

GOVERNMENT OF INDIA  
MINISTRY OF FINANCE  
DEPARTMENT OF ECONOMIC AFFAIRS

**LOK SABHA**  
**UNSTARRED QUESTION NO. 1979**  
TO BE ANSWERED ON 14.03.2022

**INFLATION**

1979. SHRI THIRUNAVUKKARASAR SU:  
SHRI DHARAMBIR SINGH:  
SHRI NAMA NAGESWARA RAO:  
KUNWAR DANISH ALI:  
SHRI KARTI P. CHIDAMBARAM:

Will the Minister of FINANCE be pleased to state:

- (a) whether inflation is increasing day by day in the country and if so, the details of average inflation rate during the last ten years and the current year, year-wise along with month-wise details thereof during the last two years and the current year;
- (b) whether the retail inflation based on Consumer Price Index climbed to 6.01 per cent in January, 2022 as per the data released by the National Statistical Office, breaching the upper tolerance level of the medium-term inflation target of 4 per cent set by the Reserve Bank of India and if so, the details thereof;
- (c) whether the Government has assessed the reasons for higher inflation and if so, the details thereof along with the measures taken by the Government to check the inflation;
- (d) whether economic slowdown and decline in industrial production in the country are the main reasons for the same and if so, the details thereof;
- (e) the corrective steps taken/ being taken in this regard along with the results obtained therefrom with regard to stabilizing/ reducing the prices of essential commodities;
- (f) whether the Government has made any assessment of the impact of inflation on demand and supply of various consumer goods in the market and if so, the details thereof; and
- (g) the reasoning behind the calculation of a 3 per cent inflation rate, given that the first advance estimates for the financial year 2022-23 indicate nominal growth to be 17.6 per cent against a real growth of 9.2 per cent, which means, for the purpose of budget calculations, inflation would actually be 8.4 per cent?

**ANSWER**

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

- (a) Average inflation rate during the last ten years and the current year, year-wise along with month-wise details during the last two years and the current year are given in Annexure 1.
- (b) Headline inflation rate based on Consumer Price Index increased to 6.01 per cent in January, 2022 as per the data released by the National Statistical Office. Headline inflation is targeted at a limit of 4% with tolerance band of +/- 2 percentage points for the period April 1, 2021- March 31, 2026. Breach of this inflation target is construed only when: "(a) the average inflation is more than the upper tolerance level of the inflation target for any three consecutive quarters; or (b) the average inflation is less than the lower tolerance level for any three consecutive quarters." Therefore, crossing of inflation rate above the band for a particular month cannot be construed as breach of target.
- (c) to (f) Inflation of 6.01 per cent in January 2022 was on account of adverse base effects and increase in inflation in 'food and beverages' and 'clothing and footwear' categories. Government is keeping close watch on demand and supply of essential commodities and taking corrective action as

and when necessary. Government has undertaken several measures to keep inflation under control. Some of the measures taken by the Government include the following:

**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.

**1. Foodgrains:** Public Distribution System under National Food Security Act, 2013 is providing subsidised food grains at Rs.3/kg for rice and Rs.2/kg for wheat to the bottom 67 per cent of the population (as per 2011 census) to keep the cost of living under control.

**2. Pulses:** (i) To ensure effective intervention during price rise through utilisation of buffer stocks, the Government has procured pulses in 2020-21 and 2021-22 from farmers/farmers' producers organisations (FPOs). The target for pulses buffer in 2021-22 is at 23 LMT. (ii) To augment domestic availability of pulses, Tur and Urad are kept under 'free' import category till 31st March, 2022. (iii) Basic import duty and Agriculture Infrastructure and Development Cess on Masur have been brought down to zero and 10 per cent respectively. (iv) 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. The MoU with Mozambique has been extended for another 5 years for annual import of 2 LMT Tur.

