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TOP continues to drive inflation down

BoB Essential Commodities Index (BoB ECI) continued to contract and declined by 3.6% in Oct'25 and further by 3.8% in Nov'25 (upto 6 Nov 2025). The decline is broad-based, even as TOP vegetables (tomato, onion and potato) remained firmly in the deflationary territory, registering double-digit declines. Healthy mandi arrivals can explain this trend. Amongst other major commodities, prices of pulses, especially tur dal has also declined. At the same time, edible oil inflation is also showing some signs of softening tracking a weakness in global prices. Overall, we expect CPI inflation in the range of 0.4%-0.6% in Oct'25. The outlook for inflation also looks benign, supported by tailwinds from GST rate rationalization and lower global commodity prices.

For detailed methodology on the calculation of BoB ECI index, refer to our [previous edition](#) of BoB ECI.

Price picture using BoB Essential Commodity Index:

- BoB ECI contracted for the 6th straight month in Oct'25 and declined by 3.6% on a YoY basis. This is the largest decline in the index since it was constructed. In Sep'25, BoB ECI had declined by 1%. Out of the 20 commodities, prices of 10 declined in Oct'25. Within this, most noticeable decline was visible in the case of vegetables. In fact, prices of TOP vegetables (Tomato, Onion and Potato) have seen a sustained fall this year. Prices of onion declined by 51.2% in Oct'25, marking the strongest pace of contraction since Dec'20. Retail prices of tomato also declined sharply by 39.9% in Oct'25, compared with a decline of 8.3% in Sep'25. Prices of potatoes too have seen a sustained decline in the last 7 months. In Oct'25, retail prices of potato declined by 31.3%. The CPI weighted trajectory for TOP in Sep'25 based on retail prices have fallen on an aggregate basis by -29.5%. Among other items, major pulses have also continued to witness a deflationary trend in Oct'25. Within this group, price of Tur dal has dropped most significantly by 29.4%-the largest decline since Jan'18. For edible oils, a broad-based deceleration in prices is visible, which is providing additional comfort to BoB ECI.
- **Sequential picture:** On a sequential basis, BoB ECI has declined by -0.1% in Oct'25, on MoM basis. Broadly, the sequential picture also mirrors the trend seen on a YoY basis. However, the most notable discrepancy here is with regard to the prices of potato which has seen a marginal increase on a MoM basis, reversing the trend seen in the last 2-months.
- **Nov'25 trend:** Daily price data for the first 6 days of November shows that BoB ECI is exhibiting a continued downward trajectory in Nov'25 as well. On a YoY basis, the index is down by 3.8%.

Figure 1: On YoY basis, BoB ECI declined by -1% in Sep'25 and by another -3.8% in Oct'25

