Revised base year of the Consumer Price Index

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Why in News?

The Ministry of Statistics & Programme Implementation (MoSPI) revised the base year of the Consumer Price Index from 2012=100 to 2024=100.

- It was incorporating updated consumption weights from the Household Consumption Expenditure Survey 2023-24 and expanding market coverage.
- Under the CPI 2024 series, the inflation data is available from January 2026 onwards.
- The inflation data of the CPI 2012 series is available up to December 2025.
- A direct comparison of inflation under the new series with that of the previous series is not feasible on account of the changes in the item basket, weights, coverage of markets and methodology between the two series.
- The new series introduces rural house rent for the first time, significantly improving the coverage of rural housing consumption.
- The Consumer Price Index (CPI) measures the change in retail prices of a fixed basket of goods and services consumed by households and is India's headline retail inflation indicator (YoY % change in CPI).
- India's final CPI is made by mixing the rural CPI and urban CPI in proportion to their share in total consumption (weights).
- CPI-based inflation is also the primary indicator for the Reserve Bank of India to help guide it in decisions such as interest rates and inflation control.

Index overhaul

The 2024-base CPI basket includes 358 items vs. earlier 299, with goods covered rising from 259 to 308 and services from 40 to 50

- Number of rural markets covered rose from 1,181 to 1,465, urban from 1,114 to 1,395, with 12 online platforms added
- The weightage assigned to the food and beverages category is now 36.75% from earlier 45.86%
- The CPI framework has been expanded from 6 broad groups to 12, offering more granular tracking of goods and services

Reference

PIB | CONSUMER PRICE INDEX ON BASE