PHDCCI Economic Monitor

October 2026

India's retail inflation: September 2026 print and Q4 outlook

Consumer Price Index (base 2024=100)
Briefing deck, 25 October 2026
Data: NSO, MoSPI press release of 12 October 2026

5.54%

CPI inflation, September 2026 (provisional)

Up from 4.83% in August

Inflation has risen every month since January 2026

5.54%
Headline CPI inflation, Sep 2026 (Aug: 4.83%)

7.74%
Food inflation (CFPI), up from 5.97% in August

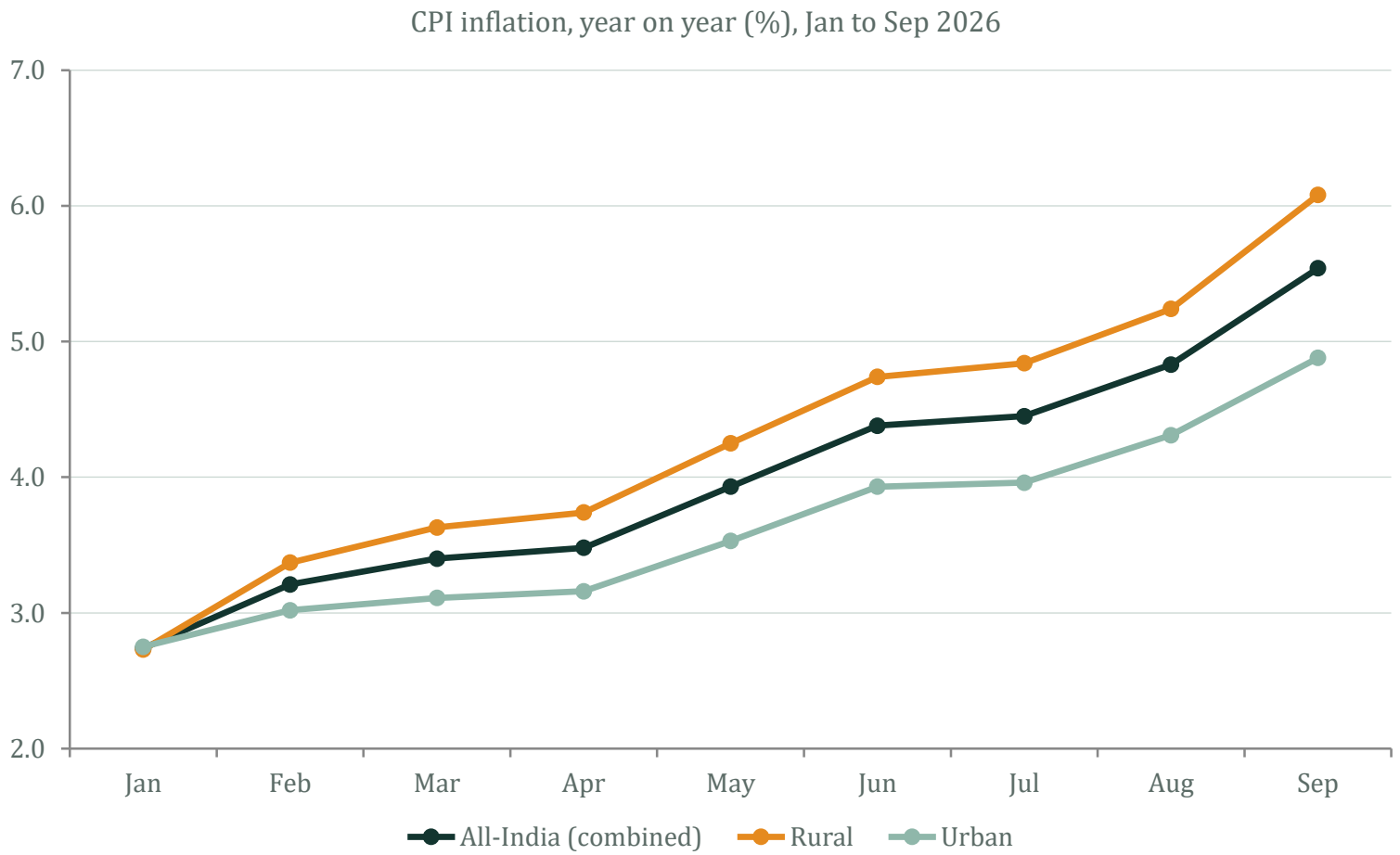
6.08%
Rural inflation, against 4.88% in urban areas

+0.69%
Month-on-month rise in the all-India index

- Food is the main driver: onion prices are up 108.09% year on year, with ginger and garlic also sharply higher.
- Rural inflation runs 1.2 percentage points above urban, and the gap has widened since January.
- Illustrative scenarios put headline inflation at about 5.7% to 7.7% in Q4 2026, depending on the pace of monthly price rises.

Source: NSO, MoSPI, CPI press release (base 2024=100), 12 October 2026

Rural inflation is pulling away from urban



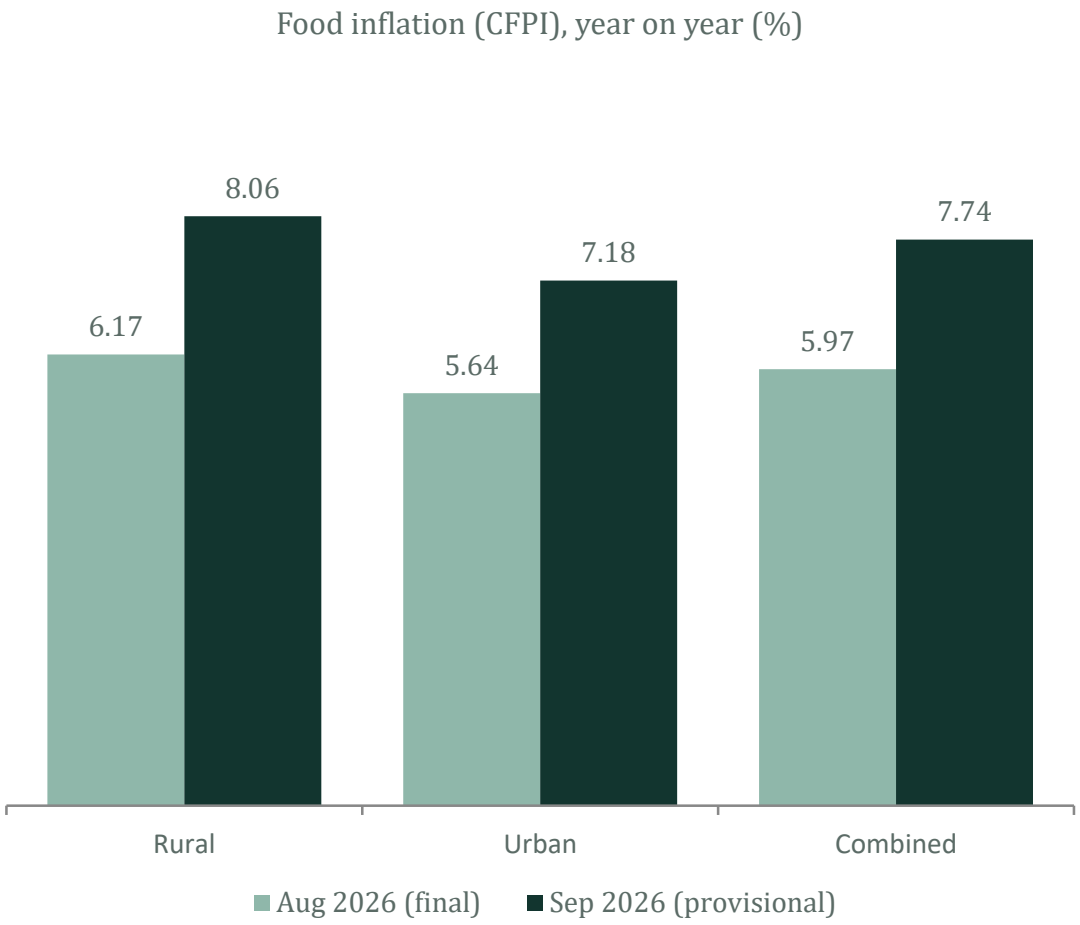
+3.35 pp

Rural inflation since January (2.73% to 6.08%)

