

TELANGANA TOPS INFLATION CHARTS AT 8.32%

Relevant for: Indian Economy | Topic: Issues relating to Growth & Development - Inflation & Monetary Policy

India's retail inflation has been a bugbear for the economy since it surged past 6% in January, but there are wide disparities in the pace of price rise experienced by consumers across the country, with a dozen States clocking an average inflation of less than 6% and another 12 States averaging more than 7% through 2022 so far.

While headline inflation measured by the Consumer Price Index has averaged 6.8% in the first seven months of 2022, well above the 6% upper tolerance threshold set by policy makers, consumers in Telangana, West Bengal and Sikkim faced the steepest spike in prices, with their combined retail inflation for rural and urban areas averaging 8.32%, 8.06%, and 8.01%, respectively.

As many as 14 States, along with the erstwhile State of Jammu & Kashmir, have witnessed price rise higher than the national average through 2022, with all but two of these States seeing higher than 7% inflation.

Some of the other major States where inflation has stayed sharply elevated include Maharashtra and Haryana (7.7%), Madhya Pradesh (7.52%), Assam (7.37%), Uttar Pradesh (7.27%), Gujarat and J&K (7.2%), as well as Rajasthan (7.1%).

Retail prices in States such as Kerala (4.8%), Tamil Nadu (5.01%), Punjab (5.35%), Delhi (5.56%), and Karnataka (5.84%) have been rising at less than 6%.

Smaller States such as Manipur, Goa and Meghalaya have had an average inflation of less than 4% through this period, at 1.07%, 3.66%, and 3.84%, respectively.

"The variation in the States' inflation rates is mainly on account of two factors," said Madan Sabnavis, chief economist at Bank of Baroda.

"One is food prices, where non-producing States have higher inflation as transport prices get added. Second is that some States lowered fuel prices while others didn't, which also made a difference," Mr. Sabnavis said.

Moreover, States that have more rural areas than urban areas face a higher inflation as the rural segment of the Consumer Price Index has a higher weightage for food costs, Mr. Sabnavis pointed out.

BJP vs Opposition

The Centre and BJP members have often castigated Opposition States over their failure to cut State levies on petroleum products amid high global prices to provide relief to consumers, after the government cut Central taxes on these products twice — in November 2021 and May 2022.

The consumer price inflation for all States and Union Territories compiled by *The Hindu*, however, reflects an average price of 7%-plus throughout 2022 in several key BJP-ruled States, including Uttar Pradesh, Haryana, Madhya Pradesh and poll-bound Gujarat, as well as in Opposition-ruled States like West Bengal, Telangana and Rajasthan.

The argument that inflation is high only in Opposition-ruled States does not bear out, with quite a

few of those States experiencing lower inflation than the national average as well as the 6% tolerance limit of the Central bank.

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