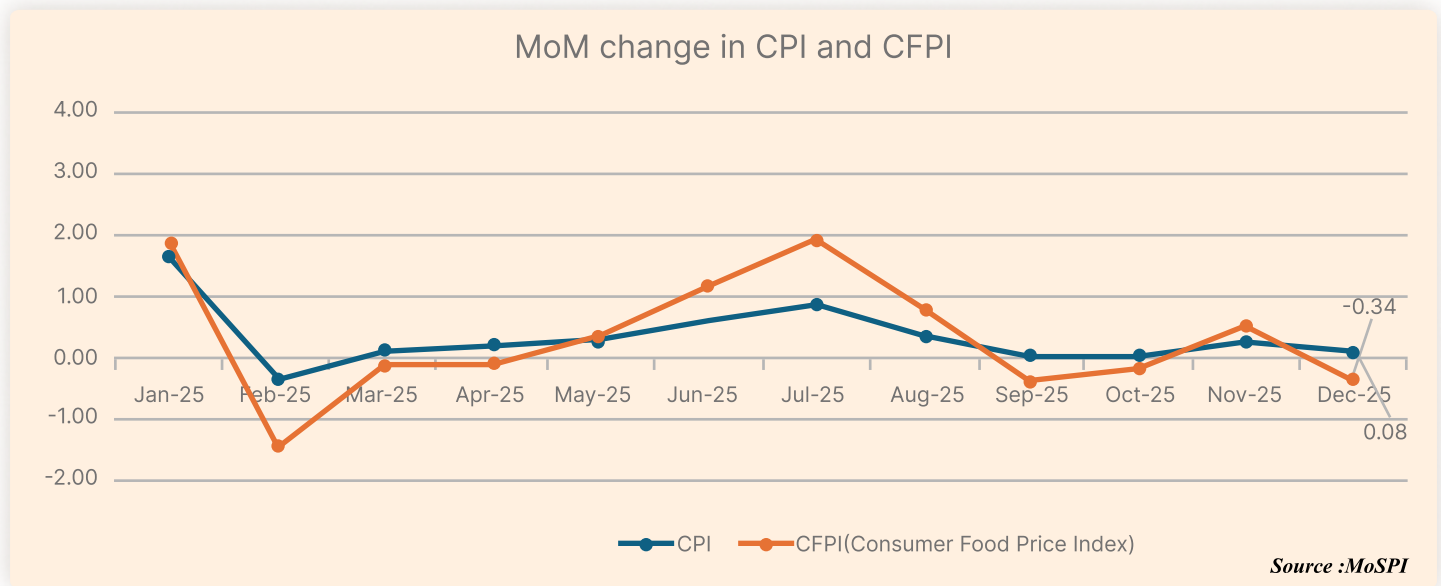


# India's New CPI Series (Base = 2024): January 2026 Inflation at 2.75%

India's headline year-on-year inflation, based on the All-India Consumer Price Index (CPI) with base year 2024, stood at 2.75% in January 2026 (provisional), compared to January 2025. The corresponding inflation rates were 2.73% for rural areas and 2.77% for urban areas.



## What's New in the CPI Series (Base Year = 2024) ?

India has rolled out a revamped Consumer Price Index (CPI) series with 2024 as the new base year, bringing several structural and methodological upgrades:

### Updated Base Year

The base year has been shifted from 2012 to 2024, drawing weights from the latest Household Consumption Expenditure Survey (HCES) 2023–24

### Expanded Classification Framework

The index now follows the COICOP 2018 classification, expanding from 6 major groups to 12 detailed divisions for better global alignment and granularity.

### More Granular Data Release

Item-level indices are now released at both All-India and State levels for rural, urban, and combined categories.

