

Inflation will be tamed, says Chidambaram

Finance Minister P. Chidambaram Friday said fiscal and monetary steps taken by the government and the Reserve Bank of India (RBI) would check rising prices and tame inflation, which peaked to a record 42-month high of 7.57 percent for the week ended April 19.

'We have taken a number of fiscal and monetary measures to check rising prices and bring down the inflation rate. Efforts are on to first bring down prices of essential commodities, including food prices,' Chidambaram told reporters here on the sidelines of a function.

Advising people to be calm and have patience till the measures would have a positive impact on food prices, Chidambaram said the government had procured 15.4 million tonnes of wheat till date as against 11.1 million tonnes in the same period last year to increase supply and help check prices.

'You can't announce something on Friday and expect to have its impact on Saturday. You must be patient. When our government came into office in May 2004, inflation had already crossed 7-percent mark, we brought it down. In November 2007, inflation was 3.1 percent.

'In fact, in January and February it was well under control. Current rate of inflation will also be tamed, but my appeal to people is that they must be patient,' Chidambaram said after addressing members of the Federation of Karnataka Chambers of Commerce and Industry (FKCCI).

According to government data released earlier in the day, the wholesale price index (WPI)-based inflation shot up to 7.57 percent for the week ended April 19 from 7.33 percent for the previous week (April 12).

Among the slew of measures taken to contain inflation are forgoing Rs.63 billion of revenue in the form of duty exemptions and cutting and increasing the cash reserve ratio (CRR) to 8.25 percent to suck out Rs.275 billion from the banking system.

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