

Macro Insights

15th April 2025

CPI Falls to 3.34% in March 2025 – Lowest Level Since August 2019

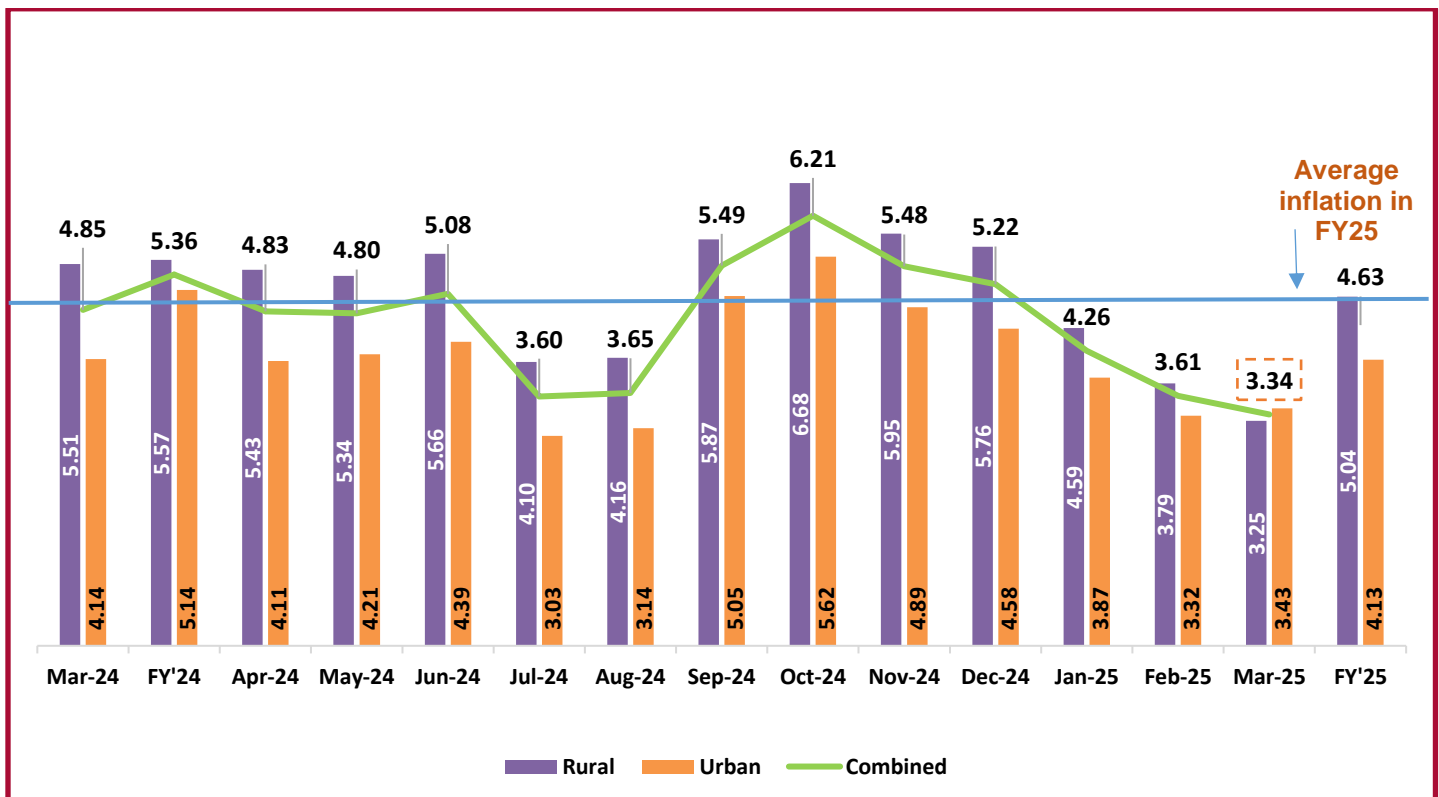
Retail inflation measured by CPI dropped further to 3.34 per cent (provisional) in March 2025, falling from 3.61 per cent in February 2025 and 4.85 per cent in March 2024.

