

Macro Insights

12th January 2026

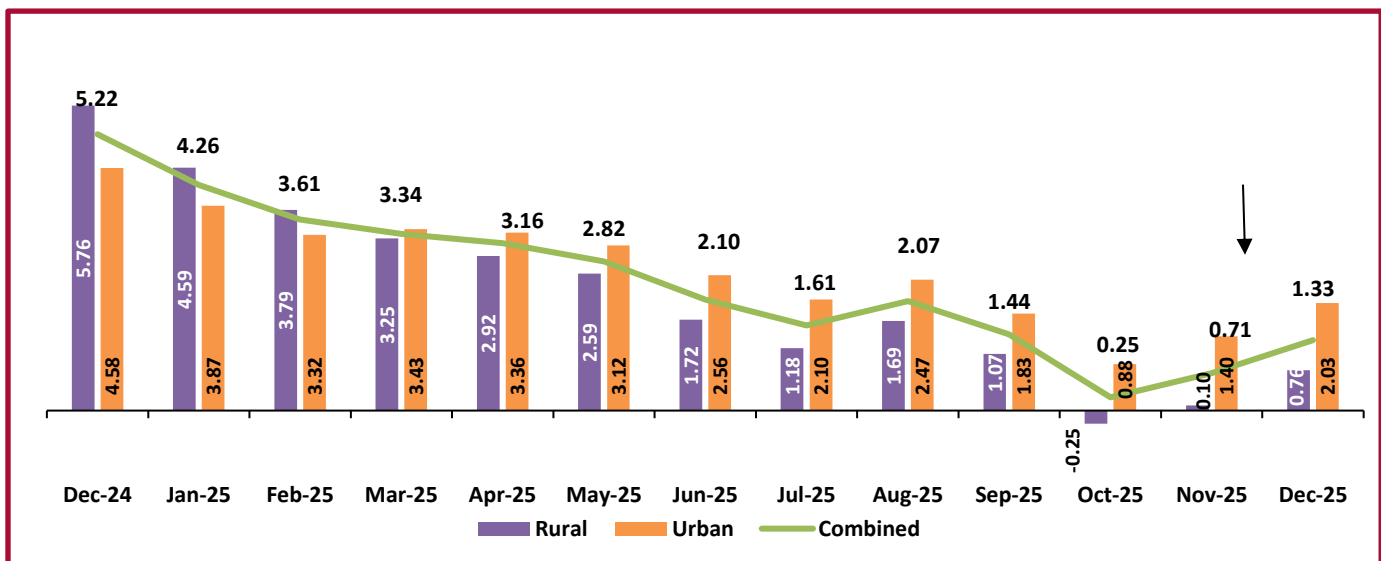
CPI inflation accelerates in Dec'25

India's consumer inflation rose to 1.33% in December, accelerating from 0.71% in Nov'25. There is an increase of 62 basis points in headline inflation of December 2025 in comparison to previous month.

Highlights

- The increase in headline inflation and food inflation during the month of December 2025 is mainly attributed to increase in inflation of Personal care and effects, Vegetables, Meat and fish, Egg, Spices and Pulses and Products.
- An increase from 1.40% in November 2025 to 2.03% in December 2025 is observed in headline inflation of urban sector.
- An increase in headline and food inflation in rural sector observed in December 2025. The headline inflation is 0.76% in December 2025 while it was 0.10% in November 2025.

Trend of Consumer Price Index (% YoY Change)



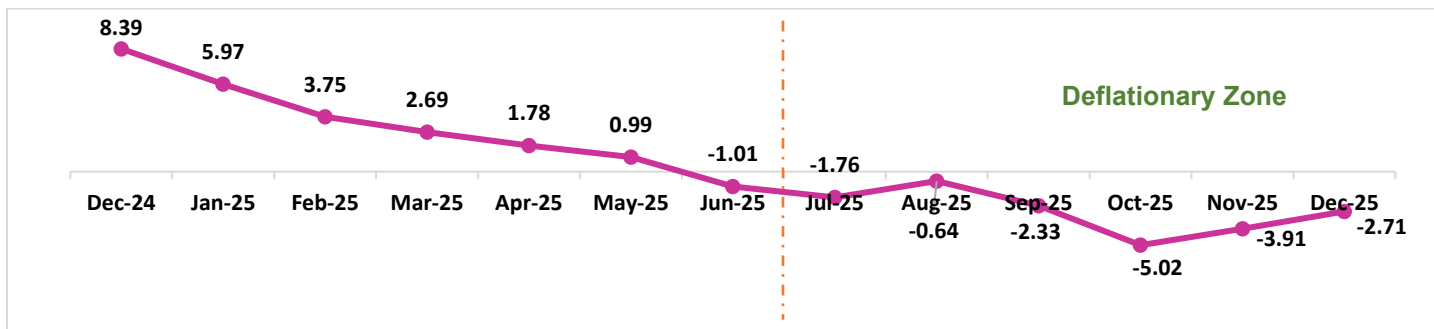
Source: MoSPI

Components of CPI (YoY% Change)

| | CPI | Food & Beverages | Pan, Tobacco & Intoxicants | Clothing & Footwear | Housing | Fuel & Light | Miscellaneous |
|--------|------|------------------|----------------------------|---------------------|---------|--------------|---------------|
| Weight | 100 | 45.86 | 2.38 | 6.53 | 10.07 | 6.84 | 28.32 |
| Dec-24 | 5.22 | 7.69 | 2.49 | 2.74 | 2.71 | -1.33 | 4.19 |
| Aug-25 | 2.07 | 0.05 | 2.49 | 2.33 | 3.09 | 2.32 | 5.05 |
| Sep-25 | 1.44 | -1.37 | 2.73 | 2.28 | 2.98 | 1.98 | 5.35 |
| Oct-25 | 0.25 | -3.72 | 2.92 | 1.70 | 2.96 | 1.98 | 5.71 |
| Nov-25 | 0.71 | -2.78 | 2.96 | 1.49 | 2.95 | 2.32 | 5.64 |
| Dec-25 | 1.33 | -1.85 | 2.96 | 1.44 | 2.86 | 1.97 | 6.17 |

Source: MoSPI

Food Inflation (YoY% Change)



Views & Analysis

- India's key inflation rate rose at its fastest pace in three months in December as the decline in food prices slowed. Despite the uptick in overall inflation, food prices remained in deflationary territory, though the pace of decline moderated.
- Food inflation remained negative, at -2.71% in December'25 rising from -3.91% in November'25. Vegetable prices fell 18.47% after a 22.20% decline a month ago.
- Core inflation, which excludes volatile items such as food and energy and is an indicator of demand in the economy, was 4.6% in December'25, compared with 4.3% in November'25.
- Inflation at 1.33% is still below the lower tolerance threshold of 2% of RBI. This could support the RBI to continue supporting growth in its upcoming Monetary Policy Meet.
- While GST rate rationalization will keep inflation in check going ahead, uncertainty over a trade deal with the U.S. that led to the rupee depreciating 4.7% in 2025, its largest annual fall in three years, could keep up the pressure.
- Going ahead, inflation could continue to edge up over the coming months, although it is still expected to remain well below 4% till mid-2026.
- The December inflation print was the last before India launches a new consumer price index series next month with 2024 as the base year, incorporating new data and updated consumption baskets.

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