

# WALKING THE INFLATION TIGHTROPE

## POSITIVE ON GROWTH

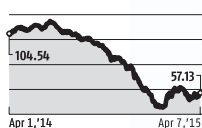
### Planned expenditure

	(₹ cr)	
■ Civil aviation	59,552.57	■ Power
■ Urban development	2,720.00	
■ Roads & highways	6,799.74	
	10,030.18	
37,864.07	44,565.29	
6,182.98	6,000.00	
4,522.09	5,700.00	
6,436.59	7,750.89	
20,722.41	25,114.40	
	40,002.65	
2013-14	2014-15	2015-16

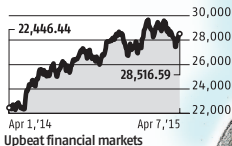
### Govt efforts to step up investment

### Crude oil prices

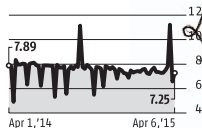
(\$/bbl)



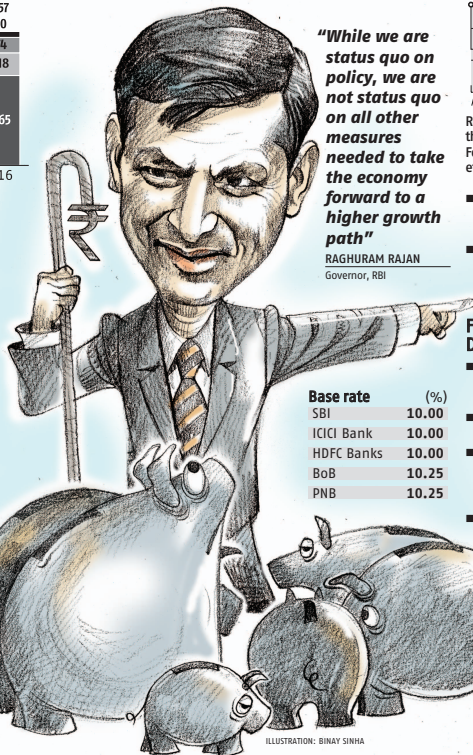
### Sensex



### Call rate\*



\*Weighted average source from CCL



*"While we are status quo on policy, we are not status quo on all other measures needed to take the economy forward to a higher growth path"*

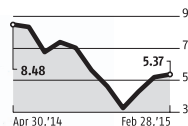
RAGHURAM RAJAN  
Governor, RBI

### Base rate (%)

SBI	10.00
ICICI Bank	10.00
HDFC Banks	10.00
BoB	10.25
PNB	10.25

## CAUTIOUS ON INFLATION

### CPI-Inflation (y-o-y in %)



Retail inflation firmed up for the third successive month in February as favourable base effects dissipated

- Prices of protein-rich items such as pulses, meat, fish and milk remained elevated
- Fuel inflation edged up for the second month in a row due to the increase in prices of electricity and firewood

### FURTHER RATE CUT WILL DEPEND ON...

- Transmission of previous rate cuts, as banks yet to reduce lending rates
- Weather disturbance and likely strength of monsoon
- Govt's efforts to unclog the supply response to make key inputs such as power and land available
- Progress on repurposing of public spending from poorly targeted subsidies towards public investment
  - Reducing the pipeline of stalled projects
  - Actions from US Fed and its impact on capital flows

Data Source: Bloomberg  
Compiled by BS Research Bureau

ILLUSTRATION: BINAY SINHA