

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2164

ANSWERED ON:06.08.2010

INFLATION

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

- (a) the impact of inflation on the economy and the common man during the last three years;
- (b) the reasons for failure of previous attempts to bring down inflation; and
- (c) the steps taken or proposed to effectively tackle the inflation?

**Answer**

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

(a) The Government monitors the price situation regularly in the interest of common man, with price stability being high on its agenda. Due to the measures taken by the Government, inflation in food has declined to 12.73 per cent in June, 2010 from 20.47 per cent in December, 2009 (Table 1).

Table 1 Average inflation in WPI for last three years (%)

	2007-08	2008-09	2009-10	Apr- 10	May-10	Jun-10
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All commodities	4.61	8.44	3.85	11.23	10.16	10.55
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Food items	3.57	7.59	8.72	15.16	14.56	12.73
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(b) & (c) Measures taken to contain prices of essential commodities and to make available essential items at fair prices include selective ban on exports and futures trading in rice, urad and tur; zero import duty on select food items; removal of restrictions on licensing, stock limits and movement of food articles under the Essential Commodities Act of 1955; permitting imports of pulses and sugar by public sector undertakings; distribution of imported pulses and edible oils through the Public Distribution System (PDS) and release of higher quota of non-levy sugar.

Further as part of the monetary policy review, the Reserve Bank of India (RBI) has gradually raised the policy rates to contain inflation and anchor inflationary expectations, while not hurting the recovery process.