

Retail inflation seen higher at 3.85% in April



FE POLL OF
ECONOMISTS

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HEADLINE RETAIL INFLATION is estimated to have edged higher in April, driven largely by rising prices in food and fuel segments.

Consumer Price Index (CPI) inflation is pegged at a 15-month high of 3.85% year-on-year for April, according to the median of an *FE* poll of economists. Headline retail inflation stood at 3.4% in March and 3.2% in February.

If realised, this would mark the 15th consecutive month that inflation remains below the Reserve Bank of India's (RBI) medium-term target of

PRICE POINT



Source: MoSPI, FE Data

4%. The Ministry of Statistics and Programme Implementation is scheduled to release the official April inflation data on May 12.

Estimates from 10 economists in the poll ranged between 3.55% and 4.1%.

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Food & fuel may push up retail inflation in April

ADITI NAYAR, CHIEF economist at Icra, said CPI inflation is estimated to rise to 3.9% in April largely due to hardening food and beverages inflation led by edible oils (uptick in global prices and currency depreciation), vegetables (partly due to above-normal temperatures) and ready-made food product segments.

Rajeev Sharan, head of research at Brickwork Ratings, said inflation is likely to firm up, "reflecting a mix of domestic and global pressures." "India enters April with inflation risks tilted upward as heatwaves, weak monsoon expectations, and rising crude oil prices converge. Extreme temperatures are already straining power demand and disrupting perishables, while forecasts of below-normal monsoon rains raise concerns about crop output and food availability," he said.

Economists have projected food inflation in the range of 4.1-5.1% y-o-y in April. Though the weight of food and beverages in the CPI basket has fallen to 36.75% in the 2024 series from

PROJECTIONS

CPI poll for April

Estimates (% chg y-o-y)

Icra	3.9	IDFC First Bank	3.6
Bank of Baroda	4.0	Quant Eco	3.55
India Ratings	3.9	DBS Bank	3.8
Emkay Global	4.0	CareEdge	3.8
HDFC Bank	3.8	Brickwork Ratings	4.1



45.86% in the 2012 series, it remains a dominant factor. In March, food inflation stood at 3.87% y-o-y. Core inflation, which excludes food and fuel, is projected in the range of 3.3-3.6% in April, compared with 3.7% in March.

Gaura Sengupta, chief economist at IDFC First Bank, said the core inflation is expected to hold broadly steady with limited pass-through from producers to consumers for now. "In the coming months we expect the second-round impacts of inflation to become more pronounced."

Nayar, however, expects

core inflation to inch up modestly, driven by higher restaurant prices and transport services, particularly airfares, reflecting elevated aviation turbine fuel prices.

Sharan pointed to geopolitical tensions amplifying imported inflation through higher fuel, freight, and fertiliser costs. "Edible oil markets, too, remain vulnerable to climate shocks, crude-linked biofuel demand, and supply chain disruptions, keeping price pressures elevated," he said. "With these overlapping shocks, April's inflation print is likely to reflect a clear hardening from March."