

The Ministry of Statistics and Programme Implementation (MoSPI) National Statistics Office (NSO) has adopted a new methodology for CPI Index with 2024 as the base year, replacing the old index with 2012 as the base year. The CPI released for January'2026 is first in the new series.

## Macro Insights

### CPI inflation accelerates in Jan'26 with New CPI Index

India's consumer inflation rose to **2.75% in January'26** (based on new CPI Index), accelerating from 1.33% in Dec'25 (based on old CPI Index).

### Highlights:

- ☞ The food weight in the new CPI series has decreased as compared to the old series thus reducing effect of volatility in food prices on overall inflation.
- ☞ Food Inflation for the month of January'26 is 2.13%. Corresponding inflation rates for rural and urban are 1.96% and 2.44%, respectively.
- ☞ Housing inflation rate for the month of January'26 is 2.05% and the corresponding inflation rates for rural and urban are 2.39% and 1.92% respectively.

Chart 1: National Level Division Wise Inflation Rate (%)

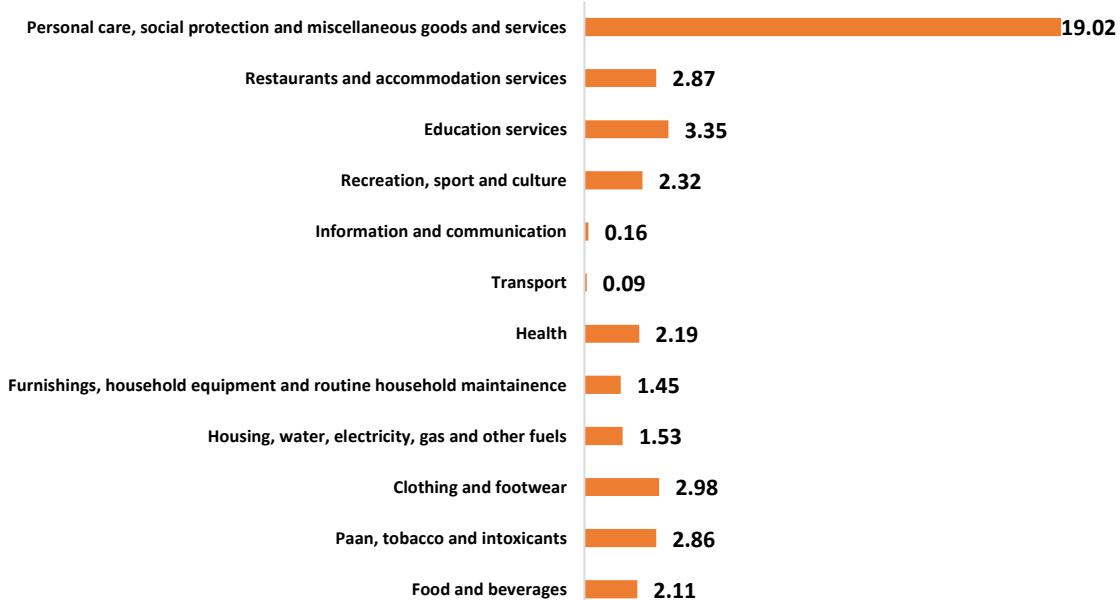


Chart 2: Top 5 States with highest inflation in the month of January26

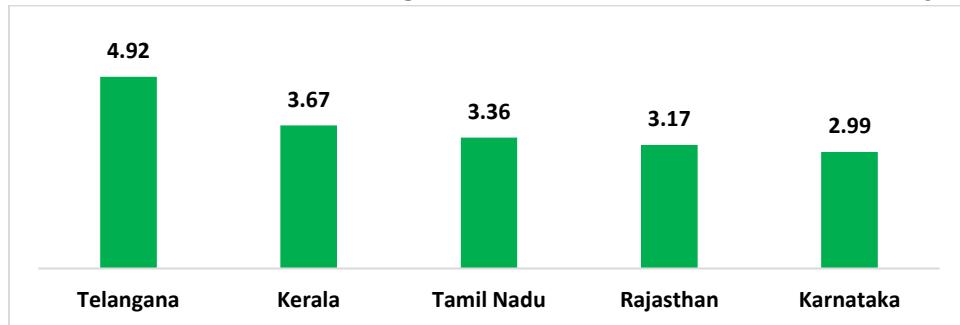
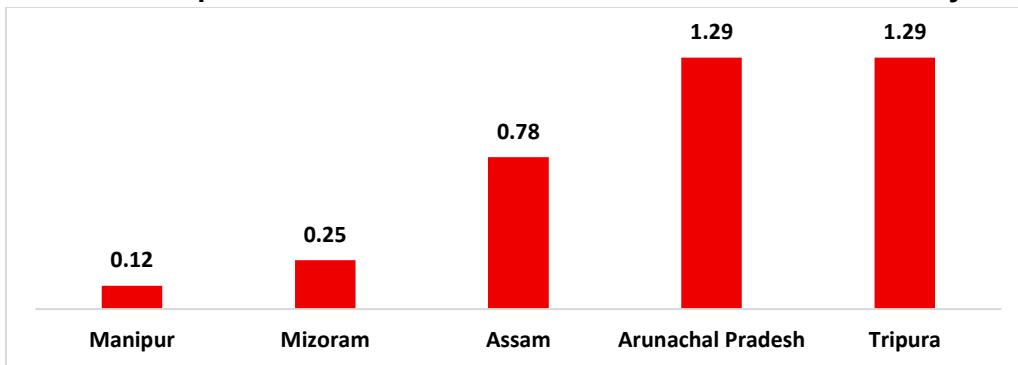


