

# CONSUMER PRICE INDEX

CPI inflation printed at 2.75% in January 2026 as per new series, amid lower weights for volatile F&B segment

FEBRUARY 2026





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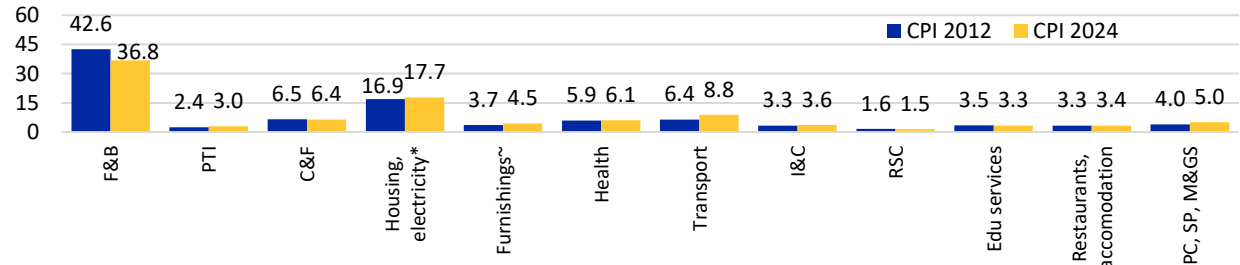
*CPI inflation rate as per the new 2024 base has been pegged at 2.75% in January 2026.*

*While the weight of F&B segment has been reduced in the new series, that of personal care and miscellaneous goods has been increased.*

*ICRA's preliminary assessment suggests that the expected base effect-led rise in headline inflation in FY2027 would be tempered, amid a lower weight assigned to F&B segment.*

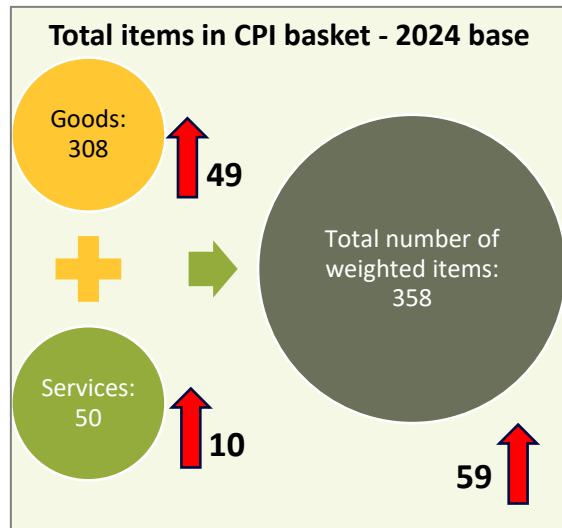
The new CPI series (base year: 2024) pegged the year-on-year (YoY) headline CPI inflation at 2.75% for January 2026 (ICRA exp: +2.5%, as per 2012 base), well below the mid-point of the Monetary Policy Committee's (MPC's) medium-term inflation target range of 2-6%. While as many as 11 of the 12 divisions witnessed benign inflation rates, ranging between 0.1% and 3.4% in January 2026, personal care, social protection and miscellaneous goods and services was the outlier with an elevated 19.0% inflation, largely reflecting the expansion in gold and silver prices. Notably, core inflation (CPI excluding food and beverages; F&B, and electricity, gas and other fuels) printed at a muted 3.4% in January 2026. The new CPI series is not comparable to the old series owing to the change in composition, weights as well as inclusion of new items which are relevant in current consumption basket as per the Household consumption expenditure survey (HCES) of 2023-24. As per ICRA's assessment, the expected uptick (based on the old series) in the CPI inflation in FY2027 relative to FY2026 was largely anticipated to be driven by the F&B segment. With a somewhat lower weight for F&B in the new series vs. the old series, the expected base effect-led uptick in the headline print in FY2027 would likely be tempered. Nevertheless, the MPC would assess additional data, including the February 2026 CPI print, as well as upcoming potential revisions in GDP size and growth rates, which would be key to reassess India's growth-inflation mix and the direction of monetary policy action.

