

MUGGED IN BROAD DAYLIGHT



Are you afraid of shopping which was once your favourite pastime? Do you find it hard to resist yourself, from picking up your regular brand and instead compromise on a cheaper one? The Indian government has the answer and has diagnosed your problem, giving it a name called Inflation. Yes, inflation - a term you may have studied in the Economics textbooks defining it as, "Decline in the purchasing power of money" i.e. your money won't buy as much today as you could yesterday. It's like paying 100 rupees for the 80 rupees haircut which, you used to get at 40 rupees when you had hair. Well, our finance minister might not have a problem with that, but I am sure you would not like to go to your workplace unshaven or with long hair.

The increase in the price of items of necessities is one thing that sent a shock wave among the masses, especially the middle class. The recent price rise of such commodities like vegetables, fruits, edible oil and petrol did exactly the same. You cannot cut on such items and have to cut on things, like eating in restaurants and outing which kids enjoy. So inflation is not only hitting your pocket but also your happiness. "The way the prices are going, we just don't have an option but to cut down. However, there are things which I cannot compromise even if I want to," says Himani Singh, a resident of Bandra who came in to buy groceries along with her nine year old son who desperately wanted chocolates.

Inflation in India remains much lower than in many other developing countries. But prices are rising more than

twice as fast as in China, India's chief rival for foreign investment and economic leadership among emerging markets. Prices are also increasing considerably faster than in industrialized countries. Also, the issue is likely to cast a shadow on the general elections scheduled early next year. "The issue of inflation is going to hit the incumbent government pretty hard, unless they take appropriate actions to curb this unacceptable rise in inflation," says Sherin Khan, a 24 year old small-time entrepreneur whose business has been hit hard by the current inflationary market.

Inflation can eat up your savings in a big way. Sudden inflationary trends, a lack of proper budgeting and old expenditure behaviours often results in dwindling of your savings. "It has been hitting the mid income consumers the hardest. We have been unable to save anything from our earnings, due to rising prices in essential commodities and consumer durables," says Sneha Naik, who works as an accountant.

The government bet on a series of quick fixes and a generous socialist-style mega handout to farmers is far from the real picture. The populist 2008 Budget is enough to get the government back to power and stimulate demand in an economy reeling under the impact of a regime of high interest rates. However the reality is that in

a bid to please each section of the society it has miscalculated the growing economy which is not in tune with the common man. The policies of the government have turned out to be a double edged sword. On one hand, they have increased the tax benefits but the rise in inflation has nullified the savings that consumers in general could have made. I appeal to the government to take immediate action to rectify the imbalance," says Sanju Kini, a Bandra resident.

With the recommendation to implement the Sixth Pay Commission, a lot of money will flow into the hands of government employees and it will further intensify inflationary situations in the country. This is a reason of concern for the Reserve Bank of India (RBI), which is already struggling with inflation going much above the normal level.

The government of India may not have a magic wand to curb inflation but inflation has a direct relationship with their policies. Although there are some factors, which are beyond the control of the government such as surging oil prices and disturbance in the global economy, its impact is definitely felt by all. Though inflation is a temporary trend governed by various economic factors, it is its unpredictable nature that is causing a public outcry!

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