Retail Inflation Eases to 2.99% as Food Prices Fall

Consumer price index was 3.89% in March and 5.47% in the year earlier

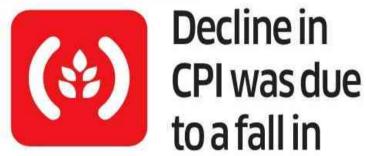
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New Delhi: India's retail inflation eased in April on the back of softening food prices.

Data released by the statistics office showed inflation based on the consumer price index (CPI) eased to 2.99% in the first month of the new fiscal compared with 3.89% in March and 5.47% in the year earlier. The inflation number is the lowest in the series that began two years ago.

"Inflationary pressures in the coming months could emerge from the impact of seventh pay commission allowances, GST implementa-

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the prices of pulses, fruits, sugar, spices and transport and communication

tion and if minimum support prices for food articles are raised by the government," said CARE Ratings chief economist Madan Sabnavis.

However, the upside risk to the inflation could be limited with the June-September monsoon forecast to be normal, he said.

The decline in CPI was primarily due to a decrease in the prices of pulses, fruits, sugar, spices and transport and communication. Vegetable prices are in negative territory for the eighth straight month and pulse prices for the fifth straight month.

ICRA Ratings expects CPI inflation may well remain below 3.5% in the ongoing quarter. "We expect only a 25 bps cut in 2017—in the second half," Sabnavis said.