Akansha Chauhan, Economic Intelligence Cell

Macro Insights

12th August 2026

CPI Inflation rises to 4.45% in July 2026

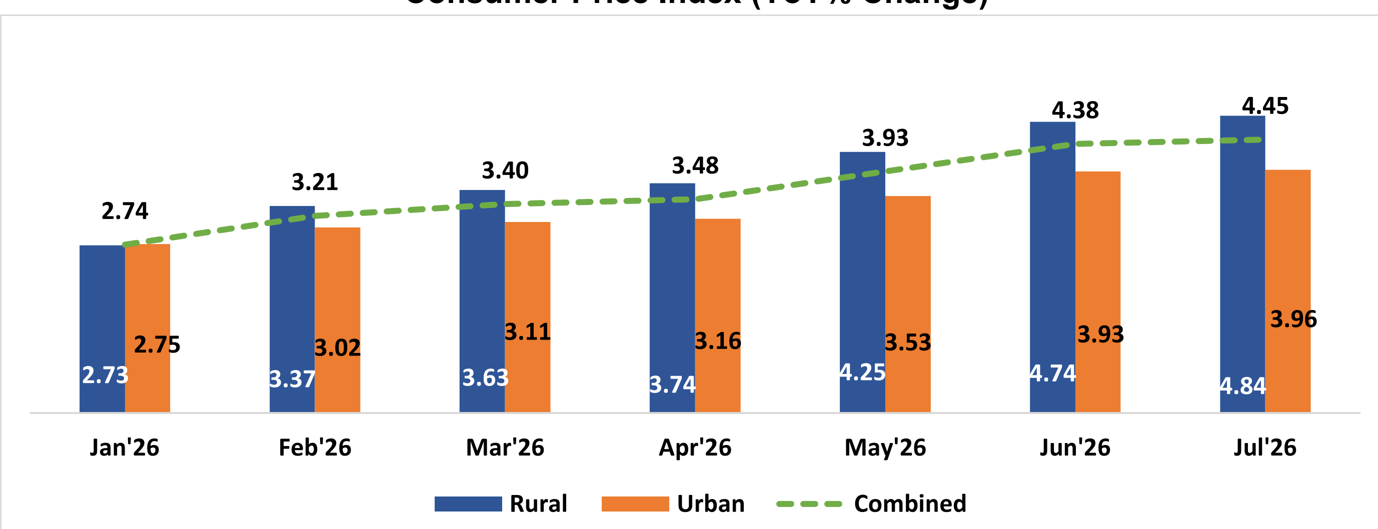
CPI inflation escalates in Jul'26

India's consumer inflation **rose to 4.45% in Jul'26**, up by 7 bps from 4.38% in Jun'26

Highlights:

- Rural Inflation has increased to 4.84% in Jul'26 as compared to 4.74% in the previous month, while Urban inflation has increased to 3.96% as compared to 3.93% for the same period.
- Food Inflation has accelerated to 5.52% in Jul'26 as compared to 5.32% for Jun'26.
- Housing inflation rate for the month of Jul'26 is 2.22% and the corresponding inflation rates for rural and urban are 2.80% and 2.01% respectively.
- Top 5 items which recorded highest inflation in the month of Jul'26 are Silver Jewellery, Ginger, Garlic, Gold/Diamond/Platinum Jewellery, & Onion.
- Top five States (having more than 50 lakhs population as per Census 2011) with highest inflation in Jul'26 are Telangana, Andhra Pradesh, Tamil Nadu Madhya Pradesh, and Karnataka. However, Telangana has remained the state with the highest inflation since Jan'26.

Consumer Price Index (YoY% Change)



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National Level Division Wise Inflation Rate (%)

Sectors	Jun'26(%)	Jul'26(%)
Personal Care, Social Protection and miscellaneous goods & services	16.72	14.77
Restaurant & accommodation	6.91	7.72
Food & Beverages	5.05	5.24
Pan, Tobacco & intoxicants	4.83	4.79
Transport	4.31	4.43
Education Services	3.34	3.64
Clothing & Footwear	3.23	3.38
Furnishing, Household equipment	2.19	2.40
Housing, water, electricity, gas & other fuels	1.99	2.16
Recreation, sports culture	1.75	1.64
Health	1.42	1.34
Information & Communication	0.43	0.63

Views & Analysis

- The consumer price index rose 4.45% in July 2026, marking the second consecutive month when the key price gauge breached the Reserve Bank of India's 4% medium-term target.
- India's food inflation climbed to 5.52% in July 2026 from 5.32% in June 2026, on the back of weak monsoon showers, but it is expected to ease with a recovery in rains that could mitigate further price pressures from the impact of the El Nino weather phenomenon.
- The uptick in food inflation was led by a sharp increase in prices of key items. Onion inflation rose to 22.54% in July 2026 from 4.73% in June 2026, while garlic inflation increased to 35.36% in July 2026 from 17.93% in June 2026. Ginger inflation also accelerated significantly, rising to 83.62% in July 2026 from 50.41% in June 2026.
- The price of crude was volatile during the month. Transport inflation ticked up to 4.43% in July 2026 from 4.31% in June 2026.
- Inflation in personal care, social protection, and miscellaneous goods and services remained elevated at 14.77% in July 2026, largely driven by a sharp 43.54% rise in prices of other personal effects.
- At its meeting on August 2026, the Reserve Bank of India's Monetary Policy Committee (MPC) revised its FY27 inflation projection down to 5.0% from 5.1% estimated in June 2026, supported by the recent easing in global crude oil prices and moderation in supply-side pressures.
- Going ahead, inflation is likely to move above 5% from September onwards, keeping open the possibility of an RBI rate hike before the end of the year.

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