

Retail inflation may hit record low of 0.3% in Oct: *Mint* poll

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NEW DELHI

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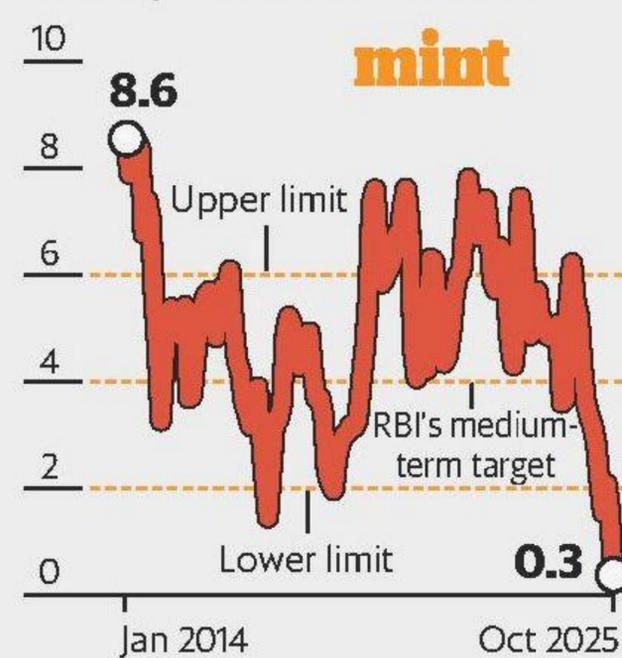
The economists projected inflation in the narrow range of 0.16% to 0.58%. If their projections prove accurate, this will be the lowest print under the current series, which includes inflation data from January 2014. Retail inflation data is scheduled to be released on Wednesday.

Retail inflation had jumped to 6.2% in October 2024 from 5.5% the previous month, which will provide a favourable base for inflation in October 2025. Similarly, food inflation jumped to 10.9% in October 2024 from 9.2% the previous month, which will help pull food inflation down as well. Cooling vegetable prices will also have an impact.

Narrow range

Economists have projected inflation in the 0.16–0.58% range.

Year-on-year retail inflation (in %)



Note: October CPI inflation is based on the median of forecasts by 16 economists

Source: Statistics ministry, *Mint* poll

GOPAKUMAR WARRIER/MINT

With this, inflation is expected to come in below the lower limit of the Reserve Bank of India's 2-6% band for the third time in four months.

"Food deflation likely deepened, given a sharp sequential decline in vegetable prices," said Dhiraj Nim, an economist at ANZ Bank. Aditi Nayar, Ica chief economist, said the October print would reflect deeper deflation in food and beverages, as well as the impact of GST cuts for several

items in the CPI basket.

While headline inflation is expected to be ultra-low, economists warned about high core inflation, which may have risen further to 4.5-4.7% in October, mainly owing to the sharp rally in gold prices.

Low headline inflation is in itself a cause of worry, but economists do not expect it to remain at this level for long. "October is likely to mark the trough in the current cycle, with base effects expected to see inflation resume its gradual climb in the coming months," Radhika Rao, DBS Bank economist, said. "Unseasonal rains might impinge on the supply of fresh food perishables in the near term, which alongside an increase in import duties on selected pulses, reinforces our view that the bulk of the disinflation in food is likely behind us."

Since the inflation trajectory is expected to reverse, economists don't expect more than one rate cut in near term. "There is a risk that inflation could undershoot the RBI's forecasts, but its reversal is also imminent in FY27," Nim said.