

Inflation

Description

Theme:

• Ipsosâ?? latest â??What Worries the Worldâ?? survey of June 2022 revealed that inflation is now the worldâ??s biggest concern more than COVID-19. Many countries are struggling with high inflation rates.

What is Inflation:

• Inflation is the rate of increase in prices over a given period of time.

Reasons for high inflation in 2022:

- Lockdowns due to covid pandemic <u>disrupted supply chains</u>. Goods could not move freely
 and hence the availability of many goods was reduced and hence the prices increased. After
 the lockdowns are lifted, with time, the prices are supposed to return to normal but as the
 <u>fuel, electricity and food prices are rising worldwide</u> due to high demand and low supply, the
 inflation rate is still on the rise.
- Russiaâ??s invasion of Ukraine made the situation even worse because that created even
 more shortages of crude oil, wheat, edible oil and some other commodities. Due to
 Russiaâ??s invasion of Ukraine, it became almost impossible to import goods from Ukraine.
 Moreover, the sanctions on Russia following the invasion resulted in reduced imports from
 Russia, which is the worldâ??s third-biggest producer of crude oil and the second-largest
 producer of natural gas.

What can be done to control inflation:

• To control the rising prices, central banks <u>raise interest rates</u>. When the interest rates are raised, people and companies who took loans have to pay more interest and hence will

have less money to spend on things. This results in reduced demand and hence the prices will come down. But as a result, the economy slows down and companies may cut jobs to reduce costs. So, this can result in an increase in unemployment rates. But this is a very important move to control the inflation.

- Sometimes, governments <u>subsidize food and other essential commodities</u> to keep the prices affordable to common people.
- Improving the supply of commodities to fill supply shortages can also control inflation.

Conclusion:

At present, the worlda??s biggest concern is inflation. To tackle high inflation, central banks of many countries raised interest rates. Despite the move, inflation rates may continue to be high in the next few months.

Your Turnâ?!

Whatâ??s your take on the current inflation rate? Express your point of view through the comment section below. And subscribe to our blog to read answers to the trending GD topics.

Photo by Kampus Production

References:

- Inflation: Prices on the Rise
- Inflation is the worlda??s biggest worry, according to a new poll

Copyright @ Group Discussion Ideas.