

Analysis of Inflation Trends and Measure to Contain Them

R. Ramamoorthy, Venkatraman, K. Poovarasan

Abstract: Swelling is a significant macroeconomic pointer, which estimates the adjustment in the general degree of costs of merchandise and ventures. The month to month time arrangement of the yearly expansion rate is characterized as the development pace of the month to month time arrangement of the shopper value list as for the comparing month of the earlier year. The yearly expansion rate may not generally be the fitting proportion of swelling, for the most part because of the way that it doesn't give cutting-edge data on the degree of swelling. The symphonious investigation demonstrates that the yearly expansion rate misshapes and defers the data regarding the month to month swelling rate. This end can be critical in the anticipating of the swelling rate, just as during the time spent financial basic leadership. The new strategy for the development of the yearly swelling rate estimates is proposed. The preferred position is that it can catch breaks and different hazards later on advancement of the time arrangement

Keywords: Inflation, Macroeconomic Indicator, Harmonic Analysis

I. INTRODUCTION

In standard financial matters, "swelling" alludes to a general ascent in costs estimated against a standard degree of obtaining power. Swelling is estimated by looking at two arrangements of products at two points in time, and figuring the expansion in expense not reflected by an increment in quality[1],[3],[5]. From 2003-07, the Indian economy has entered a high-development stage, averaging 8.6 percent per annum. . The extension in non-sustenance credit at 29.8 percent in the period 2003-07 is uncommon throughout the entire existence of the Indian economy.

Expansion implies a considerable and increment in the value level over some undefined time frame. The conduct of general cost is estimated through value list. Generally the entire deal value record is utilized to gauge expansion. Customer value record or cost of leaving file can be embraced in estimating the pace of swelling[2],[4],[6].

A. Need For the Study

The need of this examination is to quantify the adjustments in value level in Indian economy[7],[9],[11]. To

investigation the costs which affecting the swelling and gauge the progressions affecting GDP, GNP and PIN.

B. Scope of the Study

- The present research study has an exceptionally wide extension. It covers different perspective which is having the effect on expansion.
- It demonstrates the different reasons of changes in Indian swelling rate[8],[10],[12].
- It thinks about the present patterns in swelling

C. Limitations

Data has just gathered from authority site and different productions

- Research is completely founded on optional information
- Knowledge of the scientist
- Time is one of the standard constraints in this exploration procedure
- Due to absence of programming, the whole databases are planned physically

II. RESEARCH DESIGN

The Research Design is an end-all strategy determining the technique and method for gathering and breaking down the model data[13], [15],[17] .

In this task the scientist utilized expressive investigation for gathering and breaking down data. Engaging examination studies are those investigations that arrangement the qualities of past data's[20],[22],[24]

- I. Trend Analysis
- II. Percentage Analysis
- III. Graphical

Table 1 – Calculation Of Trend Value Of Last 7 Year Inflation Rate

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YEAR	INFLATION RATE IN % (Y)	X	X ²	XY
1998	5.9	-3	9	-17.7
1999	3.3	-2	4	-6.6
2000	7.2	-1	1	-7.2
2001	4.7	0	0	0
2002	4.0	1	1	4.0
2003	5.0	2	4	10.0
2004	5.8	3	9	17.4
TOTAL	35.9		28	-0.1

The equation of the straight line of the best fit

$$Y = a + bx$$

By the method of least squares, the value of a and b are

$$\begin{aligned} a &= \sum Y / N \\ &= 35.9 / 7 \\ &= 5.12 \end{aligned}$$

$$\begin{aligned} \text{And } b &= \sum XY / \sum X^2 \\ &= -0.1 / 28 \\ &= -0.003 \end{aligned}$$

Now the equation is

$$Y = 5.12 + (-0.003)X$$

Table 2 – Trend Values

YEAR	X	TREND VALUES $Y = 5.12 + (-0.003)X$
1998	-3	5.129
1999	-2	5.126
2000	-1	5.123
2001	0	5.120
2002	1	5.117
2003	2	5.114
2004	3	5.111

