

We should see core inflation dipping, says Ashima Goyal

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While core consumer price index- (CPI-) based inflation has remained stubbornly elevated, a study of some of the underlying components of the price gauge suggest that it should ease going ahead, Ashima Goyal, member of the Monetary Policy Committee, said. “We looked at some of the underlying components of core (inflation). We find that things like transport, telecommunications were the largest components and those are coming down,” Goyal told reporters at the State Bank of India Banking and Economic Conclave.

“Those are linked to oil prices. If that comes down, their share coming down, then we should see core also coming down,” she said. Goyal said her views were personal. Core inflation is calculated by largely stripping away the volatile components of food and fuel. Goyal was referring to certain products that have linkages with oil prices.

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line CPI-based inflation was at 6.77 per cent in October, down from 7.41 per cent a month ago. According to analysts, core inflation was at 6 per cent, largely unchanged from the previous month. The National Statistics Office does not release data on core inflation.

The MPC's target for headline CPI inflation is 4 per cent, while the tolerance band is 2-6 per cent. Inflation has been above 4 per cent for 37 con-

secutive months. “We have dealt with extremes — pandemic and war. There is some resilience in the economy. I think this comes from our monetary and fiscal policy and structure reforms sensitive to Indian conditions. Here we have the food grain stocks, food security and at the same time, government spending towards infrastructure and other logistics. So, very good monetary-fiscal coordination,” she said.