SBI Research

CPI new series is a veritable storehouse for robust data-based policy signals… Important for Inflation Nowcasting, Corporate Pricing, Scenario Analysis, PDS, Changing pattern of Urbanization across states and the transformative impact of decadal people-oriented policy changes across Rural and Urban areas across States that anchor milestones of Viksit Bharat

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Executive Summary……1/2

- To enhance credibility and to ensure global comparability of Indian CPI, the latest structure of COICOP 2018 is adopted in the CPI 2024 series.. **If the CPI 2012 classification system were followed, the share of food and beverages would have declined from 45.86% to 40.10% and not 36.75% as is the current weight for 2024 series**
- The new CPI series as expected reveals a disproportional coverage with 90% of the weights covered by 148 items…Thus, CPI is *not* evenly distributed across 358 items.. This is extremely useful for **inflation nowcasting** (focus on heavy weights), **corporate pricing strategy** (watch categories that "matter") and **scenario analysis** (e.g., rent shock + fuel shock + milk shock)
- **The new CPI series has witnessed significant weight reduction for states like Maharashtra and West Bengal**. Cities like Thane, Pimri-Chinchwad, Howrah etc has been obviously left out based on 2011 census population. However, these cities have witnessed a significant growth in population in the last decade owing to urbanisaton… **Thus, these states may be underrepresented in the new series**.. Similarly, for states like Madhya Pradesh, the weight has gone up, though cities like Bhopal and Indore have been left out… **The new population data may thus result in reorientation of shares of states again**….
- If we look at the inflation based on old and new base, they are closely aligned with correlation of 0.99. The variation is in tight range of +/- 20 bps..Thus there will be no major impact on debt markets in terms of signalling…Also, Headline Core CPI in the new series is significantly lower at 3.4% than the Core CPI at ~4.1%. **State wise Core CPI reveals that apart from Kerala, West Bengal, Chhattisgarh, Goa and Mizoram all other states reveal a higher Core CPI than Headline CPI**..**In the new series, Telangana is the state which has the highest rate of inflation. This possibly reflects aftereffects of bifurcation of erstwhile United Andhra Pradesh into Andhra Pradesh and Telangana, Telangana has become mostly a service oriented state economy with a current 67% share in Services (Andhra Pradesh is at 42%)**

Executive Summary……2/2

- In the new CPI series items distributed through PDS are excluded…however when we mapped state–wise PDS beneficiaries (major-states only) with their food weights, it indicate that more food weights assigned to the states where beneficiaries are more.. **Interestingly, PDS beneficiaries mapped with States' food inflation rate and compared with earlier data reveal that the exclusion of PDS items is likely to have a positive bias on food inflation across states**
- **We believe new CPI series has appropriately incorporated the changing pattern in urbanization**.. **Telangana, Gujarat, Maharashtra and Haryana** are the top states in terms of urbanization trends over the last decade… Several states have shown a more than 10% increase in weights. This trend will be important for data trends and the emergence of more RURBAN areas...Also, such data will be important for policy signals. For example, rent-led inflation episode will disproportionately transmit through **urban-heavy contributors** (notably say Maharashtra, TN), while food-led inflation will transmit more via **rural-heavy contributors** (UP, Bihar).
- A comparison of heat map across states in terms of disaggregated level analysis reveal the **transformative impact of changing pattern of Indian consumption in both Rural and Urban Areas.**. Housing, Water, Electricity, Gas and Fuels show the maximum drift across states.. Housing/utilities shows a wide spread. Some state-sector baskets are housing-heavy, some are not (big structural difference among states)… Small divisions (e.g., Furniture, Information & Communication, Recreation, Personal Care) show tight ranges… they're relatively stable across states and show the least deviation…**across both Rural and Urban Areas across states**….**This clearly indicates the importance of digital and discretionary spends across the spectrum of states.. People across states are now spending a large part of their disposable income on items that are higher in terms of consumption ladder….**
- ….**Simultaneously, we find the importance of Engel Curve in Indian context. The states with more per capita income have been given lower weight to non-discretionary items in new CPI as compared to national food weight in Rural as well as Urban**

Major changes in CPI-2024

CPI 2024 series is mostly aligned with COICOP 2018

COIOP level	Number of categories		
	COICOP 1999	COICOP 2018	CPI 2024
Division	14	15	12
Group	58	63	43
Class	157	186	92
Subclass	NA	338	162

The CPI 2024 series is mostly aligned with COICOP 2018 with 12 Divisions, 43 Groups, 92 Classes and 162 Sub-classes

To enhance credibility and to ensure global comparability of Indian CPI, the latest structure of COICOP 2018 is adopted in the CPI 2024 series

Divisions under COICOP 2018 and CPI-2024		
Code	COICOP 2018	CPI 2024
01	Food and non-alcoholic beverages	✔
02	Alcoholic beverages, tobacco and narcotics	✔
03	Clothing and footwear	✔
04	Housing, water, electricity, gas and other fuels	✔
05	Furnishings, household equipment and routine household maintenance	✔
06	Health	✔
07	Transport	✔
08	Information and communication	✔
09	Recreation, sport and culture	✔
10	Education services	✔
11	Restaurants and accommodation services	✔
12	Insurance and financial services	✘
13	Personal care, social protection and miscellaneous goods and services	✔
14	Individual consumption expenditure of non-profit institutions serving households (NPISHS)	✘
15	Individual consumption expenditure of general government	✘

