

FICCI flags growth issues on WPI data

New Delhi, 14 October 2014: “It is comforting to note the decline in CPI and WPI inflation rates. While, the WPI inflation rate reported at 2.4% for September 2014 is the lowest since October 2009, the retail inflation at 6.5% has been the lowest since the beginning of the new series in 2011”, **said Dr. A. Didar Singh, Secretary General, FICCI.**

“The decline in inflation is getting broad based and indicates inflationary pressures waning as of now. Retail food beverage and tobacco prices increased by 7.6% in September 2014 (vis-à-vis 9.1% in August 2014) with a sharp dip noted in vegetable prices. With global commodity prices subdued and exchange rate range bound, the prices are expected to remain moderate. CPI inflation is moving in consonance with RBI’s target rate and this should bring in some breathing space”, **said Dr. Singh.**

“It is heartening to note that the Government and RBI are working in tandem towards an overhauled monetary policy framework. With these inflation numbers, we hope growth considerations will be brought to forefront and the interest regime softened. The industrial growth remains worrisome as was also reflected in the IIP data released last week. The credit growth has slowed to the lowest since October 2009 and investment plans of companies are still tentative. The companies are operating at excess capacity. It will be difficult for growth to materialize, unless a turnaround is seen in the capex cycle”, **added Dr. Singh.**

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