

## India's inflation rate now at 42-month high

India's annual rate of inflation shot up to a 42-month high of 7.57 percent for the week ended April 19, even as Finance Minister P. Chidambaram appealed to the people Friday to remain calm with an assurance that prices will be tamed soon.

The inflation rate moved to the new 42-month peak from 7.33 percent for the week ended April 12 because of an overall increases in prices of both food and non-food articles, fresh data on the official whole sale price index showed.

Significantly, the statistics further revealed that the actual inflation rate for the week ended Feb 23 was 5.69 percent as against 5.02 percent reported earlier based on provisional data, thereby indicating that the same could hold true for the latest data as well.

The rising prices has become a major embarrassment for the Prime Minister Manmohan Singh-led United Progressive Alliance (UPA) government going into an election year, with both the opposition and the supporting Left parties blaming it for, what they said was, gross inaction in dealing with the situation.

Amid rising prices, Chidambaram said in [Bangalore](#) Friday that all necessary steps, both monetary and administrative, were being taken to bring down prices. 'The inflation will be tamed. Food prices will come down sooner than other prices,' the finance minister told reporters.

The fresh inflation data comes in the backdrop of another set of administrative and monetary measures announced this week to rein in prices, including a further hike of 25 basis points in cash reserve ratio by the central bank to check the money supply in the system.

Prime Minister Manmohan Singh has also appealed to the Indian industry to help the government in fighting inflation and called upon the corporate sector to tighten their belts to help check price rise and inflationary expectations.

'A measure of sobriety in corporate lifestyles and compensation can also help cut costs and maintain the price level. This is what I mean by the tightening of belts. It helps your firms, it helps the consumer,' he had told industry leaders at a conference Tuesday.

As policy makers sought to tackle the situation head on, Chidambaram had Tuesday imposed export duties on steel, cement and basmati rice and lowered tariffs on some raw materials. Export of Non-basmati rice had already been barred earlier.

In the concluding speech on the Finance Bill, 2008 - which was later passed by the Lok Sabha, he also made import of pig iron, mild steel products and semi finished products duty free against the current tariff of five percent.

The minister also imposed an export duty of Rs.8,000 per tonne on basmati rice, scrapped import duties on zinc and metallurgical coal and levied a 12 percent duty on cement costing Rs.250 per bag and higher.

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