**EXHIBIT: Division-wise Combined Weights as per the New CPI 2024 structure**



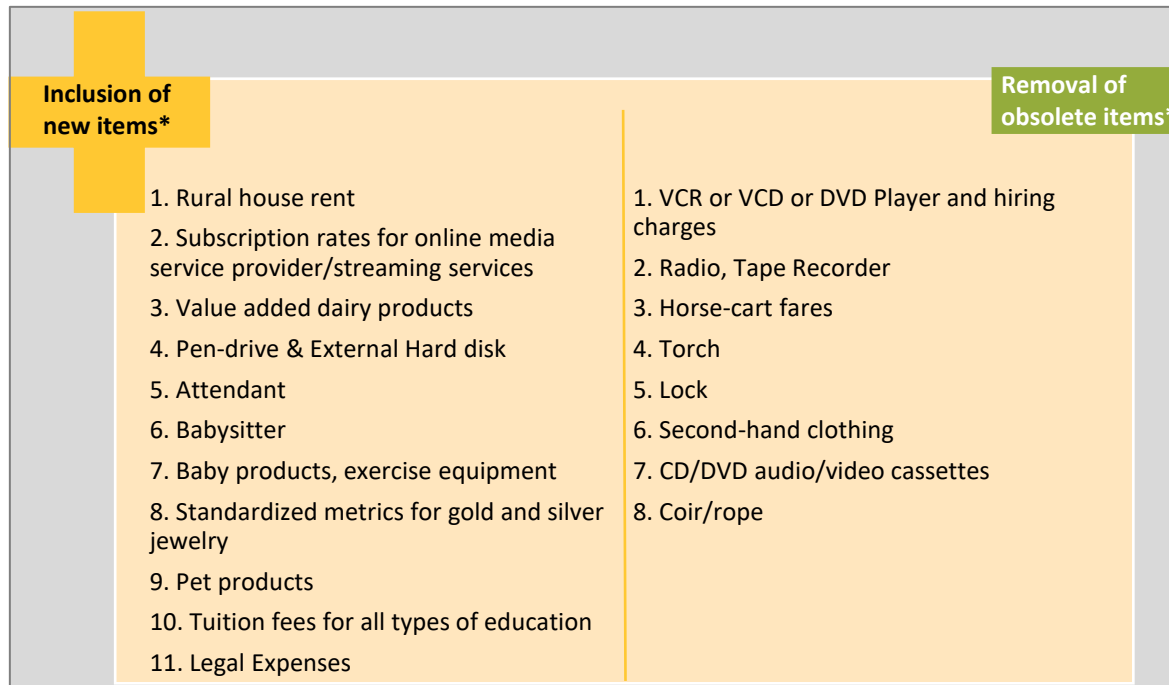
*\*includes gas and other fuels; ~includes HH equipment and routine HH maintenance; F&B: Food and beverage; PTI: Pan, tobacco and intoxicant; C&F: Clothing and footwear; I&C: Information and communication; RSC: Recreation, sport and culture; PC, SPI AND M&GS: Personal care, social protection and miscellaneous goods and services; Source: Ministry of Statistics and Programme Implementation (MOSPI), GoI, ICRA Research*

# Coverage of items increased in new CPI 2024 series; inclusion of new items aligns with evolving household consumption dynamics



All-India Coverage	CPI 2012	CPI 2024
Rural Market	1,181	1,465
Urban Market	1,114	1,395
Online Market	Nil	12
Towns	310	434

\*The list is not exhaustive; Source: MOSPI, GoI, ICRA Research



The total number of weighted items has risen to 358 in the new CPI-2024 series from 299 in the old 2012 series. While 49 items are added under goods segment, 10 are included in the services basket.

# New CPI series entail 12 divisions as against six in the old 2012 base series

EXHIBIT: Old CPI weights (Base year: 2012)

Groups	Weights
1 <b>Food and beverages</b>	45.86
2 <b>Pan, tobacco and intoxicants</b>	2.38
3 <b>Clothing and footwear</b>	6.53
4 <b>Housing</b>	10.07
5 <b>Fuel and light</b>	6.84
6 <b>Miscellaneous goods</b>	28.32
6.1 Household goods and services	3.80
6.2 Health	5.89
6.3 Transport and communication	8.59
6.4 Recreation and amusement	1.68
6.5 Education	4.46
6.6 Personal care and effects	3.89
<b>Total-CPI (1 to 6)</b>	<b>100.00</b>

