October retail inflation crossed 6%, first time in 2 years

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India's retail inflation, as measured by the Consumer Price Index (CPI), rose to a two-year high of 6.09 per cent in October, breaching the Reserve Bank of India's (RBI's) upper tolerance limit of 6 per cent.

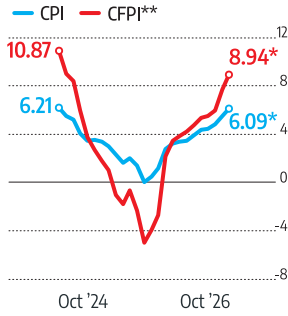
A sharp rise in food prices, along with a broad-based increase across 11 of 12 major divisions, pushed inflation up from 5.54 per cent in September, according to data released by the National Statistics Office (NSO) on Thursday.

This is the first time retail inflation has breached the RBI's tolerance limit in the new series.

Retail inflation has now risen for 12 straight months since bottoming out at 0.04 per cent in October 2025. Based on back-series data, the October reading was the highest since October 2024, when inflation stood at 6.21 per cent.

The trend

Inflation (%)



*Provisional
** Consumer Food Price Index
Note: Data from October 2024 to December 2025 has 2012 as base year
Source: NSO

Sequentially, the index rose 0.51 per cent to 110.05 in October from 109.49 in September. An unfavourable base also added to the pressure, as the index had stayed almost flat at 103.74 in October last year.

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Jensen, the face of AI boom, ousted as Nvidia CEO

Huang also has become close with United States (US) President Donald Trump, appearing at White House meetings on technology, at state dinners and aboard Air Force One. Huang has enjoyed far greater access to the president than most corporate leaders. Trump on Monday backed Huang as "a very honourable man."

The revelations about the Nvidia CEO's affair with Alice Huang, an executive at Megaspeed, raised serious questions about his judgment. On Wednesday, the *New York Times* reported that Huang had also had a relationship with Kimberly Powell, Nvidia's vice president of healthcare, citing unidentified people who worked at the company.

Megaspeed, which was spun out of a Chinese gaming enterprise, is one of Nvidia's largest Southeast Asian customers and has been under US investigation for months related to the potential smuggling of Nvidia's advanced AI chips into China, *Bloomberg* has reported. Megaspeed and Nvidia have denied wrongdoing.

Nvidia's board has been working with an outside firm to identify potential replacements for Huang, a person familiar with the matter said Wednesday, asking not to be identified because the information isn't public. Directors had met remotely on Wednesday to discuss Huang's fate, people familiar with the situation said.

Some highly prominent tech executives named by those in the industry as people that could be looked at by Nvidia's board include Lisa Su, CEO of rival Advanced Micro Devices Inc, Rene Haas, chief at Arm Holdings Plc and Micron Technology Inc leader Sanjay Mehrotra.

"The fundamentals of the business (if not the leadership) are clearly still intact with numbers that remain massive (and probably still headed higher)," Stacy Rasgon, an analyst at Bernstein, said in a note late Wednesday. "We don't think the company should have huge issues operating while engaged in a search for new leadership."

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The print comes weeks after the RBI's Monetary Policy Committee (MPC) unanimously raised the repo rate by 25 basis points (bps) to 5.5 per cent.

Economists have pencilled in another rate hike at the MPC's December 2-4 meeting, cautioning that relief from softer crude prices would be slow to reach consumers, as earlier price increases are still feeding through.

"We do expect the RBI to consider either a 25 or 50 bps hike in December given that inflation in November and December would also be around the level of 6 per cent based on the trajectory of food prices," said Madan Sabnavis, chief economist at Bank of Baroda.

He added that core inflation will rise, too, given that fast moving consumer goods, or FMCG, companies have started raising prices.

A further 25 bps rate hike in December "appears almost certain", said Aditi Nayar, chief economist at Icra. She added that GDP growth is likely to ease only slightly in the September quarter. GDP data for the quarter is due on November 30, after the economy grew 7.8 per cent in the June quarter.

According to Dipti Deshpande, principal economist at Crisil, the fading impact of the goods and services tax cuts also contributed to the sharp increase in headline inflation.

Crisil expects retail inflation to average 5.3 per cent in this financial year.

Food inflation, measured by the Consumer Food Price Index (CFPI), rose to 8.94 per cent in October from 7.74 per cent in September — the highest since the 9.04 per cent recorded in November 2024 under the old 2012 series.

"The ongoing harvest prospects will throw more light on how food prices behave. The area under cultivation was lower for rice, maize, oilseeds, cotton and sugarcane. It has also been reported that pulses production, especially tur, could be lower this time, which can lead to a spike in prices," Sabnavis said.

Onion prices continued to drive the increase, with inflation rising to 116.22 per cent from 108.13 per cent in September. Inflation in garlic accelerated to 60.74 per cent from 54.62 per cent, and in lemon to 47.30 per cent from 36.41 per cent. Ginger inflation eased to 48.32 per cent from 62.85 per cent.

At the other end, potato deflation deepened to 14.24 per cent from 11.52 per cent, and cauliflower prices fell 10.57 per cent against 2.88 per cent in September. Brinjal and cabbage slipped into deflation, at 3.34 per cent and 1.92 per cent respectively.

Nayar said food and beverages inflation was likely to stay above 8 per cent in November, with upward pressure from milk, sugar and onions. "Moreover, the deficient monsoon and inadequate replenishment of reservoir levels have heightened concerns regarding the rabi crop outlook and food inflation," she added.

"The acceleration in food inflation reflects increasingly binding supply-side constraints," said Deshpande, adding that rabi sowing was lagging significantly, particularly for wheat and gram, while elevated global food prices were set to keep food inflation under pressure through the rest of the financial year.

Inflation rose in all but one of 12 divisions–personal care and social protection– of the CPI basket in October compared with September. Restaurants and accommodation services crossed double digits at 10.06 per cent, from 9.36 per cent, while transport inflation rose to 5.84 per cent from 5.01 per cent amid higher fuel costs.

Clothing and footwear (4.96 per cent), furnishings and household equipment (3.94 per cent) and health (2.05 per cent) also saw a pick-up.

On the other hand, personal care, social protection and miscellaneous goods saw inflation easing to 10.14 per cent from 13.75 per cent. Silver jewellery, in particular, cooled to 52.39 per cent from 87.82 per cent.

Rural inflation rose to 6.63 per cent from 6.08 per cent, while urban inflation increased to 5.41 per cent from 4.88 per cent.

Among states with a population of more than 5 million, Tamil Nadu recorded the highest headline inflation at 7.29 per cent, followed by Telangana (7.26 per cent), Andhra Pradesh (7.25 per cent), Madhya Pradesh (7.19 per cent) and Odisha (7.17 per cent).

Southern states also led on food prices, with Andhra Pradesh recording the highest food inflation of 13.23 per cent, followed by Tamil Nadu (12.37 per cent), Karnataka (12.16 per cent), Telangana (11.66 per cent) and Kerala (10.92 per cent).

Looking ahead, Nayar said risks remain tilted to the upside, reflecting the impact of the deficient and uneven monsoon, while crude oil prices remain a key monitorable.

Garima Kapoor, economist at Elara Capital, said the recent fall in crude oil prices is unlikely to bring immediate relief. "Notwithstanding the cooling of crude oil prices amid expectations of peace in West Asia, inflation is unlikely to cool off immediately as pass-through of previous hikes continues," she said.