

Retail inflation at 8-yr high of 7.8% on food, fuel costs

May Force RBI To Hike Rates Again In June

TIMES NEWS NETWORK

New Delhi: Retail inflation surged to a near eight-year high in April on the back of escalating food and fuel prices and the impact of disruption in global supply chains due to the war in Ukraine, heaping more pressure on authorities battling to revive growth and triggering the need for sharper interest rates hikes to tame inflationary pressures.

Data released by the National Statistical Office (NSO) on Thursday showed inflation, as measured by the consumer price index, galloped to 7.8% in April — the highest since 8.3% in May 2014 — from near 7% this March. At 8.4%, rural inflation outpaced urban in-

'INDIA BETTER PLACED TO FACE STORM'

What's driving inflation?

Soaring food and fuel prices, disruption in supply chains due to war in Ukraine

Steps taken to tame rise: RBI raised rates sharply this mth, is expected to unveil more rate hikes in months ahead to douse

inflationary pressures

Finmin says inflation will remain elevated in 2022-23, but action by Centre & RBI may reduce its duration. Says, India better placed than other nations to weather global economic storm & record steady growth



Rupee falls to record intra-day low of 77.63 against USD. Closes at 77.42t USD



Sensex closes at 52,930, down 1,158 points or 2.1%, as growth worries and high inflation hurt



IIP (factory output growth) remains muted at 1.9% in March **P 13**

flation (7.1%). The food price index surged to 8.4% in April, higher than 7.7% in March, which experts say was largely due to higher wheat prices due to diversion of the commodity for exports.

The surging inflation prompted RBI to raise rates by 40 basis points in a surprising move earlier this month. Experts expect the central bank

to again raise rates aggressively in the months ahead, starting from June, to tame inflation and protect the economic recovery that's underway.

There is also an acknowledgement that some growth may have to be sacrificed in the fight against inflation.

Core inflation (minus food and fuel) surged to 7.4% during the month, indicating

the relentless price pressures outside food and fuel segments. Hardening inflation triggered by higher food and fuel prices has emerged as a crucial policy challenge for policymakers around the globe, prompting central banks to raise interest rates. The data showed food and beverages inflation was at 8.1% while fuel and light was at 10.8%. Higher global crude oil prices have hurt oil importing countries and stoked inflationary pressures.

The data showed oil and fats inflation at 17.3% in April, vegetables at 15.4%, spices at 10.6%, transport and communication 10.9%. A surge in global commodity prices and export ban on palm oil by Indonesia have also added to the problem domestically. China's strict no Covid policy and strict lockdown has also hurt global supplies, heightening price pressures.