New Consumer Price Index (CPI) Index

Prelims: *Current events of national and international importance | Economy*

Why in News?

Recently, India released the new CPI series (Base 2024=100) showing lower food weight and stable inflation, raising expectations of a prolonged interest rate pause.

- **CPI –** The Consumer Price Index (CPI) is ***designed to measure the changes over time in the general level of retail prices of selected goods and services*** that households purchase for consumption.
  - **Inflation Measure –** Inflation is calculated as a year-on-year percentage change in CPI.
- **Released by –** ***Ministry of Statistics and Programme Implementation (MoSPI)***
- The CPI (Rural, urban and combined) has been released by it since January 2011 with a base year of 2010.

  The Base Year is a chosen year taken as a reference point to compare prices over time.

- **New CPI Index –** Revises CPI item basket and updates weights using the latest Household Consumption Expenditure Survey (HCES) of 2023-24 data.

  New CPI shows lower food weight and inflation at ~2.75% (January 2026), influencing monetary policy outlook.

- **Basket of Items expanded –**
  - Weighted items increased from 299 to 358 items.
  - Service items increased from 40 to 50.
- **CPI Composition –** Food items' weight reduced from ~46% to 36.8% (~10 percentage points decline).
- **Consumption Pattern –**
  - Rural food & beverages weight – 42%
  - Urban food & beverages weight – 30%
- **Base Year Revision –** ***Base year revised from 2012 to 2024*** to reflect structural changes in consumption, urbanisation, and digitalisation.
- **Global Comparison –** Food Weight in CPI in Developed economies is around 11–26%

food weight.
- Emerging economies (China, Brazil, South Africa): <30%.

References

1. IE | New Consumer Price Index (CPI) Index
2. PIB | Consumer price index on base 2024

