

Costly Commodities: India's Jan retail inflation rises to over 6% (Ld)

New Delhi, Feb 14 - Higher food prices, as well as rising commodity costs, lifted India's January 2022 retail inflation on a sequential as well as year-on-year basis, official data showed on Monday.

As per the data furnished by the National Statistical Office, the Consumer Price Index (CPI) rose to 6.01 per cent last month from 5.66 per cent in December 2021.

Similarly, on a YoY basis, the rise in last month's retail inflation was faster than the 4.06 per cent increase in prices recorded for January 2021.

The trend assumes significance as retail inflation rate crossed the target range of the Reserve Bank of India.

The central bank has a CPI target range of 2-to-6 per cent.

As per the NSO data, the rate of rise in the Consumer Food Price Index, which measures the changes in retail prices of food products, increased to 5.43 per cent last month from 4.05 per cent in December 2021.

In terms of CPI inflation rate, pulses and products' prices jumped by 3.02 per cent in January 2022 YoY. Meat and fish prices rose by 4.09 per cent, eggs were dearer by 2.23 per cent, and oils and fats prices rose 18.70 per cent.

Similarly, the overall price of food and beverages category was up 5.58 per cent.

Vegetable prices were up by 5.19 per cent.

Furthermore, as per the official data, the inflation rate for fuel and light was higher by 9.32 per cent.

In addition, sub-group of clothing and footwear showed a price acceleration of 8.84 per cent.

ICRA's Chief Economist Aditi Nayar said: "As feared, an unfavorable base hardened the YoY CPI inflation to a seven month high, printing marginally above the 6 per cent upper threshold of the MPC's medium term forecast range for the first time since June 2021, and exceeding our forecast of 5.9 per cent.

"Interestingly, while the urban inflation remained unchanged at 5.9 per cent, the rural CPI inflation surged to 6.1 per cent in January 2022 from 5.4 per cent in the previous month, reversing the gap between the two metrics."

Brickwork Ratings' Chief Economic Adviser M. Govinda Rao said: "The prices of food items have shown a steep rise from 4.05 per cent in December to 5.43 per cent in January, due to rising global commodity prices and continued supply bottlenecks.

"Higher food inflation has accelerated the overall inflation rate, in addition to higher core and fuel inflation which are already at elevated levels."

India Ratings and Research's Principal Economist, Sunil Kumar Sinha, said: "Though, Covid cases are ebbing, heightened geopolitical risks will keep the energy prices and thus inflation at elevated levels.

"Against this backdrop, Ind-Ra expects the wholesale inflation to be in double-digits and retail inflation close to the upper tolerance band of RBI during the rest of the current fiscal."