+2.13 pp

Urban inflation since January (2.75% to 4.88%)

Food prices are the main upward force

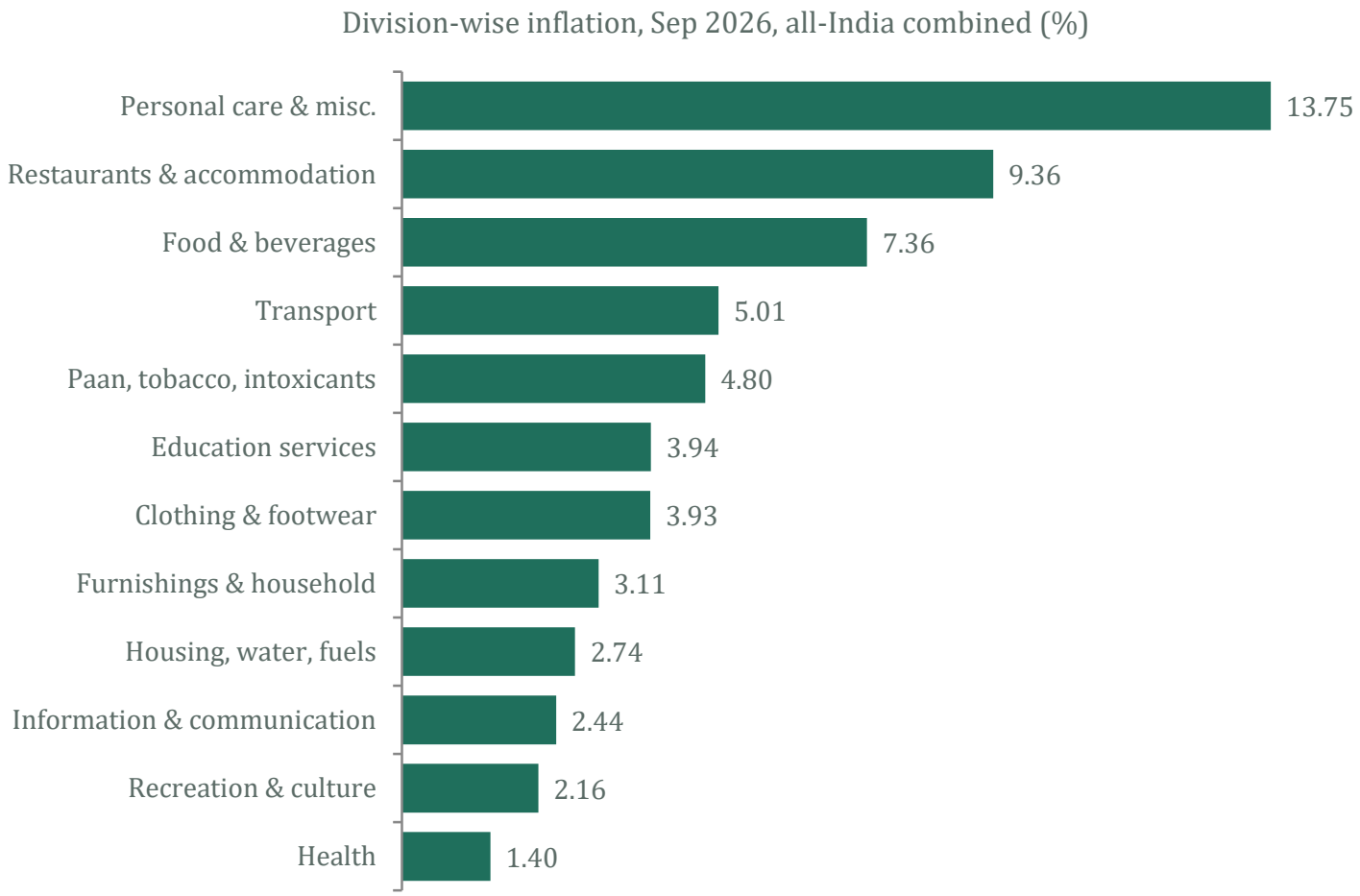


Highest item inflation, Sep 2026 (y/y, %)

Item	Aug 2026	Sep 2026
Onion	48.78	**108.09**
Silver jewellery	106.81	**87.80**
Ginger	73.82	**62.85**
Garlic	43.60	**54.62**
Lemon	15.15	**36.41**

Falling: potato –11.50%, tomato –8.62%, lady's finger –4.48%, motor car and jeep –4.51%.

Beyond food, personal care and restaurants run hot



13.75%

Personal care and misc.; 'other personal effects' up 38.69%

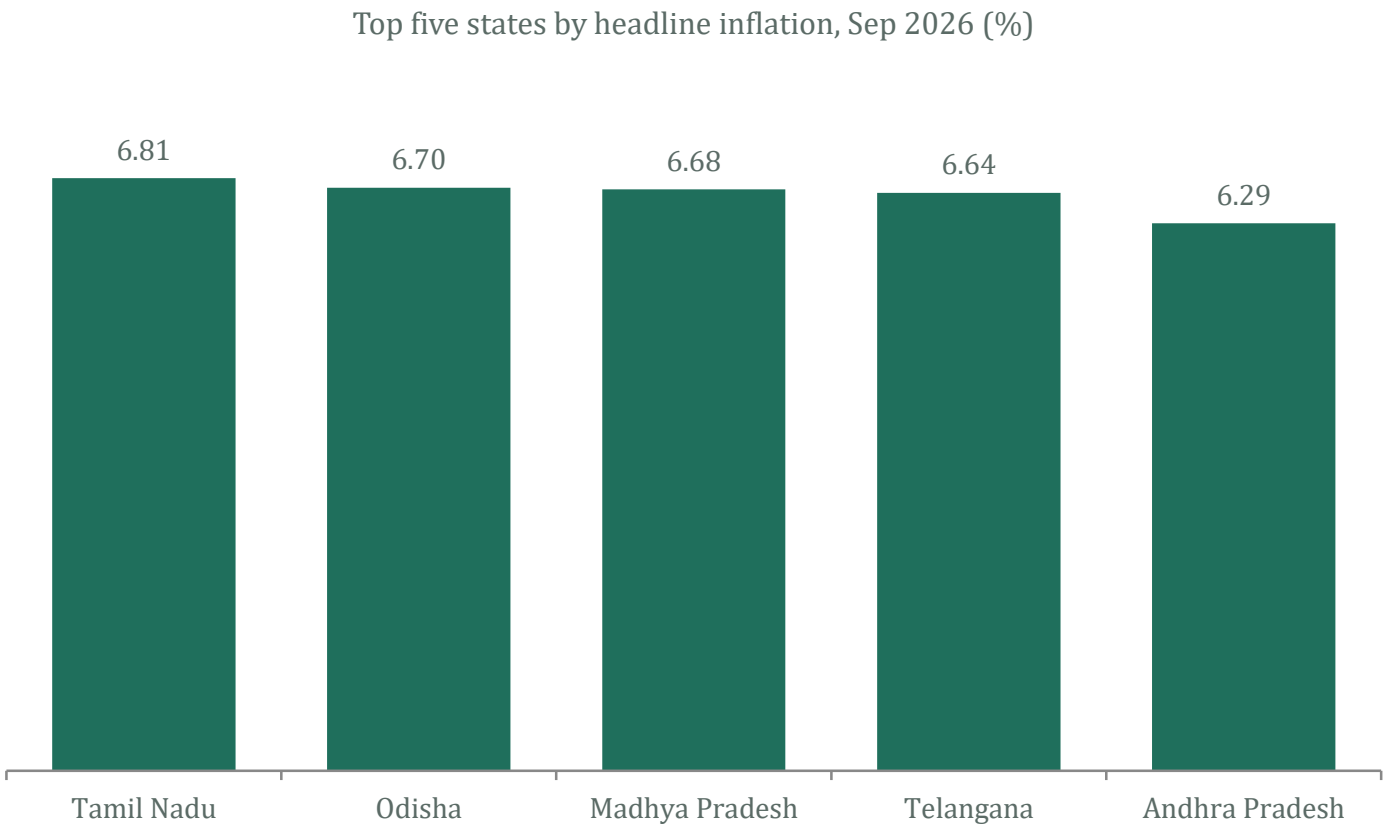
9.36%

Restaurants and accommodation, led by food serving at 9.39%

14.73%

Goods transport services: a cost signal for industry

Tamil Nadu and Odisha lead the large states



States with population above 50 lakh (Census 2011). All-India: 5.54%.

