

Rupee instability due to global oil prices

201. SHRI D.P. TRIPATHI: Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that there is slight instability of rupee because of Iraqi oil shocks and global fear of oil prices;
- (b) if so, the details thereof; and
- (c) the details of action Government is taking in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) and (b) Since the escalation of the Iraq crisis in the second week of June 2014, the exchange rate of the rupee (RBI Reference Rate) has depreciated marginally from ₹ 59.33 on June 11, 2014 to ₹ 60.14 per US dollar on July 1, 2014. Hardening of international oil prices and market expectations on the same could be the main reason that led to the depreciation of the rupee. International oil prices (Indian basket) increased from US\$ 107.24 per barrel (bbl) on June 11 to US\$ 112.45 per bbl on June 19, 2014. It has however moderated subsequently and was US\$ 109.20/bbl as on July 1, 2014.

(c) The Government closely monitors the emerging global economic situation and calibrates appropriate policy responses to cope with it.

Increasing trend in wholesale price inflation

202. SHRI D. RAJA:

SHRI M.P. ACHUTHAN:

Will the Minister of FINANCE be pleased to state:

- (a) whether it is a fact that the wholesale price inflation has started showing increasing trend since May, 2014 reaching at 6.01 per cent against 5.20 per cent in April 2014; and
- (b) if so, the details thereof and the reasons therefor?

THE MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRIMATI NIRMALA SITHARAMAN): (a) and (b) The average annual inflation in the country measured by the Wholesale Price Index (WPI) moderated gradually from 9.56 per cent in 2010-11 to 5.98 per cent in 2013-14. However, year-on-year WPI inflation tends to fluctuate for some months due to certain seasonal or commodity specific spikes. As such WPI inflation has inched upward to 6.01 per cent in May, 2014 (Table 1). Higher inflation in some food articles, manufactured products (chemicals, textiles, rubber etc.),