

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

RAJYA SABHA
STARRED QUESTION NO. *35

TO BE ANSWERED ON 06.02.2024

Rise in retail inflation

***35. DR. M. THAMBIDURAI:**

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that retail inflation is on the rise in the country;
- (b) if so, the details of the current inflation;
- (c) whether Government has conducted any study to find out the reasons for such an increase;
- (d) if so, the details of the study and the result thereof; and
- (e) the steps taken/being taken by Government to bring down the level of inflation in the country?

ANSWER

THE FINANCE MINISTER
(SMT NIRMALA SITHARAMAN)

(a) to (e): A statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO THE RAJYA SABHA STARRED QUESTION NO.*35 RAISED BY DR. M. THAMBIDURAI FOR 6th FEBRUARY, 2024 ON “RISE IN RETAIL INFLATION”

(a) & (b): India’s retail inflation has declined from an average of 6.8 per cent in April-December 2022 to 5.5 per cent in the corresponding period of 2023. The retail inflation is now stable and within the notified tolerance band of 2 per cent to 6 per cent. A steady decline in core inflation, estimated after removing volatile food and fuel items from retail inflation, has been critical in reducing the inflationary pressures in the Indian economy. The core inflation has declined from 5.1 per cent in April 2023 to 3.8 per cent in December 2023.

(c) & (d): After the notification of the inflation tolerance band in 2016, retail inflation in India averaged only 5 per cent till 2023-24 (April-December). Temporary increases in inflation on a few occasions are caused by demand-supply mismatches arising out of global shocks and adverse weather conditions. The Government has taken timely and proactive supply-side initiatives that have helped to resolve the demand-supply mismatches and to rein in inflation.

(e): The measures taken by the Government to contain inflation included strengthening buffers of key food items and making periodic open market releases, easing imports of essential food items through trade policy measures, preventing hoarding through imposition/revision of stock limits, channelling supplies through designated retail outlets, and, increasing the targeted subsidy of LPG for Pradhan Mantri Ujjwala Yojana beneficiaries. Under the Bharat Dal initiative launched in July 2023, 2.97 lakh metric tonnes (LMT) of chana dal has been sold at subsidised prices through 17,831 retail outlets and mobile vans, and also through e-commerce platforms till 31.01.2024. The Bharat Dal has been extended to include moong dal also. Besides, the Government introduced Bharat Atta and distributed 2.37 LMT of Atta at subsidized prices through retail outlets till 28.01.2024. The Government has also decided to start retail sale of rice, under the Bharat Rice brand, at a price of Rs. 29 per kg for 5 Kg and 10 Kg bags through NAFED, NCCF and Kendriya Bhandar. In order to check the volatility in prices of onion, the Government has progressively increased its buffer size from 1.00 LMT in 2020-21 to 7.00 LMT in 2023-24. As of 03.02.2024, a total of 6.32 LMT of onion was procured and 3.96 LMT of Grade A onion was released through retail sales, e-Nam auction and bulk sales. To ensure food security to the poor, the Pradhan Mantri Garib Kalyan Anna Yojana, providing free food grains to about 81.35 crore beneficiaries, has been extended for a period of five years with effect from 1st January 2024.
