 168.0 | 2.4 | 483 | 3.43 | 453 | 3.3 |
| FEB | 168.7 | 4.9 | 168.6 | 1.9 | 484 | 3.86 | 453 | 3.9 |

(e) Government's anti inflationary policies in recent years include a monetary and fiscal discipline; effective management of supply and demand for essential commodities and raw materials through liberal imports, and further strengthening of the public distribution system.

Large volumes of public stock of foodgrains have ensured comfortable supply situation and helped stabilise their prices despite the severity of drought. Government's liberal release of surplus foodgrain stocks under various welfare schemes have helped greatly in providing increased support to the vulnerable sections of our society.