6.81%

Tamil Nadu: highest among states above 50 lakh population

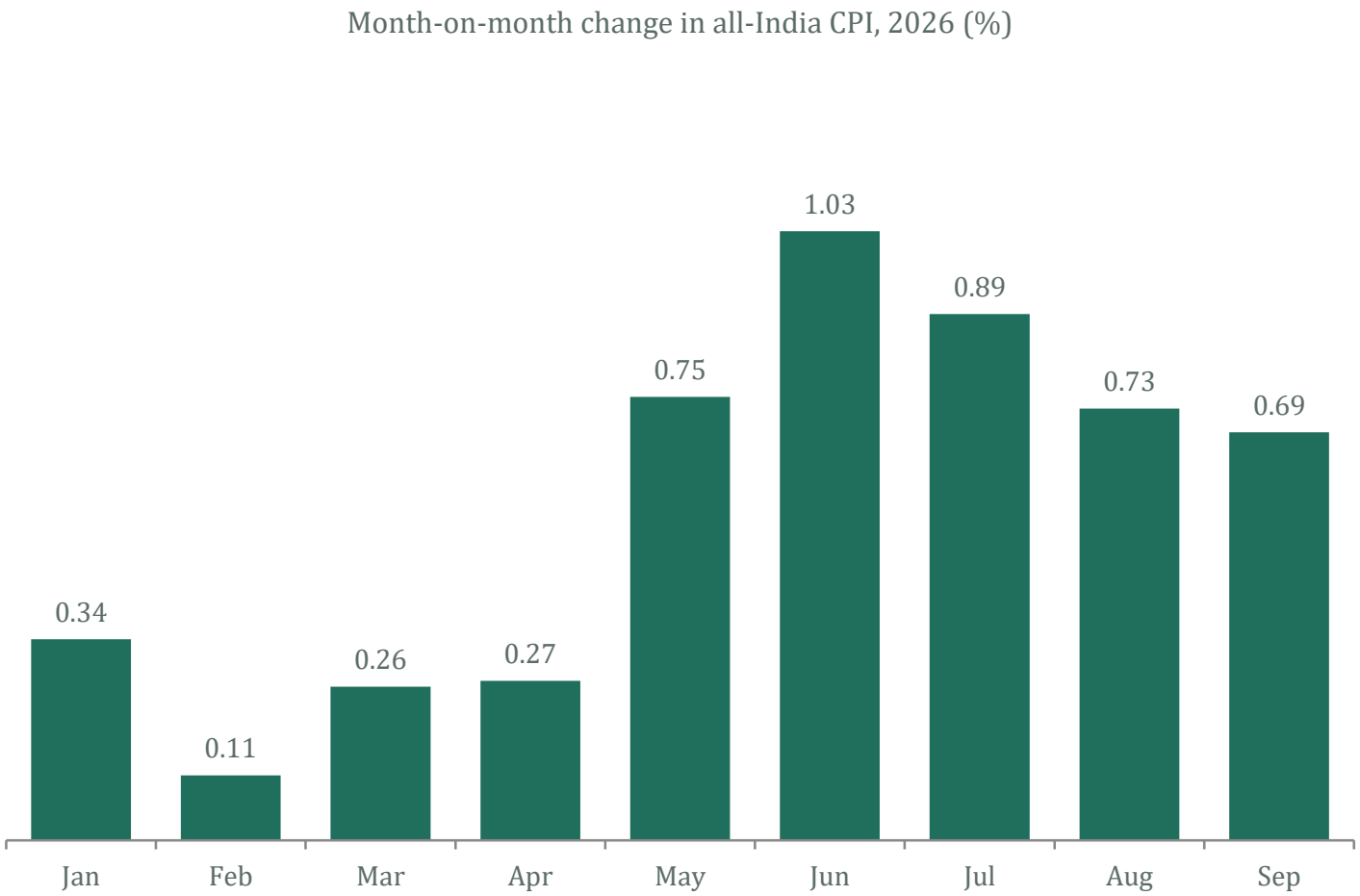
7.31%

Madhya Pradesh: highest rural inflation of any state or UT

2.85%

Mizoram: lowest of all 36 states/UTs; Delhi is 3.40%

A soft 2025 base lifts year-on-year inflation

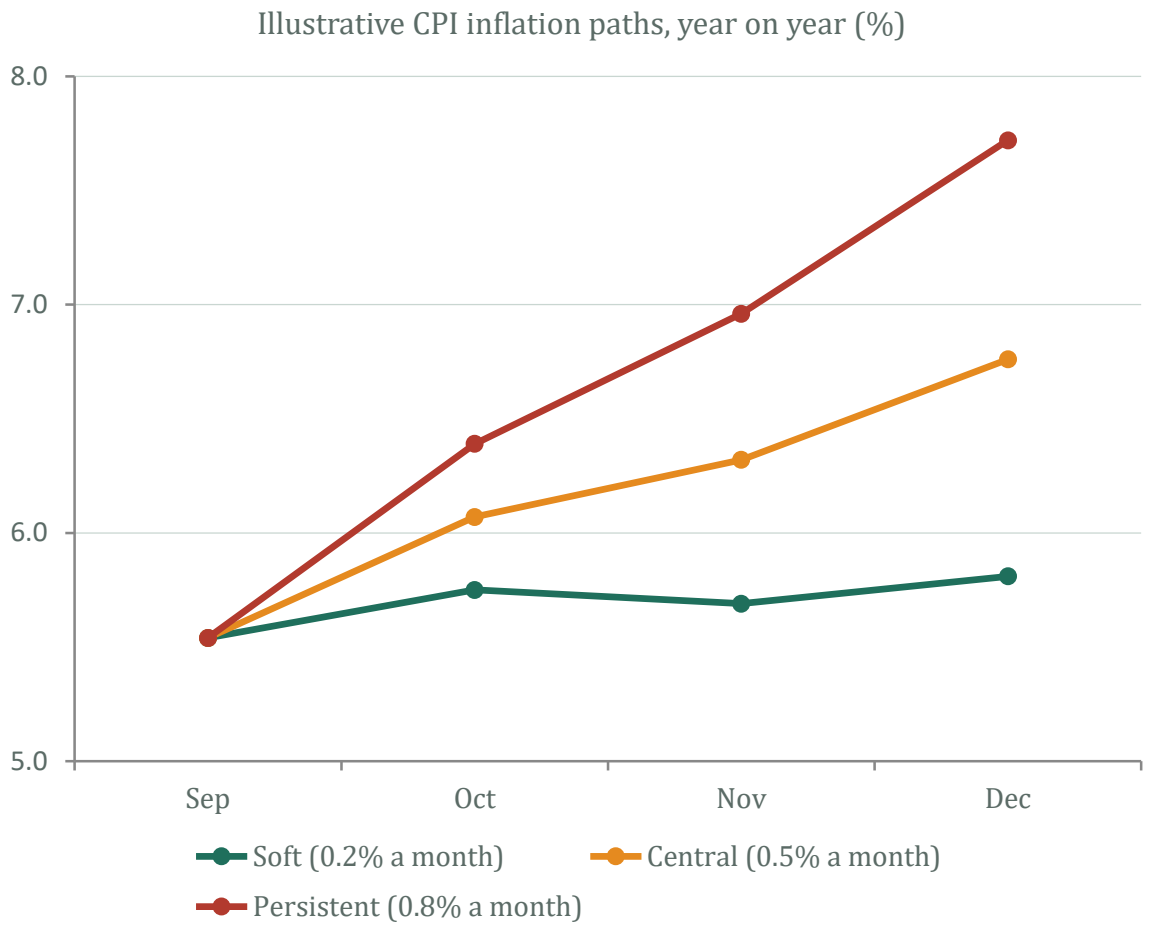


Month-on-month change in the base months

Oct 2025	**0.00%**
Nov 2025	**+0.26%**
Dec 2025	**+0.09%**

Any monthly rise in Oct to Dec 2026 above these figures lifts year-on-year inflation.

