

FICCI's reaction on Inflation Data - August 2013

New Delhi, 16 September 2013: The wholesale price index continued inching up, registering a growth of 6.1% in August 2013, vis-à-vis 5.79% growth seen in July 2013 and 5.16% in June 2013. This is the third consecutive month when inflation has moved up and this indicates the rising pressure on prices once again.

“The Rupee value displayed unprecedented volatility in the past few months depreciating by over 20% since beginning of the fiscal. While in the last few days, we have seen the Rupee gaining against the dollar, the earlier fall is likely to have contributed to the inflationary pressures in the economy”, **said Dr. A. Didar Singh, Secretary General, FICCI.**

“However, what has been a key concern for a long time now is that rise in food prices continue to contribute strongly to overall inflation. It is therefore important that structural factors affecting food inflation are addressed on a priority basis”, **added Dr. Singh.**

The prices of vegetables and cereals remain elevated. Food inflation touched 18.2% in August 2013 while the corresponding figure in the previous month was 11.9%. “While keeping inflation under check has to be a priority, it is imperative that we continue efforts to rekindle investor sentiment and push for higher growth. The PMEAC recently revised its growth estimates for 2013-14 downwards to 5.3% and FICCI’s latest Business Confidence Survey also reported a worsening of the near term outlook on investments. Giving a boost to investments at this juncture is imperative if the growth cycle has to be turned around”, **said Dr. Singh.**

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