

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

INFLATION RATE

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The general and sector-wise inflation interims of Wholesale Price Index (WPI) since October 2011 is given below:

Wholesale Price Inflation (Year-on-Year in per cent)

	All Commodities	Primary Articles	Fuel and Power	Manufactured Products
October- 2011	9.87	10.96	14.79	8.05
November – 2011	9.46	8.90	15.48	8.17
December- 2011	7.74	3.59	14.98	7.64
January – 2012	6.89	2.76	14.61	6.71
February-2012 (P)	6.95	6.28	12.83	5.75
March – 2012 (P)	6.89	9.62	10.41	4.87

P-Provisional

Overall inflation in March, 2012 for all major groups was lower compared to the rate of inflation in October, 2011. In case of primary articles, however, inflation after declining to 2.76 per cent in January, 2012 increased to 9.62 per cent in March, 2012. Apart from the base effect, increase in the inflation of primary articles was largely on account of persistently high inflation for protein rich items like milk and “egg, meat and fish”.

Inflation for 31 essential commodities has declined from 18.5 per cent in March, 2010 to around 5 per cent in January 2012 before inching upward to 8.9 per cent in March 2012 mainly due to high inflation in protein rich items on account of structural demand supply imbalances.

The Reserve Bank took necessary monetary measure to contain inflation. The repo rate under the Liquidity adjustment facility (LAF) was cumulatively increased by 375 basis points between March 2010 and October 2011 to 8.5 per cent. With moderation of inflation beginning December, 2011 and in view of decelerating growth, the policy rates were reduced by 50 basis points. The policy action is intended to : (i) Adjust policy rates to levels consistent with the current growth moderation, (ii) guard against re-emergence of the risks of demand-led

inflationary pressures re-emerging and (iii) provide a greater liquidity cushion to the financial system.

The Union budget for 2012-13 has proposed certain specific supply side measures which could improve the inflation situation, particularly in case of protein rich items.

- National Mission for Protein Supplement: To increase the supply of the protein supplements, government had launched a National Mission for Protein supplements in 2011-12 with allocation of Rs.300 crore. The Mission has taken up activities to promote animal based protein production through livestock development, dairy farming and fisheries in selected blocks. Union budget 2012-13 has attempted to further strengthen the mission.
- National Mission on Oilseeds and Oil Palm aims to increase production and productivity of oil seeds and oil palm.
- 5 million tones storage capacity for food grains is proposed to be added during 2012-13.
- The allocations for the scheme Bringing Green Revolution to Eastern India (BGREI) has also been increased from Rs.400 crore in 2011-12 to Rs.1000 crore in 2012-13 in view of its potential for increasing availability of agricultural produce.

This information was given by the Minister of State for Finance, Shri Namo Narain Meena in written reply to a question in Lok Sabha today.

DSM/SS/Hb