

# Retail inflation rose to 3.21% in February

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India's retail inflation rose to 3.21 per cent in February from 2.74 per cent recorded in January, driven by higher food inflation and continued pressure from rising gold and silver prices, according to data released by the National Statistics Office (NSO) on Thursday.

The February reading, which marks the second print under the updated 2024 Consumer Price Index (CPI) series, is reckoned to be at an 11-month high when compared to the backseries data released by the NSO. The last time inflation was higher than the February print was in April 2025, when it stood at 3.33 per cent.

In rural India, retail prices edged higher, with the NSO reporting a 3.37 per cent reading for CPI (Rural) compared with 2.73 per cent in January. Urban retail inflation also rose to 3.02 per cent in February from 2.75 per cent in the preceding month.

Dipti Deshpande, principal economist at Crisil Ltd, said she expects CPI inflation to rise to 4.3 per cent on average in financial year 2026-27 (FY27). "While food prices are

## The fine print

### National-level, division-wise inflation rate (%)

Division	Inflation rate (%)
Food and beverages	3.35
Paan, tobacco and intoxicants	3.49
Clothing and footwear	2.81
Housing, water, electricity, gas and other fuels	1.52
Furnishing and household equipment	1.4
Health	1.9
Transport	-0.05
Information and communication	0.25
Recreation, sport and culture	2.21
Education services	3.33
Restaurant and accommodation	2.73
Personal care, social protection and miscellaneous goods	19.64

Source: NSO

expected to remain benign, assuming a normal monsoon, food inflation is likely to continue normalising from this fiscal's lows. We expect crude oil prices to average \$75-80 per barrel in FY27, compared with \$70 average per barrel in FY26. Against the

backdrop of the ongoing West Asia conflict, inflation in some categories will need close monitoring, as they could face first-round effects of higher global prices," she added.

Food inflation, as measured by the Consumer Food Price Index (CFPI), rose

to 3.47 per cent in February, from 2.13 per cent in January, led by sharp price rises in items like coconut (46.16 per cent), tomato (45.29 per cent), and cauliflower (43.77 per cent). In addition, items such as green chillies (34.74 per cent) and coconut oil (30.56 per cent) also recorded elevated inflation rates.

The combined housing inflation, which now has a weight of 11.88 per cent in the CPI, compared to 10.07 per cent in the previous series, came in at 2.12 per cent versus 2.05 per cent in January.

The revised series recalibrates items earlier clubbed into six groups to 12 divisions. Of these, only the transport division recorded deflation in February at 0.05 per cent. All other divisions registered positive inflation, led by personal care and social protection at 19.64 per cent, followed by pan, tobacco, and intoxicants, which recorded inflation of 3.49 per cent. Rajani Sinha, chief economist at CareEdge Ratings, attributed the uptick in tobacco and intoxicants category to a sharp increase in Excise duty on tobacco products.

Core inflation, excluding volatile items like energy and food, is unchanged at 3.4 per cent in February, said Sinha. "Excluding precious metals, core inflation stood significantly lower at 2.0 per cent, indicating broadly contained underlying price pressures," she added.

Among states with a population of more than 5 million, Telangana retained the highest inflation rate at 5.02 per cent, followed by Rajasthan (3.53 per cent), Kerala (3.5 per cent), Andhra Pradesh (3.45 per cent), and West Bengal (3.44 per cent). Andhra Pradesh entered the top five, rising from the seventh position in January to the fourth in February.

On the other hand, Mizoram had the lowest inflation print of 0.1 per cent, with urban parts of the state clocking a deflation rate of 0.15 per cent.

Economists say that going forward, rising crude oil prices amid the West Asia crisis pose an upside risk to retail inflation. If average annual crude oil prices remain elevated, CPI inflation could rise above 5 per cent in FY27, against a base year projection of 4.3 per cent, according to Sinha.