Q4 outlook: headline inflation of 5.7% to 7.7%



Scenario	m/m	Oct	Nov	Dec
Soft	0.2%	5.75	5.69	**5.81**
Central	0.5%	6.07	6.32	**6.76**
Persistent	0.8%	6.39	6.96	**7.72**

- Soft is close to the Jan to Apr average rise (0.24% a month); Central to the Jan to Sep average (0.56%); Persistent to the Jul to Sep average (0.77%).
- Illustrative arithmetic on the all-India index (Sep 2026: 109.49), not an official forecast.

Staying under 6% needs prices to slow sharply

0.43%

Largest October monthly rise that keeps headline inflation at or below 6.0%

0.26%

Average monthly rise through December that keeps headline at or below 6.0%

0.77%

Actual average monthly rise, July to September 2026

- Repeating last year's Oct to Dec pattern (+0.35% in total) would hold year-on-year inflation at 5.54%.
- Food is the swing factor: onion, ginger and garlic are rising sharply, while potato and tomato are still falling year on year.

Implications for policy and industry

1 Food supply management

Onion (+108%), ginger and garlic drive 7.74% food inflation; supply-side measures merit attention.

2 Logistics and input costs

Goods transport services are up 14.73%, adding cost pressure for trade-exposed industry.

3 Rural purchasing power

Rural inflation of 6.08% is 1.2 pp above urban, squeezing rural household budgets.

4 What to watch

October CPI (12 Nov 2026), vegetable prices, precious metals and freight costs.

Data notes and scenario assumptions

Data notes

- Source: NSO, MoSPI press release, 12 October 2026.
- September 2026 is provisional; August 2026 is final.
- Month-on-month changes are computed from published two-decimal indices.
- Next release: CPI for October 2026 on 12 November 2026.

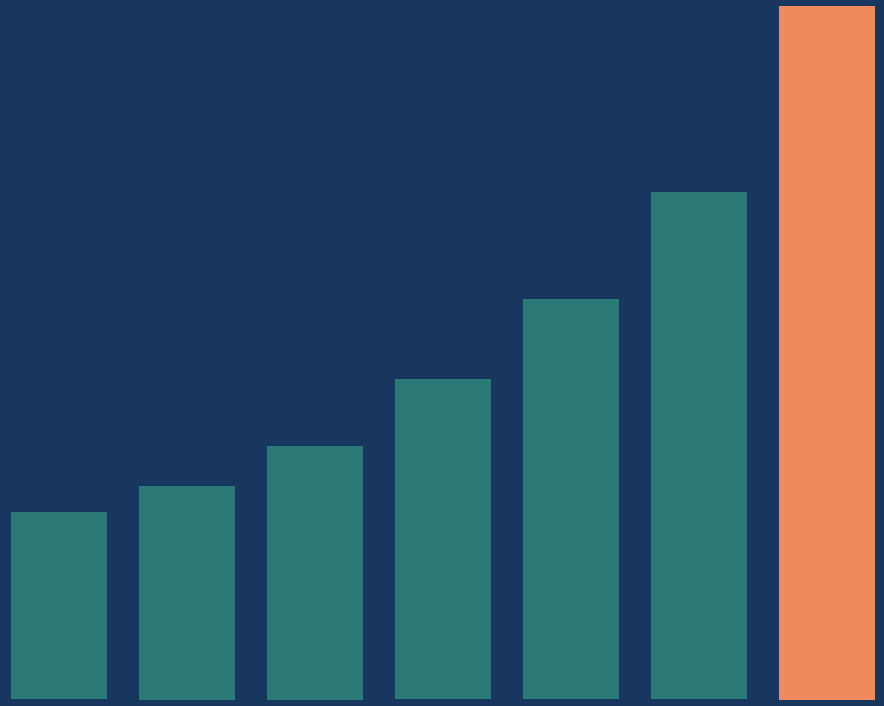
Scenario assumptions

- Constant monthly rise in the all-India combined index from 109.49 (Sep 2026).
- Base indices: Oct 2025 103.74, Nov 104.01, Dec 104.10.
- Illustrative arithmetic, not an official forecast.

INDIA · WPI BASE YEAR 2022-23

Wholesale inflation reaches 11.39% in September 2026

Trend analysis from the provisional Wholesale Price Index and Output Producer Price Index release of 14 October 2026



Source: Ministry of Commerce & Industry, via Press Information Bureau

SEPTEMBER 2026 AT A GLANCE

Every major group accelerated in the month

WPI inflation, all commodities (YoY)

11.39%

Up from 9.92% in August

WPI index, all commodities

112.5

Up from 110.8 in August (+1.5%)

Fuel and power inflation

25.85%

Up from 22.93% in August

Food index inflation (weight 24.99%)

8.66%

Up from 7.05% in August

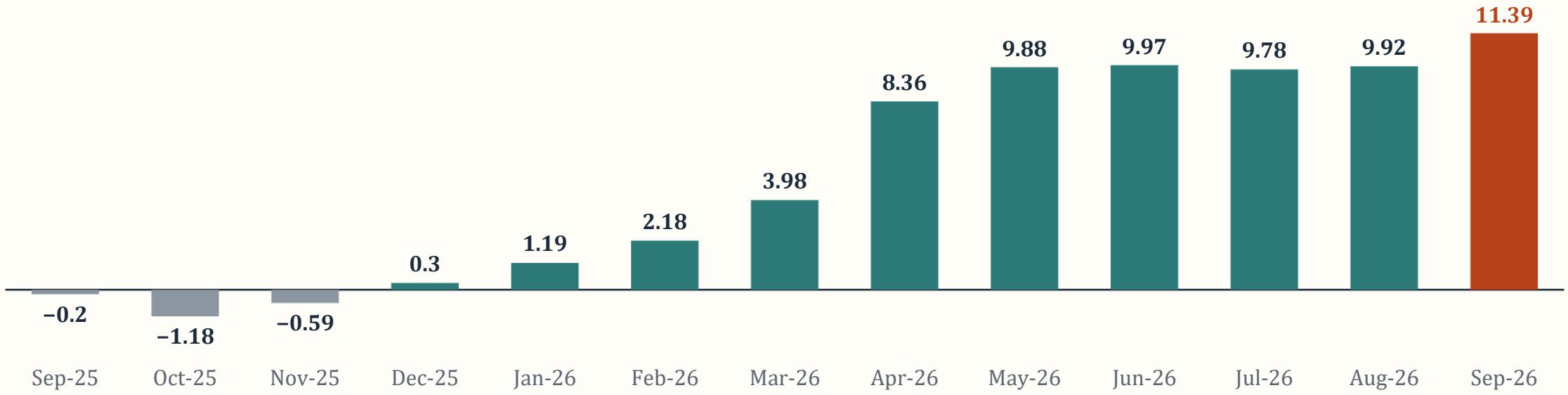
Also up: primary articles 8.67% (August 7.76%) and manufactured products 9.76% (August 8.37%).

Source: PIB, Provisional WPI release for September 2026 (base 2022-23).

Note: Year-on-year rates; September figures provisional.

HEADLINE TREND

Inflation turned positive in December 2025, jumped in April 2026 and reached a new high in September



Trough: −1.18% in Oct 2025. Turned positive in Dec 2025.

Step change in Apr 2026. Inflation went from 3.98% to 8.36%.

New high: 11.39%. Up from a 9.8–10.0% plateau in May–Aug.

Source: PIB, Provisional WPI release (base 2022-23),

Note: Chart 1. Bars show year-on-year inflation, %.

