

Retail inflation dips to 3.17% in Jan

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CPI inflation trends (in %)

	Jan 2017	Dec 2016	Jan 2016
General inflation	3.17	3.41*	5.69
Consumer food price inflation	0.53	1.37*	6.85
Food and beverages	1.29	1.98	6.66
Pan and intoxicants	6.36	6.39	9.03
Clothing and footwear	4.71	4.88	5.71
Housing	5.02	4.98	5.20
Fuel and light	3.42	3.77	5.32

Sharp drop in retail food prices

New Delhi, February 13:

Retail inflation eased to 3.17 per cent in January with a sharp drop in consumer food prices, especially in urban areas. This is an indication of muted demand following demonetisation of high-value currency.

Consumer Price Index-based inflation stood at 3.41 per cent in December 2016 and at 5.69 per cent in January 2016.

Official data released on Monday revealed that consumer food price inflation (CFPI) eased to 0.53 per cent in January 2017 as prices of vegetables and pulses declined.

CFPI in urban areas contracted to 0.31 per cent in January 2017 as against 6.5 per cent a year ago.

Retail prices of vegetables dropped 15.62 per cent last month, while that of pulses fell 6.62 per cent. However, retail inflation in sugar and confectionaries rose 18.69 per cent.

Meanwhile, amongst non-food items, CPI inflation was sharpest, at 6.36 per cent, in the pan, tobacco and intoxicants category, followed by housing, where it rose to 5.02 per cent.

Retail inflation in the fuel and light sector fell marginally to 3.42 per cent in January 2017.

Experts said retail prices have bottomed out and prices of non-food items are on the rise. "For the next two months, we expect the CPI inflation rate to move towards 3.5 per cent or 3.6 per cent. It will be guided by the crude oil prices and the transmission at the retail level. The base effect too would have been exhausted by this time," said CARE Ratings.



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In its recent bi-monthly monetary policy review, the Reserve Bank of India did not change policy rates while it assesses the impact of demonetisation on inflation and output.

(This article was published on February 13, 2017)

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