

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:5208

ANSWERED ON:27.08.2010

PRICE RISE

Mahto Shri Baidyanath Prasad;Sharma Shri Jagdish

Will the Minister of FINANCE be pleased to state:

(a) whether the Government has no formula to rein in prices;

(b) if so, the reasons therefor;

(c) whether the Reserve Bank of India (RBI) has expressed its helplessness to contain the price rise immediately and provide relief to the people;

(d) if so, the reaction of the Government thereto; and

(e) the name of the institutions to whom responsibility has been assigned to check the price rise?

Answer

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

(a) to (e): The Government monitors the price situation regularly, with price stability being high on its agenda. Government has initiated several fiscal, administrative and monetary measures in current financial year to address the problem of inflation. As a result, inflation in combined food has declined to 9.63 per cent in July, 2010 from its peak of 20.47 per cent in December, 2009. Starting in January 2010, the RBI, has so far cumulatively raised the CRR by 1.00 per cent to 6.00 per cent, the repo rate has been increased by 100 basis points to 5.75 per cent and reverse repo rate has been increased by 125 basis points to 4.50 per cent during 2010. Monetary measures work through a complex process of long and variable lags. As a result, inflation in non-food manufactured products has declined to 5.73 per cent in July, 2010 from its peak of 7.40 per cent in April, 2010.