INDIAN ECONOMY 12 October 2026

September Retail Inflation Reaches 23-Month High of 5.5%

Official data released in October 2026 showed that retail inflation surged to a 23-month high driven by higher food and fuel costs.

Consumer Price Index (CPI) based retail inflation measures the change in prices of a basket of goods and services consumed by retail households over time.

KEY EXAM POINTS

- Retail inflation based on the Consumer Price Index (CPI) rose to 5.54% in September 2026.
- The September 2026 inflation rate marked a 23-month high since October 2024.
- The rate in September 2026 showed a substantial increase compared to the 4.8% recorded in August 2026.
- The sharp increase in retail inflation was primarily driven by higher costs in food, fuel, and precious metals.
- Official inflation data for September 2026 was released on Monday, October 12, 2026.

DID YOU KNOW..!?

The Consumer Price Index (CPI) combined is compiled and published monthly by the **National Statistical Office (NSO)** under the Ministry of Statistics and Programme Implementation (MoSPI).

The **Reserve Bank of India (RBI)** utilizes the CPI-combined inflation data as its primary metric for formulating monetary policy and targeting inflation.

Under the flexible inflation targeting framework, the central government has mandated the RBI to maintain retail inflation at **4%** with a tolerance band of +/- 2%.

The Monetary Policy Committee (MPC) is a statutory body established under **Section 45ZB** of the Reserve Bank of India Act, 1934 to determine the policy interest rate.

In **Tamil Nadu**, the state's economic survey data often tracks urban and rural inflation trends to evaluate consumer purchasing power and welfare scheme impacts.

Headline inflation includes changes in the price of all goods and services, whereas core inflation excludes volatile components like food and fuel.

REVISION FLASHCARD

Consumer Price Index (CPI) based retail inflation in September 2026 hit a 23-month high of 5.54%.

Syllabus Relevance: Highly relevant for TNPSC Group 1 and Group 2 Economics syllabus covering inflation, RBI policies, and Consumer Price Index.

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