

'5.1% inflation projection looks challenging'

The Monetary Policy Committee's projection of 5.1 per cent inflation for FY22 looks challenging in the current scenario as the monetary policy has limited efficacy to deal with food and fuel inflation, according to Brickwork Ratings. M Govinda Rao, Chief Economic Advisor, in a report, said: "Once the lockdown is lifted completely, pent-up demand may lead to an uncertainty in price levels, particularly in the core inflation category of the CPI. Core inflation in the CPI, which continued to remain sticky at above 5 per cent since last year, demands close attention, given the excess liquidity floating in the system."