

Retail Inflation Up a Tad on Rise in Food, Bullion Prices

Economists expect pressure to rise in the coming months as W Asia conflict continues

Our Bureau

New Delhi: Retail inflation jumped to a four-month high of 3.5% year-on-year in April, up slightly from 3.4% in March, led by rising food and gold/silver prices, official data released Tuesday showed.

Economists expect inflationary pressures to rise in the coming months as the West Asia conflict continues to push up prices.

“The risks to inflation remain skewed towards the upside emanating from higher energy prices, rupee weakness, as well as any disruptions due to El Nino during the monsoon season,” said Sakshi Gupta, principal economist at HDFC Bank. She added that a ₹5 increase in petrol prices could raise inflation by 20 basis points just through the direct impact.

Inflation has moved closer to the Reserve Bank of India’s (RBI) medium-term target of 4%. Economists expect the central bank to keep the policy rate unchanged at 5.25% in its June meeting.

Aditi Nayar, chief economist at ICRA, said inflation is likely to remain around the midpoint of the monetary policy committee’s (MPC) target range of 2-6%, supporting expectations of a pause in rates.

Madan Sabnavis, chief economist of Bank of Baroda, also expects the RBI to maintain its current policy stance for now. However, he warned that a rate hike later in the year cannot be ruled out if inflation crosses the 5% mark.

Food inflation also rose to a four-month high of 4.2% in April from 3.9% in March. Rural food inflation stood at 4.3% and in urban areas it was 4.1%.

Pressure Point

Retail inflation (y-o-y, %)

2026	Rural	Urban	India
Jan	2.7	2.8	2.7
Feb	3.4	3.0	3.2
Mar	3.6	3.1	3.4
Apr	3.7	3.2	3.5

Food inflation (y-o-y, %)

Jan	2.0	2.4	2.1
Feb	3.5	3.5	3.5
Mar	4.0	3.7	3.9
Apr	4.3	4.1	4.2



Source: MoSPI

Overall, rural inflation rose to 3.7% in April from 3.6% in March, while urban inflation edged up to 3.2% from 3.1%. Across states, Telangana recorded the highest inflation of 5.8%, followed by Andhra Pradesh (4.2%), Tamil Nadu (4.2%), Karnataka (4%) and Rajasthan (3.6%).

FOOD, SERVICES

Among the 12 divisions, personal care, social protection and miscellaneous goods and services saw the highest inflation at 17.7%. Next was paan, tobacco and intoxicants at 4.8%, followed by restaurants and accommodation services (4.2%) and food and beverages (4%).

“Fuel price passthrough remained variable, with transport reflecting negative inflation, while costlier commercial liquified petroleum gas (LPG) reflecting in higher cost for restaurant services,” said Megha Arora, director, India Ratings and Research (Ind-Ra).

OUTLOOK

ICRA expects inflation to harden to 4.1% in May, while Ind-Ra projects 3.6% if higher energy prices are not fully passed on to consumers.