

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:626

ANSWERED ON:28.07.2006

INFLATION RATE

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Will the Minister of FINANCE be pleased to state:

- (a) Whether inflation rate has increased during the last few months and the consumer price index has also shown a sharp increase;
- (b) If so, the details thereof during each of the last six months;
- (c) The reason for the increase;
- (d) Whether any assessment has been made in regard to the adverse effect of this increase on the economy;
- (e) If so, the outcome thereof; and
- (f) The steps taken by the Government to curb the inflation rate and to check the price rise?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

(a) & (b): The annual point-to-point inflation rates in terms of the wholesale price index (WPI) and Consumer Price Index for Industrial workers (CPI-IW) for the period January 2006 to June 2006 are indicated in the following table:

Month/Year Annual Inflation Rate (%)

	WPI	CPI-IW
January 2006	4.08	4.37
February 2006	4.03	4.95
March 2006	3.85	4.95
April 2006	3.86	5.10
May 2006	4.42	6.26
June 2006	5.07	-

Based on weekly averages

(c) to (f) In the current year, there has been pressure on prices of some food grains and of petrol and diesel. Increase in prices of food articles has largely been due to a shortfall in domestic supplies relative to demand and hardening of international prices. Government has already taken steps to arrest the price increase by augmenting supplies through imports at reduced duty rates, ban on export of pulses and sugar, regular monitoring of prices of essential commodities and regulatory measures for restricting speculative trading in futures market.