

**DOES CONSUMER PRICE INDEX REPRESENT THE ACTUAL RATE OF  
INFLATION? – A STUDY ON GENERAL MEASUREMENT OF INFLATION IN THE  
CURRENT ERA**

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**ABSTRACT**

This paper explores the causes, types and costs of inflation with the concept of inflation. Given the overall economy's complexity as the world biggest transition economy, the inflation pattern presents recurrent episodes of cyclical inflation surge and decline. This paper then examined the inflation determinants. With the review of literature and previous concept this paper identifies the effects of inflation and show the measuring system of inflation. CPI or consumer price index system is widely used measurement procedure of inflation. but with the change of life style and necessity of people only CPI cannot represent the actual rate of inflation in the current decade. This paper examined the basket of CPI and also shows some overall inflationary chart of current decade. with the change of standard of living the necessity and the choice of goods and services of the consumers changes. so now a days CPI cannot perfectly represents the inflationary situation. To find out the appropriate measurement process further research is necessary. This paper concludes with some suggestions regarding anti inflationary policies.

**KEYWORDS:** Inflation, Types of Inflation, Measurement of Inflation, CPI