Source: NSO; SBI Research

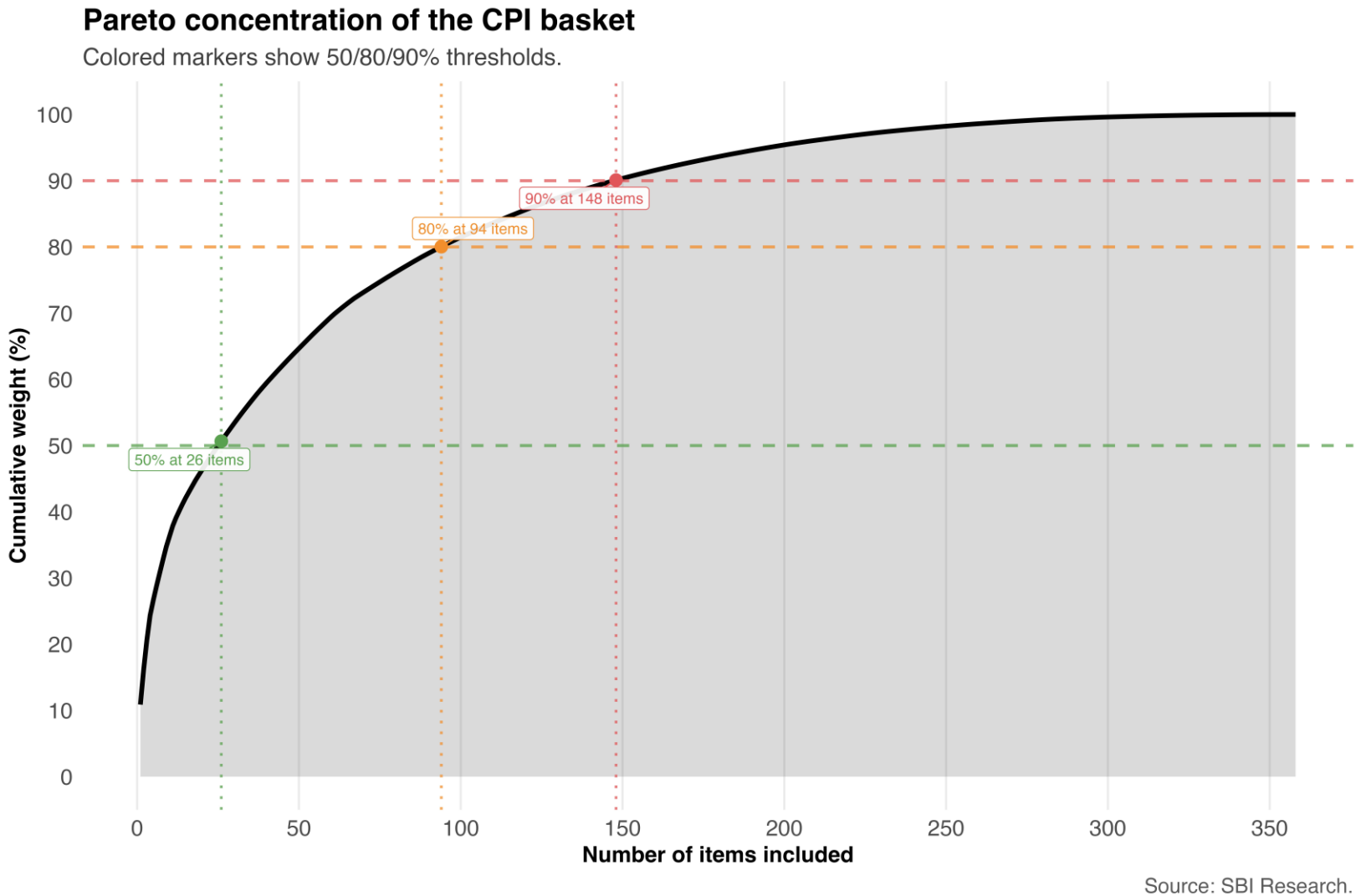
Weighting Pattern: lower weight to food and beverage

- Since the weighting pattern and items distribution has undergone significant overhaul in 2024 base, a clear-cut comparison is difficult between old/new base

- **If the CPI 2012 classification system were followed, the share of food and beverages would have declined from 45.86% to 40.10%. As per the CPI 2024 classification structure, the share of food and beverages, which currently stands at 36.75% for 2024 series, would have been around 42.62% for the 2012 series**

CPI All India (Combined) Weights: 2012 vs 2024 Classification			
Groups	CPI_2012 Classification	CPI_2024 Classification	
		CPI 2012	CPI 2024
Food and beverages	45.86	42.62	36.75
Pan, tobacco and intoxicants	2.38	2.38	2.99
Clothing and footwear	6.53	6.53	6.38
Housing, water, electricity, gas and other fuels	16.91	16.89	17.67
Furnishings, household equipment and routine household maintenance	3.8	3.66	4.47
Health	5.89	5.90	6.10
Transport, Information and Communication	8.59	9.72	12.41
Recreation, sport and culture, Restaurant & Accomodation Services	1.68	4.79	4.86
Education services	4.46	3.51	3.33
Personal care, social protection and miscellaneous goods and services	3.89	3.25	5.04
Total	100	100	100
Source: MOSPI, SBI Research			

However, few items eat up a lot of weight…



Source: SBI Research.

