

Important Vocab for the Editorial

1. **inflation** (noun) – simply meaning “cost of living”; increase of price level of goods & services and vice versa decrease of currency value.
2. **undermine** (verb) – weaken, subvert, sabotage, damage.
3. **purchasing power** (noun) – the ability to buy something (goods/services).
4. **cause for disquiet** (phrase) – a reason to worry.
5. **given** (preposition) – considering, taking into account, bearing in mind.
6. **accelerate** (verb) – increase, rise, advance.
7. **provisional** (adjective) – temporary, interim, transitional, preliminary.
8. **National Statistical Office (NSO)** (noun) – The Ministry of Statistics and the Department of Programme Implementation has two wings, one relating to Statistics and the other Programme Implementation. The Statistics Wing called the National Statistical Office (NSO) gives considerable importance to coverage and quality aspects of statistics released in the country. The statistics released are based on administrative sources, surveys and censuses conducted by the Center and State Governments and non-official sources and studies.
9. **Index of Industrial Production (IIP)** (noun) – a composite (combined/complex) indicator that measures the changes in the volume of production of a basket of industrial products during a given period with respect to the volume of production in a chosen base period.
10. **shrink** (verb) – lessen, reduce, decrease.
11. **contraction** (noun) – In economics, it refers to a decline in national output as measured by gross domestic product.
12. **consumer price index** (CPI) (noun) – it is defined as the change in the prices of a basket of goods and services that are typically purchased by specific groups of households. To put it simply, it tracks the prices of goods and services purchased by consumers.
13. **stubbornly** (adverb) – persistently, firmly, inflexibly.
14. **driver** (noun) – factor.
15. **pressure** (noun) – effect, impact; strain, stress, tension, burden.
16. **pulses** (noun) – pulses are the term used for edible dry peas, beans, lentils and chickpeas & etc.

17. **edible oil** (noun) – cooking oil; fat of plant, animal or microbial origin, which is liquid at room temperature and is suitable for food use.
18. **staple** (noun) – main item; important element.
19. **climb** (verb) – increase, rise.
20. **dizzily** (adverb) – unsteadily.
21. **not lost on** (phrase) – to have a significant/noticeable effect/impact on.
22. **basis point (BPS)** (noun) – a unit of measure used in finance to describe the percentage change in the value or rate of a financial instrument. One basis point is equivalent to 0.01% (1/100th of a percent). Used for measuring change in interest rate/yield.
23. **surge** (verb) – rise or increase suddenly.
24. **central bank** (noun) – The banking regulator of a country's banking system. The Reserve Bank of India (RBI) is the central bank of India.
25. **rabi (crops)** (noun) – winter crops; seeds sowing in the beginning (Nov) of the winter and harvesting at the end of the season (Apr) in South Asia.
26. **kharif (crops)** (noun) – monsoon crops; seeds sowing in the beginning (Jun) of the monsoon and harvesting at the end of the season (Oct) in South Asia.
27. **harvest** (noun) – the process of gathering a ripe crop from the fields.
28. **as well as** (phrase) – and also, and in addition.
29. **augment** (verb) – increase, enlarge, expand.
30. **optimistically** (adverb) – hopefully, confidently, positively.
31. **bank on** (phrasal verb) – rely on, depend on; anticipate, expect.
32. **incentive** (noun) – stimulus, impetus, boost.
33. **counter** (verb) – resist, tackle, confront.
34. **heightened** (adjective) – intensified, increased, aggravated, exacerbated.
35. **beverage** (noun) – a drink, such as tea, coffee, liquor, beer, milk, juice, or soft drinks, usually excluding water.
36. **quicken** (verb) – accelerate, step up, hasten.
37. **disconcertingly** (adverb) – unsettlingly, disturbingly, worryingly.
38. **acceleration** (noun) – increase, rise (in number).
39. **pump price** (noun) – the retail selling price of petrol/diesel (to the public).
40. **petroproduct** (noun) – a petroleum product; either crude oil or a derivative (gasoline/petrol & diesel).
41. **virtually** (adverb) – practically, almost, nearly.

