Retail inflation goes past RBI's limit to 6.1% in Oct.

Almost all categories in the index hit series highs as inflation crosses the targeted comfort band for the first time in two years; inflation in food and beverages rises to 8.5%, transport sector at 5.8%

T.C.A. Sharad Raghavan
NEW DELHI

Retail inflation rose to 6.1% in October, crossing the Reserve Bank of India (RBI)'s upper threshold for the first time in two years.

The continued uptick in inflation, while driven by food and fuel prices, has now spread to nearly all sectors, data released by the government on Thursday showed.

The RBI targets an inflation rate of 4% with a comfort band of 2% higher or lower than figure. Inflation as measured by the Consumer Price Index (CPI) last crossed this upper threshold of 6% in October 2024, when it came in at 6.2%. Retail inflation in the corresponding month this year was the highest since then. The new series of the CPI, with a base year of 2024, has sectoral data that goes back to only January 2026, which means a historical analysis is possible only up to that point. Within that, the latest data show inflation across most categories rose to series highs in October.



The data showed that inflation in the food and beverages category rose sharply to 8.5% in October, the highest in the series.

Coupled with this, rising fuel prices meant that inflation in the transport category also rose to 5.8%, a series high.

As a result of accelerating food and transport prices, inflation in the restaurant and accommodation services category jumped to 10.1%, the first time it has come in at double-digits in the new series.

"Although inflation remains predominantly supply-driven, stronger consumer demand pull associated with festive-season purchases may have added to price pressures, reinforcing the RBI's decision to raise the repo rate by 25 basis points to 5.50%," Pranjal Ghate, economist at Brickwork Ratings said, referring to the Monetary Policy Committee's decision in October.

Apart from food and fuel, the data showed that other aspects of day-to-day life have also seen prices rising at a faster pace.

CONTINUED ON
» PAGE 10