

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 3572
TO BE ANSWERED ON 08.08.2022

WHOLESALE AND RETAIL INFLATION

3572. SHRI ASADUDDIN OWAISI:
SHRI KALYAN BANERJEE:
SHRI BALUBHAU ALIAS SURESH NARAYAN DHANORKAR:
SHRI K. MURALEEDHARAN:
SHRI THIRUMAAVALAVAN THOL:
SHRI KRUPAL BALAJI TUMANE:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Wholesale Price Inflation (WPI) has reached a record high to 15.9 per cent while Consumer Price Inflation (CPI)/Retail Inflation reached to 7.04 per cent from 5 per cent in June last year, remaining above the RBI's inflation target for the fifth consecutive month;
- (b) if so, the details thereof along with the reasons therefor and the extent upto which surging food and fuel prices are responsible for this rate of inflation;
- (c) the details of the difference between the inflation rates during the last five years and the current year along with the impact of inflation on households and employment;
- (d) the individual details of top ten items that contribute for the rising Wholesale and Retail Inflation in the country along with the details of taxes on petrol, diesel, auto gases and their percentage of contribution to the rising Wholesale and Retail Inflation; and
- (e) whether the Government has fixed any target and taken steps to restrict the inflation rate and provide employment to the people and if so, the details thereof along with the results shown to bring down inflation by taking various measures?

ANSWER

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

(a) & (b): Wholesale price Inflation based on the Wholesale Price Index (WPI) was 15.18 per cent in June 2022, while the Retail inflation rate based on Consumer Price Index-Combined (CPI-C) was 7.01 per cent in June 2022 as compared to 6.26 per cent in June 2021.

Soaring international commodity prices and pandemic-induced supply-demand imbalances caused a rise in inflation rates worldwide including in India. The Russia-Ukraine conflict has exacerbated the inflationary pressures in crude oil, gas, and metals. Further, the onset of summer heat waves has led to crop damage and a rise in vegetable prices.

While the inflation rate in 'fuel and light' declined in June 2022, those for certain food items increased in the same month as compared to June 2021

(c): The CPI-C for the last five years and the current year is given in Annexure.

(d): Top ten items that have contributed to the rising retail inflation in June 2022 are tomato, kerosene – PDS, milk, house/garage rent, LPG [excl. conveyance], chicken, wheat/atta – other sources, medicine (non-institutional), refined oil and potato. The top ten items that have contributed to the wholesale inflation in June 2022 are high speed diesel, crude petroleum, tomato, petrol, electricity, raw cotton, furnace oil, kerosene, milk, and natural gas. Total excise duty including cesses on petrol and HSD is Rs. 19.9 per litre, and Rs. 15.8 per litre, respectively. The total excise duty on CNG is 14 per cent.

(e): Several supply-side measures taken by the Government to address inflation, inter alia, include:

1. Reduction in Central Excise Duty on Petrol & Diesel by Rs. 5 and Rs. 10 respectively with effect in November 2021. This was followed by a further reduction in excise duty by Rs. 8 per litre on petrol and Rs. 6 per litre on diesel in May 2022.
2. Imposition of stock limits on some pulses under the Essential Commodities Act, 1955 in July 2021 to prevent hoarding.
3. On 26th July 2021, import duty and Agriculture Infrastructure and Development Cess (AIDC) on Masur were brought down from 10 per cent to zero and 20 per cent to 10 per cent respectively. On February 12, 2022, Agriculture Infrastructure and Development Cess on Masur was brought down to zero. In July 2022, the existing nil rate of AIDC has been extended up to 31st March 2023.
4. Changes have been made in the import policy, on March 30, 2022, by keeping Tur and Urad under the 'Free Category' till 31.03.2023 which will ensure their smooth and seamless import.
5. Tariffs on edible oils have been rationalized and stock limits on edible oils and oil seeds have been kept, to avoid hoarding. The basic duty on refined palm oil was reduced from 17.5 per cent to 12.5 per cent w.e.f 21.12.2021. The basic duty on crude palm oil was reduced from 7.5 per cent to 5 per cent w.e.f 12.2.2022.
6. In June 2021, 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.
7. As per notification dated 14th October 2021, the total duty on crude soya bean oil and refined sunflower oil has been reduced from 32.5 per cent to 17.5 per cent.
8. Government on May 24, 2022, exempted customs duty and Agriculture Infrastructure Development Cess on yearly import of 20 lakh metric tonnes each of crude soya bean and sunflower oil for the year 2022-23 and 2023-24.
9. In December 2021, the Government had 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.
10. Amendment in March 2022 of the Removal of Licensing Requirements, Stock Limits and Movement Restrictions on Specified Foodstuffs Order, 2016 and its Central Order dated February 3, 2022 by extending the stock limits for all Edible Oils and Oilseeds put together for a period up to December 31, 2022 for all States/Union Territories. This order is effective from April 1, 2022 up to December 31, 2022.

11. In July 2022, the government has asked producers to implement a reduction in retail prices and ensure price uniformity across geographies amidst a decline in global prices of edible oils. The Central Government has directed leading Edible Oil Associations to ensure a reduction in the MRP of edible oils by Rs. 15/- with immediate effect. The Centre has also advised that the price to distributors by the manufacturers and refiners needs to be reduced immediately so that the price drop is not diluted in any way.
12. The Government of India on May 21, 2022, announced the provision of subsidy of Rs.200 per gas cylinder (up to 12 cylinders) to the beneficiaries of Pradhan Mantri Ujjwala Yojana.
13. Government has waived custom duty on cotton imports w.e.f April 14, 2022 till September 30, 2022.
14. Import duties on plastic and steel among other products have also been substantially reduced.

The measures undertaken by the Government have led to a decrease in Wholesale Price inflation and Retail inflation rate in June 2022.

The measures taken to improve employment in the country, *inter alia*, include the Aatmanirbhar Bharat package for making the country self-reliant and for creating employment opportunities, Aatmanirbhar Bharat Rojgar Yojana, Garib Kalyan Rojgar Abhiyaan (GKRA), Production Linked Incentive (PLI) scheme, and Pradhan Mantri Mudra Yojana, MGNREGS etc.

**STATEMENT REFERRED TO PART (c) IN REPLY TO THE LOK SABHA
UNSTARRED QUESTION NO. 3572 RAISED BY SHRI ASADUDDIN
OWAISI AND OTHERS FOR 8TH AUGUST 2022**

Monthly Retail Inflation based on CPI-C (Base 2012) (Y-o-Y) (%)

Year/Month	Inflation Rate (%)
2017-18	3.59
2018-19	3.41
2019-20	4.77
2020-21	6.16
2021-22	5.51
2022-23	
April	7.79
May	7.04
June*	7.01

Source: NSO, MoSPI,

Note: *Figures for June 2022 is provisional