

Inflation over comfort range of 6%; no need for alarm: RBI

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Retail inflation rose to a seven-month high of 6.01 per cent in January, breaching the upper tolerance level of the medium-term inflation target of 4 ± 2 per cent set by the Reserve Bank of India (RBI), data released by the National Statistical Office (NSO) recently showed.

Key Highlights

- The rise was mainly on account of high food inflation, which jumped to a 14-month high of 5.43 per cent, along with an unfavorable base.
- Inflation at the wholesale level in January softened to 12.96 per cent from 13.56 per cent a month ago but marked the tenth consecutive month of being in double digits, another set of data released by the Ministry of Commerce and Industry showed.
- Wholesale food inflation was, however, at a 24-month high of 9.6 per cent. Wholesale Price Index (WPI)-based inflation rate is reflective of the price pressures on the inputs side and of manufacturers passing on the higher input costs to their output prices.
- RBI Governor Shaktikanta Das said there was no need to panic on the inflation front. "Today's inflation print is expected to be around 6 per cent. So that should not surprise or create any alarm, because we have taken that into consideration," he said after the RBI board's customary post-Budget meeting with Finance Minister Nirmala Sitharaman.
- Last week, the RBI had projected India's average inflation to soften to 4.5 per cent in 2022-23, down from an estimated 5.3 per cent in 2021-22.

SOURCE: *The Indian Express*