**3. Edible Oils:** (i) To soften the prices of edible oils, the duty on edibles oil has been reduced with effect from 14th October 2021. The basic duty on Refined palm oil/Palmolein, Refined Soyabean oil and Refined Sunflower oil has been reduced to 17.5 per cent from 32.5 per cent with effect from 14th October 2021. (ii) Futures trading in mustard oil on National Commodity & Derivatives Exchange Ltd. (NCDEX) has been suspended and stock limits have been imposed. (iii) The Department of Food and Public Distribution has imposed stock limits on Edible Oils and Oilseeds for a period up to 31st March, 2022. The Removal of Licensing Requirements, Stock Limits and Movement Restrictions on Specified Foodstuffs (Amendment) Order, 2021 has been issued w.e.f. 8th October, 2021. It has also been directed to ensure that Edible Oils and Edible Oilseeds stock is regularly declared and updated on the portal of the Department of Food & Public Distribution. (iv) The government is taking steps to improve the production of secondary edible oils, especially rice bran oil to reduce the import dependence. (v) In a bid to cool down the domestic prices of Soya Meal, Government has notified an Order under the Essential Commodities Act to declare 'Soya Meal' as an Essential Commodities up to 30th June, 2022 by amending the Schedule of the Essential Commodities Act, 1955. Stock limit on Soya Meal has been imposed for a period from 23rd December, 2021 up to 30th June, 2022.

**Crude Oil/Petroleum Products:** (i) To check the petrol and diesel prices, Central Government has reduced Central Excise Duty on Petrol & Diesel by Rs. 5 per litre and Rs. 10 per litre respectively with effect from 04.11.2021. In response many states governments have also reduced Value Added Tax on petrol and diesel. Consequently, retail prices of petrol and diesel sobered down across the country.

In order to safeguard the interests of the common man, retail prices of diesel and petrol have not been revised since November 2021, despite the increase in global crude oil prices.

(g) The nominal growth of Gross Domestic Product (GDP) of 17.6 percent and real growth of 9.2 percent based on First Advance estimates of National Statistical Office is for the financial year 2021-22. After assessing the evolving domestic and external environment, the Union Budget 2022-23 projected a nominal GDP growth of 11.1 per cent for 2022-23 on the basis of certain assumptions.

**Statement referred to in Part (a) of Lok Sabha Unstarred Question No. 1979  
to be answered on 14.03.2022 on "Inflation"**

<b>All India Annual average Inflation rate based on the CPI-C (%)</b>											
	<b>Base 2010=100</b>			<b>Base 2012=100</b>							
	<b>2011 -12</b>	<b>2012 -13</b>	<b>2013 -14</b>	<b>2014 -15</b>	<b>2015 -16</b>	<b>2016 -17</b>	<b>2017 -18</b>	<b>2018 -19</b>	<b>2019- 20</b>	<b>2020- 21</b>	<b>2021-22 (Apr-Jan.)</b>
Inflation Rate	--	10.21	9.49	5.93	4.91	4.52	3.59	3.41	4.77	6.16	5.30

Source: Ministry of Statistics and Programme Implementation (MoSPI).

Monthly Inflation rate based on the Consumer Price Index-combined (CPI-C) during the last two years (month-wise) is given in the table below.

<b>All India Monthly Inflation rate (Y-o-Y) based on the CPI-C (%)</b>			
	<b>2019-20</b>	<b>2020-21</b>	<b>2021-22</b>
April	2.99	7.22*	4.23
May	3.05	6.27*	6.30
June	3.18	6.23	6.26
July	3.15	6.73	5.59
August	3.28	6.69	5.30
September	3.99	7.27	4.35
October	4.62	7.61	4.48
November	5.54	6.93	4.91
December	7.35	4.59	5.66
January	7.59	4.06	6.01**
February	6.58	5.03	
March	5.84	5.52	

Source: MoSPI, Note: \* Computed on the basis of imputed indices due to insufficient data during Covid-19 pandemic. \*\*Provisional.

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