

## India’s CPI Inflation at 2.75% in January 2026 in the new series

In a significant methodological reform in the measurement of retail inflation, the base year has been revised from 2012 to 2024 (Base: 2024=100) along with addition of components and deletion of obsolete ones. Weights assigned to various components have also undergone changes.

The new CPI 2024 series is built using the latest **Household Consumption Expenditure Survey (HCES) 2023-24**, along with inputs from the Periodic Labour Force Survey (PLFS) and Annual Survey of Unincorporated Sector Enterprises (ASUSE). This ensures that the index reflects current consumption behaviour, emerging spending patterns and structural changes in the economy. The revision enhances relevance, improves statistical accuracy, strengthens international comparability and aligns India’s inflation framework with global best practices.

Inflation in January 2026 under the old series comes to 2.52% which means changes in consumption basket has not resulted in a drastic increase, at least optically. But this is because the index values changed during past periods as well, on which inflation is calculated.

### January 2026 Inflation Snapshot (Base 2024=100)

All-India CPI Inflation (YoY, January 2026):2.75% (Provisional)	Food Inflation (CFPI): 2.13%	Housing Inflation: 2.05%	CPI Index Level (January 2026)
Rural: 2.73% Urban: 2.77%	Rural: 1.96% Urban: 2.44%	Rural: 2.39% Urban: 1.92%	Rural: 104.59 Urban: 104.30 Combined: 104.46

This is the first set of inflation data released under the revised 2024 base framework, reflecting improved coverage and refined weights.

### Highlights of New in CPI 2024:

**Adoption of International Classification Framework:** The new series adopts the UN system of Classification of Individual Consumption according to Purpose (COICOP 2018) and is grouped under 12 categories with a coverage of 358 Items. This replaces the earlier six-group structure allowing more granularity.

**Expanded Coverage and Improved Sampling:** The new series covers 1,465 rural markets, 1395 urban markets and 12 online markets across 12 major cities with a population of more than 25 lakh, significantly improving geographical representation and captures digital consumption trends.

#### Revision in Item Basket and Weights

Total weighted items increased from 299 to 358 of which goods increased from 259 to 308 and services from 40 to 50.

Moreover, in the housing category both rural and Urban housing rentals are considered. The new series does not show much divergence in inflation between rural and urban areas as consumption basket of rural India has changed due to lifestyle changes.

New Additions	Items Removed
<ul style="list-style-type: none"> <li>• Rural house rent (first-time inclusion)</li> <li>• Online media/OTT streaming services</li> <li>• Value-added dairy products</li> <li>• Barley &amp; its products</li> <li>• Pen drive &amp; external hard disk</li> <li>• Attendant, babysitter services</li> <li>• Exercise equipment</li> <li>• Modern fuels like CNG/PNG</li> </ul>	<ul style="list-style-type: none"> <li>• VCR/VCD/DVD players</li> <li>• Radio, tape recorder</li> <li>• CD/DVD cassettes</li> <li>• Second-hand clothing</li> <li>• Coir/rope</li> </ul>

These changes reflect India’s transition toward a service-oriented and digitally integrated consumption economy.

**Revised Weights - Structural Consumption Shift:** The share of Food & Beverages has declined, although it remains the largest component of the CPI basket. The revised weights highlight rising importance of housing, services, transport and modern consumption items. This better aligns CPI with current household spending behaviour and urbanisation trends.

At the national level, CPI inflation for January 2026 stood at 2.75% (YoY) reflecting moderate price pressures under the new series. Food and Beverages inflation remained contained at 2.11%, with the Food index at 104.04, even as its weight declined from 42.61% (Base 2012) to 36.75% (Base 2024), indicating a structural shift in consumption patterns.

