

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:4040  
ANSWERED ON:03.12.2010  
FOOD INFLATION  
Rani Killi Krupa

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

- (a) whether the Reserve Bank of India (RBI) in its recent report stated that normal monsoon is likely to bring the food inflation to normalcy;
- (b) if so, the details thereof; and
- (c) the steps proposed to be taken by the Government in this regard?

**Answer**

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

(a) to (c) Reserve Bank of India Monthly Bulletin of September, 2010 has indicated likelihood of moderation in food prices over the next few months in response to a reasonably good monsoon. The food inflation (weight 24.31 %) reached its peak of 20.22 per cent in the month of February, 2010, thereafter, declined to 18.50 per cent in March 2010 and further to 9.97 per cent in October, 2010.

Government monitors the price situation regularly as price stability remains high on its agenda. Measures taken to contain prices of essential commodities include selective ban on exports and futures trading in food grains, zero import duty on select food items, permitting import of pulses and sugar by public sector undertakings, distribution of imported pulses and edible oils through PDS and release of higher quota of non-levy sugar. 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 were 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.