

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

**FINANCE MINISTER HOLDS MODERATION IN INFLATION WOULD
CONTINUE IN COMING MONTHS; CALLS FOR NEED TO BUILD ON IIP
RECOVERY WITH A STRONGER PERFORMANCE OF CAPITAL GOODS AND
INVESTMENTS TO RECOVER THE GROWTH MOMENTUM IN THE
REMAINING PERIOD OF THE CURRENT FINANCIAL YEAR**

New Delhi: January 12, 2012

The Union Finance Minister Shri Pranab Mukherjee said that he is confident that moderation in inflation would continue in the coming months, though softening in the prices of manufactured goods, despite the rapid decline in non-food primary inflation, may be more gradual. The Finance Minister Shri Mukherjee maintains that the headline inflation should be between 6 and 7 per cent by end March 2012. The Finance Minister Shri Mukherjee was reacting to the weekly WPI for primary articles for the week ending Dec. 24, 2011 which was released today. It shows that the food inflation continues to be negative for the second week in a row at -2.90 per cent. The inflation in primary articles is now 0.51 per cent as against 0.10 per cent in the preceding week.

The Union Finance Minister Shri Pranab Mukherjee said that as far as the IIP figures for November 2011 which have also been released today, are concerned, there is a strong recovery over the previous month when there was a contraction in IIP by about (-) 4.7 per cent (revised). The overall growth is estimated at 5.9 per cent over November 2010, the Minister added. Shri Mukherjee further said though growth in capital goods continues to be negative (-) 4.6 %, yet there has been a strong revival of growth in consumer goods at over 13 per cent with consumer non-durables goods growing faster than the consumer durables goods.

The Union Finance Minister Shri Pranab Mukherjee said that the good news for this year so far has been the strong performance of electricity sector which has

recorded a growth of 9.5 per cent in the period April-November 2011 as against 4.5 per cent in the same period last year. The Finance Minister Shri Mukherjee said that we need to build on this recovery with a stronger performance of capital goods and therefore investments, to recover the growth momentum in the remaining months of the current financial year. The policy focus will have to be accordingly adjusted, the Minister added.

DSM/GN