

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

STARRED QUESTION NO:158

ANSWERED ON:19.11.2010

INFLATION

Bhagat Shri Sudarshan;Yadav Shri Dinesh Chandra

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

- (a)the rate of inflation during the last two years, month-wise;
- (b)whether according to a recent estimate by the Reserve Bank of India, the rate of inflation is likely to be higher in future;
- (c)if so, the details thereof; and
- (d)the details of the policy decisions taken by the Government during the last six months to control the rate of inflation?

**Answer**

FINANCE MINISTER(SHRI PRANAB MUKHERJEE)

(a)to(d): A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO.158 DUE FOR ANSWER ON NOVEMBER 19, 2010 BY SHRI SUDARSHAN BHAGAT AND SHRI DINESH CHANDRA YADAV

(a) to (c) The rate of inflation during the last two years, month- wise, is given below:

Table 1: WPI inflation during 2008-09 to 2010-11 (%)

	2008-09	2009-10	2010-11
Apr	7.95	0.89	11.00
May	8.20	1.21	10.60
Jun	10.89	-0.71	10.28
Jul	11.25	-0.62	10.02
Aug	11.22	0.31	8.82
Sep	10.78	1.09	8.62 (P)
Oct	10.58	1.48	8.58 (P)
Nov	8.57	4.50	
Dec	6.60	6.92	
Jan	5.88	8.53	
Feb	3.45	9.68	
Mar	1.48	10.23	

P: Provisional

RBI in its second quarter Policy Review based on the new series has projected WPI inflation for March 2011 at 5.5 per cent, which is equivalent to 6.0 per cent under the old series projected by RBI in its 1st quarter Policy Review in July 2010.

Some of the important anti-inflationary measures taken during the last six months to control the rate of inflation are given below:

- i. Maintain the Central issue price for rice at Rs.5.65 per kg. for BPL and Rs.3 per kg. for AAY and wheat at Rs. 4.15 per kg. for BPL and Rs. 3 per kg. for AAY.

ii. Imposed stock limit orders in the case of pulses, paddy and rice for a further period upto 30th September 2011, edible oil and edible oilseeds for a further period upto 31st March, 2011, sugar for a further period upto 31st December, 2010.

iii. The scheme of upto 15 per cent subsidy to cover losses, if any, incurred in the import of pulses by PSUs and NAFED has been extended upto 31.3.2011.

iv. Import duty on rice at zero duty till 30.9.2011.

v. Ban on export of non-basmati rice to continue till further orders.

vi. The prevailing import duty structure of zero import duty on crude oils and 75 per cent import duty on refined edible oils will be continued for one more year from 1.10.2010.

vii. The existing ban on export of edible oils will be continued upto 30.9.2011, except for coconut oil through Kochi port, fish oil, oils produced from minor forest produce and edible oils in branded consumer packs of upto 5 kg with a ceiling of 10,000 tons from 1.11.2010 to 31.10.2011.

viii. In order to enhance the production of major agricultural commodities and thereby safeguarding interest of consumers by making available supplies, Government has increased the minimum support price of Rabi crops of 2010-11 season to be marketed in 2011-12. There has been a substantial increase in the Minimum Support Price (MSP) of gram, masur, safflower etc.

ix. For the month of September, 2010, 16.72 lakh tons of levy sugar have been made available. Besides, levy sugar quota of 2.28 lakh tones also been released.

x. Specific adhoc additional allocation of 30.66 lakh tones of foodgrains has been made for all cardholders wef 19.05.2010 with validity for lifting up to 20.11.2010@ of Rs. 8.45 per kg for wheat and Rs. 11.85 per kg for rice.

xi. Recently, the Government has also decided on providing, an additional allocation of 4.57 lakh tones of foodgrains per month for APL families at the prevailing APL CIP. This is applicable initially for a period of six months to those States where APL allocations are below 15 kg per family per month.

xii. Efforts to keep fiscal and revenue deficits on a downward trajectory as stated in the last Union Budget are continuing.

xiii. RBI has taken suitable measures to moderate demand levels consistent with capacity of the economy to maintain its growth without provoking price rise. Accordingly, the Repo rate and Reverse Repo rate increased to 6 per cent and 5 per cent respectively on September 16, 2010 from a level of 5.75 per cent and 4.50 per cent respectively. Further during their Second Quarter Policy Review on November 2, 2010 RBI raised the Repo rate and Reverse Repo rate to 6.25 per cent and 5.25 per cent respectively. Measures taken by RBI during last six month are given below.

Table : Changes in the Policy rates of RBI

	Repo Rate	Reverse Repo Rate	Cash Reserve Ratio (CRR)	Repo Rate	Cash Reserve Ratio
April 24, 2010	5.25	3.75	6.00		
July 2, 2010	5.50	4.00	6.00		
July 27, 2010	5.75	4.50	6.00		
Sep 16, 2010	6.00	5.00	6.00		
Nov 2, 2010	6.25	5.25	6.00		