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India's Retail Inflation Rises to 4.45% in July 2026, a 19-Month High

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CURATED & WRITTEN BY

Bharat Choudhary

UPSC Educator & Content Creator

linkedin.com/in/epicbharat

India's Retail Inflation Rises to 4.45% in July 2026, a 19-Month High

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Every fact web-verified against primary sources

> *The* **Ministry of Statistics and Programme Implementation (MoSPI)** *released provisional data showing India's* **Consumer Price Index (CPI)** *inflation rose to* **4.45% in July 2026**, *up from 4.38% in June, its highest reading in* **19 months** *and the second consecutive month above the RBI's medium-term target.*

Background

India has followed a flexible inflation-targeting framework since 2016, under which the Reserve Bank of India's **Monetary Policy Committee (MPC)** is mandated to keep CPI inflation at **4%, within a tolerance band of 2% to 6%**. July's reading, while still inside that band, marks the highest print since December 2024's 5.2% figure and the second straight month the headline number has run above the RBI's 4% target, reversing several months of relatively benign inflation readings earlier in 2026.

What Drove the Increase

The rise was led by food prices. The **Consumer Food Price Index (CFPI)** climbed to **5.52%** in July, up from 5.32% in June. The increase was sharper in rural India, where inflation reached **4.84%**, against an urban reading of **3.96%**, a divergence consistent with food items carrying a heavier weight in the rural consumption basket.

UPSC Relevance

The episode illustrates the structural tension flexible inflation targeting is designed to manage: growth-supportive monetary policy versus price stability, with food-price volatility remaining India's most persistent inflation driver despite broader disinflation trends elsewhere in the economy. A rising CPI print inside the tolerance band does not itself trigger a mandated RBI response, but two consecutive above-target months typically sharpens market and MPC attention on upcoming policy reviews.

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CPI INFLATION, JULY 2026:

Headline CPI inflation: 4.45% (June 2026: 4.38%); highest in 19 months

Consumer Food Price Index (CFPI): 5.52% (June: 5.32%)

Rural inflation: 4.84%; Urban inflation: 3.96%

RBI inflation target: 4%; tolerance band: 2%-6%

Releasing body: Ministry of Statistics and Programme Implementation (MoSPI)

OTHER RELEVANT FACTS:

Highest prior reading: 5.2% in December 2024

India adopted flexible inflation targeting in 2016, administered by the RBI's Monetary Policy Committee

Sources: MoSPI, Reserve Bank of India

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