GOVERNMENT OF INDIA
FINANCE
LOK SABHA

UNSTARRED QUESTION NO:2676
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INFLATION RATE
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Will the Minister of FINANCE be pleased to state:

(a)whether rate of inflation in India is more during 2010-11 in comparison to other developed and developing countries in the world;

(b) if so, the facts in this regard indicating the average annual rate of inflation in India and other developed and developing countries in the world;

(c) the reasons for such a huge gap in it; and

(d) the reaction of the Government thereto?

Answer

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

(a) & (b) On an average annual basis, the inflation as per Consumer Price Index (Industrial Workers) in India was 12.0 per cent in 2010, higher than the average in advanced economies (1.6 per cent) and emerging and developing economies (6.2 per cent) during the same year (Table 1). However, over the last three months India's inflation has come down and is in single digit zone.

Table 1: Annual Inflation (Consumer Prices) in 2010

Advanced Economies	1.6	Turkey	8.6
China, P.R.: Hong Kong	2.4	Mongolia	10.1
United Kingdom	4.6	Russia	6.9
United States	1.6	Ukraine	9.4
Emerging & Dev. Economies	6.2	Egypt	11.3
India	12.0	Iran	10.1
Indonesia	3.6	Yemen	11.2

Pakistan	13.9	Argentina	10.6
Thailand	3.3	Brazil	5.0
Vietnam	8.9	Venezuela	29.1

January to December 2010.

(c)The difference in inflation rates across countries could occur on account of several of factors, such as: (i) The consumption basket differs significantly across countries and developed countries have a higher share of services on total consumption. (ii) During recent years, much of the increase in inflation has been led by increase in commodity prices especially food, fuel and metals. This had differential impact on inflation with inflation being high in developing economies as compared to the advanced economies as developing economies have higher share of these goods in their consumption basket. (iii) Rapidly rising food prices in several economies such as China, India, Indonesia, Brazil and Russia are also a major contributory factor.

(d)The 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 the PDS and release of higher quota of non-levy sugar. In addition, the Government has been rolling back the fiscal stimulus and the Reserve Bank of India has taken policy measures to curb excess liquidity.