PRICE LEVEL

Two phases: a slow build, then a step change

PHASE 1 · SEP 2025 TO MAR 2026

+3.6 pts

Index: 101.0 → 104.6

Inflation: −0.2% → 3.98%

Six months of gradual gains

PHASE 2 · MAR 2026 TO SEP 2026

+7.9 pts

Index: 104.6 → 112.5

Inflation: 3.98% → 11.39%

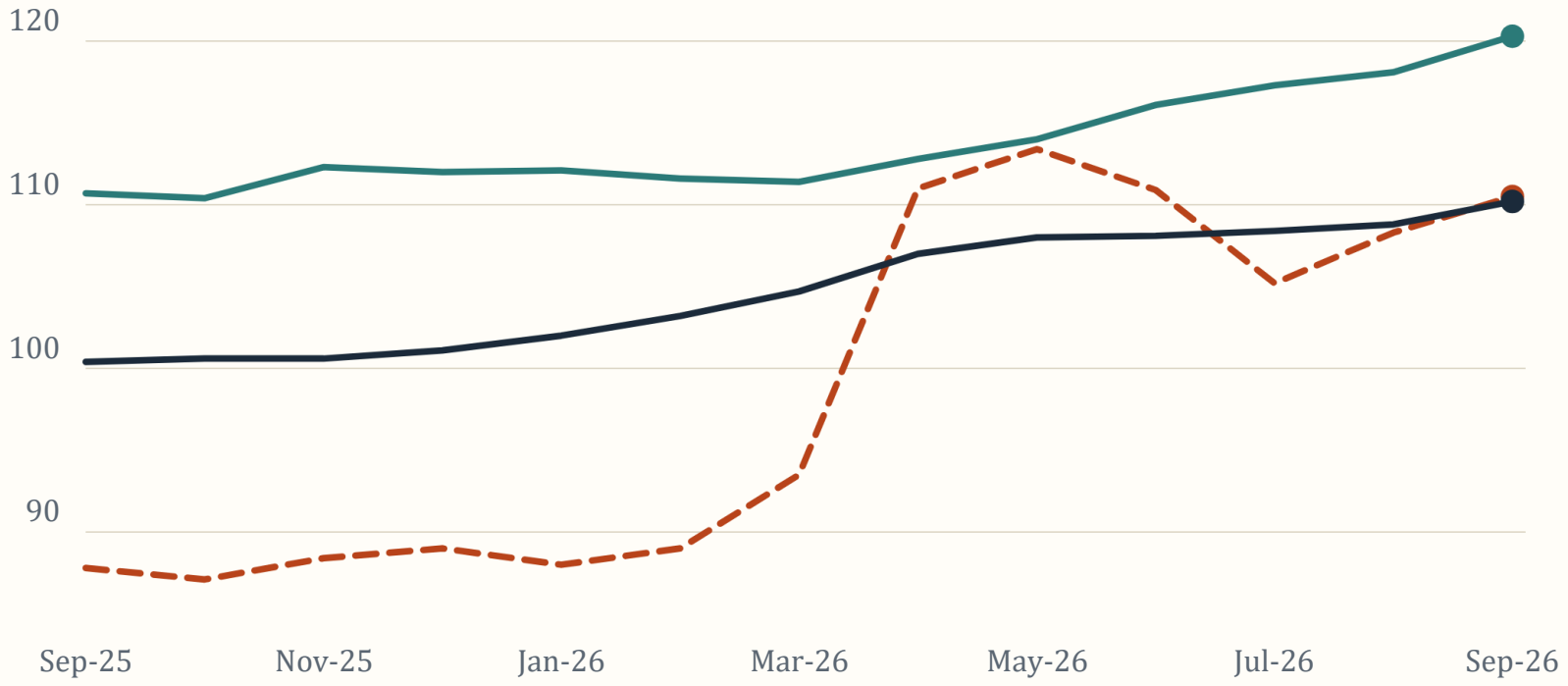
April 2026 alone added 4.3 pts (104.6 → 108.9)

The second half-year added more than twice the index gain of the first.

Source: PIB, Provisional WPI release (base 2022-23),

MAJOR GROUPS

Fuel and power drove the April jump; the other groups kept climbing



Primary articles

110.7 → 120.3 (+8.7%)

Fuel and power

87.8 → 110.5 (+25.9%). Jumped from 93.5 in Mar to 111.0 in Apr.

Manufactured products

100.4 → 110.2 (+9.8%)

Source: PIB, Provisional WPI release (base 2022-23),

Note: Chart 2. Index values, Sep-25 to Sep-26.

INFLATION BY GROUP

Manufactured products and food inflation have risen every month since April

Year-on-year, %	Apr-26	May-26	Jun-26	Jul-26	Aug-26	Sep-26
All commodities	8.36	9.88	9.97	9.78	9.92	11.39
Primary articles	3.96	5.26	7.00	8.61	7.76	8.67
Fuel and power	25.00	30.80	27.18	19.82	22.93	25.85
Manufactured products	6.68	7.68	7.78	8.29	8.37	9.76
Food index	3.29	4.58	6.23	6.56	7.05	8.66

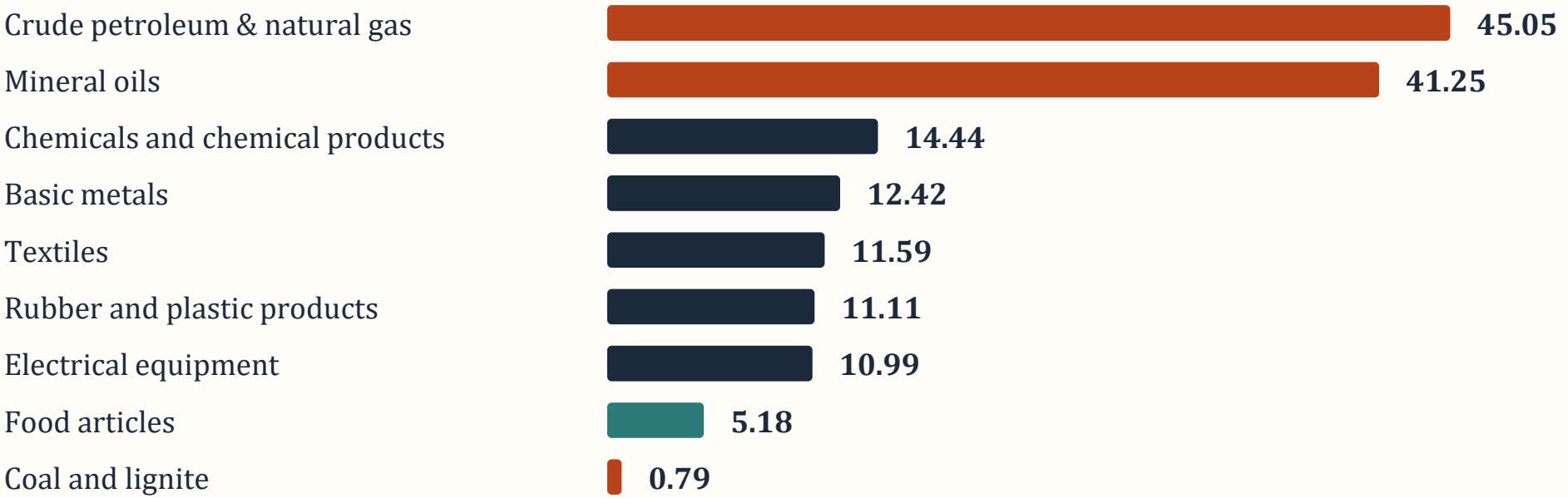
Fuel and power is the volatile group: 30.80% in May, 19.82% in July, 25.85% in September. Primary articles dipped in August (7.76%) before recovering.

Source: PIB, Annexure II and highlights. Apr–Jul final; Aug–Sep provisional.

DRIVERS

Crude oil, mineral oils and industrial inputs led the half-year price rise

Average inflation, Apr–Sep FY 2026-27, % year-on-year. Energy items in orange.



Coal is the late mover: 1.57% in August, above 9% in September.

Source: PIB, Annexure IV (cumulative inflation) and Annexure II. Groups named as drivers in the release.

