

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**  
**STARRED QUESTION NO. 5**  
TO BE ANSWERED ON 29.11.2021

**RETAIL INFLATION**

\*5. SHRI VIJAYAKUMAR (ALIAS) VIJAY VASANTH:  
SHRI PARTHIBAN S.R.:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Government is aware of the jump in the retail inflation as well as the Wholesale Price Index (WPI) to an all time high;
- (b) if so, the details thereof;
- (c) whether the Government has assessed the reasons for higher inflation;
- (d) if so, the details thereof and if not, the reasons therefor; and
- (e) the corrective steps, if any, being taken by the Government to curtail the spiralling inflation rates in the country?

**ANSWER**

FINANCE MINISTER  
(SMT. NIRMALA SITHARAMAN)

(a) to (e): A statement is laid on the Table of the House.

**STATEMENT REFERRED TO IN REPLY TO THE LOK SABHA STARRED QUESTION NO. 5  
RAISED BY SHRI VIJAYAKUMAR (ALIAS) VIJAY VASANTH AND SHRI PARTHIBAN S.R  
FOR 29<sup>TH</sup> NOVEMBER, 2021 ON RETAIL INFLATION**

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(a) & (b) Government regularly monitors the inflation situation in the economy. Inflation rate based on the Consumer Price Index-combined (CPI-C) and Wholesale Price Index (WPI) from April 2021 to October 2021 are given in the table below.

<b>Inflation rate (%)</b>	<b>Apr-21</b>	<b>May-21</b>	<b>Jun-21</b>	<b>Jul-21</b>	<b>Aug-21</b>	<b>Sep-21</b>	<b>Oct-21</b>
CPI-C based retail Inflation	4.23	6.30	6.26	5.59	5.30	4.35	4.48
WPI based Wholesale Inflation	10.74	13.11	12.07	11.57	11.64	10.66	12.54

CPI-C data for last one month and WPI data for last two months is provisional  
Source: M/o Statistics & Programme Implementation and M/o Commerce and Industry

(c) & (d) Inflation rate based on the CPI-C is the headline inflation rate for the economy. From July 2021, retail inflation based on CPI-C is well within the targeted limit of 4% with tolerance band of +/- 2 percentage points set by the Government for the period April 1, 2021- March 31, 2026. Inflationary pressure was broadly reported in 'oils & fats' and 'fuel and light' category in CPI-C. The uptrend in inflation has been largely led by exogenous factors viz. increased international prices of crude oil and edible oils which have an impact on domestic inflation due to India's import dependence on these items. The rise of WPI inflation is also mostly driven by 'fuel and power' and manufactured products inflation, once again driven by increased global prices of crude oil and increase in international commodity/input prices.

(e) Several supply side measures have been taken by the Government to curb the inflationary pressures. Some of these include:

**Crude Oil/Petroleum Products:** To check the petrol and diesel prices, Central Government has reduced Central Excise Duty on Petrol & Diesel by Rs. 5 and Rs. 10 respectively with effect from 04.11.2021. In response many states governments have also reduced Value Added Tax on petrol and diesel. Consequently, retail prices of petrol and diesel have sobered down. As an additional measure to control prices, India has agreed to release 5 million barrels of crude oil from its Strategic Petroleum Reserves. This release will happen in parallel and in consultation with other major global energy consumers including the USA, People's Republic of China, Japan and the Republic of Korea.

**Essential Commodities:** Price situation of major essential commodities is being monitored by the Government on a regular basis and corrective action taken from time to time.

**Pulses:** To control price rise in pulses, some of the measures taken by the Government include: (i) A buffer stock target of 23 lakh metric tonne (LMT) has been approved for 2021-22. Stocks are subsequently utilised for stabilizing prices through Open Market sales (ii) Government has also imposed stock limits on some pulses under the Essential Commodities Act, 1955 in July 2021 to prevent hoarding. (iii) Changes have been made in the import policy by keeping Tur and Urad under 'free' category till 31st December, 2021. (iv) Basic import duty and Agriculture Infrastructure and Development Cess on Masur have been brought down to zero and 10% respectively. (v) Additionally, 5-year Memorandum of Understanding (MoUs) have been signed with Myanmar for annual import of 2.5 LMT of Urad and 1 LMT of Tur, and with Malawi for annual import of 0.50 LMT of Tur and MoU with Mozambique for annual import of 2 LMT Tur has been extended for another 5 years.

**Edible Oils:** To soften the prices of edible oils, tariffs on edible oils have been rationalized and stock limits imposed upto a period of March 31, 2022, to avoid hoarding. National Mission on Edible Oils- Oil Palm has been approved with a financial outlay of Rs.11,040 crore to encourage domestic production and availability of oil palm.

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