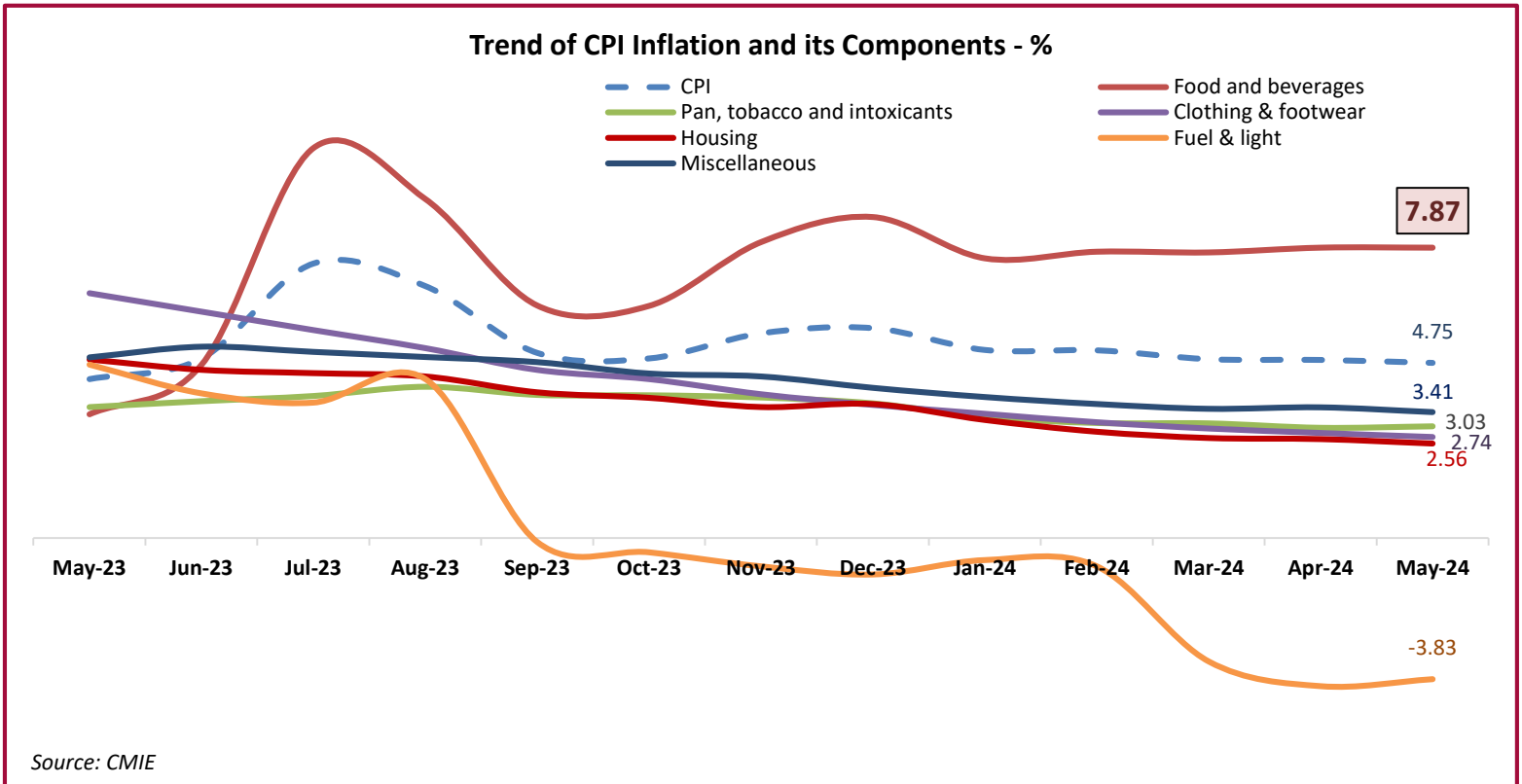


The Vegetable behind rising Grocery Bills!

