

UPSC

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✓ 1. Centre and the Reserve Bank of India has to work in tandem to control prices without destabilizing growth.

Analyze.

CSO data for August month showed that Inflation once again reached 7.1% mark, compared to July inflation, which moderated. Showing, policy makers, must not let guard off.

CPI - inflation.

1. The ^{increase} inflation in recent month is due to increase in the prices of food items.

i) cereals, ii) pulses,

2. The core inflation has ^{been} increased which is a cause of worry.

3. The cooling off of crude oil prices reduced the inflationary pressure due to fuel and lighting.

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Reasons for increased Inflation:

1. Imported Inflation - we can see ~~the~~ Rupee keeps on fluctuating, i.e. depreciating. It is today close to ₹80 compared to a \$1. So ~~glis~~ it leads to Inflation (price hike) in goods imported.

2. Recovery for the Services → reviving demand in the economy, has led to pass on the input cost to the consumers. eg: Education, household goods, etc,

3. Geopolitics → disruption in the supply chain. eg: Russia-Ukraine war.

Government measures

1. Recent ban on export of Rice and wheat.
2. Increase in the import duties.
3. Stockholding limits on agricultural products.

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It is expected to control the inflation due to food items.

India's unique problem

Global inflation → is eg: US is due to Increased demand i.e. demand driven due to US fed tapering

India's case was supply related inflation

RBI monetary policy → RBI has to take cautious approach to not reduce the demand in the economy i.e. consumption revival in the economy there by not destabilizing growth

Both Government and RBI has to work in tandem to control price hike and promote growth in the country.