

PRESS INFORMATION BUREAU
GOVERNMENT OF INDIA

MEASURES TO CHECK INFLATION

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The Government has taken necessary fiscal and administrative measures to contain inflation. Reserve Bank of India has also raised the policy rates to contain inflation and anchor inflationary expectations. To overcome supply side constraints, particularly in protein foods, following supply side measures have also been taken:

- National Mission for Protein Supplement: to improve productivity in the dairy sector, a Rs.2,242 crore project is being launched with World Bank assistance. To broaden the scope of production of fish to coastal aquaculture, apart from fresh water aquaculture, the outlay in 2012-13 is being stepped up to Rs.500 crore. Suitable allocations are also being made for poultry, piggery and goat rearing.
- Provision to add storage capacity for food grains: 5 million tones capacity is proposed to be added during 2012-13.
- The allocations for the scheme bringing Green Revolution to Eastern India (BGREI) has been increased from Rs.400 crore in 2011-12 to Rs.1000 crore in 2012-13 as the scheme has resulted in additional paddy production of seven million tonnes in Kharif 2011.
- A 18 per cent higher budgetary allocation for agriculture, besides an increase in targeted credit for agriculture credit by Rs.100,000 crore should also help from the supply side.

The headline inflation in terms of Wholesale Price Index (WPI) for last one year is given in Table below:

	WPI-All Commodities
Aug-11	9.78
Sep-11	10.00
Oct-11	9.87
Nov-11	9.46
Dec-11	7.74
Jan-12	7.23
Feb-12	7.56
Mar-12	7.69
Apr-12	7.50

May-12	7.55
Jun-12	7.25
Jul-12	6.87

Continued high inflation as well as other adverse global and domestic macro-economic factors have affected demand and resulted in a slower growth of economy. The rate of growth of Gross Domestic Product (GDP) witnessed a sequential slowdown from 9.2 per cent in Q4 (Jan-Mar) of 2010-11 to 5.5 per cent in Q4 (Jan-Mar) of 2011-12.

The headline and food inflation as per WPI and the CPI-New series, which reflects the inflation at retail price level, is given below:

WPI and CPI-NS-Food and Non-Food Inflation (Per cent)

Areas		WPI			CPI-New Series	
Groups	Headline	Food	Non-food	Headline	Food	Non-food
Weight	100.0	24.31	75.69	100.0	47.6	52.4
Jan-12	7.23	1.45	9.52	7.65	4.06	11.02
Feb-12	7.56	5.93	8.18	8.83	6.65	10.83
Mar-12	7.69	8.70	7.32	9.38	8.10	10.54
Apr-12	7.50	9.31	6.82	10.26	10.11	10.40
May-12	7.55	8.93	7.03	10.36	10.52	10.22
Jun-12	7.25	9.03	6.58	9.93	10.78	9.16
July-12	6.87	8.72	6.17	9.86	11.53	8.37

During January 2012, food inflation was lower than the overall CPI inflation. However, since May 2012, the food inflation is higher than the overall CPI inflation.

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

DSM/RS/Hb