HALF-YEAR VIEW

April–September inflation: from –0.20% last year to 9.85% this year

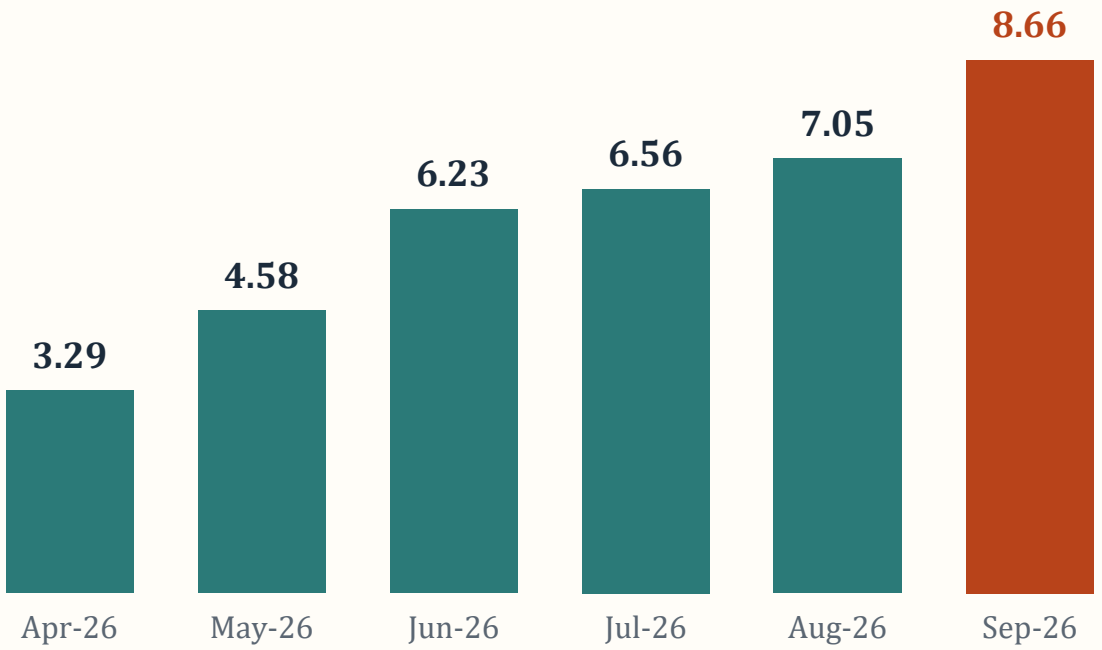
Average, Apr–Sep, % YoY	FY 2024-25	FY 2025-26	FY 2026-27
All commodities	172	−0.20	9.85
Primary articles	6.86	−2.94	6.89
Fuel and power	−1.19	−3.63	25.31
Manufactured products	0.30	1.62	8.08
Food index	6.82	−1.26	6.10

Average all-commodities index, Apr–Sep: 99.0 (FY 2023-24), 100.7 (FY 2024-25), 100.5 (FY 2025-26), 110.4 (FY 2026-27).

Source: PIB, Annexures III and IV. Cumulative index is the arithmetic mean of the six monthly indices.

FOOD PRICES

Food inflation has risen every month since April, reaching 8.66%



Food index (weight 24.99%)

3.29% in April to 8.66% in September, up 2.6 times.

Food articles (weight 15.98%)

2.61% in April to 5.67% in August.

Manufacture of food products (weight 9.02%)

4.72% in April to 9.65% in August.

Source: PIB, Annexure II and highlights. Food index = food articles plus manufacture of food products. Bars show % YoY.

OUTPUT PPI

Output PPI also reached 112.5, led by mining and agriculture

Group	Weight	Apr-26	Aug-26	Sep-26	Aug→Sep
All commodities	100.00	108.8	110.8	112.5	+1.5%
Agriculture, forestry and fishing	22.16	111.4	116.5	118.7	+1.9%
Mining and quarrying	3.42	125.2	122.0	129.2	+5.9%
Manufactured products	69.94	108.3	109.7	111.0	+1.2%
Electricity	4.49	90.8	90.9	92.0	+1.2%

Same shape as WPI: the index rose from 101.0 in Sep 2025 to 112.5, with a step-up in April (104.9 → 108.8). **Mining is volatile:** 120.1 to 129.2 since April.

Source: PIB, Output PPI highlights, Chart 5 and Annexure V.

Note: Index values; Aug–Sep provisional.

WATCHLIST

What to watch in the October release

Fuel and power

The most volatile group: 19.82% to 30.80% since April. September came in at 25.85%.

Manufactured products

Up every month since April, from 6.68% to 9.76%. Metals, chemicals, textiles and rubber and plastics are named drivers.

Food

Food index inflation climbed from 3.29% to 8.66% in six months, with both food articles and food products rising.

Revisions and timing

September is provisional (83.4% weighted response). October data is due Monday, 16 November 2026.

Source: PIB, Provisional WPI release, 14 Oct 2026.

Note: Trend observations only; no forecast is implied.

Reserve Bank of India Monetary Policy Committee Announcement

5.5%

Increase policy repo rate 25 BPS

Calibrated tightening

Policy Summary

S.No	Announcement	Previous rate (%) – June 2026	Previous rate (%) - August 2026	New rate (%) - October 2026
1.	**Repo rate**	5.25	5.25	5.50
2.	**Standing Deposit facility (SDF) rate under liquidity adjustment facility (LAF)**	5.00	5.00	5.25
3.	**Marginal Standing Facility (MSF) rate**	5.50	5.50	5.75
4.	**Bank rate**	5.50	5.50	5.75
5.	**Policy Stance**	Neutral	Neutral	Calibrated Tightening
6.	**Cash Reserve Ratio**	3	3	3

Source: Governor's Statement: October 07, 2026

Macroeconomic Projections and Economic Outlook

Baseline Assumptions for Projections

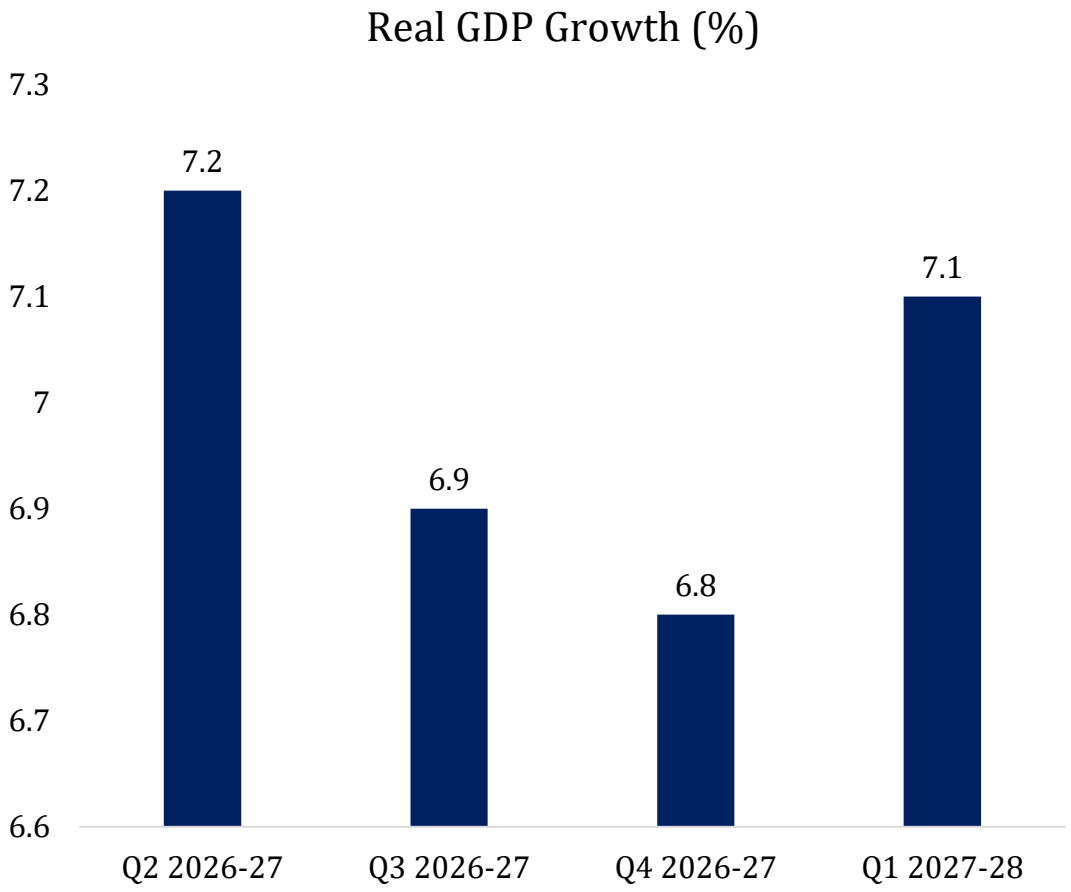
Indicator	MPR April 2026	MPR October 2026
Crude Oil	US$ 85 per barrel during 2026-27 and US$ 75 per barrel during 2027-28	US$95 per barrel during H2: 2026-27 and $85 per barrel during 2027-28
Exchange rate	₹94/US$ during 2026-27	₹ 95/US$ during 2026-27
Monsoon	Normal for 2026-27 and 2027-28	Below normal for 2026-27 and normal for 2027-28
Global growth	2.9 per cent in 2026 3.0 per cent in 2027	3.0 per cent in 2026 3.4 per cent in 2027
Fiscal deficit (per cent of GDP)	To remain within BE 2026-27 Centre: 4.3 Combined: 6.8	To remain within BE 2026-27 Centre: 4.3 Combined: 7.0
Domestic macroeconomic/structural policies during the forecast period	No major change	No major change

