

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:2947  
ANSWERED ON:24.07.2009  
IMPACT OF DEFLATIONARY TREND  
Meinya Dr. Thokchom;Raghavendra Shri B. Y.

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

(a) whether the Government has apprehended any adverse impact as a result of recent deflationary trends state in the Indian economy; and

(b) if so, the details thereof and action taken thereon?

**Answer**

MINISTER OF STATE FOR FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) : The fall in year-on-year inflation measured by the Wholesale Price Index (WPI) to negative rates in June, 2009 was an extension of the declining trend which set in from September 2008, due to the global financial crisis and deceleration in global prices. The negative inflation stemmed from a major decline in the index value of the commodity group of fuel, power, light and lubricants and a lesser decline in inflation in the group of manufactured products. It is partly statistical in its nature, accruing from the high base in the corresponding period of 2008. CPI inflation in contrast remains positive.