42. **freeze** (verb) – hold/kept in a fixed state.
43. **plausible** (adjective) – likely, probable, possible; believable, conceivable.
44. **freight (carriage)** (noun) – goods transporting vehicle.
45. **lagged** (adjective) – delayed.
46. **pass-through** (noun) – passing on a cost to a customer.
47. **preceding** (adjective) – previous, prior, earlier.
48. **steep** (adjective) – unreasonable, excessive; abrupt, sudden.
49. **unlikely** (adjective) – doubtful, implausible, improbable, questionable.
50. **bite the bullet** (phrase) – “to go through a painful or otherwise unpleasant situation that has been delayed and seen as unavoidable beyond certain stage”. It simply means to accept a difficult decision or situation.
51. **forego** (verb) – do without, abandon, relinquish, sacrifice, refrain from.
52. **stridently** (adverb) – strictly, firmly, in a tough/stiff way.
53. **seek** (verb) – try, aim, attempt.
54. **levy** (noun) – imposition, charging, collection (of a tax, fee, fine).
55. **foresee** (verb) – anticipate, predict, envisage, envision.
56. **backslide** (verb) – weaken, relapse, deteriorate.
57. **traction** (noun) – popularity, acceptance.
58. **capital goods** (noun) – capital goods are man-made, durable items that businesses use to produce goods and services. They include tools, buildings, vehicles, machinery, and equipment. Capital goods are also called durable goods, real capital, and economic capital.
59. **consumer non-durables** (noun) – products/goods (such as food, clothing, fuel, etc.) which are produced for immediate use and frequently replaced by the consumer.
60. **consumer durables** (noun) – manufactured products/goods (such as TV, fridge, AC, motorbike, car & etc) which last for an extended period of time.
61. **reflect** (verb) – indicate, show, reveal, exhibit.
62. **likely** (adjective) – possible, probable, to be expected.
63. **upsurge** (noun) – sudden increase or rise of something; jump, upturn.
64. **containment** (noun) – an act of keeping something (harmful) under control (it means quickly identifying cases of coronavirus through testing, placing infected individuals in isolation, tracking who infected persons might have been in contact with and potentially quarantining

those who came into contact with infection so that the disease doesn't continue to spread).

65. [measure](#) (noun) – action, step, procedure.
66. [nurture](#) (verb) – encourage, nurture, promote, boost.

Twin troubles: On prices and industrial production

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Inflation should not be allowed to undermine purchasing power, overall economic stability

The latest [official data on retail prices and industrial production](#) released on Monday provide cause for disquiet, given that inflation continues to accelerate and output at the country's factories contracted for a second straight month. While inflation quickened to a four-month high of 5.52% in March, as per provisional data from the National Statistical Office, the NSO's quick estimates of the Index of Industrial Production for February show output including at mines, the manufacturing sector and electricity generators shrank 3.6%, following on from January's 0.9% contraction. Consumer Price Index numbers show that stubbornly high food and fuel costs remain the main drivers of price pressures. Pulses and edible oils, key kitchen staples and vital nutritional sources for proteins and fats, have been climbing almost dizzyingly for the last few months, a fact not lost on the RBI. While inflation in pulses accelerated to 13.3%, from 12.5% in February, oils and fats saw a more than 400 basis points surge to 24.9%. In its policy statement this month, the central bank hoped that arrivals from the *rabi* harvest as well as imports would likely augment supply, helping moderate prices of pulses. Similarly, on edible oils the RBI is rather optimistically banking on the government to cut import duties and offer incentives to boost domestic productivity to counter the heightened inflation. With meat and fish, and eggs yet again posting double-digit increases, inflation in the food and beverages category quickened almost 100 basis points to 5.24%.

Disconcertingly, transport and communication also saw a more than 100 basis points acceleration to 12.6%, and this despite the pump prices of

petroproducts remaining virtually frozen through the month, ahead of the March 27 start of Assembly elections. The most plausible explanation is that the freight and urban transport sectors saw a lagged pass-through of the preceding months' steep increases in automobile fuel costs. Price pressures are unlikely to ease significantly in the near term, unless the Centre and the States bite the bullet by agreeing to forego some near-term revenue from petroproducts and reduce fuel taxes. The RBI, which has been stridently seeking a reduction in these levies, foresees inflation averaging 5.2% in the April-June quarter. Separately, the IIP data shows mining continuing to backslide, manufacturing struggling for traction with output of capital goods, construction gear and consumer non-durables all contracting in February. And if one considers that these data sets are yet to reflect the likely disruptions caused by the upsurge in COVID-19 infections and the local containment measures, the signs are even more worrying. Policymakers face tough choices in trying to nurse back demand. And they must do this without letting quickening inflation undermine purchasing power and overall economic stability.

GUPTA CLASSES