### New Inclusions Reflecting Changing Consumption Trends

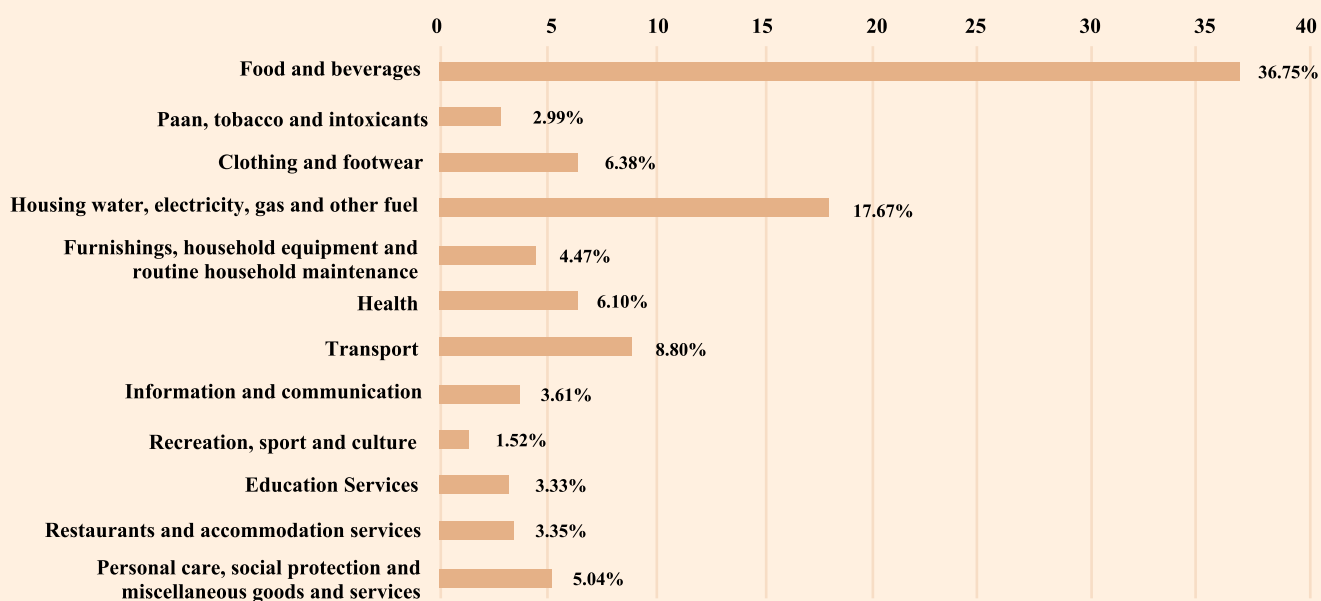
The revised basket now captures evolving household spending patterns by incorporating rural housing, online streaming and digital media services, value-added dairy products, barley and its products, pen drives and external hard disks, attendant and babysitter services, as well as exercise equipment.

## Outdated Items Removed

At the same time, items that have become less relevant in today's consumption landscape have been removed, including VCR/VCD/DVD players and their hiring charges, radios and tape recorders, second-hand clothing, CD/DVD audio-video cassettes, and coir/rope.

This updated CPI series better captures India's evolving consumption patterns and aligns more closely with current economic realities.

Weights of New CPI Series (Base = 2024)



Source :MoSPI

## Outlook

With methodological improvements and the base year aligned to current consumption patterns, the revised CPI series is expected to provide a more accurate and representative assessment of underlying inflation pressures. By updating weights and refining classification in line with evolving spending trends, the new framework strengthens the reliability and interpretability of inflation measurement.

The recent India–USA trade deal, along with the possible reduction in tariffs to 18% post finalising of agreement, is expected to further ease cost pressures through a decline in import prices. These import costs were earlier anticipated to exert upward pressure, and the tariff reduction could help moderate that impact going forward. Additionally, any sustained rise in metal and other commodity prices could gradually feed into input costs and, eventually, broader consumer inflation. Reflecting these emerging risks, the Reserve Bank, in its February meeting, revised its inflation projections upward to 4.0% and 4.2% for Q1 and Q2 of FY2027, respectively.