Chart 3: Top 5 States with lowest inflation in the month of January26



### Views and Analysis:

- The new index of CPI introduces more granular data with enhanced coverage enabling policymakers, financial institutions, businesses and citizens with precise data-driven decisions. The revision has been carried out due to significant structural changes in consumption behavior, income levels, urbanisation, expansion of the services sector, and digitalization.
- Highest inflation rate is under Personal care, social protection and miscellaneous goods and services division.
- Housing, water, electricity, gas and other fuels recorded 1.53% inflation in January'26. The inflation for the division is 1.65% for urban areas as compared to 1.33% in rural areas.
- Clothing and Footwear is costlier in Rural areas with inflation at 3.40% as compared to 2.29% in Urban areas. The overall inflation in the category is 2.98%.
- Inflation is within the Reserve Bank of India's (RBI) mandated tolerance band for the first time since August 2025.
- The inflation is lower for the Northeastern States.
- Food inflation is expected to remain benign in the coming months due to sufficient buffer stocks of foodgrains, favorable rabi sowing and adequate reservoir levels.
- An extended rate pause is likely, underpinned by a cyclical upturn in both growth and inflation and improving confidence following the conclusion of the India-US trade talks.

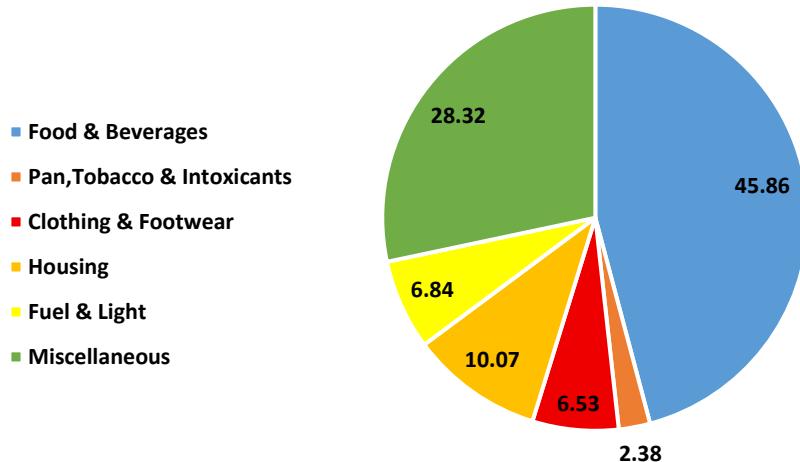
**Annexure - Key Changes in New CPI Index vs Old CPI Index**