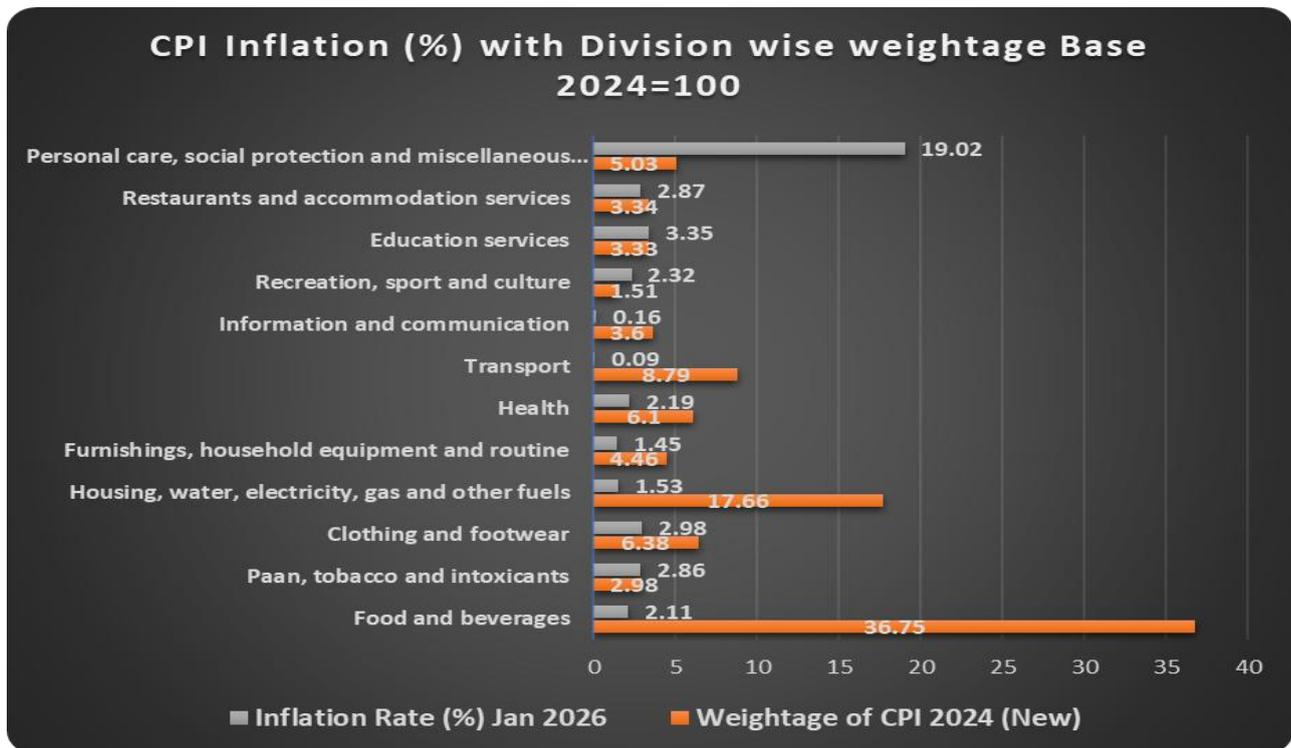
Housing, Water, Electricity and Gas recorded a relatively subdued inflation of 1.53% with increased weight of 17.67% under the revised basket.

Transport inflation was largely muted at 0.09%. Transport services for goods registered a sharp rise of 7.48%, and purchase of vehicles showed deflation (-4.53%), reflecting mixed cost dynamics.

Education inflation remained elevated at 3.35%, while Health recorded 2.19%, indicating persistent services-led price pressures.

Notably, Personal Care and Miscellaneous segments continue to show higher inflation impulses, consistent with rising services consumption. Inflation rate of 19% in personal care, social protection and miscellaneous items is attributable to inflation in precious metals like gold and silver.

However, core inflation has declined to 3.4% as weight of gold has declined to 0.6% in the new series.



### New CPI 2024 is Better

- More Representative - Based on latest consumption data (HCES 2023-24).
- More Comprehensive - Expanded basket, rural housing inclusion, digital services coverage.
- More Accurate - Improved sampling design, increased sample size, and better data sources.
- Globally Comparable - Adoption of COICOP 2018 framework.
- More Granular & Transparent - Detailed classification up to 358 items enabling precise inflation analysis.
- Policy-Ready Data - Provides sharper signals for policymakers, financial institutions, and businesses.

