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# CPI April 2026: Retail Inflation Hits 13-Month High of 3.48% on Food and Silver

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CURATED &amp; WRITTEN BY

**Bharat Choudhary**

UPSC Educator &amp; Content Creator

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# CPI April 2026: Retail Inflation Hits 13-Month High of 3.48% on Food and Silver

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1 tag

## WHY IN NEWS

The **Ministry of Statistics and Programme Implementation (MoSPI)** on **May 12, 2026** released provisional **Consumer Price Index (CPI)** data for **April 2026**. Headline retail inflation rose to **3.48% YoY** – a **13-month high** – from 3.40% in March 2026. The print remains well within the **Reserve Bank of India's (RBI) tolerance band** of 4% +/- 2% under the **flexible inflation targeting (FIT)** framework.

## HEADLINE NUMBERS

INDICATOR	MARCH 2026	APRIL 2026
Headline CPI (YoY)	3.40%	<b>3.48%</b>
Food Inflation (CFPI)	3.87%	<b>4.20%</b>
Rural CPI	3.63%	3.74%
Urban CPI	3.11%	3.16%
Housing CPI (urban only)	2.05%	2.15% (national, rural+urban)

- Base year: **2024 = 100** (revised from 2012 = 100 in the new series effective 2026)
- April is the **second print** under the rebased CPI series
- Inflation still **inside the RBI's 2-6% tolerance band**

## WHAT PUSHED INFLATION UP

### Vegetables and food basket

- **Tomato:** +35.28% YoY – the single largest contributor on the upside, with stock-and-flow disruptions in supply
- **Coconut copra:** +44.55% YoY

- **Cereals and pulses** remained moderate; rice fell on PMGKAY-linked PDS distribution

## Precious metals and jewellery

- **Silver jewellery: +144.34% YoY** – driven by safe-haven demand and global silver prices
- **Gold / diamond / platinum: +40.72% YoY**
- These items are weight-light in CPI but high-visibility

## Energy and services

- Fuel-and-light inflation moderate due to softer crude
- **Housing inflation** at 2.15% national (rural 2.65%, urban 1.96%) – rural housing inflation now exceeds urban, a structural shift
- Education and health continued steady around 4-5%

## Soft spots (deflation)

- **Potato: -23.69% YoY**
- **Onion: -17.67% YoY**
- Together with okra and gourd, these offset some food-price pressure

## CPI – ARCHITECTURE AND METHOD

ELEMENT	DESCRIPTION
Compiling agency	<b>National Statistical Office (NSO)</b> under MoSPI
Base year (new)	<b>2024 = 100</b> (effective 2026)
Earlier base	2012 = 100 (used 2015-2025)
Sub-indices	CPI-Rural, CPI-Urban, CPI-Combined, CFPI
Headline target	RBI mandate: <b>4% +/- 2%</b> (statutory)
Decision body	<b>Monetary Policy Committee (MPC)</b> – 6 members
Frequency	Monthly
Coverage	1,114 urban markets + 1,181 villages

## WHY THE PRINT MATTERS

### Monetary policy space

- The MPC has its **next bi-monthly meeting in June 2026**
- With headline at 3.48% and food at 4.20%, the **policy room for further rate cuts narrows**, but is not foreclosed
- A spike in tomato/onion is typically read as transitory; silver is wealth-effect noise

### Real wage signal

- Rural CPI (3.74%) > Urban CPI (3.16%) implies real rural wages need closer scrutiny
- Rural labour wage growth from the Labour Bureau will be the next read

### RBI – inflation targeting record

- India adopted FIT in 2016 via the **Monetary Policy Framework Agreement and Finance Act, 2016** (which inserted Section 45ZA-ZN into the RBI Act, 1934)
- Target: **4% +/- 2%**, reviewed every 5 years; the current target is for 2021-2026, due for review

## UPSC RELEVANCE

### GS Paper 3 – Indian Economy

- Inflation measurement: CPI, WPI, GDP deflator, IIP
- Monetary policy and inflation targeting (FIT)
- Food inflation, supply-side factors, MSP, PDS
- Real interest rate, real wages

### GS Paper 2 – Governance

- Statutory mandate of RBI under FIT
- Role of MPC; accountability of central bank to Parliament

### Mains Angles

- 1 India's CPI rebasing from 2012 to 2024 – evaluate the methodological choices and their implications for monetary policy.
- 2 Food inflation in India is structural, not cyclical. Discuss with reference to recent CPI trends.
- 3 Should silver and gold be retained in the CPI basket given their wealth-effect volatility?

Consumer Price Index; compiled monthly by NSO under MoSPI. **CFPI:** Consumer Food Price Index – food subset of CPI. **Base year (current):** 2024 = 100 (revised 2026). **Earlier base year:** 2012 = 100.

CPI-Rural, CPI-Urban, CPI-Combined.

Wholesale Price Index – compiled by **Office of the Economic Adviser, DPIIT**; base year 2011-12; covers ~697 items; used for nominal GDP deflation in some sectors.

4% +/- 2%; tolerance band 2-6%. Set under **Section 45ZA of the RBI Act, 1934** (inserted by Finance Act, 2016).

Monetary Policy Committee; 6 members – 3 RBI (Governor, Deputy Governor for monetary policy, one RBI nominee) + 3 Government-appointed external experts; meets bi-monthly. Chair: RBI Governor.

Adopted 2016 via the Monetary Policy Framework Agreement; statutory force from Finance Act, 2016.

Headline 3.48% (13-month high); food 4.20%; tomato +35.28%; silver jewellery +144.34%; potato -23.69%.

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## Bharat Choudhary

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[linkedin.com/in/epicbharat](https://www.linkedin.com/in/epicbharat)[Read Full Article on Ujiyari →](#)<https://ujiyari.com/daily/2026/05/12/cpi-april-2026-retail-inflation-3-48/>

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