| S.No. | Specification                         | CPI 2012   | CPI 2024  |
|-------|---------------------------------------|--|---|
| 1.    | <b>Base year</b>                      | 2012   | 2024  |
| 2.    | <b>Coverage of Markets</b>            | 1181 rural and 1114 urban markets across 310 towns   | 1465 rural and 1395 urban markets across 434 towns  |
| 3.    | <b>Prices collected for</b>           | 299 items  | 358 items   |
| 4.    | <b>Goods included</b>                 | 259  | 308   |
| 5.    | <b>Services Included</b>              | 40   | 50  |
| 6.    | <b>Major Categories for Inflation</b> | 6 Groups   | 12 Divisions  |
| 7.    | <b>Technology covered</b>             | Feature Phones, DVDs, PCs  | Smartphones, streaming services, 5G data  |
| 8.    | <b>Health &amp; Wellness</b>          | Traditional medicines, basic checkups  | Fitness apps, wearable tech, advanced diagnostics, medicines, checkups  |
| 9.    | <b>Data Source</b>                    | Manual collection of price by field agents   | Greater reliance on scanner data and web scraping   |
| 11.   | <b>Online Markets</b>                 | NIL  | 12  |
| 12.   | <b>Release of Housing Index</b>       | All Indian & Urban   | All India, Urban & Rural  |
| 13.   | <b>Data Dissemination</b>             | Item Index & Inflation released at Combined level.   | Item Index & Inflation will be released at Rural, Urban & Combined level.   |
| 14.   | <b>Price Collection Method</b>        | Paper based method   | Tablet-based software application via Computer Assisted Personal Interview (CAPI)   |
| 15.   | <b>Items Removed</b>                  | VCR/VCD/DVD player, Radio, Tape Recorder, Clothing second hand, CD DVD audio/video cassettes and Coir/rope | Excluded  |
| 16.   | <b>Items Included</b>                 | NA   | Rural housing, Online media service provider/Streaming services, value added dairy products, Barley & its product, Pen-drive & External Hard disk, Attendant, Babysitter and Exercise equipment |

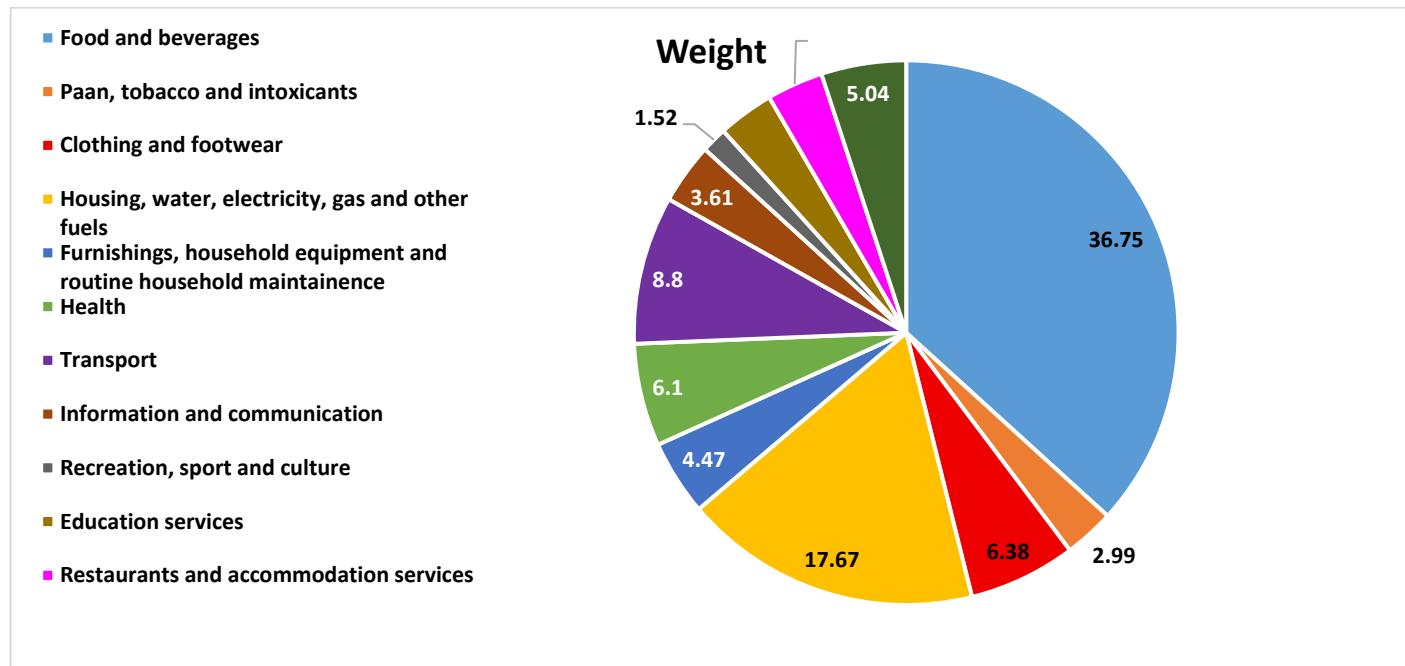
### Difference in Weights in New CPI vs. Old CPI

Under the old index, **the items were classified under 6 groups** for which CPI was published.  
Under the new CPI the items are now classified under **12 Divisions**.

#### Group Wise weights of CPI 2012



#### Division wise weights of CPI 2024



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