MONTH	CPI INDEX 2024 BASE	MOM CHANGE (%)	CPI INDEX 2012 BASE	MOM CHANGE (%)
Apr-25	101.58	0.19%	192.60	0.31%
May-25	101.90	0.32%	193.00	0.21%
Jun-25	102.51	0.60%	194.20	0.62%
Jul-25	103.35	0.82%	196.10	0.98%
Aug-25	103.74	0.38%	197.00	0.46%
Sep-25	103.74	0.00%	197.00	0.00%
Oct-25	103.74	0.00%	197.30	0.15%
Nov-25	104.01	0.26%	197.90	0.30%
Dec-25	104.10	0.09%	198.00	0.05%
Jan-26	104.46	0.35%	-	-

### Top 15 states/UT with higher Inflation (%) Jan 2026



State and UT inflation data for Jan-26 shows significant regional variation, with Telangana (4.92%) and Andaman & Nicobar Islands (4.27%) recording the highest inflation, indicating relatively stronger local price pressures. In contrast, several states and UTs remained around the 2.6-3.7% range, suggesting more moderate inflation dynamics and differing demand-supply conditions across regions.

### Implications for the Economy and Banking Sector under CPI Base 2024

- Inflation remains comfortably within the RBI’s 2-6% tolerance band, and below the 4% medium-term target midpoint, providing monetary policy comfort. With headline inflation going up, there is likely to be a pause in the policy rate for long.
- A key structural implication arises from the reduction in food weight from 42.61% to 36.75%, which is expected to reduce volatility in headline inflation going forward. Since food prices are typically supply-driven and volatile, the lower weight may make inflation readings more stable and predictable. For banks, this translates into improved visibility on interest rate trajectories and asset-liability management.
- More accurate inflation representation aids fiscal strategy and revenue collection. Nominal GDP for FY27 is likely to be closer to 11% rather than 10% estimated in Economic Survey. Debt GDP ratio will look better as nominal GDP growth improves due to higher inflation.
- The expanded weight of housing (now 17.67% including utilities) and higher representation of services such as transport (8.8%), health (6.1%), education (3.33%) and restaurants (3.35%) signals

a structural shift toward a services-driven economy. This aligns inflation measurement with evolving household expenditure patterns and urbanisation trends.

- The inclusion of **online markets, digital services (OTT subscriptions), rural housing and modern consumption items** enhances coverage of the formal and digital economy. This improves inflation forecasting models that had earlier over projected price pressures. Better inflation measurement supports more accurate GDP deflators and credit demand assessment. For banks, improved macro data reliability supports more precise credit risk modelling, retail loan pricing and treasury strategy.
- Overall, the CPI Base 2024 revision represents not merely a statistical update but a structural modernization of India's inflation architecture. It enhances policy credibility, improves macroeconomic signalling, reduces volatility from food shocks and provides the banking system with a more stable and representative inflation benchmark for pricing, risk assessment and strategic planning.

*The CPI 2024 series represents a comprehensive strengthening of India's inflation measurement. By incorporating updated weights, expanded coverage, refined methodology and modern consumption patterns, the revised CPI delivers a more robust, transparent and internationally aligned measure of retail price change.*

*Core inflation (CPI excluding Food & Beverages and electricity, gas & other fuels) stood at around 3.4% in January 2026, indicating moderate and stable underlying price pressures driven largely by services components.*