Source: NSO; CEIC; ICRA Research

EXHIBIT: New CPI weights (Base year: 2024)

Divisions	Weights
1 Food and beverages	36.75
2 Pan, tobacco and intoxicants	2.99
3 Clothing & footwear	6.38
4 Housing, water, electricity, gas and other fuels	17.66
5 Furnishings, household equipment and routine household maintenance	4.47
6 Health	6.10
7 Transport	8.80
8 Information and communication	3.61
9 Recreation, sport and culture	1.52
10 Education services	3.33
11 Restaurants and accommodation services	3.35
12 Personal care, social protection & miscellaneous goods & services	5.04
<b>Total-CPI (1 to 12)</b>	<b>100.00</b>

Expert Group Report on Comprehensive Updation of Consumer Price Index; Source: ICRA Research

- After mapping of the Household Consumption Expenditure Survey (HCES) 2023-24 items as per the classification of individual consumption according to purpose (COICOP) 2018 classification, the new CPI 2024 base series entails 12 divisions, as against six groups in the old CPI 2012 base series.
- While there has been a reduction in the weight of the food and beverages (F&B), and clothing and footwear sub-groups in CPI 2024 base series compared to the previous base of 2012, other categories like housing, water, electricity and other fuels have seen an uptick, partly stemming from inclusion of rural housing data, as well as other items like CNG. Besides, transport, information and communication have been assigned a higher weight, amid inclusion of new data sets like online streaming platforms/OTTs.

# New CPI 2024 series assigned a lower weight to vegetables, pulses and cereals

Sub-category of F&B (2012 base)	Weights (%)	Sub-category of F&B (2024 base)	Weights (%)
1 Cereals and products	9.67	1 Cereals and cereal products	5.95
2 Meat and fish	3.61	2 Meat, fresh, chilled or frozen	2.52
3 Egg	0.43	3 Fish and other seafood	1.02
4 Milk and products	6.61	4 Milk, other dairy products and eggs	7.28
5 Oils and fats	3.56	5 Oils and fats	2.74
6 Fruits	2.89	6 Fruits and nuts	3.70
7 Vegetables	6.04	7 Vegetables, tubers, plantains, cooking bananas and pulses ground, and in other preparations	6.82
8 Pulses and products	2.38	8 Sugar, confectionery and desserts	1.42
9 Sugar and confectionary	1.36	9 Ready-made food and other food products	3.33
10 Spices	2.50	10 Beverages	1.77
11 Non-alcoholic beverages	1.26	11 Services for processing primary goods for food	0.20
12 Prepared meals, snacks, sweets etc.	5.55	<b>Food and Beverages</b>	<b>36.75</b>
<b>Food and Beverages</b>	<b>45.86</b>	<b>F&amp;B serving services*</b>	<b>3.33</b>
		<b>Total</b>	<b>40.08</b>

\*The weight of F&B in the new CPI series has been pared by ~9 pp to 36.75% from 45.86% earlier. However, prepared, snacks and meals category of the F&B group has been migrated to a separate class, namely, “food and beverage serving services” - under “Restaurants and accommodation services”. Including this, the reduction in the CPI weight for food is slightly shallower at ~6 pp (40.08% vs. 45.86%).

- Within the F&B segment, the weight of cereals and cereal products in the new CPI basket has been reduced sharply to 5.95% from 9.67% earlier.
- Interestingly, vegetables and pulses sub-groups from the old series have been clubbed together in new CPI series as per the latest COICOP 2018 classification, as “vegetables, tubers, plantains, cooking bananas and pulses ground, and in preparations”, with the weight of the latter falling to 6.82% in CPI 2024 base from 8.42% for the two categories in CPI 2012 base.
- Likewise, oils and fats have witnessed a reduction in the weight in the CPI basket to 2.74% from 3.56%. Similarly, the weight of readymade foods and F&B serving services, taken together, has declined to 6.66% from 8.05% for prepared meals, etc. and spices. in the old series.
- However, the weight has mildly increased in the case of dairy and poultry items (to 10.82% from 10.65%).
- The changes in the weights of food items are relevant in the context of domestic inflation, given the significant role of supply disruptions in affecting food prices. Besides, households assess sequential trends in food prices on a frequent basis to form inflation expectations, which is a key parameter for monetary policy decisions.

