

# INDIA'S INFLATION HIGHER THAN PEERS LIKE BRAZIL, SOUTH KOREA



India now has higher inflation than some emerging market peers.

The latest inflation figure of 6.52 per cent is outside of the Reserve Bank of India (RBI) tolerance band of 2–6 per cent, which is higher than peers, such as Brazil and South Korea, shows a *Business Standard* analysis of data from central bank websites across the world. India had among the lowest inflation numbers relative to peer economies earlier.

South Korea's latest inflation number was 5.2 per cent while it was 5.77 per cent in Brazil. Central banks in both countries have increased rates at a faster pace than India from the pandemic lows, when global interest rates were aggressively cut to limit the negative economic effects of the Covid-19 pandemic.

South Korea has raised interest rates

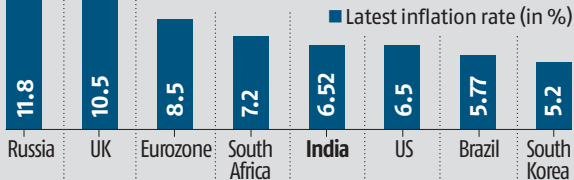
by 300 basis points (bps) from its pandemic low. A 100 bps is 1 per cent. Brazil has raised its interest rate by 1,175 bps. Others, including the US, the UK, South Africa, and the Eurozone, have all increased rates at a faster pace.

The RBI last week raised its key interest rate by 25 bps to 6.50 per cent. This recent hike, which is the sixth in this cycle, marks a cumulative 250 basis points rise from the 4.00 per cent repo rate seen amid the pandemic. This is lower than most other large peer economies.

The UK saw a cumulative increase of 390 bps from 0.1 per cent in March 2020. Interest rates are up 450 bps in the US and South Africa has increased its interest rate by 375 bps to 7.25 per cent since the pandemic.

**SAMREEN WANI**

## SWELLING INFLATION



Source: Central bank websites, *Bloomberg*

## INDIA'S HIKES LESS STEEP THAN OTHERS



\* policy repo rate

Source: Central bank websites, compiled by *Business Standard*