Notes:
1. The assumption on oil is based on Brent Crude.
2. The exchange rate path assumed here is for the purpose of generating the baseline projections and does not indicate any 'view' on the level of the exchange rate. The Reserve Bank is guided by the objective of containing excess volatility in the foreign exchange market and not by any specific level of and/or band around the exchange rate.
3. BE: Budget Estimates.
4. Combined fiscal deficit refers to that of the Centre and States taken together.
Sources: RBI estimates; Budget documents; and International Monetary Fund (IMF).

Macroeconomic Projections – Real GDP

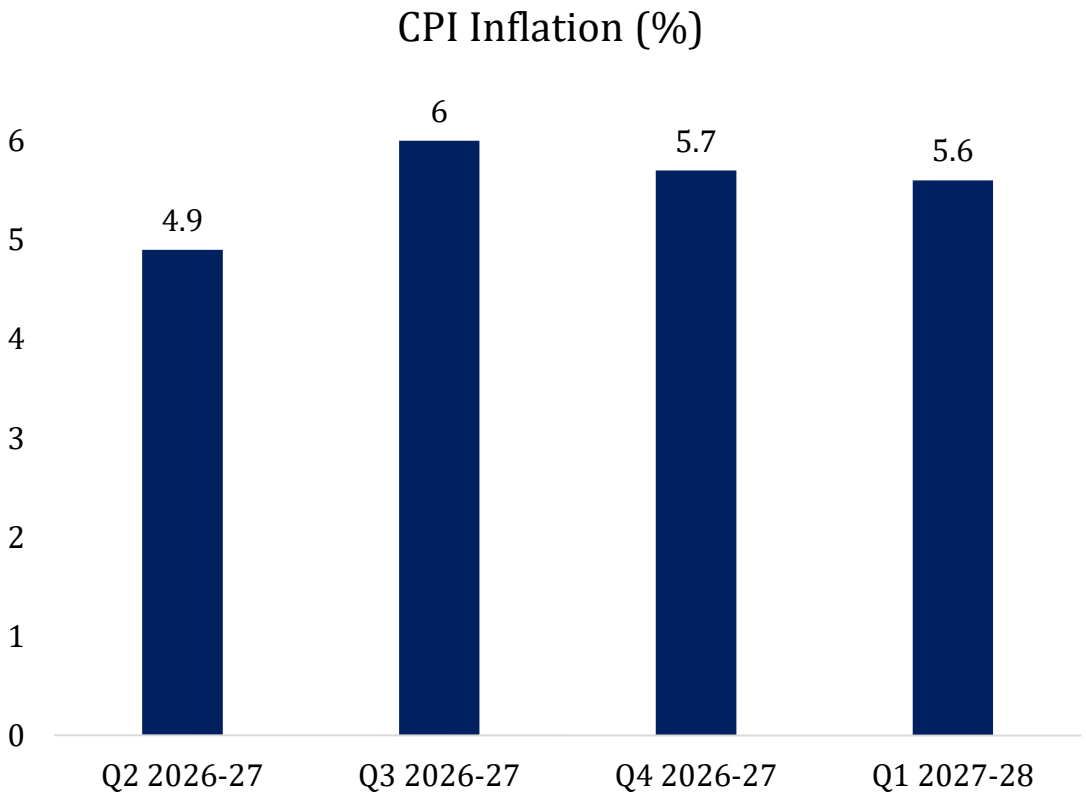
GROWTH OUTLOOK

- The real GDP growth is projected to grow at 7.1% in FY2027 against the prior projection of 6.7%, up by 40 bps.
- Below normal southwest monsoon along with strong El Niño conditions are likely to impact the rabi season, affecting food prices and rural demand.
- Though, the Government's continued thrust on infrastructure spending, rebound in private capex and strong credit flows are expected to boost the investment activity. Additionally, the services exports are expected to remain buoyant and merchandise exports are expected to be supported by the operationalized trade agreements.
- Overall, uncertainties amidst geopolitical tensions, elevated international commodity prices, additional frictions in global trade and tightening of global financial conditions may weigh on growth outlook.



Source: Governor's Statement: October 07, 2026

Macroeconomic Projections – CPI Inflation



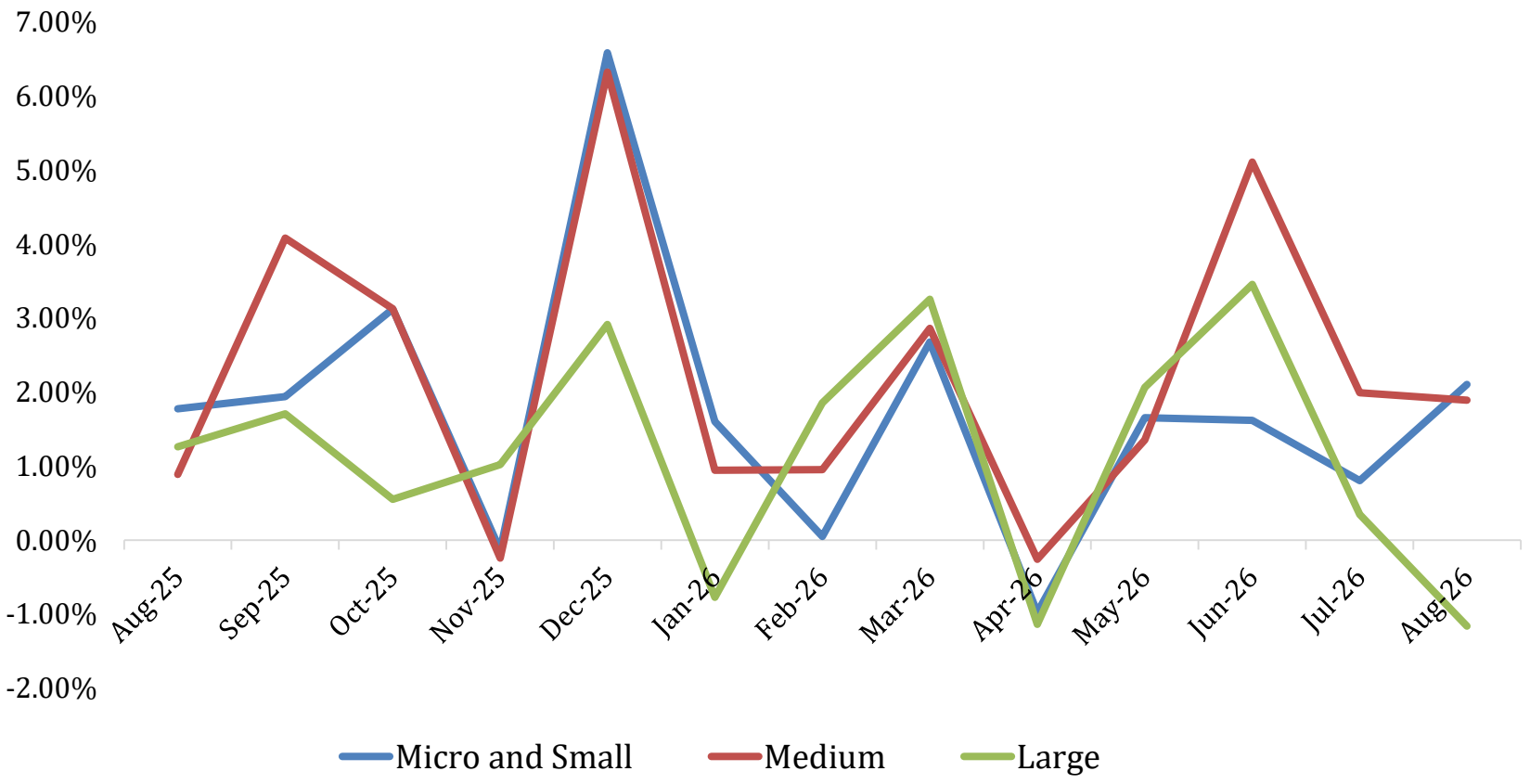
Source: Governor's Statement: October 07, 2026

