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Food inflation remains above 15%

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New Delhi: Food inflation remained above 15% for the fourth consecutive week in mid-January on the back of high onion, fruit and vegetables prices.

Data released by the commerce and industry ministry on Thursday showed that food price index rose 15.57% in the week to January 15, marginally higher than the previous week's 15.52%. The fuel price index rose 10.87%, lower than the previous week's 11.53%.

Economists said food inflation seems to have peaked but high inflation is here to stay for the rest of the year. High food prices have emerged as a major policy challenge for the government and the RBI

"We have crossed the peak of food inflation. The high food prices are a combination of both supply side and speculative shock," N R Bhanumurthy, economist at the National Institute of Public Finance and Policy, said. "There is inflationary pressure across the world. There is a need for concerted effort at the global level to combat inflation," he said. **RBI raises interest rates for 7th time**

"The G20 has a major role to play here. People in India will have to continue to live with higher than tolerable inflation for one more year. Tolerable inflation for India is 5% to 6%," he said.

High food inflation has contributed to rising headline inflation which rose 8.43% in December, accelerating from November's 7.48%. The government has taken some measures to calm prices while the RBI raised key interest rates on Tuesday. This was the seventh time since March that the RBI raised interest rates to calm price pressures. The index for food articles group rose to 190.8 from 190.6 for the previous week due to higher prices of jowar (7%), arhar (4%) and maize, masur, fruits and vegetables, fish and chicken (1% each). RBI governor Duvvuri Subbarao has said that inflation is clearly the dominant concern and cautioned that there are signs of food and fuel price increases spilling over into generalised inflation.