

LOK SABHA
UNSTARRED QUESTION NO. 3149
TO BE ANSWERED ON JANUARY 5, 2018

RISE IN INFLATION

†3149. SHRI KAPIL MORESHWAR PATIL:
SHRIMATI V. SATHYA BAMA:
SHRI RAMSINH RATHWA:
SHRI SADASHIV LOKHANDE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the price of essential articles continued to rise during the last three years and the Wholesale Price Index (WPI) reached to double digit in December 2017;
- (b) if so, the details thereof and the rate of inflation for the last three months as per the Consumer Price Index (CPI);
- (c) whether inflation is being measured by the WPI instead of CPI and if so, the reasons therefor;
- (d) whether retail prices of essential articles including sugar, tea, pulses, cereals etc. have gone up steeply during the last few months in spite of WPI going down and if so, the details thereof along with the reasons for variation in the prices of said articles; and
- (e) the steps taken or proposed to be taken by the Union Government in co-ordination with various State Governments to control inflation?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI P. RADHAKRISHNAN)

(a) & (b) Wholesale Price Index (WPI) for 22 essential commodities in the last three financial years i.e. 2014-15, 2015-16 and 2016-17 is given in Table 1. Inflation based on WPI for the month of November 2017, the latest month for which information is available, is 3.9 per cent. Inflation based on the Consumer Price Index – Combined (CPI-C) in the last three months was 3.3 per cent in September 2017, 3.6 per cent in October 2017 and 4.9 per cent in November, 2017.

Table 1: Wholesale Price Index (WPI) for 22 Essential Commodities (Base Year 2004-05)				
S.No.	Essential Commodity	2014-15	2015-16	2016-17
1	Rice	241.4	237.4	251.6
2	Wheat	211.7	219.4	241.7
3	Gram	198.0	279.8	441.7
4	Arhar	230.8	357.9	334.4
5	Moong	358.0	404.5	337.7
6	Masur	265.4	337.2	307.7
7	Urad	288.3	438.0	493.7
8	Potato	297.2	164.1	227.1
9	Onion	333.7	447.3	247.1
10	Tomato	314.2	321.6	236.9
11	Milk	242.6	250.6	259.9

12	Tea	178.8	183.4	210.4
13	Wheat Flour (Atta)	206.2	202.2	228.7
14	Sugar	187.8	171.1	216.7
15	Gur	216.9	208.0	240.4
16	Vanaspati	124.0	115.3	120.9
17	Groundnut Oil	167.3	192.3	214.4
18	Palm Oil	127.2	121.9	127.5
19	Mustard & Rapeseed Oil	157.5	180.4	182.5
20	Soyabean Oil	153.5	148.8	156.7
21	Sunflower Oil	124.9	131.1	133.5
22	Salt	197.3	201.5	198.1

Source: Office of the Economic Adviser, DIPP

(c) Inflation is being measured by the WPI as well as CPI. However, the Government has fixed the inflation target (based on the Consumer Price Index -Combined) of 4 per cent with tolerance level of +/- 2 per cent for the period beginning from August 5, 2016 to March 31, 2021.

(d) & (e) Inflation based on the CPI-C and the WPI for sugar, tea, pulses and cereals in the last three months has been presented in Table 2 below. The difference between the two measures of inflation is on account of the fact that the WPI measures change in the average prices of commodities traded at wholesale level, whereas the change in prices at retail level is captured by the CPI. The Government has taken various measures from time to time to stabilize prices of essential food items which, inter-alia, include appropriately utilizing trade and fiscal policy instruments like import and export duty, Minimum Export Price, export restrictions, etc. to regulate domestic availability and moderate prices, and provision of higher Minimum Support Prices to incentivize farmers for increasing production. Besides, Government is also implementing Price Stabilization Fund (PSF) scheme to help moderate the volatility in prices of agri-horticultural commodities like onion, pulses and potatoes.

Table 2: Inflation based on CPI-C and WPI (in per cent)								
	CPI-C				WPI			
	Cereals and products	Pulses and products	Tea: leaf	Sugar *	Cereals	Pulses	Tea	Sugar
Sep-17	3.7	-22.5	2.0	6.6	-0.1	-24.3	-	7.4
Oct-17	3.7	-23.1	1.7	6.5	-0.1	-31.1	-7.2	5.1
Nov-17	3.3	-23.5	2.1	6.3	-2.1	-35.5	-8.0	4.3

Note: CPI-C figures for last one month and WPI figures for the last two months are provisional;

* Sugar (Non PDS only)

Source: CSO for CPI-C and OEA, DIPP for WPI
