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India's inflation above tolerance for 6th consecutive month; here's what analysts have to say

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By ANI

NEW DELHI: India's retail inflation eased marginally to 7.01 per cent in June from 7.04 per cent in the previous month helped by softening crude and edible oil prices, while staying above the central Reserve Bank of India's (RBI) tolerance limit for the sixth consecutive month.

RBI predicts retail inflation to continue to remain high till the third quarter of the current financial year 2022-23, before lowering. Apart from this, domestic wholesale inflation has been in double-digits for over a year now.

At present, RBI's mandate is to keep retail inflation at 4 per cent with a tolerance band of 2 percentage points, i.e. 200 basis points on either side.

Following are some of the views on India's consumer inflation by analysts and financial market experts:

Nikhil Gupta, Chief Economist at Motilal Oswal Financial Services

India's Jun inflation came in at 7 per cent YoY, similar to that in May 2022 and slightly lower than the consensus (our forecast of 7.3 per cent). Lower inflation was primarily because of lower than expected food inflation.

Overall, there were no surprises in the data. Thus, no major implications for August monetary policy. We expect 25 basis points hike next month. Lower than expected inflation for the second consecutive month, however, is a relief.

Going forward, we expect headline inflation to stay 7 per cent in 2QFY23 and ease towards 6.5 per cent in 4Q.

Vijay Kalantri, Chairman, MVIRDC World Trade Centre Mumbai - an international trade promotion organization

CPI is above the 6 per cent mark for the last six months in a row. The persistently high headline inflation has led to generalized inflation with a high inflation rate in services segments such as health, recreation, and amusement.

We expect inflation to remain above the comfort zone of 6 per cent in the foreseeable future until the RBI's tightening policy shows results by containing aggregate demand.