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Retail inflation in India surges to 8-year high of 7.79% in April

By Anand JC, ET Online Last Updated: May 12, 2022, 07:16 PM IST

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Synopsis

Retail inflation in India surged to 7.79% on an annual basis in the month of April owing to higher edible oil & fuel prices, data from the Ministry of Statistics and Programme Implementation showed on Thursday.



India's retail inflation soars to 7.79% in April as against 6.95% in March

Retail inflation in India surged to 7.79% on an annual basis in the month of April owing to higher edible oil & fuel prices, data from the Ministry of Statistics and Programme Implementation showed on Thursday.

The headline inflation is now at the highest level since the 8.33% hit in May 2014.

Analysts had expected the CPI inflation to be around 7.5%, up from 6.95% in the month of March & 4.23% in April 2021. With this, the headline

retail inflation has now remained above the Reserve Bank of India's 6% upper tolerance level for the fourth consecutive month.

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Rural inflation rose to 8.38% in April as compared to 7.66% in March and 3.75% in April 2021 while urban inflation stood at 7.09% in April as compared to 6.12% in March and 4.71% in April 2021.

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Meanwhile, the overall food inflation in April was 8.38%, against 7.68% in the previous month and 1.96% in April 2021.

The core inflation, which is calculated by excluding 'food and beverages' and 'fuel and light' from the overall inflation, shot up to 6.8% in April from 6.6% in March.



ET Online

Data source: MOSPI

The Monetary Policy Committee last week, in an off-cycle move, had hiked rates by 40 bps for the first time since August 2018. "The MPC expects inflation to rule at elevated levels, warranting resolute and calibrated steps to anchor inflation expectations and contain second-round effects," RBI Governor Shaktikanta Das said as he announced that the MPC had unanimously voted to increase the policy repo rate.

"The sharp spike in inflation in April explains the out of turn rate hike by RBI," said Rajani Sinha, Chief Economist, CARE Ratings. "With global turmoil continuing and commodity prices remaining high, there will continue to be upward pressure on inflation in the coming months. With concerns on second round effect of inflation and wage price spiral caused by high household inflationary expectations, the RBI will be on tenterhooks," she added.

The MPC is scheduled to next meet on June 6-8. Sinha expects RBI to hike policy rate by another 25 bps in June and total of around 75-100 bps in FY23.

"We raise our CPI forecast for FY23 to 6% from 5.3-5.5% earlier. The Russia-

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Ukraine crisis is dragging on for longer, keeping crude [oil prices](#) elevated above US\$100/bbl against our base case of ~US\$80-90/bbl," said Teresa John, an economist at Nirmal Bang. A US\$10/bbl increase in crude oil prices adds around 25 bps to the baseline inflation.

In Video: [India's retail inflation soars to 7.79% in April as against 6.95% in March](#)

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Sukumaran k

7 hours ago

Now just look at the subjects discussed by major TV channels during prime time. You will feel common man is absorbed in far more serious issues that affect his soul.



VIVEK SHIVDASANI

14 hours ago

It is a mystery to me how middle class families with school or college going kids survive.

Raj

16 hours ago

The lower end salaries and incomes are totally unsustainable for life, especially in urban area, this is due to inflation. The poor survives on their innovation (jugaad), humility, mercy of others and free stuffs from Govt. So the hardest hit economically are the middle class who has niether innovation, humility, mercy of others, or free stuffs.

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Shrinkflation hits India's snacks as firms struggle with costs

Bloomberg Last Updated: May 13, 2022, 11:17 AM IST

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Synopsis

Companies including Unilever Plc's India unit and domestic consumer goods firms Britannia Industries Ltd. and Dabur India Ltd. have moved toward lighter loads in their cheapest packages amid rising costs of edible oils, grains and fuel.



Picture used for representational purpose only

As [India's inflation](#) surges, the cheap single-serving packets of staples like soap and cookies aren't budging in price -- they're just getting lighter.

By paring the weight of fixed-price items -- popular among lower income and rural areas at the equivalent of roughly a penny, nickel or a dime --

firms are using "shrinkflation" to cope with higher input prices while keeping customers.

Companies including Unilever Plc's India unit and domestic consumer goods firms [Britannia Industries Ltd.](#) and [Dabur India Ltd.](#) have moved toward lighter loads in their cheapest packages amid rising costs of edible oils, grains and fuel.



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5. LIC sets IPO issue price at Rs 949 apiece; listing likely on Tuesday



The development isn't unique to India. Eateries in the US, including Subway