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Today, the country is facing the threat of inflation which can cripple the economy and paralyze the market. The growth in consumer price has been rising alarmingly. Life is getting tougher for poor and middle class consumers as their budget for grocery and other food items have shot up. An unabated rise in the prices of food grains, pulse, spices, fruits, vegetables, cooking oil, coal and steel have played a big role in pushing the inflation rate to a 40 months high of 7.41% , casting a shadow on economic growth. The inflation is at its highest since November, 2004 when annual rate of inflation was placed at 7.76%.

The rise in inflation during November 2004 was due to seasonal shock like draught situation in many parts of the country and rise in crude prices. The present volatility in inflation is due to mismatch in supply and demand of food and other items of primary necessities in the global market. There is general global hardening of food prices because deficient production. As many as 37 countries World wide are facing shortage of cereals. Among them China, Bangladesh, Nepal, Srilanka and Vietnam are facing severe localised food insecurity.

The Government is under tremendous pressure to rein in prices. It has announced a number of anti-inflationary measures like scrapping of import duty on crude edible oils, reducing import duties on all refined edible oil, extending the ban on exports of non-basmati rice and pulse etc. To curb inflation, the Government has withdrawn Duty Entitlement Pass Book Scheme (DEPB) benefits on items such as cement, steel, manganese and ferro-chrome to improve the supply situation in the domestic market. All sops on exports of steel have been withdrawn.

According to IMF's report, India's economic growth is likely to shrink by 1.25% to 7.9% this fiscal, mainly on account of tight monetary conditions and continued pressure on inflation. But, the Finance Minister P. Chidambaram presented his view in an address in London that India will end 2007-08 with a growth rate of 8.8% and maintain a growth rate of over 8% for 2008-09.

Despite high growth of economy, agriculture sector lacks public investment. It is 1.5% of GDP and there is urgent need to step up in investment in agriculture and enhancing the marketing facilities of agricultural products.

**Dr. S.K. Agarwal**

Editor

The Society for Advanced Management Studies is a non-politico forum of like minded development oriented persons. It is framed latest in December, 2004 to discuss and educate about various issues related to economy. The society seeks to stimulate public thinking, researches and views of the experts on vital problems through The Journal of Commerce and Trade, Seminars and Guest Lectures.

The Society, as already mentioned, is a non-politico and non-profit making organisation framed basically to publish and to distribute the journal on commerce related issues and to organize seminar, discussions & lectures on such topics, to publish books on burning commerce issues, to motivate the uneducated and the backward due to any reason, to establish a harmony in the society and to contact other organisations to broadcast Indian economy.

The society is constituted by a seven member board, given with names and addresses of the members. All the members are high academicians, scholars and the intellectuals. The registered office of the society is situated at 25, Murari Puram, Opp. Garh Bus Stand, Meerut.

The society is registered one with the Registrar of the Societies, Uttar Pradesh (Meerut) bearing the Registration No. 998(2004-05)

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