

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1537
ANSWERED ON:03.03.2006
CHECKING INFLATION
Deora Shri Milind Murl;Thomas Shri P.C.

Will the Minister of FINANCE be pleased to state:

- (a) whether as per the RBI's monetary policy review, higher international crude oil prices could lead to inflation pressure on the economy;
- (b) whether rising gold imports pose a serious concern even on the balance of payments front;
- (c) if so, the trade deficit during this financial year as compared to the last three years; and
- (d) the measures to be devised to combat this consumer inflation?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI PAWAN KUMAR BANSAL)

- (a) The Reserve Bank of India in the third quarter review of Annual Monetary Policy for the year 2005-06 (January 24, 2006) has observed that international crude oil prices continue to remain the major risk to growth and inflation.
- (b) The share of gold and silver imports in total imports was 8.8 and 10.0 per cent during 2003-04 and 2004-05, respectively. While gold and silver imports grew by 59.9 per cent and 59.6 per cent in 2003-04 and 2004-05, respectively, the overall balance of payments position remained comfortable.
- (c) As per the information from Director General of Commercial Intelligence & Statistics (DGC&S), trade deficit in the current financial year during April-January 2006 is US\$ 33.8 billion. The trade deficit was US\$ 8.7 billion, US\$14.3 billion and US\$ 28.6 billion during 2002-03, 2003-04 and 2004-05, respectively.
- (d) The anti-inflationary policies of the Government in the recent past included strict fiscal and monetary discipline; rationalization of excise and import duties of essential commodities, including petroleum products to lighten the burden on the consumer; effective supply-demand management of sensitive items through appropriate tariff and trade policies; and strengthening the public distribution system.