

Global inflation : A comparison with India

5.29 Table 5.8 lists inflation rates in some developed and developing economies based on the Consumer Price Indices. Upto the mid 1990s, while inflation rate in the developed economies ranged between 1-2 percent, it was in a much higher range for the developing economies including India - with some years

even recording double digit inflation. For exchange rate stability and smoother trade, it is imperative that inflation rate in India be close to our major trading partners. Over the last three to four years, we have moved closer to this objective with inflation rate being in the range 3-5 percent as against 2-3 percent in the developed economies. The declining trend in inflation is also visible in many of the developing economies in Asia.

Table 5.8 : Inflation rates based on Consumer Price Index (year on year basis)

	<i>(Percent)</i>							
Developed economies	1994	1995	1996	1997	1998	1999	2000	2001
United States	2.6	2.8	2.9	2.3	1.5	2.2	3.4	2.8
Japan	0.7	-0.1	0.1	1.7	0.6	-0.3	-0.6	-0.7
Germany	2.7	1.7	1.2	1.5	0.6	0.7	2.1	2.5
France	1.7	1.8	2.1	1.3	0.7	0.6	1.8	1.6
Italy	4.1	5.2	4.0	1.9	2.0	1.7	2.6	2.8
Britain	2.4	2.8	3.0	2.8	2.7	2.3	2.1	1.8
Canada	0.2	1.9	1.6	1.6	1.0	1.7	2.7	2.5
European Union	3.0	2.9	0.5	1.8	1.5	1.4	2.3	2.5
Developing economies in Asia								
India	10.3	10.1	9.2	7.2	13.1	4.7	4.0	3.8
China	24.1	17.1	8.3	2.8	-0.8	-1.4	0.4	0.3
Indonesia	8.5	9.4	7.9	6.2	58.0	20.7	3.8	11.5
Malaysia	4.1	3.5	3.5	2.7	5.3	2.7	1.5	1.4
Pakistan	12.4	12.3	10.4	11.4	6.2	4.1	4.4	3.1
Thailand	5.1	5.8	5.9	5.6	8.1	0.3	1.5	1.7
Source : World Economic Outlook, September 2002.								
Note : Inflation rates are based on average of the period indices.								