



Suman Chowdhury,
Chief Analytical Officer,
Acuite Ratings & Research

Comments: CPI Data- March, 2021

Fresh Spurt in CPI as well as Core Inflation

Given the underlying inflationary pressures, it is not surprising that the CPI print has inched up further 5.52% in March from 5.03% in Feb 2021. Food inflation still continues to be high overall at 5.24% and particularly higher in urban areas at 6.93% with inflation in animal protein products, edible oil and pulses well entrenched in double digits. Further, the core inflation figure (net of food and fuels) has been gradually rising over the last 3 months and stood at 5.96% in March 2021.

Growth a higher priority to RBI than increased inflation risk

Any further increase in prices due to lockdown driven potential supply constraints, steady depreciation of the rupee and continuing rise in commodity prices will remain a risk factor and may pose a policy challenge for RBI. However, the inflation levels are unlikely to trigger any action from RBI at this point given the increased risks of fresh lockdowns from the second Covid wave and the rising growth concerns.