Source: NSO; CEIC; ICRA Research

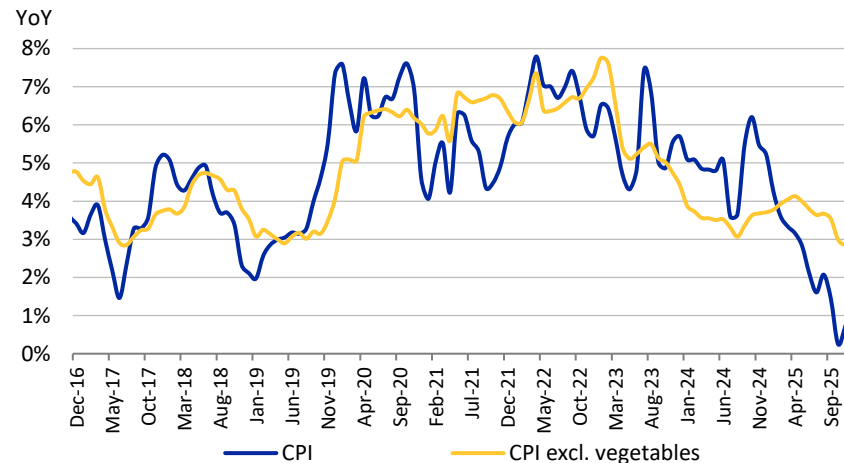
# While reduction in weight of vegetables may reduce peaks and troughs in headline print, this effect may be offset by sharp dip in weight for cereals

EXHIBIT: Trends in F&B Index (Base year: 2012) during 2021-2025

S no.	Sub-category of F&B (2012 base)	Weights	Max	Min	Average	Std. Dev.
1	Cereals and products	9.67	16.7%	-3.0%	6.3%	5.1%
2	Meat and fish	3.61	16.7%	-1.6%	4.6%	3.9%
3	Egg	0.43	20.8%	-5.5%	4.8%	5.5%
4	Milk and products	6.61	9.6%	-0.1%	4.5%	2.4%
5	Oils and fats	3.56	34.8%	-18.2%	7.8%	15.7%
6	Fruits	2.89	16.3%	0.7%	6.9%	3.8%
7	Vegetables	6.04	42.2%	-27.6%	3.4%	18.4%
8	Pulses and products	2.38	20.7%	-16.2%	5.2%	9.8%
9	Sugar and confectionary	1.36	7.5%	-6.0%	3.2%	2.7%
10	Spices	2.50	23.2%	-7.4%	7.4%	9.7%
11	Non-alcoholic beverages	1.26	15.2%	2.2%	5.7%	4.0%
12	Prepared meals, snacks, sweets etc.	5.55	8.0%	3.3%	5.4%	1.5%
<b>Food and Beverages</b>		<b>45.86</b>	<b>10.6%</b>	<b>-3.7%</b>	<b>5.0%</b>	<b>3.2%</b>

Source: NSO; CEIC; ICRA Research

EXHIBIT: CPI inflation and CPI inflation excl. vegetables (Base year: 2012)



Source: NSO; CEIC; ICRA Research

- The reduction in the weight of vegetables and pulses, may reduce the peaks and troughs for the headline print in the new series vis-à-vis the old series, given that these items have seen quite large variability in their monthly inflation rates. For instance, while the monthly headline CPI inflation (as per the old series) printed in a 7.5 pp range during 2021-2025, CPI excluding vegetables remained in a much narrower range of 4.9 pp during this same period. Inflation in vegetables printed in a wide band of (-) 27.6% and (+) 42.2% during this period, with a sizeable standard deviation, even though the average print was quite muted at just 3.4%.
- Interestingly, the weight of cereals, which had a relatively lower variance in monthly inflation rates, has come down quite sharply (to 5.95% in the new series from 9.67% as per the old series). This appreciable reduction in the weight may partly offset the positive impact of the dip in the vegetables and pulses group on the headline inflation print.