- **50%** of CPI weight is reached by **26 items**
- **80%** by **94 items**
- **90%** by **148 items**

Thus, CPI is *not* evenly distributed across 358 items

Insight >>>

This is extremely useful for:

- inflation nowcasting (focus on heavy weights),
- corporate pricing strategy (watch categories that "matter"),
- scenario analysis (e.g., rent shock + fuel shock + milk shock)

Items wise CPI weights & their implication

- **Food / Agri**: Food remains the dominant weight (especially rural). **Food price volatility will still be central to headline CPI**—particularly in rural-heavy states

- **Real estate / Rent / Housing utilities**: Housing is the #2 division and is urban-centric. House Rent is the #1 item. **Urban inflation narratives will increasingly hinge on rent/utility dynamics**

- **Energy & Mobility:** Transport is #3 division; petrol is a top 3 item by weight. **Fuel pass-through remains a high-impact inflation channel**

- **Healthcare:** Health has a material weight; states like Kerala show higher health intensity vs benchmark

- **Telecom / Digital services:** Information & communication importance is uniform across all states.. Indicating that digital services is an overwhelming part of states and hence represents COICOP-aligned structure

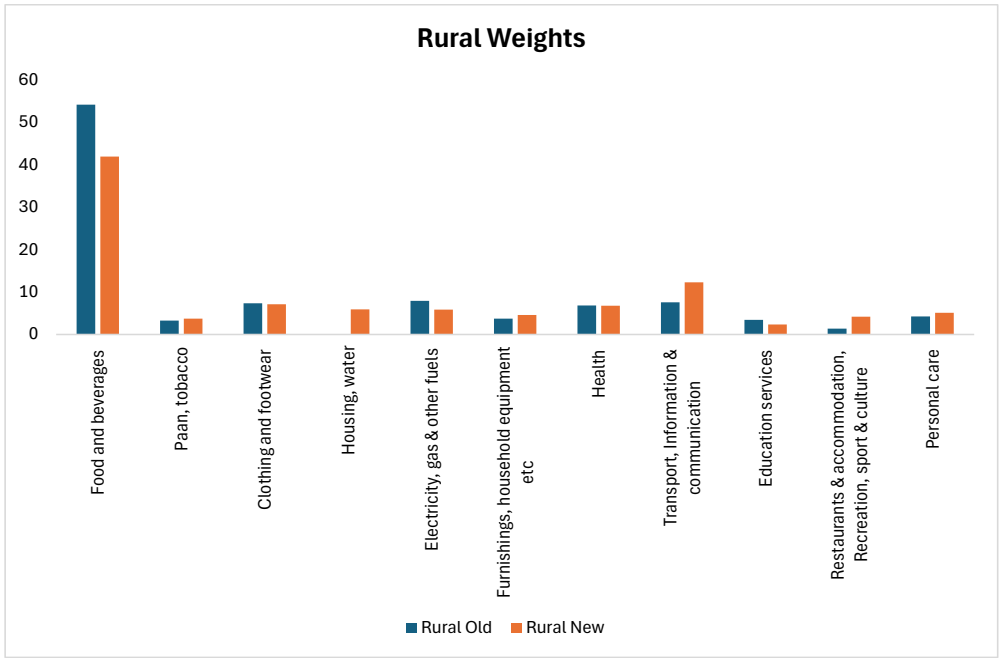
- **Education & Services**: Services weights are meaningful; **the CPI 2024 framework expands and modernizes coverage** (including new additions and online price collection)

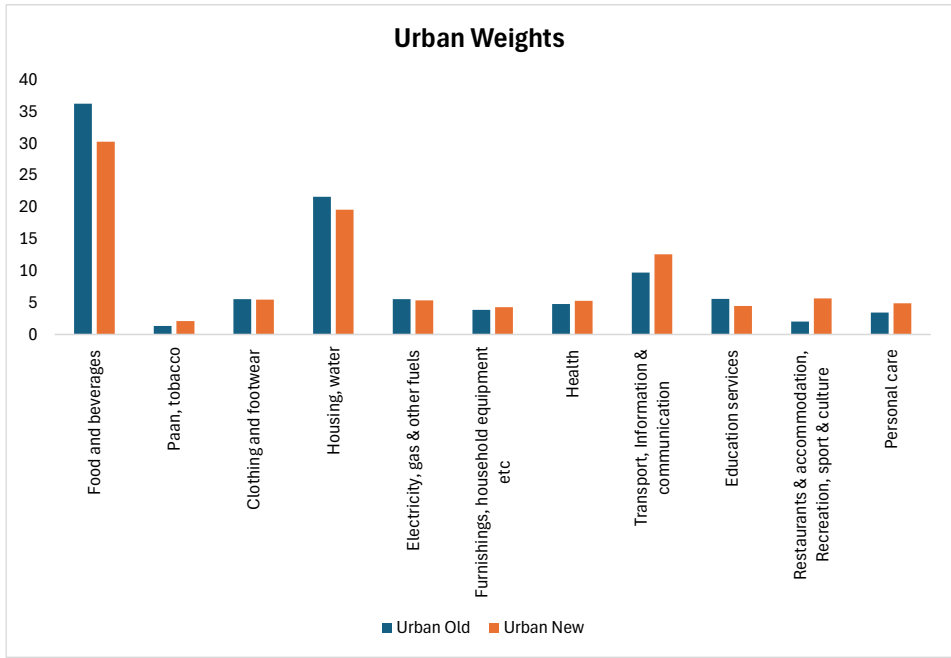
Higher weightage to Health & Transport, Information and Communication in Rural areas

