

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1792

ANSWERED ON:19.11.2010

PRICE RISE

Joshi Dr. Murlī Manohar;Vardhan Shri Harsh

Will the Minister of FINANCE be pleased to state:

(a)the details of financial measures implemented to check price rise during the last three years and the outcome thereof;

(b)whether the Government has implemented non-financial measures to check the price rise in view of declining growth rate in industrial sector in the country; and

(c)if so, the details thereof for each of the last three years and the current year alongwith the reasons therefor?

Answer

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

(a)to(c) Government monitors the price situation regularly as price stability remains high on its agenda. Important 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 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. The details of changes in key policy rates in India during the last three years are indicated in Table 1 below.

Table 1: Movements in Key Policy Rates in India (Per cent)

Effective Reverse Repo Cash Effective Reverse Repo Cash
since Repo Rate Reserve since Repo Rate Reserve
Rate Ratio Rate Ratio

Apr 26,2008	6.00	7.75	7.75	Jan 5,2009	4.00	5.50	5.50
May 10,2008	6.00	7.75	8.00	Jan 17,2009	4.00	5.50	5.00
May 24,2008	6.00	7.75	8.25	Mar 4,2009	3.50	5.00	5.00
Jun 12,2008	6.00	8.00	8.25	Apr 21,2009	3.25	4.75	5.00
Jun 25,2008	6.00	8.50	8.25	Feb 13,2010	3.25	4.75	5.50
Jul 5, 2008	6.00	8.50	8.50	Feb 27,2010	3.25	4.75	5.75
Jul 19,2008	6.00	8.50	8.75	Mar 19,2010	3.50	5.00	5.75
Jul 30,2008	6.00	9.00	8.75	Apr 20,2010	3.75	5.25	5.75
Aug 30,2008	6.00	9.00	9.00	Apr 24,2010	3.75	5.25	6.00
Oct 11,2008	6.00	9.00	6.50	Jul 2,2010	4.00	5.50	6.00
Oct 20,2008	6.00	8.00	6.50	Jul 27,2010	4.50	5.75	6.00
Oct 25,2008	6.00	8.00	6.00	Sep 16,2010	5.00	6.00	6.00
Nov 3,2008	6.00	7.50	6.00	Nov 2,2010	5.25	6.25	6.00

Nov 8, 2008 6.00 7.50 5.50

Dec 8, 2008 5.00 6.50 5.50

The average growth of overall industrial production for the period of April- September 2010-11 stands at 10.24 per cent as against 6.32 per cent for the corresponding period of 2009-10. The headline WPI inflation moderated to single digit from August, 2010 and recorded 8.58 per cent in October, 2010.