

**PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA**

FM CONFIDENT THAT MODERATION IN INFLATION WOULD CONTINUE IN THE COMING MONTHS ; EXPECTS THAT THE MARCH END 2012 INFLATION WILL BE CLOSER TO 6 PER CENT; JANUARY FOOD INFLATION NEGATIVE FOR THE FIRST TIME IN THE PRESENT ROUND OF INFLATION

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The Union Finance Minister Shri Pranab Mukherjee said that he is now 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 said that he now expects that the March end 2012 inflation will be closer to 6 per cent.”

The Union Finance Minister Shri Pranab Mukherjee was reacting to the monthly headline inflation figures released today, i.e. 14th February 2012.

The Union Finance Minister Shri Pranab Mukherjee said that the main worry going forward is on edible oils, milk and some animal proteins which may continue to threaten food inflation, as the required institutional reforms in agricultural marketing and improvement in storage and cold chains will operate with a lag. The Finance Minister further said that moreover, these are areas where States have to take a lead and take advantage of Central Government initiatives in these areas announced in the last two Union Budgets.

Earlier the monthly headline inflation data was released today. The annual headline inflation rate (year-on-year) for January 2012 has declined to 6.55 per cent as against 7.47 per cent in December 2011 and 9.47 per cent in January, 2011. There has been a significant decline in January food inflation, which is negative at -0.52 per cent for the first time in the present round of inflation. The manufactured inflation has declined to 6.49 per cent from 7.41 per cent in the preceding month. Inflation in fuel and power group of items has also declined, though only marginally.

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