

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4614

ANSWERED ON:23.04.2010

INFLATION

Balram Shri P.;Chowdhury Shri Adhir Ranjan;Das Gupta Shri Gurudas;Joshi Dr. Murlı Manohar;Ponnam Shri Prabhakar;Rawat Shri Ashok Kumar;Sharma Shri Jagdish;Singh Shri Rajiv Ranjan (Lalan)

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

- (a)the details of inflation registered since February,2009 till date month-wise;
- (b)whether steep inflation has been going on since October 2009;
- (c)if so, the facts and details in this regard alongwith the reasons therefor; and
- (d)the steps taken/being taken to check the inflation and the outcome thereof;

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE(SHRI NAMO NARAIN MEENA)

(a)The details of inflation registered since February, 2009 till March 2010 is given below:

WPI inflation during 2009-10 (%)

Feb Mar Apr May Jun Jul Aug Sep Oct Nov Dec Jan Feb Mar  
2009-10

3.50 1.20 1.31 1.38 -1.01 -0.54 -0.17 0.46 1.46 5.55 8.10 9.44 9.89 9.90

Note: WPI is provisional for February and March, 2010.

(b)Yes, sir.

(c)The year 2009-10 started with low WPI inflation of 1.3 per cent in April, 2009. It moved to negative zone during June to August, 2009 and turned positive in September, 2009 and recorded 9.90 per cent in March, 2010. The increase in headline WPI inflation since October 2009 was largely because of low statistical base since October 2008 to February 2009, double digit food inflation and recent increase in fuel inflation. The reason behind double digit food inflation could be attributed to supply side bottleneck due to unfavourable south west monsoon.

(d)The Government has taken several measures to control inflation, which include:

- (i)Reducing import duties to zero - for rice, wheat, pulses, edible oils (crude) and sugar.
- (ii)Reducing import duties on refined & hydrogenated oils & vegetable oils.
- (iii)Allowed import of raw sugar at zero duty under open general licence (OGL). This has since been extended upto 31.12.10.
- (iv)Levy obligation removed in respect of all imported raw sugar and white/ refined sugar.
- (v)Banned export of non-basmati rice, edible oils and pulses (except kabuli chana).
- (vi)Imposed stock limit orders in the case of paddy, rice, pulses, sugar, edible oils and edible oilseeds.

In addition, a Core Group of Chief Ministers and concerned Central Ministers has been constituted on 15th March, 2010 to discuss issues related to prices of essential commodities with Ministry of Agriculture as nodal agency.

Recently, the RBI has announced in its Annual Policy Statement for 2010-11 to increase the Repo Rate by 25 basis points from 5.00 per cent to 5.25 per cent and the Reverse Repo rate by 25 basis points from 3.50 per cent to 3.75 per cent with immediate effect. It has been decided to increase the Cash Reserve Ratio (CRR) by 25 basis points from 5.75 per cent to 6.00 per cent w.e.f. from fortnight beginning April 24, 2010.

As can be seen from the above, several anti inflationary measures will continue during 2010-11. Further, as a result of these measures inflation in food has declined to 17.66 per cent in March, 2010 from its peak of 20.47 per cent in December, 2009.