

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:784

ANSWERED ON:04.03.2005

INFLATION RATE

Adhalrao Patil Shri Shivaji;Baxla Shri Joachim;Bose Shri Subrata;Sen Smt. Minati

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

- (a) whether the inflation rate has come down to 5.6% at the end of first week of January, 2005;
- (b) if so, the month-wise inflation rate for the last one year;
- (c) whether surge in prices of essential items has prevented further fall in wholesale price index based inflation ;
- (d) if so, the reasons for surge prices of essential items; and
- (e) the steps taken or being taken by the Government to bring down the inflation rate and to check the price rise of essential commodities ?

**Answer**

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI S.S. PALANIMANICKAM)

(a) Yes, Sir. The annual point-to-point inflation in terms of the Wholesale Price Index (WPI), after reaching a peak at 8.7 per cent on 28th August 2004 in the current financial year, witnessed gradual fall and reached 5.6 per cent as on January 8, 2005 and declined further to 5 per cent as on February 12, 2005.

(b) and (c) The month- wise overall WPI inflation and inflation rate for 30 essential items since January 2004 are given in the following table:

WPI Annual Inflation (Per cent)

Year/Month	WPI (overall)	30 Essential items
2004 Jan	6.5	3.8
Feb	6.1	5.3
Mar	4.8	5.3
Apr	4.5	4.5
May	5.0	4.9
Jun	6.7	4.9
Jul	7.6	4.8
Aug	8.5	4.8
Sep	7.9	5.9
Oct	7.2	5.2
Nov	7.5	5.1
Dec#	6.7	5.0
2005 Jan#	5.5	5.9
Feb 12#	5.0	4.0

# Provisional

(d). As observed in the above table, inflation rate of essential items, in general, remained moderate. As on February 12, 2005, out of 30 essential items, 14 items witnessed decline in absolute prices over the last year and 7 items registered inflation between zero to

five per cent. However, there was high inflation for potato (50.7%), sugar (20.7%), salt (31.7%), bajra (22.7%), gur (37.6%) and cooking coal (36.9%).

(e) Anti-inflationary policies of the government include strict fiscal and monetary discipline, reduction of excise and import duties of selected essential commodities so that there is no undue burden on the poor, effective supply-demand management of essential items through liberal trade policies, and strengthening the public distribution system.