- The new CPI series has increased the weightage of housing, water and transport, information & communication significantly in rural areas when compared to old series

- Interestingly, the new weightage of transport, information and communication in rural and urban areas is almost equal now 12.3% and 12.6%, respectively compared to 7.6% and 9.7%, respectively in old series

- Weight of housing, water has reduced in new series along with food & beverages in urban areas





Source: NSO; SBI Research

Market Coverage expanded but some prominent towns could not be covered capturing online markets as they have gained in significant importance post the 2011 census

- The CPI 2024 has increased its coverage both geographically and in terms of number of items
- Overall, 565 more markets (both rural plus urban) are included in CPI-2024 as compared to CPI-2012
- However, out of 565 new markets only two states (UP and Maharashtra) accounted for 43% share
- This indicates that inclusion of new markets may be tilted more towards certain states

Coverage in CPI 2024			
	CPI 2012	CPI 2024	Change
Rural markets	1181	1465	284
Urban markets	1114	1395	281
Online markets	0	12	12
Towns	310	434	124
Items (weighted)	299	358	59
Goods	259	308	49
Services	40	50	10
Source: MOSPI			

Combined 565

Of which,
Uttar Pradesh: 125
Maharashtra: 118
Telangana: 43
Bihar: 42

Towns added: Mumbai, Delhi, Bengaluru, Hyderabad, Ahmedabad, Chennai, Kolkata, Surat, Pune, Jaipur, Lucknow and Kanpur

Prominent **towns that may have been missed** : Indore, Patna, Nagpur, Bhopal, Thane, Pimri-Chinchwad, Howrah, etc.

Addition and deletion of items to capture change in consumption pattern

- Total number of weighted items in 2024 series are 358 (earlier: 299)
- Among these items, goods increased from 259 to 314 and services from 40 to 50 items
- **New additions**: Rural housing, Online media service provider/Streaming services, Value added dairy products, Barley & its product, Pen-drive & External Hard disk, Attendant, Babysitter and Exercise equipment
- **Deleted items**: VCR/VCD/DVD player and hiring charges, Radio, Tape recorder, Clothing second-hand, CD/DVD audio/video cassettes and Coir/rope
- Maharashtra and Madhya Pradesh has less than 300 Weighted Items (combined) in new series as per Annexure 5.1 in Expert Group Report

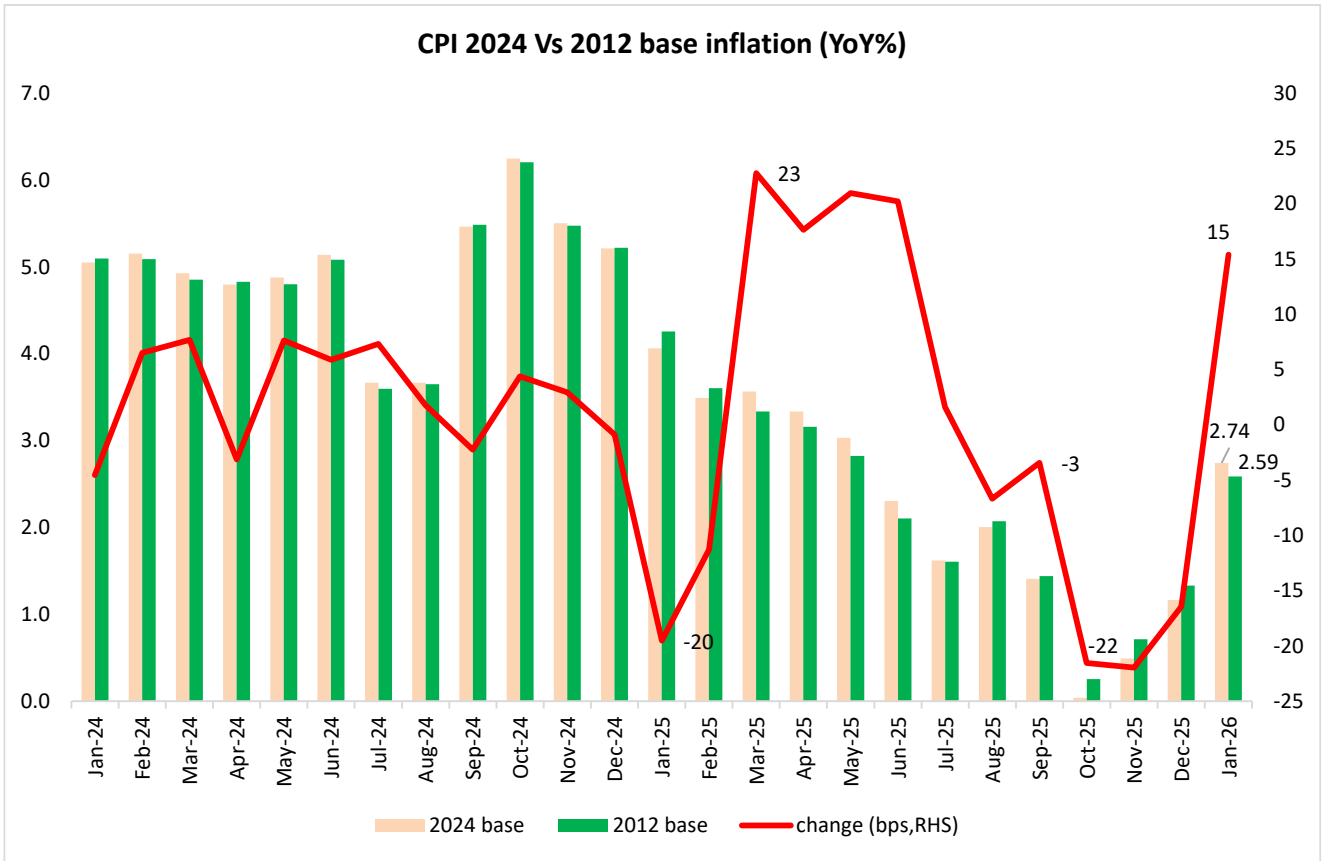
Number of Weighted Items (State and Sector Wise)			
States	Rural	Urban	Combined
All India	**358**	**358**	**358**
West Bengal	347	348	351
Telangana	346	350	350
Himachal Pradesh	346	347	349
Uttar Pradesh	348	349	349
Meghalaya	346	348	349
Manipur	339	348	348
Andhra Pradesh	345	347	348
Chhattisgarh	337	345	347
Sikkim	343	345	345
Kerala	335	342	345
Jammu And Kashmir	340	341	344
Rajasthan	338	340	344
Bihar	342	336	344
Mizoram	332	338	343
Assam	339	340	343
Karnataka	325	338	343
Uttarakhand	335	339	342
Gujarat	310	339	341
Jharkhand	330	330	339
Punjab	304	332	335
Arunachal Pradesh	329	328	332
Haryana	318	328	330
Nagaland	297	326	328
Odisha	282	323	328
Goa	302	314	321
Tamil Nadu	289	317	319
NCT of Delhi	280	303	311
Tripura	289	299	303
Maharashtra	266	284	292
Madhya Pradesh	242	278	279