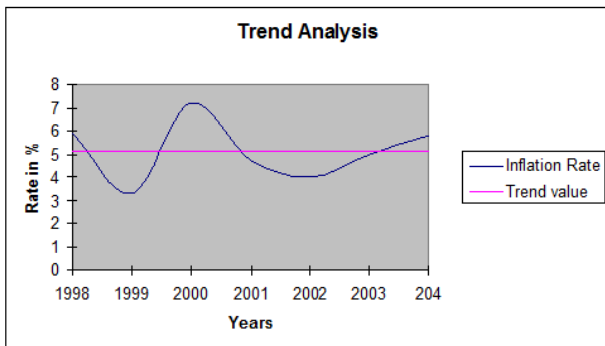


Figure 2 – Trend Values

Table 3 – Monthly Average Rate Of Inflation (1999-2004) Based On Wpi

MONTH	WPI
APR-99	4.3
MAY-99	3.8
JUN-99	3.1
JUL-99	2.3
AUG-99	2.2
SEPT-99	2.7
OCT-99	2.9
NOV-99	3.1
DEC-99	2.8
JAN-00	3.5
FEB-00	3.5
MAR-00	5.5
APR-00	6.5
MAY-00	6.4
JUN-00	6.5
JUL-00	6.5
AUG-00	6.1
SEPT-00	6.5
OCT-00	7.3
NOV-00	7.6
DEC-00	7.9
JAN-01	8.2
FEB-01	8
MAR-01	6.5
APR-01	6.5
MAY-01	6.3
JUN-01	6.6
JUL-01	6.5
AUG-01	6.1
SEPT-01	6.5
OCT-01	7.3
NOV-01	7.6
DEC-01	8.5
JAN-02	8.7
FEB-02	8.3
MAR-02	6.4
APR-02	5.4
MAY-02	5.6
JUN-02	5.3
JUL-02	5.2
AUG-02	5.4
SEPT-02	5.8
OCT-02	6.5
NOV-02	7.2

DEC-02	8.3
JAN-03	8.5
FEB-03	7.8
MAR-03	5.4
APR-03	4.4
MAY-03	4.6
JUN-03	6.2
JUL-03	6.1
AUG-03	5.8
SEPT-03	6.3
OCT-03	7.2
NOV-03	6.2
DEC-03	5.6
JAN-04	6.3
FEB-04	5.8
MAR-04	5.2

MONTH	WPI
APR-00	6.5
MAY-00	6.4
JUN-00	6.5
JUL-00	6.5
AUG-00	6.1
SEPT-00	6.5
OCT-00	7.3
NOV-00	7.6
DEC-00	7.9
JAN-01	8.2
FEB-01	8
MAR-01	6.5

III. RESULTS AND DISCUSSION

Interpretation:

During the period of 1999-2000 we can see in the first half of the year the Inflation rate comes down from 4.2% to 2.2%. In this period there is a high export of IT related services but after September the trend shows that continuous increase in inflation rate from 2.2% to 5.6% because of poor monsoon, slow industrial growth & change in International scenario, such as prices of the crude oil goes high[14],[16], [18]. One of the major factors for increasing inflation rate in 1999-00 was Nuclear Test.

- From the examination work it is discovered the rainstorm is having the effect in Indian swelling
- From the examination it is discovered that change in the pace of unrefined petroleum and oil based good influence the swelling[19],[21],[23]
- It is discovered that that during the economy year 2000-2001 resistance consumption increments 30%, it influence the swelling
- Natural fiasco like Orissa twister, Gujrat seismic tremor having the terrible effect over the Indian Economy

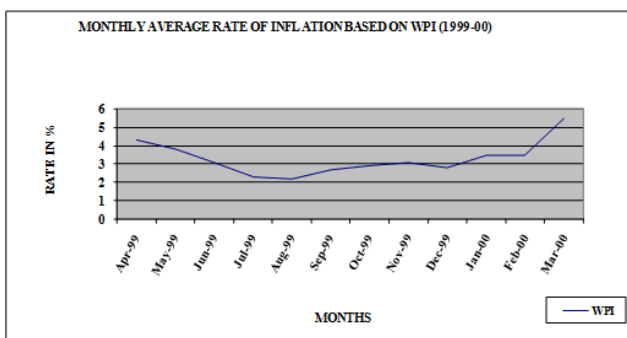


Figure 3 – Monthly Average Rate Of Inflation (1999-2004) Based On Wpi

Table 4 – Monthly Average Rate Of Inflation (2000-01 Based On Wpi

IV. CONCLUSION

This Research depends on swelling rate in India. Expansion is a financial disease in economy[25],[27],[29]. There are Three main consideration which is fluctuating swelling rate that is oil based good, unrefined petroleum and storm. The swelling make an awful effect over the Indian economy. The fares and imports have likewise make a terrible effect over the Indian Inflation rate. Information accumulation is done through different authority sites and distributions to get the learning about the expansion of India[31],[33].

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