

Rising Inflation Worries Common Man; Retail CPI-based Inflation Jumped To 5.66% In Jan 2022

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India's retail inflation for the month of January jumped 6.01 per cent, exceeding the upper limit of the Reserve Bank of India's inflation tolerance range.

The rise is seen mainly because of the increasing prices of consumer goods and telecom, showed the data by the Ministry of Statistics and Program Implementation.

The CPI-based inflation was 5.66 per cent in December 2021 post revision.

Food inflation has jumped to 5.58 per cent in January compared with 4.05 per cent in December. Fuel and light inflation came in at 9.32 per cent in January as against 10.95 per cent in December.

Inflation in urban India remained unchanged at 5.91% in January, compared with 5.90% a month earlier. Inflation in rural jumped to 6.12 percent, compared with 5.36 percent a month ago.

The Consumer Food Price Index also saw a significant rise to 5.43% in January from 4.05% in December, with rural India grappling with higher prices.

"Food inflation is high mainly due to the higher edible oils component, but the overall basket is below the headline number at 5.6%," said Bank of Baroda chief economist Madan Sabnavis, adding that the inflation rate in most of the states is more than 6%, with Haryana topping at 7.2%.

According to the Reserve Bank of India Governor Shaktikanta Das, 6% inflation should not be a matter of concern or trigger any alarm, as the apex bank is fully aware of it and has considered its prospects.

The global crude oil price has touched almost \$95 a barrel, which worries economists, who believe RBI's take on retail fuel prices— to raise them or pare excise duties will be essential in determining the inflation route from March.

"Rising International crude oil prices remain a huge threat, accentuating inflationary pressures, even though fuel inflation eased in January to 9.32% from 10.95% in December," said M Govinda Rao, chief economic advisor at Brickwork Ratings.

"The ongoing Ukraine crisis is likely to escalate the international crude oil prices higher, hence the central government may have to lower the excise duties in the coming months to control inflation," Mr Rao, who was a member of the Fourteenth Finance Commission, reported The Hindu.

Clothing and footwear prices increased to 8.84% in January, compared with 8.3% in December.

Wholesale price inflation stood at 12.96% in January, while Food inflation at the wholesale level sky-rocketed to 10.33%, as per data released by the Ministry of Statistics and Program Implementation.

Meanwhile, India's industrial production growth decelerated for the fourth consecutive time in December to 0.4 per cent, owing to the underperformance by the manufacturing sector.

The manufacturing sector, which accounts for 77.63 per cent of the Index of Industrial Production (IIP), shrank 0.1 per cent in December, according to the data released by the National Statistical Office (NSO).