

## **ABSTRACT**

*The objective of the case is to make students understand the concept of 'inflation', its impact on standard of living of fixed income groups, in specific the salaried class. It throws light on some of the methods of measurement of inflation in India. The data related to rate of increase in consumption and share of different items in consumption of Indian economy, gives a direction to the reader to assess the impact of inflation on the standard of living of the population. This case talks about the link between different variables like money income, prices and real income, i.e., income in terms of goods and services. To depict this, details of salary of an anonymous employee of an organization is taken. The case shows that, though there is a continuous increase in the money income, the incessant increase in prices is adversely affecting the improvement in the standard of living.*

**Key Words:** Inflation, Money Income, Real Income, WPI, Policy Makers; Govt. of India and RBI.