**Note: Refer Annexure for revised weightage with index and inflation Rate for Jan 2026.**

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Annexure				
Division wise data as per new (2024) structure	Weightage of CPI 2012 (Old)	Weightage of CPI 2024 (New)	Index CPI Jan 2026 (Base 2024=100)	Inflation Rate (%) Jan 2026 (Provisional)
<b>1. Food and beverages</b>	<b>42.61</b>	<b>36.75</b>	<b>104.03</b>	<b>2.11</b>
1.1 Food			104.04	2.13
1.2 Beverages			103.41	1.56
1.3 Services for processing primary goods for food			106.21	3.42
<b>2. Paan, tobacco and intoxicants</b>	<b>2.38</b>	<b>2.98</b>	<b>104.42</b>	<b>2.86</b>
2.1 Alcoholic beverages			105.65	3.82
2.2 Paan and tobacco			103.26	1.96
<b>3. Clothing and footwear</b>	<b>6.52</b>	<b>6.38</b>	<b>105.92</b>	<b>2.98</b>
3.1 Clothing			106.42	3.4
3.2 footwear			102.67	0.23
<b>4. Housing, water, electricity, gas and other fuels</b>	<b>16.88</b>	<b>17.66</b>	<b>102.02</b>	<b>1.53</b>
4.1 Actual rental payments made for housing			102.36	1.93
4.2 Actual rental payments made for housing			104.95	3.2
4.3 Water supply and miscellaneous services relating to the			101.82	1.42
4.4 Electricity, gas and other fuels			100.68	0.35
<b>5. Furnishings, household equipment and routine</b>	<b>3.65</b>	<b>4.46</b>	<b>102.97</b>	<b>1.45</b>
5.1 Furniture, furnishings, and loose carpets			104.32	2.13
5.2 Household textiles			105.24	2.41
5.3 Household appliances			100.71	-0.21
5.4 Glassware, tableware and household utensils			105.28	2.78
5.5 Tools and equipment for house and garden			99.1	-1.19
5.6 Goods and services for routine household maintenance			102.94	1.66
<b>6. Health</b>	<b>5.9</b>	<b>6.1</b>	<b>103.91</b>	<b>2.19</b>
6.1 Medicines and health products			104.39	2.38
6.2 Outpatient care services			102.8	1.57
6.3 Inpatient care services			104.32	3.02
6.4 Other health services			102.52	1.41
<b>7. Transport</b>	<b>6.39</b>	<b>8.79</b>	<b>100.64</b>	<b>0.09</b>
7.1 Purchase of vehicles			96.99	-4.53
7.2 Operation of personal transport equipment			100.04	0.11
7.3 Passenger transport services			103.5	2.17
7.4 Transport services for goods			107.61	7.48
<b>8. Information and communication</b>	<b>3.32</b>	<b>3.6</b>	<b>103.3</b>	<b>0.16</b>
8.1 Information and communication equipment			97.46	-2.31
8.2 Information and communication services			104.93	0.82
<b>9. Recreation, sport and culture</b>	<b>1.54</b>	<b>1.51</b>	<b>104.03</b>	<b>2.32</b>
9.1 Recreational durables			100.27	0.55
9.2 Other recreational goods			104.75	2.63
9.3 Garden products and pets			114.56	8.54
9.4 Recreational services			102.2	1.34
9.5 Cultural goods			102.87	1.15
9.6 Cultural services			103.96	2.29
9.7 Newspapers, books and stationery			102.48	1.33
<b>10. Education services</b>	<b>3.51</b>	<b>3.33</b>	<b>105.33</b>	<b>3.35</b>
10.1 Early childhood and primary education			106.03	3.45
10.2 Secondary education			106.47	4.14
10.3 Higher education			104.49	3.59
10.4 Education not defined by level			103.2	2.14
<b>11. Restaurants and accommodation services</b>	<b>3.24</b>	<b>3.34</b>	<b>105.71</b>	<b>2.87</b>
11.1 Food and beverage serving services			105.73	2.87
11.2 Accommodation services			103.21	1.83
<b>12. Personal care, social protection and miscellaneous</b>	<b>4</b>	<b>5.03</b>	<b>122.63</b>	<b>19.02</b>
12.1 Personal care			104.85	3.03
12.2 Other personal effects			169.46	59.23 <sup>5</sup>
12.3 Other services			102.12	1.2
<b>Total</b>	<b>100</b>	<b>100</b>	<b>104.46</b>	<b>2.75</b>