# YoY CPI inflation printed at 2.75% in January 2026, while core inflation was pegged at 3.4%

## EXHIBIT: YoY and MoM trends in headline and division-wise CPI indices in January 2026 (base: 2024)

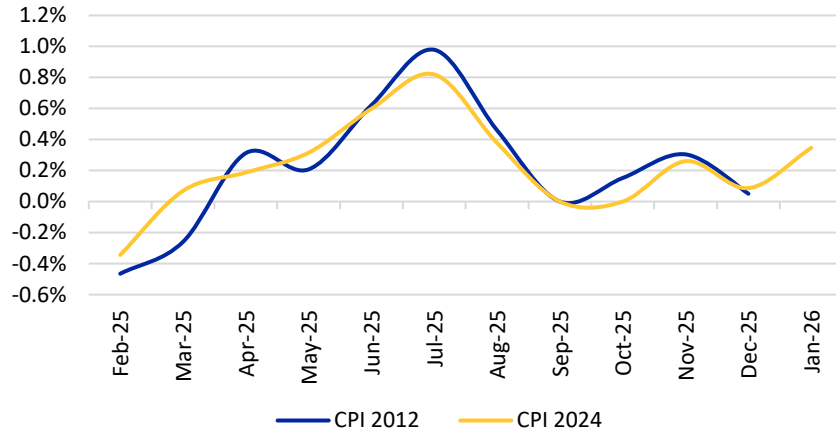
Division name	Weights (%)	General		Rural		Urban	
		Index	YoY (%)	Index	YoY (%)	Index	YoY (%)
Food and beverages	36.75	104.0	2.1%	103.9	2.0%	104.3	2.4%
Paan, tobacco and intoxicants	2.99	104.4	2.9%	104.4	2.7%	104.4	3.2%
Clothing & footwear	6.38	105.9	3.0%	106.6	3.4%	104.8	2.3%
Housing, water, electricity, gas and other fuels	17.66	102.0	1.5%	102.1	1.3%	102.0	1.7%
Furnishings, household equipment and routine household maintenance	4.47	103.0	1.5%	103.1	1.6%	102.8	1.3%
Health	6.10	103.9	2.2%	103.7	2.1%	104.2	2.3%
Transport	8.80	100.6	0.1%	100.7	0.1%	100.6	0.1%
Information and communication	3.61	103.3	0.2%	103.5	0.2%	103.0	0.1%
Recreation, sport and culture	1.52	104.0	2.3%	103.9	2.1%	104.2	2.6%
Education services	3.33	105.3	3.4%	104.8	3.1%	105.7	3.5%
Restaurants and accommodation services	3.35	105.7	2.9%	104.8	2.0%	106.6	3.7%
Personal care, social protection & miscellaneous goods & services	5.04	122.6	19.0%	123.1	19.6%	122.1	18.3%
<b>All India</b>	<b>100</b>	<b>104.5</b>	<b>2.8%</b>	<b>104.6</b>	<b>2.7%</b>	<b>104.3</b>	<b>2.8%</b>

Source: NSO; CEIC; ICRA Research

- The NSO has pegged the YoY CPI inflation at 2.75% in January 2026 as per the new CPI 2024 series, well below the mid-point of the MPC's target range of 2%-6%. Moreover, on a sequential basis, the headline CPI inflation was up by 0.3% in January 2026, in contrast to the decline of 1.2% seen in January 2025 (as per old series based on the linking factor).
- Moreover, the YoY inflation rates across 11 of the 12 divisions of the CPI ranged between 0.1% and 3.4% (below the 4%-mark) in January 2026, barring that for personal care, social protection and miscellaneous goods and services, which reported a 19.0% spike in YoY inflation, largely reflecting the boom in gold (YoY: 46.8% for gold/diamond/platinum jewellery) and silver (+159.7% for silver jewellery) prices. Within F&B, while the inflation for milk, other dairy products, and eggs (accounting for the largest weight in F&B: 7.28%) was estimated at 3.1% YoY in January 2026, the sub-division for vegetables (weight: 6.82%) saw a deflation of 5.3%.
- Notably, core inflation (CPI excluding food and beverages, and electricity, gas and other fuels), with a weight of 57.9% in the CPI basket, printed at 3.4% in January 2026.
- Additionally, the rural and urban YoY CPI inflation have been estimated at 2.7% and 2.8%, respectively, in January 2026.

