Retail inflation may have remained muted in Nov: Economists

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Key projections

Headline CPI-based inflation (%)

Icra	1.0
CareEdge Ratings	0.95
Bank of Baroda	0.9
Emkay Global	0.8
QuantEco Research	0.71
IDFC First Bank	0.7
SBI Research	0.7
HDFC Bank	0.68
India Ratings	0.6
Crisil	0.5
Canara Bank	0.5

India's consumer price index (CPI)-based retail inflation rate is likely to have recorded an uptick in November, with estimates ranging from 0.5-1 per cent, a *Business Standard* poll of 11 economists shows.

The projected uptick, though still far below the Reserve Bank of India's (RBI's) 2 per cent lower tolerance band, follows a sharp easing in retail inflation to a series low of 0.25 per cent in October.

The National Statistics Office (NSO) under the Ministry of Statistics and Programme Implementation (Mospi) is scheduled to release the official November retail inflation data on Friday.

Economists broadly attributed the expected increase to a narrowing deflation in the food & beverages segment, upward movement in vegetable prices on a month-on-month (M-o-M) basis, and unfavorable base effects from last year's higher readings. Moreover, core inflation is projected by most economists to remain steady at 4.3-4.5 per cent in November 2025, driven by upward pressures from gold and silver prices, housing rentals, education, and healthcare.

In its last bimonthly review meeting which concluded on December 5, the Monetary Policy Committee (MPC) of the Reserve Bank of India (RBI) had made a downward revision in its inflation projection for 2025-26 (FY26) to 2 per cent from 2.6 per cent projected in October, citing a continued decline in food prices.

An average headline inflation of 1.74 per cent in the second quarter of the current financial year (Q2FY26) is far below the central bank's inflation tolerance range of 2 per cent to 6 per cent. The RBI also lowered its inflation projection for Q3FY26 to 0.6 per cent, with Q4FY26 expected to clock a higher average of 2.9 per cent.

Economists' projections ranged from 0.5 per cent on the lower end to 1 per cent, with the median projection at 0.7 per cent.

Rajani Sinha, chief economist at CareEdge Ratings, said that the decline in food prices, combined with the impact of goods and services tax (GST) rate cuts, is expected to keep headline inflation at a comfortable level of 0.95 per cent. Food inflation is expected to remain moderate, supported by healthy agricultural activity and a favourable statistical base.

"On the external front, global commodity prices are expected to stay broadly benign, reflecting weak global growth prospects and persistent overcapacity in China. Taken together, these factors suggest that food inflation will remain subdued, allowing us to project an average inflation rate of 2.1 per cent for FY26," she added.

Echoing similar concerns, Vivek Kumar, economist, QuantEco Research, suggested that the uptick was led by a M-o-M rise in food prices in November, reversing the sequential decline seen last year and creating an unfavourable base effect. "On a year-on-year (Y-o-Y) basis, food prices would still be in the negative territories. Core inflation is seen broadly stable, and fuel inflation is likely to hover around 2 per cent," Kumar added.

Meanwhile, Gaura Sengupta, chief economist at IDFC Bank, said that the rise in vegetable prices in November and December reflects supply disruption in certain items such as tomatoes, and some normalisation in other items after being subdued for several months. "There is also a risk that telecom tariffs could be hiked in December. The upward pressure from the rise in gold prices has intensified in December. In case there is supply-side shock on food prices, there could be upside risk to CPI estimates," she added.

Additionally, Madhavankutty G, chief economist at Canara Bank, said core inflation is expected to hold at around 4.5 per cent, driven by higher taxes on pan masala and tobacco, firm housing rentals, and rising clothing and footwear costs due to a weaker rupee. Fuel and light inflation is also seen higher on account of base effects and LPG price revisions.