Source: Expert Group Report on Comprehensive Updation of Consumer Price Index

Gap between CPI inflation old and new series limited to (+/-) 23 bps

- The new series is calculated in a manner that there is around (+/-) 23 bps change in both the series

- If we calculate the CPI as per the old series, the Jan'26 overall inflation is at 2.59%, 15 bps lower than the new 2024 series



Source: NSO; SBI Research

Silver, gold jewellery, tomato, chicken, milk, house rent major contributors to Jan'26 inflation

Top 10 and bottom 10 items contributed to inflation in Jan'26								
Combined			Rural (55.41)			Urban(44.58)		
item	Weight (%)	Weighted contribution Jan 26(%)	item	Weight within rural(%)	Weighted contribution Jan 26(%)	item	Weight within Urban (%)	Weighted contribution Jan 26(%)
Silver jewellery	0.31	0.54	Silver jewellery	0.39	0.62	Silver jewellery	0.22	0.43
Gold /diamond /platinum jewellery	0.62	0.31	Gold /diamond /platinum jewellery	0.54	0.27	House Rent	18.90	0.35
Tomato	0.50	0.22	Tomato	0.59	0.26	Gold /diamond /platinum jewellery	0.72	0.35
House Rent	10.88	0.21	Chicken	1.91	0.18	Tomato	0.38	0.17
Chicken	1.58	0.16	Milk: liquid	6.16	0.18	Chicken	1.15	0.13
Milk: liquid	5.26	0.15	Mustard oil	1.32	0.14	Milk: liquid	4.12	0.12
Mustard oil	0.96	0.10	Medicine	4.23	0.11	Cooked snacks	2.08	0.08
Medicine	3.73	0.09	House Rent	4.43	0.10	Medicine	3.10	0.07
Fish and prawn	1.02	0.07	Brinjal	0.36	0.09	Tuition fees (Primary/Upper Primary class)	2.21	0.07
Brinjal	0.29	0.06	Fish and prawn	1.23	0.08	Cooked meals	1.88	0.07
Peas	0.13	-0.02	Urd	0.21	-0.02	Electricity charges	2.62	-0.01
Rice	2.01	-0.02	Motor car and jeep	0.27	-0.02	Mobile handset	0.54	-0.01
Motor cycle and scooter	0.66	-0.02	Motor cycle and scooter	0.69	-0.02	Television	0.12	-0.01
Motor car and jeep	0.47	-0.03	Rice	2.31	-0.03	Motor cycle and scooter	0.62	-0.02
Cumin (jeera)	0.37	-0.04	Cumin (jeera)	0.45	-0.05	Cumin (jeera)	0.26	-0.03
Electricity charges	2.33	-0.05	Electricity charges	2.10	-0.07	Motor car and jeep	0.71	-0.04
Arhar, tur	0.53	-0.13	Arhar, tur	0.64	-0.16	Arhar, tur	0.41	-0.09
Potato	0.75	-0.21	Onion	0.86	-0.26	Potato	0.49	-0.12
Onion	0.70	-0.21	Potato	0.97	-0.27	Onion	0.50	-0.15
Garlic	0.37	-0.24	Garlic	0.47	-0.30	Garlic	0.26	-0.16
Source: MOSPI, SBI Research, Rural and Urban aggregate Weights are converted to 100 for calculation of weighted contribution								

