

# New CPI series may push inflation prints higher

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The recalibrated weights for the Consumer Price Index (CPI) components under the new series to be released on February 12, are expected to push up India's headline inflation readings modestly, with the share of core items rising around 10 percentage points and volatile food prices getting a lower say, according to economists' estimates.

With the weight of food and beverages proposed to be sharply reduced by nearly one-fifth of its current weightage of 45.86 per cent of the CPI to 36.75 per cent in the new series with 2024 as a base year, economists reckon the relatively higher core inflation recorded in recent months could raise the headline retail inflation at the margin. Core inflation is calculated by excluding the volatile components of CPI like food and energy, and was estimated to be around 4.6 per cent in December 2025, when overall retail inflation was 1.3 per cent.

On the plus side, there is an expectation that the new series will make the Reserve Bank of India's inflation targeting mandate easier to meet, and a reasonable rise in the inflation print will bolster nominal GDP growth.

Canara Bank Chief Economist Mad-

## What they expect

Institution	Estimated impact of new CPI series on inflation rate
Bank of Baroda	Upward bias of 25-40 bps
SBI Research	Upward bias of 20-30 bps
Nomura	Near-term upside of 50 bps
Canara Bank	Expected to move closer to 4%
IDFC First Bank	Likely to increase by 40-50 bps in FY26, and 10 bps in FY27
India Ratings	Expected to rise

Note: One basis point (bp) equals 0.01 percentage point

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■ India's foreign exchange reserves hit fresh high of \$709.4 billion

havankutty G said that the new CPI series will be more representative, not just in terms of the revised base year, but also due to the better representation of the consumption basket. "Overall, it will help reflect true price trends in the economy, and aid predictability. We expect retail inflation to move closer to 4 per cent, which will help nominal GDP growth revert to the mean rate of 10-10.5 per cent which augurs well for a healthy fiscal position," he said. Turn to Page 10 ►

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With the current bout of food deflation keeping headline inflation low, Nomura sees the lower weighting of food in the new series leading to higher spot inflation readings. “We estimate headline inflation in FY26 year to date (April-December) would have averaged higher at ₹2.2% y-o-y under the new CPI weighting versus 1.7% under the old CPI series, which implies an upward bias of ₹0.5pp this fiscal year,” it added.

The new weights, released by Ministry of Statistics and Programme Implementation on Thursday, also give a greater emphasis on urban CPI and services components. The most drastic increase in weighting is expected for restaurants and accommodation services, that is likely to be raised from 0.01 per cent to 3.35 per cent in the new series.

Transport, and Information and Communications, are also likely to see their weights increased by 2.43 and 1.38 per cent, respectively. Of the ten major groups in the CPI basket, the weights of three groups have been reduced — food and beverages (by 9.1 per cent), education services (by 1.13 per cent) and clothing and footwear (by 0.15 per cent).

Bank of Baroda economists estimate that the CPI would face an upward bias of about 25-40 basis points (bps) in the new series, while State Bank of India economists peg the same at 20-30 bps. One basis point equals 0.01 percentage point.

However, Bank of Baroda economists Dipanwita Mazumdar and Jahnvi Prabhakar do not see an immediate risk to the CPI trajectory, noting that the GST rate cuts’ pass through and the government’s astute supply side measures are supportive of a favourable inflation going forward.

“If the new CPI series raises FY26 inflation, it could also lower FY27 inflation, assuming the

same momentum. That said, inflation under the new CPI series depends not only on the changes in weightings, but also on the methodological changes and new data sources used, which imply different index values,” Nomura economists Sonal Varma and Aurodeep Nandi said in a note titled ‘Looking under the hood of the new CPI series’ on Friday.

The new rebalanced CPI would make the RBI’s inflation targeting mandate easier due to the dampening of the volatility in the CPI series, they reckoned, adding it would aid policy predictability, while the exclusion of free items to people through the public distribution system (PDS) will provide policymakers clearer market price signals.

“A lower food weighting and a higher share of sticky services should dampen the volatility of the CPI series, and lead to less of a divergence between headline and core. It should also make the RBI’s inflation targeting mandate easier, as large food price shocks have historically led to inflation undershooting/overshooting its target band,” Varma and Nandi posited.

Echoing similar views, Paras Jasrai, associate director at India Ratings and Research said that inflation is likely to be more aligned with the stance and direction of the RBI’s Monetary Policy Committee, once the pruned weightage for food prices lowers the seasonal volatility on food items’ account in CPI inflation.

Despite the likely uptick in CPI prints, economists don’t expect near term policy responses to shift much or alter the RBI’s policy stance.

Gaura Sengupta, chief economist at IDFC Bank, said the weight change is unlikely to have a significant influence from a monetary policy standpoint. She reckoned it is perhaps too early to assess the impact in entirety till there is further data on the subcomponents of the index.

For instance, the change in the housing index sub-components will need to be studied as it is now expected to include rural housing rent costs as well in addition to the urban dwellings already captured.

“We do not expect the RBI to overreact to any upward revision to CPI inflation, because the shift is technical, and even with any upward revision, inflation is still likely to remain within target,” reckoned the Nomura economists.

## iPhone 16 tops the charts in major reset of India smartphone market

Xiaomi’s Redmi 14 C 5G is similarly priced at about ₹12,000. In contrast, the iPhone 15 base variant currently sells at around ₹54,000, placing it firmly in the premium category.

“We are now seeing Apple’s ecosystem strength at an all-time high, as the installed base is ripe for ecosystem cross-selling,” said Tarun Pathak, director of research at Counterpoint. “Strong product and channel execution are helping Apple reach its aspirational user base faster than ever before. Given its current trajectory and strengthened distribution network, Apple is well-positioned to continue its streak of dominance in the Indian market through 2027.”

Apple’s momentum in India is reflected in its performance in 2025, when it recorded its highest ever smartphone market share in the country, both by volume (9 per cent) and value (28 per cent). The company emerged

as the country’s largest smartphone player by value, ahead of Samsung and the Chinese brands. By volume, Apple ranked sixth — behind Vivo, Samsung, Oppo, Xiaomi (including POCO) and Realme — despite offering a limited portfolio concentrated entirely in the premium and high-end segments, unlike competitors.

In an analyst call following its results on Thursday, Apple Inc Chief Executive Officer Tim Cook said the company posted a quarterly revenue record in India in the December quarter, driven by iPhone, Mac and iPad sales. Cook noted that despite a strong growth trajectory, <

Apple still had a modest share of the Indian market, which he described as a significant opportunity. He added that most customers buying iPhones, Macs, and iPads in India were new to these products, underscoring the scale of the opportunity ahead.