

Source : The Business Line Date : 23.01.2009

Inflation pronounced in South India

A. Srinivas

Bangalore, Jan. 22 Inflation in food articles might have abated after a relentless rise since July 2008, but it has taken its toll on the ordinary citizen, particularly in the southern States. These States have led the price increase between July and November in both rural and urban areas.

Urban centres, large and small, seem to have experienced higher inflation in south India than their counterparts elsewhere.

The price rise was perhaps more pronounced relative to inflation in rural areas in these States. Bangalore, Hyderabad and Chennai not only emerge as India's most expensive cities, but also record slightly higher levels of inflation than other regions in their respective States.

In November, consumer price inflation for agricultural labourers (CPI-AW) and industrial workers (CPI-IW) stood at 11.1 per cent and 10.45 per cent. Food products and food articles account for a weight of 67 per cent in the index for agricultural workers and 47 per cent in the index for industrial workers.

If CPI-IW is almost at the same level as CPI-AL, with fuel price inflation (5.5 per cent in the CPI-IW) receding in the latter half of 2008 and housing prices (16.4 per cent in the CPI-IW) remaining flat, it is likely that food article prices rose more sharply in some urban areas.

The other possibility is the higher rise in prices of services in urban India, categorised under 'miscellaneous' in CPI-IW and accounting for a weight of 24 per cent.

In double digits

CPI-AL inflation in November was pronounced in Kerala (15.7 per cent), Tamil Nadu (14.9 per cent), Karnataka (14.7 per cent) and Punjab (13.9 per cent).

The other States where the rates were in double digits were Haryana (11.7 per cent), Rajasthan (11.5 per cent), Maharashtra (11 per cent), Manipur (11 per cent) and Madhya Pradesh (10.8 per cent).

The States where CPI-AL rise was in single digits were Assam, Bihar, Gujarat, Himachal Pradesh, Orissa, Tripura, Meghalaya Uttar Pradesh and West Bengal. Except for Tripura, which recorded CPI-AL inflation of 5.84 per cent, the rest were over 7 per cent and close to double digits.

If the southern States led the rise in rural prices, Bangalore (16 per cent), Hyderabad (16 per cent) and Chennai (14 per cent) reported major increases in CPI-IW in November.

Pondicherry and Coimbatore clocked an inflation rate of 16.5 per cent 12.5 per cent, respectively, in November. The smaller southern centres such as Alwaye and Mundakayam reported inflation rates of 11.3 per cent and 16.8 per cent.