State-wise CPI Analysis

Major States: Change in Weights

Major States	Weights - 2012	Weights - 2024	Change
Uttar Pradesh	12.37	12.53	0.16
Maharashtra	13.18	10.59	-2.59
Tamil Nadu	7.25	8.00	0.75
West Bengal	7.09	6.50	-0.59
Bihar	5.14	6.37	1.23
Karnataka	5.89	6.29	0.40
Rajasthan	5.51	5.84	0.33
Gujarat	5.6	5.31	-0.29
Madhya Pradesh	4.48	4.70	0.22
Kerala	4.55	4.37	-0.18
Andhra Pradesh	4.58	4.32	-0.26
Telangana	3.74	4.14	0.40
Haryana	3.32	3.12	-0.20
Punjab	3.21	2.87	-0.34
Odisha	2.18	2.55	0.37
NCT of Delhi	2.77	2.29	-0.48
Assam	1.77	2.07	0.30
Jharkhand	1.69	1.84	0.15
Chhattisgarh	1.46	1.29	-0.17
Jammu And Kashmir	0.94	1.10	0.16
Uttarakhand	0.91	1.00	0.09
Himachal Pradesh	0.67	0.66	-0.01
Goa	0.19	0.25	0.06
All India	100	100.00	0.00

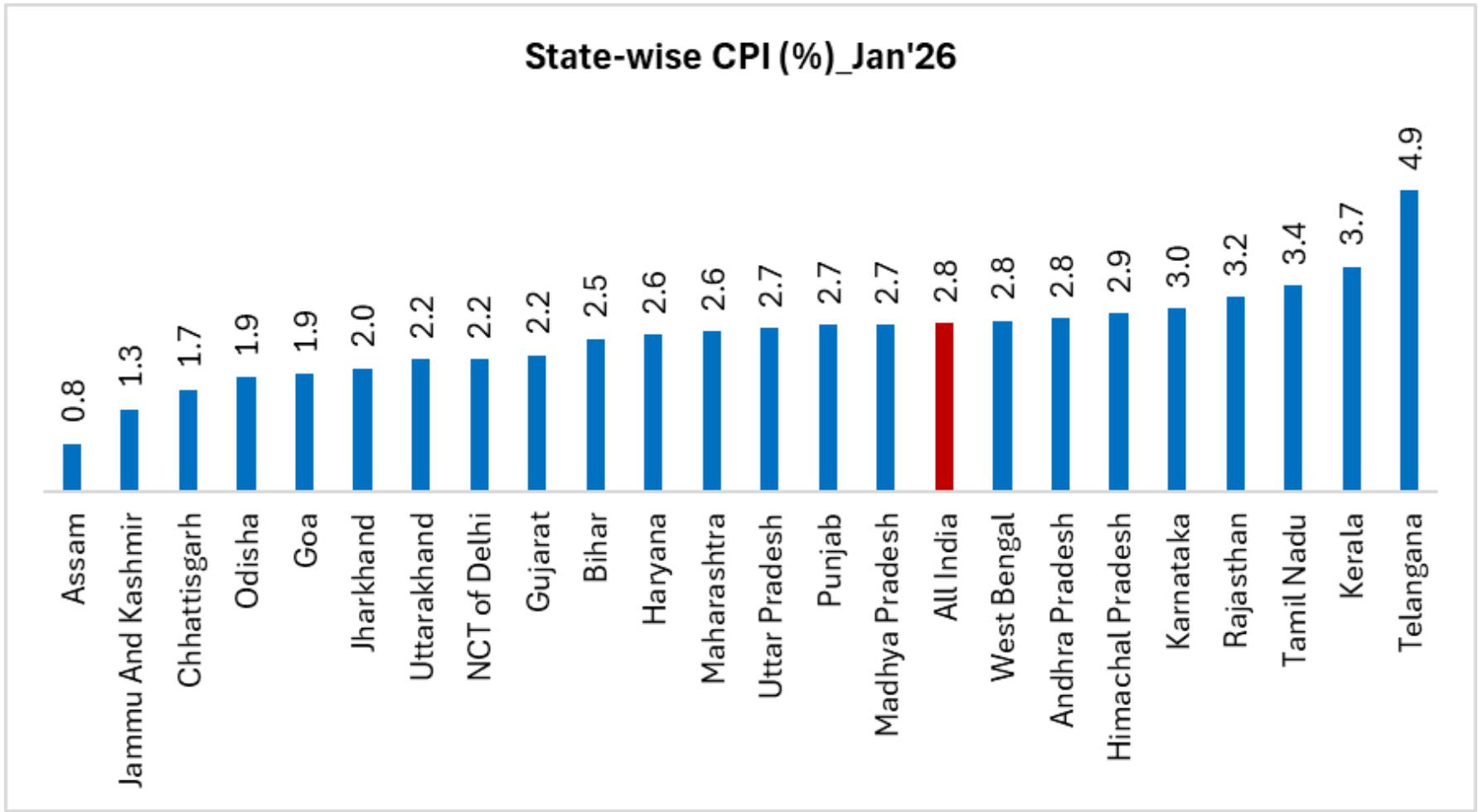
States exhibited significant increase in weights
>>> Bihar
>>> Tamil Nadu