INFLATION OUTLOOK

- The CPI inflation is projected at 5.2% for 2026-27 as compared to 5.0% projected earlier.
- Furthermore, Core inflation (CPI inflation excluding food & beverages, and fuel) is projected to be 4.4% for 2026-27.
- The CPI inflation is expected to increase significantly in the third quarter of FY 2027 as the supply side pressures continue to pose risk on account of the deficient Southwest monsoon, El Nino conditions and high volatility in international oil prices.

Bank Credit Analysis

Deployment of Bank Credit – Share of MSME and Large Industry (M-o-M growth)



Source: RBI data base
Note:
"Medium Enterprises" under the priority sector include credit to medium enterprises in industry and services sectors.

- Bank Credit to industry recorded a year-on-year growth of 18.2 per cent in August 2026. While credit to 'large' and 'medium' industries grew at an accelerated pace, 'micro and small' industries sustained steady expansion (y-o-y basis).
- Micro and Small Industry recorded the highest growth rate of 2.10% in August 2026 as compared to July 2026.
- Large industry recorded a further decline in the credit, by about 1.16% in August 2026 over July 2026.
- Credit to Micro and Small industry grew by 1.89% in August 2026 on month-on-month basis.

Policy Rate Transmission

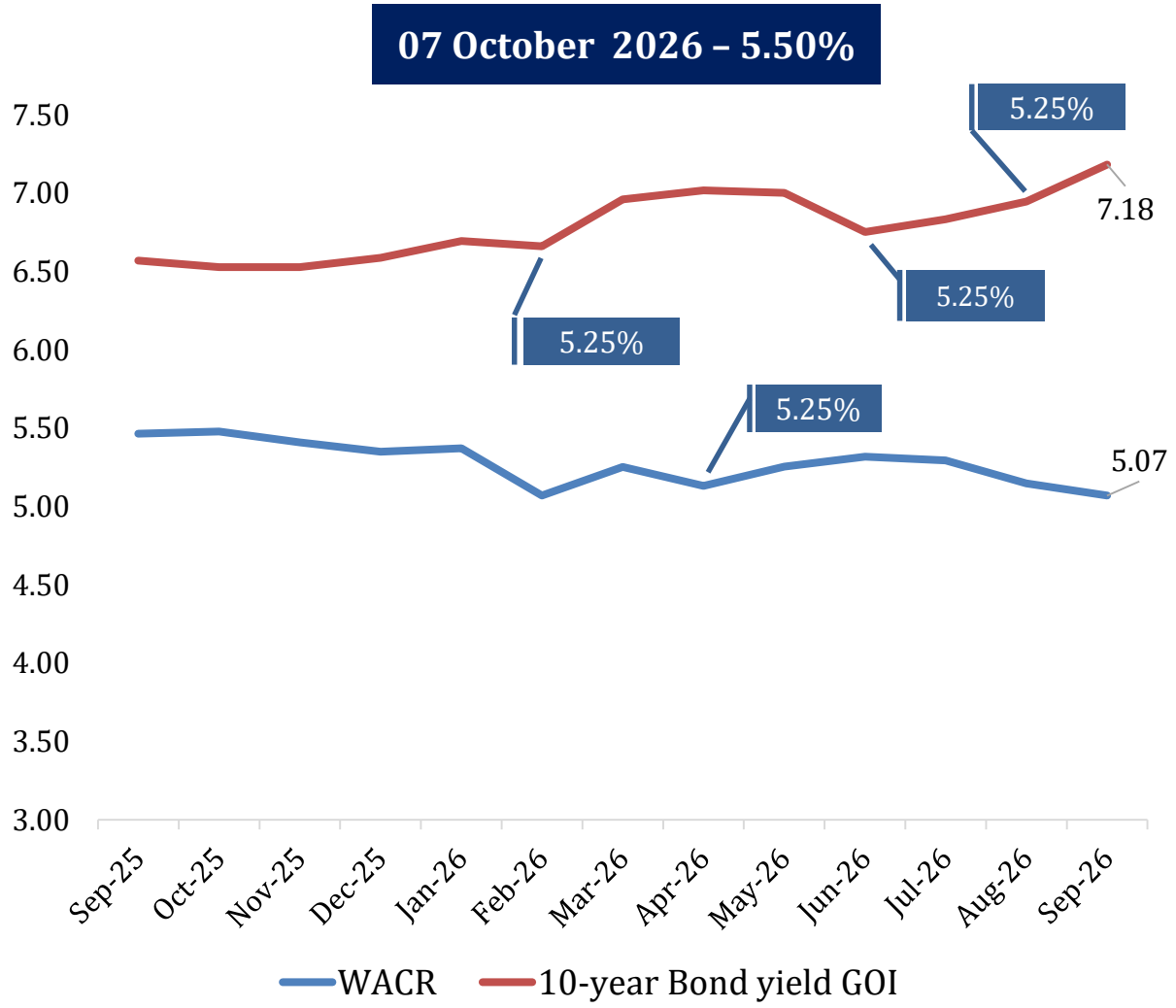
Policy Transmission & Liquidity

- During August and September, system liquidity increased substantially on account of the recent measures undertaken to attract capital inflows. As measured by the net position under the LAF, system liquidity stood at an average daily surplus of ₹5.9 lakh crore since the last MPC meeting in August 2026.

- In view of the surplus liquidity conditions, the **weighted average call rate** largely traded in the lower half of the policy corridor in the recent period. Short-term money market rates, especially rates of commercial papers and certificates of deposit moderated significantly in August-September.

- G-sec yields hardened from mid August to September amidst renewed geopolitical tensions in West Asia, rise in global bond yields and increase in crude oil prices.

- Transmission in the credit market reflected dissimilar movements in deposit and lending rates during July-August.



Note: Boxes represent repo rate

Non-Monetary Measures

Developmental and Regulatory Policies	
Measures to Enhance the Customer Convenience through the Account Aggregator Framework	RBI has decided to implement interoperability among NBFC-Account Aggregators (NBFC-AA) to enhance customer convenience. This will enable customers to access and share their financial information, across different Financial Information Providers, through any NBFC-AA of their choice. Additionally, Depositories regulated by the Securities and Exchange Board of India are being facilitated to include information related to bank deposit accounts in their Consolidated Account Statement (CAS) through the NBFC-AAs. This will enable demat account holders to view information relating to their demat account holdings and bank deposit accounts at one place in the CAS. Customers, including those who do not have demat accounts, can continue to obtain a consolidated view of their financial information and share the same through the NBFC - AAs also.
Constitution of a Technical Consultative Committee for Financial Markets	The Reserve Bank has decided to constitute a Technical Consultative Committee for Financial Markets in response to the rapidly evolving financial market dynamics. The Committee will serve as a forum for structured engagement with market participants and stakeholders by the Reserve Bank on policy and operational matters related to money, government securities and foreign exchange markets as well as the respective derivative markets and infrastructure.

Notes -
1. Measures to enhance customer convenience are expected to be implemented by December 31, 2026.
2. The composition and the terms of reference for the Technical Consultative Committee shall be separately notified.

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