STRATEGIC MANAGEMENT AND ECONOMIC ADVISORY DIVISION

Decomposition of Vegetable Inflation & Identifying the major Contributor(s)

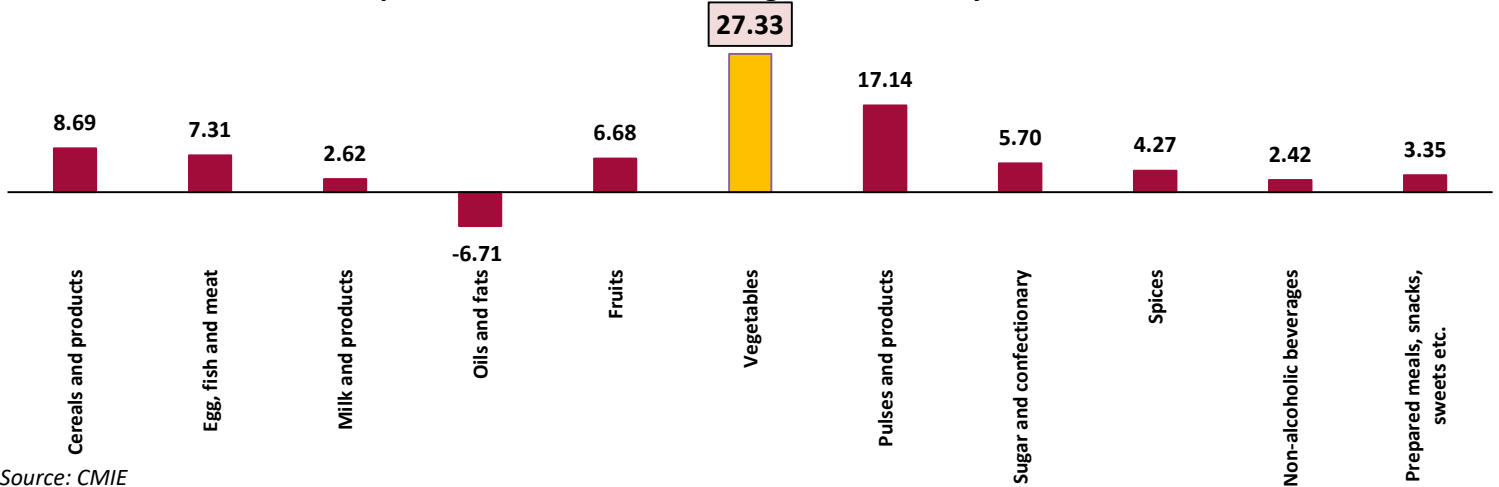
Trend of the CPI Inflation and its Components are given below.



Source: CMIE

- As we can see, increased inflation in foods and beverages is driving up the overall CPI inflation.
- Given that **foods and beverages account for 45.86% of the total CPI weightage**, they are having a more pronounced impact. Next, let's explore the foods and beverages category in more detail.