States exhibited significant decrease in weights
>>> Maharashtra
>>> West Bengal

Source: NSO; SBI Research

Jan’26 CPI Inflation shows majority of the States have inflation below 3%

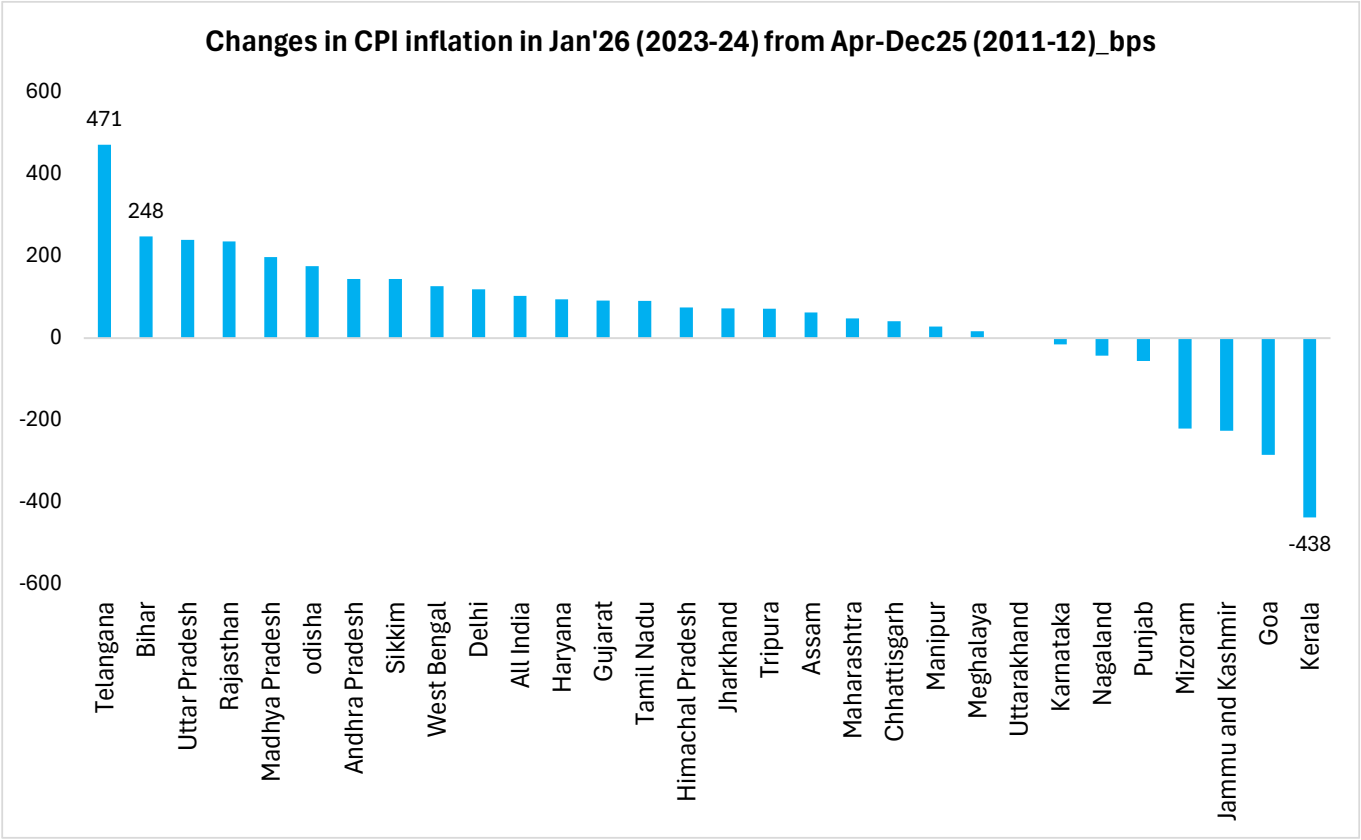
- Except a few states, all other major states have overall inflation of less than 3% in Jan’26
- Telangana CPI inflation at 4.9% is the highest



Source: NSO; SBI Research

Kerala CPI inflation reduced in new series, while Telangana and Bihar witnessed increase

- When new base CPI inflation of Jan'26 is compared with average inflation in Apr-Dec in old base, certain states stand out
- Kerala witnessed decline in inflation from 8.05% to 6.37% while, Telangana and Bihar stand at the other end registering increase in CPI inflation (Telangana from 0.20% to 4.91% and Bihar 0.01% to 2.49%)