In FY25, the CPI stood at 4.63 per cent, the lowest since FY19 when it was 3.4 per cent.

Highlights

- India's retail inflation cooled further by 27 basis points to 3.34 per cent in March 2025, on back of declining food inflation from 3.75 per cent in February to 2.69 per cent in March 2025.
- Urban inflation rose from 3.32 per cent in February to 3.43 per cent in March 2025, while rural inflation fell from 3.79 per cent in February to 3.25 per cent in March 2025.
- While overall inflation moderated, the core inflation (excl. food and fuel & light) rose to 4.12 per cent in March from 4.01 per cent in February 2025.

Consumer Price Index (YoY per cent Change)



Source: MoSPI, PIB

Components of CPI (YoY per cent Change)

	CPI	Food and beverages	Pan, tobacco and intoxicants	Clothing & footwear	Housing	Fuel & light	Miscellaneous
Weight	100	45.86	2.38	6.53	10.07	6.84	28.32
Mar-24	4.85	7.74	3.11	2.97	2.71	-3.35	3.50
Jan-25	4.26	5.68	2.30	2.68	2.82	-1.49	4.35
Feb-25	3.61	3.84	2.44	2.68	2.91	-1.33	4.84
Mar-25	3.34	2.88	2.48	2.62	3.03	1.48	4.99
FY'24	5.36	7.04	3.61	4.71	3.90	1.22	4.46
FY'25	4.63	6.71	2.66	2.72	2.76	-2.49	4.10

Source: MoSPI, CMIE

Views & Analysis

- Headline inflation dropped by 27 basis points in March 2025 compared to February, while food inflation fell by 106 basis points. This decline was mainly driven by lower inflation in vegetables, eggs, pulses, meat, cereals, and dairy products. Meanwhile, the fuel & light category has witnessed price rise after 18 months in March 2025.

Components of Food Inflation (YoY per cent Change)

	Food	Cereals and products	Egg, fish and meat	Milk and products	Oils and fats	Fruits	Vegetables	Pulses and products	Sugar and condiments	Spices
Weight	39.06	9.67	4.04	6.61	3.56	2.89	6.04	2.38	1.36	2.50
Oct-24	10.87	6.94	3.33	2.97	9.57	8.43	42.23	7.38	2.57	-7.01
Nov-24	9.04	6.88	4.69	2.85	13.28	7.68	29.37	5.41	1.31	-7.43
Dec-24	8.39	6.51	5.46	2.80	14.60	8.60	26.56	3.83	0.23	-7.41
Jan-25	5.97	6.24	4.84	2.85	15.64	12.16	11.35	2.55	0.31	-6.85
Feb-25	3.75	6.10	1.60	2.68	16.36	14.82	-1.13	-0.35	2.16	-5.85
Mar-25	2.69	5.93	-0.01	2.56	17.07	16.27	-7.04	-2.73	3.89	-4.92

Source: MoSPI, CMIE

- Component wise breakup of food inflation reveals that the moderation in overall CPI inflation is driven by a fall in food inflation which stood at 2.69 per cent in March 2025 – lowest in the last 40 months (previous low was in November 2021 at 1.87 per cent).
- While overall food inflation has eased, some items are still seeing high prices. Oils and fats jumped to 17.07 per cent, the highest since April 2022, while fruit prices hit a record 16.27 per cent. Sugar and condiments also continued their price increase in March 2025.
- Core inflation, which excludes food and fuel & light groups, rose to 4.12 per cent in March 2025, marking the highest level in the past 17 months on back of continued uptrend in gold (34.1 per cent YoY) and silver (31.6 per cent YoY) prices.
- In April 2025, the RBI reduced policy rates by 25 bps and shifted its stance from 'Neutral' to 'Accommodative,' reflecting continuous moderation in consumer prices since October 2024. The ongoing decline in retail inflation is likely to encourage the RBI's MPC to go for another 25 bps rate cut in June 2025.
- The RBI has projected average CPI inflation at 4 per cent for FY26 and 3.6 per cent for Q1 FY26. Above-normal monsoon forecast by both IMD and Skymet is encouraging for the overall growth as it will play a critical role in determining agricultural output and food inflation in the coming months.

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