

Home > Economy > India's retail inflation falls sharply; here's what experts have to say

Economy

India's retail inflation falls sharply; here's what experts have to say

ANI 13 May, 2023 01:13 pm IST



Text Size: **A-** **A+**

Mumbai (Maharashtra) [India], May 13 (ANI): Retail inflation in India eased sharply in April to 4.7 per cent as against 5.7 per cent the previous month.

The inflation index for rural and urban was 4.68 per cent and 4.85 per cent, respectively.

India's headline consumer price index-based (CPI) inflation (or retail inflation) has gradually declined from its peak of 7.8 per cent in April 2022 to below 6 per cent now, which is below RBI's upper tolerance band.

India's retail inflation was above RBI's 6 per cent target for three consecutive quarters and had managed to fall back to the RBI's comfort zone only in November 2022.

Under the flexible inflation targeting framework, the RBI is deemed to have failed in managing price rises if the CPI-based inflation is outside the 2-6 per cent range for three quarters in a row.

The RBI's monetary policy actions over the past year seem to have reaped dividends in managing inflation.

Inflation has been a concern for many countries, including advanced economies, but India has managed to steer its inflation trajectory quite well.

Assuming an annual average crude oil price (Indian basket) of USD 85 per barrel and a normal monsoon, CPI (or retail) inflation is projected to moderate to 5.2 per cent for 2023-24 in India as estimated by RBI in its April monetary policy meeting; with Q1 at 5.1 per cent; Q2 at 5.4 per cent; Q3 at 5.4 per cent; and Q4 at 5.2 per cent.

Following are some of the excerpts of views from analysts and experts on the January retail inflation numbers:

Raghvendra Nath, MD, Ladderup Wealth Management Pvt. Ltd:

CPI inflation eases to an 18-month low of 4.70 per cent in April 2023 from 5.66 per cent in March and 7.79 per cent in April 2022. It is below the upper end of the target range of 6 per cent set by RBI. The primary reason for the ease in inflation was the higher base of last year and a steep decline in food inflation... Today's inflation data will instil more confidence towards a neutral policy in the MPC meeting scheduled in June.

Vivek Rathi, Director of Research, Knight Frank India:

Inflation moderated to sub-5 per cent in April 2023 primarily supported by a high base and softening of vegetable prices and energy prices. When measured sequentially, consumer inflation has inched up by 0.5 per cent.

Despite a relative moderation across the categories, the inflation levels are still elevated impacting the discretionary spending of the households. The wholesale prices have declined sharply in the last few years, however, the producers/manufacturers have not yet passed on this price reduction to the consumers, to maintain their profit margins, in the current high-cost environment. Thus, we expect the price pressure on households to continue to remain sticky in the near term.

The consumer inflation level coming down to an 18-month low and will set the market expectations on RBI's interest rate setting decision next month. So far, high interest rates have had a moderate impact on the housing market with the affordable segment particularly taking a major portion of the blow. If the inflation rate trajectory gives some comfort to continue the decision on pause in this interest rate hike cycle, it will be the biggest comforting factor for the real estate industry.

Vijay Kalantri, Chairman, MVIRDC World Trade Center Mumbai:

As expected, CPI inflation eased in April and it has touched an 18-month low of 4.7 per cent largely because of base effect as in the same month last year, retail inflation touched a record high of 7.79 per cent. But inflation in cereals, milk, and spices, which are products of mass consumption continues to remain above the comfort zone. We expect the headline inflation to ease in the coming months as well due to the high base effect and remain within the range of 5.1 per cent forecast by RBI. (ANI)

This report is auto-generated from ANI news service. ThePrint holds no responsibility for its content.

April Inflation Gives ‘Confidence’ In Monetary Policy Path: RBI Gov

[Follow](#)

India's retail inflation has now fallen sharply for two consecutive months to within the Reserve Bank of India's comfort band of 2-6 per cent, prompting economists to expect an extended pause in policy rates

A fall in April retail inflation to an 18-month low of 4.70 per cent gave reassurance that India's monetary policy is on the right track, central bank governor Shaktikanta Das said at an event in Mumbai on Friday.

India's retail inflation has now fallen sharply for two consecutive months to within the Reserve Bank of India's comfort band of 2-6 per cent, prompting economists to expect an extended pause in policy rates. The benchmark repo rate is currently at 6.5 per cent.

“This gives me and my colleagues in the RBI ... a good amount of confidence that the monetary policy is on the right track,” Das said.

India's Monetary Policy Committee kept interest rates unchanged in a surprise move in April.

Das said he is confident growth in India will be close to 6.5 per cent for 2023-24.

While lower than the 7 per cent expected for 2022-23, India's growth would be among the highest across major economies. Urban demand continues to be strong and rural demand has started picking up, he said. Capital expenditure by the government will also aid growth.

The central bank governor said that the Indian rupee has been the least volatile currency compared to its peers. The RBI's effort, he said, is to ensure volatility in the rupee is contained.

On CPI Inflation Data, Chairman of MVIRDC World Trade Centre Mumbai, Dr Vijay Kalantri said that CPI inflation eased in April, but inflation in cereals, milk and spices, which are products of mass consumption continues to remain above the comfort zone.

“We expect the headline inflation to ease in the coming months as well due to the high base effect and remain within the range of 5.1 per cent forecast by RBI,” Kalantri said.