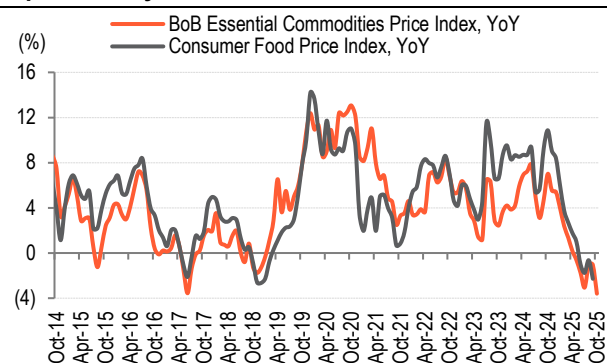


Figure 2: On MoM basis as well, loss of momentum is seen

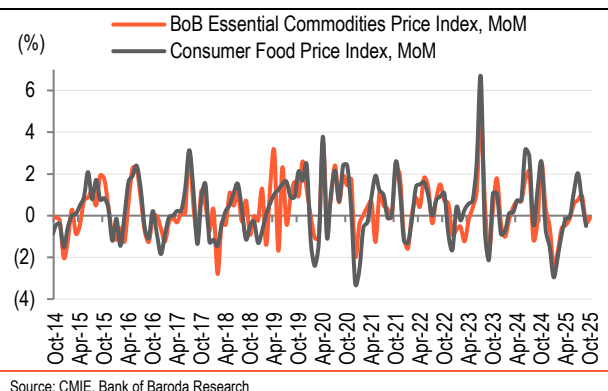


Table 1. Price moderation is seen in major items

Retail prices of major essential commodities, (% YoY)	Wts in CPI	Apr-25	May-25	Jun-25	Jul-25	Aug-25	Sep-25	Oct-25	Nov-25
Cereals									
Rice	4.4	-4.1	-4.7	-5.1	-4.3	-2.3	-1.2	-1.2	-1.6
Atta (Wheat)	2.6	3.9	2.5	1.7	2.5	3.4	3.3	1.9	0.4
Edible Oils									
Mustard oil	1.3	25.1	25.5	24	29.6	34	29.8	16.1	11.9
Soya oil	0.7	18.9	19.3	19.5	20.6	23.6	20.3	8.1	3.2
Sunflower oil	0.7	29.6	30.7	30.4	34.2	34.0	30.7	17.1	10.6
Groundnut oil	0.3	0.4	0.2	0.2	0.8	2.2	2.0	-2.5	-4.4
Vegetables									
Tomato	0.6	-34.4	-28.5	-24.0	-36.3	4.8	-8.3	-39.9	-28.5
Onion	0.6	-5.7	-15.0	-26.1	-35.9	-37.5	-46.2	-51.2	-52.8
Potato	1.0	-11.0	-16.3	-20.3	-30.1	-31.5	-30.9	-31.3	-29.3
Pulses									
Urad dal	0.3	-4.5	-6.5	-8.5	-9.4	-8.9	-8.4	-8.8	-9.2
Moong dal	0.3	-4.9	-5.6	-6.6	-6.6	-5.2	-4.4	-4.9	-5.0
Masoor dal	0.3	-5.8	-6.0	-6.7	-5.6	-1.4	-0.2	-0.6	-1.3
Gram dal	0.1	3.8	1.8	-1.7	-3.2	-2.9	-6.2	-8.3	-9.1
Tur/Arhar dal	0.8	-14.6	-18.9	-23.8	-28.3	-29	-29.3	-29.4	-29.0
Miscellaneous									
Salt pack	0.2	-4.9	-4.9	-4.9	-5.3	-4.1	-2.3	-2.7	-3.2
Vanaspati	0.1	22.0	22.8	23.5	24.1	26.6	24.8	14.7	9.2
Gur	0.1	3.2	2.8	2.4	1.8	2.7	3.8	3.4	3.7
Milk	6.4	0.2	0.3	0.0	-0.5	-0.2	0.9	0.7	1.0
Sugar	1.1	3.2	2.9	2.7	2.5	3.1	3.8	3.6	3.5
Tea loose	1.0	-3.4	-3.5	-3.0	-1.9	0.9	1.8	0.8	-0.1

Source: CMIE, Bank of Baroda Research, Note: Green represents inflation rate below 4%

Outlook:

Based on the trends seen in the movement of essential commodities, we expect CPI inflation in Oct'25 to moderate further to 0.4%-0.6%, compared with 1.5% in Sep'25, supported also by a favorable base. In saying so, food inflation has been trending lower largely due to the continued deflation seen in vegetables category, specifically TOP vegetables. This in turn is supported by a significant pickup in mandi arrivals. In fact, UPAJ data shows that mandi arrivals of tomato, onion and potato are higher by 14.3%, 30.5% and 23.1% respectively in FYTD26 (Apr-Oct'25), over the same period last year. A similar trend is expected to persist in the coming months too, as the harvesting season sets in. This is likely to lend a considerable degree of downward bias to India's overall inflation outlook.

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