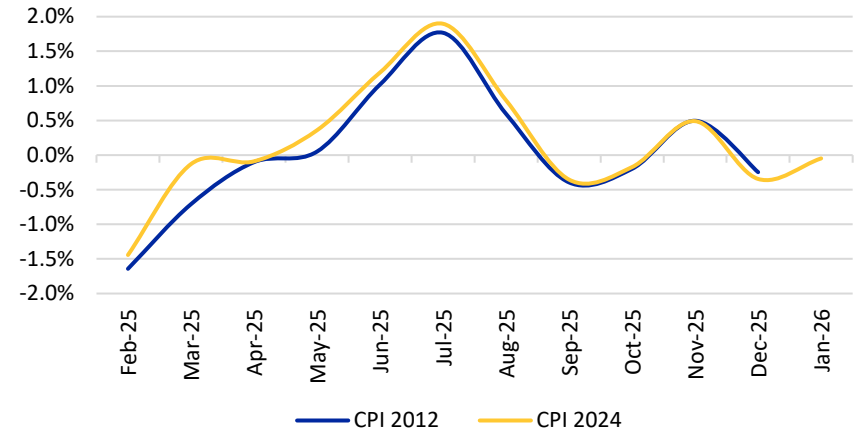
# Sequential trends in headline CPI and food inflation in new series broadly similar to those in old series

**EXHIBIT: MoM trend in all-India headline CPI as per new (2024 base) and old series (2012 base)**



Source: NSO; CEIC; ICRA Research

**EXHIBIT: MoM trend in all-India Consumer Food Price Index (CFPI) as per new (2024 base) and old series (2012 base)**

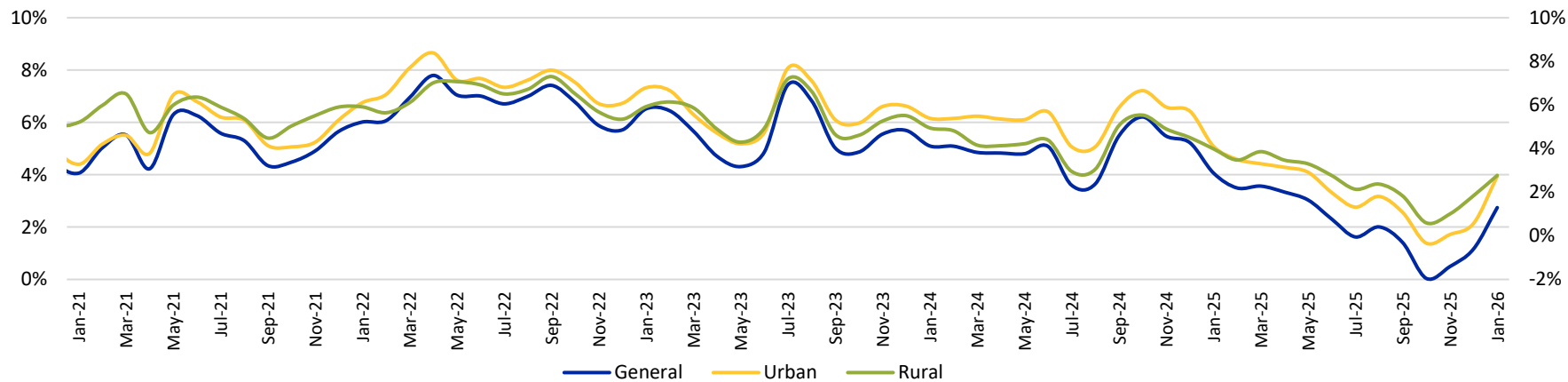


Source: NSO; CEIC; ICRA Research

- While the sequential movements in the headline CPI during February-December 2025 as per the new series (2024 base) is broadly similar to that in the old series, the deviation between the two range between (-) 0.2% to (+) 0.3%. Notably, as per the new base year, the sequential uptick in CPI was sharper in the initial months (Feb-Mar 2025), followed by sustained lower readings from July 2025 onwards.
- In case of the Consumer Food Price Index, the sequential prints as per the new series exceeded its corresponding reading for the old series consistently between February 2025 and October 2025, with March 2025 witnessing the highest deviation of 0.6%. Excluding this, the deviation between the two series has remained range bound between (-) 0.1% to 0.3%. Nevertheless, the broad momentum has largely remained the same, with the sequential uptick peaking in July 2025 and subsiding thereafter.

