GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 162
TO BE ANSWERED ON 29.11.2021

INFLATION AND ITS IMPACT ON FOOD AND OTHER ITEMS

162. SHRIMATI VANGA GEETHA VISWANATH:
SHRI KOTHA PRABHAKAR REDDY:

Will the Minister of FINANCE be pleased to state:

(a) the details of Inflation and its impact on various food and other items;

(b) the reasons for increase in inflation on each item/ sector and whether urban poor have been the worst hit by the high inflation that has prevailed over the past one and a half years, and the persistent uptick in fuel prices continues to pose a major threat for them; and

(c) if so, the details thereof and the corrective steps being taken in this regard?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PANKAJ CHAUDHARY)

(a): Consumer Price Index-combined (CPI-C) is the headline inflation rate for the economy. The movement of both CPI-C based inflation rate and Consumer Food Price Index (CFPI) inflation rate computed from CPI-C during the current financial year (April 2021 to October 2021) are given in the table below. While CPI-C declined consistently from June 2021 with a moderate increase recorded in October 2021, retail Food inflation based on CFPI has declined consistently from July 2021 and was very benign at 0.85 percent for October 2021.

Inflation rate (%)	Apr-21	May-21	Jun-21	Jul-21	Aug-21	Sep-21	Oct-21
CPI-C	4.23	6.30	6.26	5.59	5.30	4.35	4.48
CFPI	1.96	5.01	5.15	3.96	3.11	0.68	0.85

CPI-C and CFPI data for last one month is provisional
Source: M/o Statistics & Programme Implementation

(b) & (c): Inflation rate based on the CPI-C is the headline inflation rate for the economy. From July 2021, retail inflation based on CPI-C is well within the targeted limit of 4% with tolerance band of +/- 2 percentage points set by the Government for the period April 1, 2021- March 31, 2026. Inflationary pressure was broadly reported in the subgroups ‘oils & fats’ and ‘fuel and light’ in the CPI-C. The uptrend in inflation has been largely led by exogenous factors viz.

increased international prices of crude oil and edible oils which have an impact on domestic inflation due to India’s import dependence on these items. Various measures have been taken by the government to mitigate the impact of price rise on the common man both in urban and rural areas. Some of the measures taken by the Government to keep inflation under control include the following:

Crude Oil/Petroleum Products: To check the petrol and diesel prices, Central Government has reduced Central Excise Duty on Petrol & Diesel by Rs. 5 and Rs. 10 respectively with effect from 04.11.2021. In response many states governments have also reduced Value Added Tax on petrol and diesel. Retail prices of petrol and diesel have sobered down across the country. Further, India has agreed to release 5 million barrels of crude oil from its Strategic Petroleum Reserves. This release will happen in parallel and in consultation with other major global energy consumers including the USA, People’s Republic of China, Japan and the Republic of Korea.

Essential Commodities: Price situation of major essential commodities is being monitored by the Government on a regular basis and corrective action taken from time to time.

Pulses: To control price rise in pulses, some of the measures taken by the Government include: (i) A buffer stock target of 23 lakh metric tonne (LMT) has been approved for 2021-22. Stocks are subsequently utilised for cooling down prices through supply to states and disposal through Open Market sales (ii) Government has also imposed stock limits on some pulses under the Essential Commodities Act, 1955 in July 2021 to prevent hoarding. (iii) Changes have been made in the import policy by keeping Tur and Urad under ‘free’ category till 31st December, 2021. (iv) Basic import duty and Agriculture Infrastructure and Development Cess on Masur have been brought down to zero and 10% respectively. (v) Additionally, 5-year memorandum of understanding (MoUs) have been signed with Myanmar for annual import of 2.5 LMT of Urad and 1 LMT of Tur, and with Malawi for annual import of 0.50 LMT of Tur and MoU with Mozambique for annual import of 2 LMT Tur has been extended for another 5 years.

Edible Oils: To soften the prices of edible oils, the import duty on edible oils have been rationalized and stock limits imposed to avoid hoarding upto a period of March 31, 2022. National Mission on Edible Oils- Oil Palm has been approved with a financial outlay of Rs.11,040 crore to encourage domestic production and availability of oil palm.

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