

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**  
**UNSTARRED QUESTION NO. 1765**  
TO BE ANSWERED ON JULY 27, 2018

**IMPACT OF INFLATION ON GROWTH RATE**

†1765. SHRI SHARAD TRIPATHI:

Will the Minister of FINANCE be pleased to state:

- (a) the details of rates of inflation during the last six months and its impact on the growth rate of the economy;
- (b) the effect of inflation on demand and prices in the market;
- (c) whether the retail prices of edible items are increasing at the higher rates than the comprehensive rate of inflation; and
- (d) if so, the reasons therefor and the efforts being made by the Government to control increase in prices?

**ANSWER**

MINISTER OF STATE IN THE MINISTRY OF FINANCE  
(SHRI PON RADHAKRISHNAN)

(a) & (b): Inflation based on Consumer Price Index - Combined (CPI-C) during the last six months is presented in Table 1:

<b>Table 1: Inflation (in per cent) based on Consumer Price Index - Combined (CPI-C)</b>						
	<b>Jan-18</b>	<b>Feb-18</b>	<b>Mar-18</b>	<b>Apr-18</b>	<b>May-18</b>	<b>Jun-18 (P)</b>
CPI - C	5.1	4.4	4.3	4.6	4.9	5.0

Note: P - Provisional.

GDP growth of a country depends on a number of factors viz. structural, external, fiscal and monetary factors. Hence, it is difficult to pinpoint the impact of inflation on the growth of the economy. Other things remaining the same, inflation resulting in higher prices, would tend to reduce the consumption, which is a major component of aggregate demand in the economy.

(c) & (d): Food inflation has been lower than headline inflation in 2017-18 and first quarter of 2018-19 as shown in Table 2.

<b>Table 2: Inflation (in per cent) for Food (CFPI) and Headline (CPI-C)</b>		
	<b>2017-18</b>	<b>2018-19 Q1 (P)</b>
Food Inflation: Consumer Food Price Index (CFPI)	1.8	2.9
Headline Inflation: Consumer Price Index - Combined (CPI-C)	3.6	4.8

Note: P - Provisional.

The Government has taken a number of measures to control inflation especially food inflation which, inter alia, include regular review meetings on price and availability situation at the highest level, a dynamic buffer stock of pulses upto 20 lakh tonnes, appropriate market interventions under Price Stabilization Fund to control price volatility of agricultural commodities as and when required.

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