

RESEARCH**BOB ECONOMICS RESEARCH | PRICE PICTURE**

Inflationary risks are building up

SUMMARY**INDIA ECONOMICS: PRICE PICTURE**

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06 April 2026

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Dipanwita Mazumdar
Economist

Against this backdrop, we expect CPI to settle at 3.7% in Mar'26, with risks tilted to the upside. A lot hinges on the duration of the war and arrival of a formal peace deal.

To get an idea about the calculation of the index, refer to our [previous edition](#) of BoB ECI.

Price picture using BoB Essential Commodity Index-Adjusted for new base year:

- BoB ECI inched up by 0.7% in Mar'26, on YoY basis. Among 20 items, 12 items witnessed increase in inflation rate. Among them, the steepest increase was seen for some components of edible oils (such as soya and sunflower oil) and pulses (such as Tur, Urad, Gram, among others). However, for pulses it is not much of a concern as the deflationary trajectory persists, albeit at a slower pace (except for Masoor dal). The increase in edible oils prices is in line with increase in international prices, driven by higher quotations across palm, soy, sunflower and rapeseed oils, globally as highlighted in FAO report. The report also pointed out that higher crude oil prices due to ongoing supply side disruption may impinge on prices, especially for palm oil (at present visible in Mar'26). Hence, domestic prices of edible oil component, which is already elevated, should be closely monitored. What has been a respite is that still the trajectory of Potato and Onion is in deflation. On the other hand, retail prices of Tomato prices are higher at 33.3%, in Mar'26, on YoY basis.
- Sequential picture: BoB ECI inched up by 0.1% in Mar'26, same as in Feb'26. The majority price increase was visible for Tomato. Apart from this edible oils, milk and masoor dal showed some pickup in Mar'26.
- Apr'26 trend: For the first 5 days, BoB ECI has inched up at a faster pace by 1%, on YoY basis and by another 0.2%, on MoM basis.



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