

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:973

ANSWERED ON:29.07.2005

INFLATION

Adhalrao Patil Shri Shivaji;Singh Kunwar Rewati Raman;Singh Shri Rajiv Ranjan (Lalan);Suman Shri Ramji Lal

**Will the Minister of FINANCE be pleased to state:**

- (a) whether inflation rate in the country during the year 2004-05 has been higher as compared to that of during the last three years;
- (b) if so, the month-wise inflation rate during each of the last five years;
- (c) whether steep increase has been registered in the prices of daily food items and fuels during the year 2004-05;
- (d) if so, the extent of increase registered in the prices of said commodities with the reasons therefor; and
- (e) the steps taken/being taken by the Government to bring down the inflation rate and to check the price rise of essential commodities?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S. S. PALANIMANICKAM)

(a) & (b): Yes, Sir. Annual average and month-wise inflation rate in terms of WPI since 2000-01 are indicated in the Table 1.

Table 1. Month-wise and Yearly average inflation rates in terms of WPI (Per cent)

Year/Month	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06
Apr	6.5	5.4	1.5	6.7	4.5	5.9
May	6.3	5.6	1.6	6.5	5.0	5.5 (P)
Jun	6.6	5.3	2.4	5.3	6.7	4.2 (P)
Jul	6.5	5.2	2.8	4.7	7.6	
Aug	6.1	5.4	3.3	3.9	8.5	
Sep	6.5	4.5	3.5	4.9	7.9	
Oct	7.5	2.9	3.1	5.1	7.3	
Nov	7.6	2.6	3.4	5.4	7.5	
Dec	8.5	2.1	3.3	5.7	6.8	
Jan	8.7	1.5	4.2	6.5	5.5	
Feb	8.3	1.4	5.3	6.1	5.0	
Mar	6.4	1.8	6.0	4.8	5.4	
Average of Year	7.1	3.6	3.4	5.5	6.5	

P- Provisional

(c) & (d): 52 week average rate of Inflation (%) of essential food items and fuels during the year 2004-05 as compared to the previous year are indicated in the table 2. In fact, there has been negative inflation (deflation) in the case of rice, gram, onion, mustard oil, groundnut oil, moong, urad, chilies and kerosene. Inflation in the case of potatoes, tea, sugar, salt and gur, coconut oil and cooking coal has been higher than 10 %. In respect of potatoes, tea, salt and gur this was due the fact that their prices had fallen in the previous year and only recovered to their normal levels in 2004-05. While the inflation appears to be high, the absolute prices of these products were moderate. The higher inflation in respect of Sugar was due to the fall in production of sugar because of the drought in major sugar producing states in 2004-05.

Table 2. 52 week average Inflation of Essential items of daily use

Essential Items	Weight %	2003-04	2004-05
Rice	2.45	1.7	-0.4

Wheat	1.38	3.2	1.5
Gram	0.22	-4.8	-3.8
Arhar	0.13	9.8	3.6
Potatoes	0.26	-41.4	52.9
Onions	0.09	30.5	-19.4
Tea	0.16	-8.0	20.7
Sugar	3.62	0.7	19.2
Mustard Oil	0.49	31.6	-8.7
Groundnut Oil	0.17	8.8	-4.1
Salt	0.02	-2.1	16.1
vanaspati	0.80	12.5	2.6
Jowar	0.22	-0.1	6.8
Bajra	0.11	-6.1	2.5
Moong	0.11	-5.9	-4.3
Masur	0.04	9.0	0.5
Urad	0.10	-9.3	-0.5
Milk	4.37	2.5	4.4
Fish-Inland	0.50	-11.5	6.1
Mutton	0.44	3.9	6.6
Chillies (Dry)	0.19	16.1	-23.4
Atta	0.21	13.7	0.5
Gur	0.06	-4.9	41.9
Coconut Oil	0.17	28.4	14.6
Coking coal	0.24	6.6	23.1
Kerosene	0.69	-0.1	-0.4
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(e): Containment of inflation remains high on the agenda of the government. Anti-inflationary policies of the government include strict fiscal and monetary discipline, rationalization of excise and import duties of essential commodities so that there is no undue burden on the poor, effective supply-demand management of essential items through liberal tariff and trade policies, and strengthening the public distribution system.