



PHD Research Bureau
PHD Chamber of Commerce and Industry



India comparatively better in combating inflation, WPI inflation decelerated significantly from its peak, CPI inflation expected to fall below 6% by December 2022: PHD Chamber

Calibrated efforts undertaken by the Government and Reserve Bank of India have significantly impacted the escalation in the Wholesale prices. The WPI inflation has softened to 10.7% in September 2022 from its peak of 16.2% in June 2022.

Though RBI took aggressive move to tame the inflation and increased the Repo Rate by 190bps during the last 6 months in May 4.4% to 5.9% in October, GDP growth rate has also been maintained with lesser deceleration as compared with many economies.

S. No.	1	2	3	4	5	6	7
Countries	Euro Area	UK	US	Canada	South Africa	India	Australia
Interest Rate since March 2022	200	175	275	300	225	190	250
Inflation (CPI) Peak/or Current	10.7	10.1	9.1	8.1	7.8	7.8	7.3

Current Inflation	10.7	10.1	8.2	6.9	7.5	7.4	7.3
GDP Projections by IMF	3.1	3.6	1.6	3.3	2.1	6.8	3.8

Source: PHD Research Bureau, PHD Chamber of Commerce and Industry.

Many of the economies were more aggressive while increasing the policy rates such as Canada increase the policy rates by 300 bps followed by United States by 275 bps, Australia by 250 bps, UK by 175 bps , South Africa by 225 bps and Euro Area by 200 bps.

Canada has been able to reduce the inflation rate by 120 bps by increasing the repo rate 300 bps. US are able to reduce the inflation rate from 9.1% to 8.2% by increasing the fed rate by 275 bps. South Africa is able to reduce the inflation rate from 7.8% to 7.5% by increasing the policy rate by 225 bps. India is able to reduce the inflation rate from 7.8% to 7.4% by increasing the policy rate by 190 bps.

Calibrated steps by the Government and RBI would be crucial to bring down inflation in the targeted trajectory along with maintaining economic growth at around 7% in the current financial year 2022-23.

We believe that deceleration in the WPI inflation will continue and it will have a significant impact on the price corrections in the retail inflation; CPI inflation is expected to soften below 6% by December 2022.

Going ahead further cut in the excise duties especially on the petroleum products along with bringing the petroleum products under the ambit of GST; strengthening of the global value chains and shifting of the sources of the imports from higher price countries to low price countries; import substitution where India has a high imports category and comprises higher import shares as exchange rate is not favourable; enhancing indigenous production possibilities where there is high demand for the products; measures for preventing hoarding of the essential commodities to stop price accelerations would go a long way to stabilize inflation trajectory within the targeted range of Reserve Bank of India.

To access the full report for your reference, kindly [Click here](#).

The report was widely covered by media in more than 47 newspapers/dailies.

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Warm Regards,

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