

## LEAD

# Control inflation by acting on liquidity

**C. Rangarajan**

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**Inflation in India cannot be described just as ‘cost-push’; an abundance of liquidity has been an important factor**

The recent action of the Reserve Bank of India (RBI) **to raise the repo rate by 40 basis points** and cash reserve ratio (CRR) by 50 basis points is a recognition of the serious situation with respect to inflation in our country and the resolve to tackle inflation. Inflation has assumed a menacing proportion in almost all countries. The situation is the worst in the United States. On the other hand, the Wholesale Price Index (WPI) inflation had remained in double digits since April 2021. The GDP implicit price deflator-based inflation rate for 2021-22 is 9.6%.



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