Components of Foods and Beverages Basket - May 2024 Inflation - %

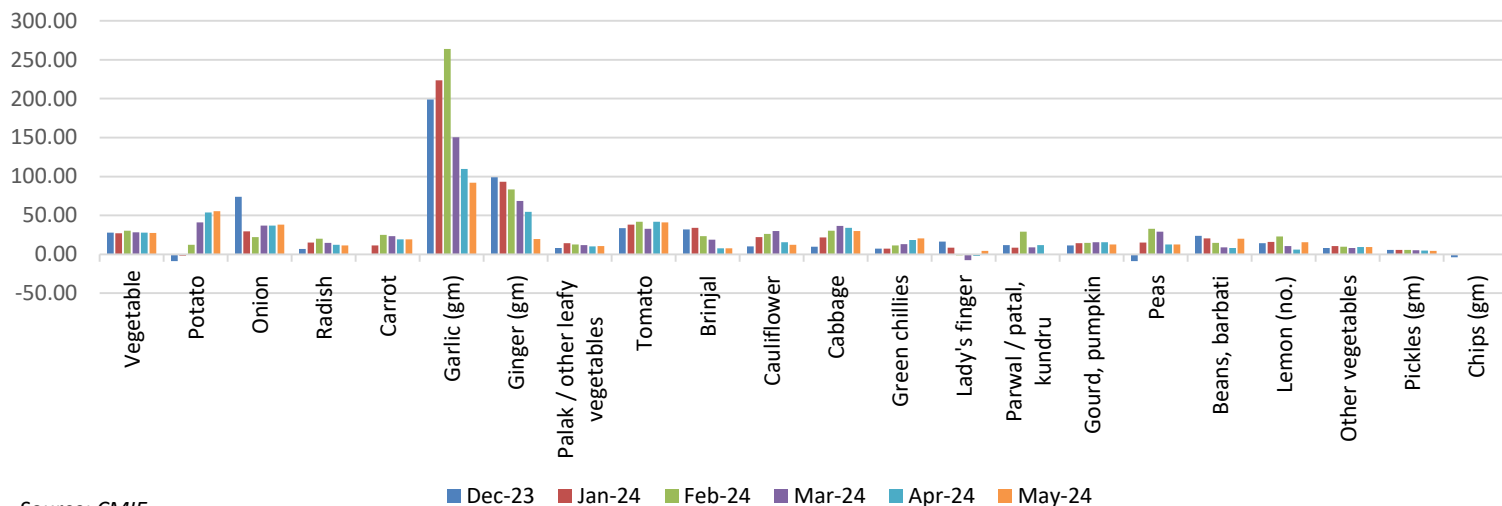


Source: CMIE

- As observed, vegetable inflation stands out as the highest among the mentioned components.
- **With a weightage of 6.04 within the 45.86 assigned to foods and beverages, vegetables rank third**, following cereals & products (9.67) and milk & products (6.61). **This contributes significantly to the overall inflation in foods and beverages.**

- Further breaking down the vegetables category, let's analyze which vegetables are making the most significant contributions to its increased prices.

Trend of the Components of Vegetable Inflation - %



Source: CMIE

- The data shows that **inflation in Garlic and Ginger has been the highest among the 21 components.**
- However, **here comes the understanding of the weights. Let us take a look at the flow chart below.**

**Flow Chart of CPI and Vegetables:
May 2024 Inflation data**

Source: CMIE

**CPI
(100)
4.75%**

Components	Food and beverages	Pan, tobacco and intoxicants	Clothing & footwear	Housing	Fuel & light	Miscellaneous
Weights (100)	45.86	2.38	6.53	10.07	6.84	28.32
Inflation	7.87	3.03	2.74	2.56	-3.83	3.41

Components	Cereals and products	Egg, fish and meat	Milk and products	Oils and fats	Fruits	Vegetables	Pulses and products	Sugar and confectionary	Spices	Non-alcoholic beverages	Prepared meals, snacks, sweets etc.
Weights (45.86)	9.67	4.04	6.61	3.56	2.89	6.04	2.38	1.36	2.5	1.26	5.55
Inflation	8.69	7.31	2.62	-6.71	6.68	27.33	17.14	5.70	4.27	2.42	3.35

Components	Potato	Onion	Radish	Carrot	Garlic (gm)	Ginger (gm)	Palak / other leafy vegetables	Tomato	Brinjal	Cauliflower	Cabbage	Green chillies	Lady's finger	Parwal / patal, kundru	Gourd, pumpkin	Peas	Beans, barbati	Lemon (no.)	Other vegetables	Pickles (gm)	Chips (gm)
Weights (6.04)	0.98	0.64	0.07	0.09	0.31	0.19	0.44	0.57	0.37	0.25	0.18	0.28	0.28	0.10	0.24	0.10	0.14	0.13	0.56	0.09	0.01
Inflation	55.43	38.07	11.52	19.12	92.05	19.74	10.45	40.96	7.61	12.33	29.84	20.29	4.24	-0.34	12.51	12.63	20.14	15.66	9.42	4.34	0.00

- Our analysis revealed that despite having lower inflation compared to garlic, **potatoes made the highest contribution to vegetable inflation in May 2024 due to their higher weightage.**
- Potato is **followed by Garlic, Onion and Tomato in terms of their impact.**
- This underscores the **significance of both the weights and the inflation levels of each component.**

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