

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:3991
ANSWERED ON:05.09.2012
WPI AND CPI
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Wholesale Price Index (WPI) and Consumer Price Index (CPI) have touched an all time high in the recent months;
- (b) if so, the details thereof and the reasons attributed for steep rise in WPI and CPI;
- (c) whether the Government has taken any steps to control the WPI and CPI and to ease affordable availability of food items and consumer goods to the common man in the country;
- (d) if so, the details thereof; and
- (e) the steps taken by the Government to control the WPI and CPI?

Answer

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

(a) The Wholesale and Consumer Price indices indicate the level of prices relative to their base year. At the current level, these indices indicate the cumulative increase in prices from their base year, while the annual inflation indicates year-on-year changes in prices. Details of the level of indices and inflation for the current financial year are given below:

Price Indices	Year-on-Year inflation (%)					
	WPI	CPI-IW	CPI-NS	WPI	CPI-IW	CPI-NS
Base:	2004-05	2001	2010	2004-05	2001	2010
Apr-12	163.5	205	117.1	7.50	10.22	10.26
May-12	163.9	206	118.2	7.55	10.16	10.36
Jun-12	164.2	208	119.6	7.25	10.05	9.93
Jul-12	164.8	212	121.4	6.87	9.84	9.86

(b) The WPI and CPI in recent months have been driven mainly by increase in prices of food items especially vegetables, protein foods and edible oils. High inflation in these commodities reflects both structural demand supply imbalances and input cost pressures.

Reserve Bank of India (RBI), in their first quarterly review of Macroeconomic Developments has also indicated the persistence of inflation due to labour market conditions. While the growth of staff cost in the formal sector has remained elevated, increase in wages in rural areas have also been high.

(c) to (e) Apart from several fiscal, monetary and administrative measures taken earlier, the Government of India announced the following measures in the Union Budget 2012-13 to reduce supply bottlenecks:

i. National Mission for Protein Supplement: To improve productivity in the dairy sector, a Rs.2,242 crore project is being launched with World Bank assistance. To broaden the scope of production of fish to coastal aquaculture, apart from fresh water aquaculture, the outlay in 2012-13 is being stepped up to Rs.500 crore. Suitable allocations are also being made for poultry, piggery and goat rearing.

ii. Provision to add storage capacity for food grains: 5 million tonnes capacity is proposed to be added during 2012-13.

iii. The allocations for the scheme Bringing Green Revolution to Eastern India (BGREI) has been increased from Rs.400 crore in 2011-12 to Rs.1000 crore in 2012-13 as the scheme has resulted in additional paddy production of seven million tonnes in Kharif 2011.

iv. A 18 per cent higher budgetary allocation for agriculture, besides an increase in targeted credit for agriculture credit by Rs.100,000 crore should help from the supply side.

RBI also raised the policy rates by 375 points from March 2010 to October 2011 to moderate demand and contain inflationary pressures.