# Linking factor of 0.53 provided by the NSO for linking CPI 2012 and CPI 2024

EXHIBIT: YoY trends in CPI inflation-general, urban and rural as per CPI 2012 (as per linking factor)\*

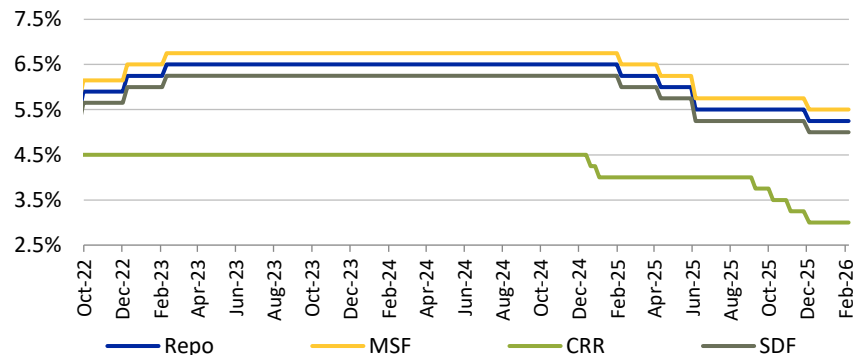


\*data for January 2014 to December 2024 has been derived using the linking factor as provided by the NSO; Source: NSO; CEIC; ICRA Research

- To facilitate continuity and ease of analysis of the time series data by connecting the CPI 2012 and CPI 2024 series, the NSO has provided a linking factor of 0.5267 for the combined CPI index. A linking factor of 0.5320 and 0.5222 have also been given for the urban and rural CPI indices, respectively. The overlapping year of 2025 has been used as the basis for forming the linking factor.
- This has been calculated by dividing the annual average of the CPI of the old series by the annual average of the CPI of the new series for the year 2025.
- The data for January 2014 to December 2024 has been estimated based on this linking factor, thereby implying that the YoY CPI inflation rates for this period remains unchanged, similar to that as per the CPI 2012 series, thereby ensuring continuity of data. Thereafter, while there are minor deviations in the monthly YoY inflation rates for 2025 computed using the linking factor vis-à-vis the old series, the average for the calendar year remains unchanged.

# OUTLOOK: Re-assessment of growth-inflation outlook post release of new base series to guide future monetary policy action

EXHIBIT: Movement in Key Rates



Source: RBI; ICRA Research

EXHIBIT: RBI's earlier and current GDP growth and CPI inflation forecasts

YoY (%)	CPI Inflation		GDP Growth (at constant 2011-12 prices)	
	December 2025	February 2026	December 2025	February 2026
MPC Policy Reviews				
Q4 FY2026	2.9%	3.2%	6.5%	
<b>FY2026</b>	<b>2.0%</b>	<b>2.1%</b>	<b>7.3%</b>	
Q1 FY2027	3.9%	4.0%	6.7%	6.9%
Q2 FY2027	4.0%	4.2%	6.8%	7.0%

Source: RBI; ICRA Research

- The MPC voted unanimously to keep the policy repo rate unchanged at 5.25% in the February 2026 review, while maintaining neutral policy stance, with a majority of 5:1. The Committee made marginal upward revisions to its growth and inflation projections for Q1 and Q2 FY2027, and averted from providing annual forecasts for FY2027.
- **ICRA's preliminary assessment is that the expected uptick (as per the old series) in the CPI inflation in FY2027 relative to FY2026 was largely anticipated to be driven by the F&B segment. With a somewhat lower weight for F&B in the new series vis-à-vis the old series, the expected base-effect led uptick in the headline print in FY2027 would likely be tempered.**
- **With another CPI inflation print for February 2026 due to be released before the next MPC meeting in April 2026, there may be some more clarity on interpreting the CPI data. Besides, the new GDP series is also set to be released at end-February 2026, which may lead to revisions in the size of the economy as well as the quarterly growth rates during FY2024-2026. These data points would be key to reassess India's growth-inflation mix and the direction of monetary policy action.**



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