

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:985
ANSWERED ON:30.07.2010
SPREAD OF INFLATION
Anandan Shri K.Murugeshan

Will the Minister of FINANCE be pleased to state:

- (a) whether inflation is becoming broadbased, spreading from primary articles to manufacturing and fuel; and
- (b) the concrete steps the Government are taken to protect the common man from inflation?

Answer

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

(a) The WPI based year-on-year headline inflation has increased to 10.55 per cent in June, 2010 from 5.55 per cent in November, 2009. Contribution to overall inflation of primary articles has declined to 37.57 per cent in June, 2010 from 59.30 per cent in November, 2009. However, Fuel contribution has increased to 26.90 per cent from (-) 2.85 per cent in November, 2009 and non-food manufactured product (wt. 53.72 %) contribution has also increased to 27.39 per cent in June, 2010 from 12.57 per cent in November, 2009.

(b) The Government monitors the price situation regularly, with price stability being high on its agenda. Measures taken to contain prices of essential commodities include selective ban on exports and future trading in food grains; zero import duty on select food items; removal of levy obligation in respect of imported raw sugar and white/refined sugar; 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.