



Retail inflation eases to 3.69% in Aug.

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Highlights

- Retail inflation in the country fell below the Reserve Bank of India's (RBI's) medium-term target of 4% last month.
- The inflation as measured by the consumer price index (CPI) eased to a 10-month low of 3.69% in August 2018, on the back of a decline in the prices of food products such as vegetables, pulses and sugar even as fuel prices increased.
- As per data released by the Ministry of Statistics and Programme Implementation, retail inflation stood at 4.17% in July 2018 and 3.28% in August 2017.

Food and beverage

- Within the index, food and beverage category inflation fell to 0.85% as compared with 1.73% in July 2018.
- This was driven by a sharp decline in prices of fruits, vegetables, eggs, pulses and sugar and confectionery products.
- Inflation numbers were lower for clothing and footwear category at 4.88% (as against 5.28% in July) and housing category at 7.59% (compared to 8.30% in July).
- There was slowdown in prices in the pan and tobacco category as well at 5.34%, down from 6.34% in July.

Fuel rises

- However, fuel and light inflation stood at 8.47% in August, up from 7.96% in July.
- Meanwhile, the Index of Industrial Production (IIP) expanded at 6.6% in the month of July 2018 driven by the manufacturing sector.
- As per the data released on Wednesday, the IIP had expanded by just 1% in July 2017. The IIP growth for June 2018 stood at 6.8%.
- The manufacturing sector recorded a growth of 7% in July, while the consumer durables sector grew at 14.4%. Likewise, capital goods production grew by 3% during the month under review.
- In terms of industries, 20 out of 23 industry groups in the manufacturing sector showed positive growth during July 2018, with highest growth of 42.7% in 'manufacture of furniture' category, followed by 30.8% in 'manufacture of computer, electronics and optical products' and 28.4% in 'manufacture of tobacco products,' category.
- However, the industry group 'manufacture of paper and paper products' and 'printing and reproduction of recorded media' showed negative growth of 2.7% and 0.9%, respectively, the data showed.

Additional Info:

What is the 'Consumer Price Index - CPI'?

- The Consumer Price Index (CPI) is a measure that examines the weighted average of prices of a basket of consumer goods and services, such as transportation, food and medical care.
- It is calculated by taking price changes for each item in the predetermined basket of goods and averaging them.
- Changes in the CPI are used to assess price changes associated with the cost of living; the CPI is one of the most frequently used statistics for identifying periods of inflation or deflation.

What is index of industrial production?

- The Index of Industrial Production (IIP) is an index which shows the growth rates in different industry groups of the economy in a stipulated period of time. The IIP index is computed and published by the Central Statistical Organisation (CSO) on a monthly basis.

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