Source: NSO; SBI Research

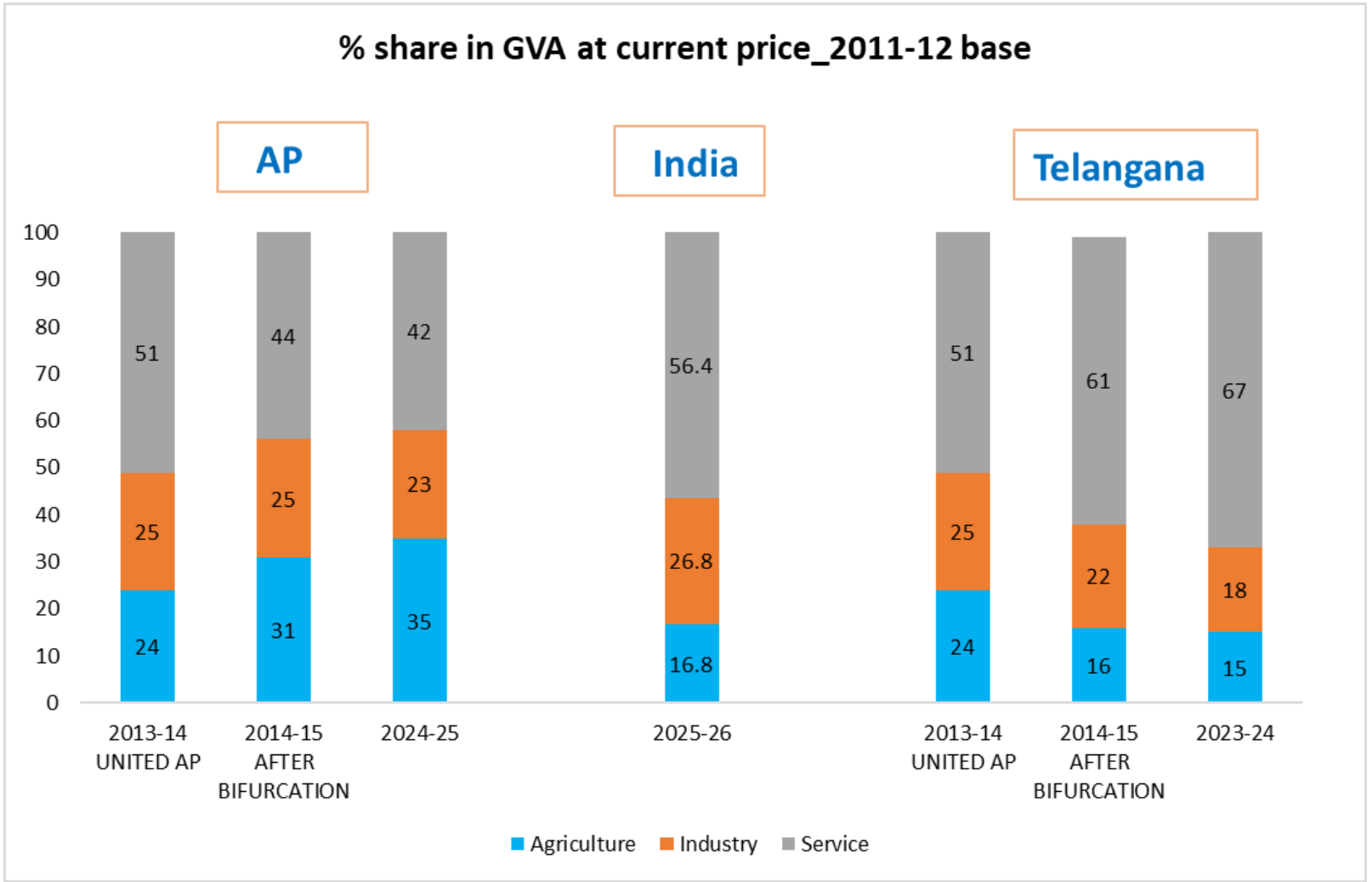
State-wise Division–wise Inflation shows Telangana has higher than all India inflation for 11 divisions

- As expected, in Telangana 11 out of 12 divisions have inflation rate more than all-India level.. Post bifurcation, Telangana has 67% weightage of the tertiary sector

Major States	Clothing and footwear	Education services	Food and beverages	Furnishings, household equipment and routine household maintenance	Health	Housing, water, electricity, gas and other fuels	Information and communication	Paan, tobacco and intoxicants	Personal care, social protection and miscellaneous goods and services	Recreation, sport and culture	Restaurants and accommodation services	Transport	Number of Divisions with more than All india rate
All India	**3.0**	**3.3**	**2.1**	**1.4**	**2.2**	**1.5**	**0.2**	**2.9**	**19.0**	**2.3**	**2.9**	**0.1**	
Andhra Pradesh	1.5	6.4	1.8	0.9	1.3	1.8	-0.1	0.3	26.3	1.8	2.6	-0.4	3
Assam	2.3	2.2	0.0	1.6	1.6	-0.7	0.7	2.7	5.4	1.0	1.7	0.3	3
Bihar	2.2	2.5	4.0	1.3	2.2	-6.6	0.2	1.2	12.0	0.8	3.3	0.1	3
Chhattisgarh	2.4	2.3	2.0	1.1	1.8	1.8	0.0	-5.8	11.6	0.7	2.6	-0.7	1
Goa	0.6	1.6	2.4	1.4	-1.5	2.7	0.2	-3.3	2.3	4.7	4.6	-0.2	6
Gujarat	2.7	3.4	1.3	1.7	2.3	2.4	-0.1	1.6	13.0	1.0	2.8	0.7	5
Haryana	4.4	4.2	0.9	1.7	2.2	2.8	-0.2	4.3	18.2	1.4	1.6	0.1	6
Himachal Pradesh	2.7	1.6	2.6	0.9	1.0	1.6	0.4	0.0	15.7	1.5	1.7	5.2	4
Jammu And Kashmir	2.1	2.2	-0.2	1.4	3.1	2.1	0.9	1.6	9.8	1.5	1.0	0.3	4
Jharkhand	3.3	2.5	2.6	2.5	1.7	-3.0	0.0	4.6	14.2	1.1	2.5	-0.4	4
Karnataka	2.2	5.1	2.8	1.3	1.7	1.4	0.3	2.1	19.3	3.1	4.1	0.1	6
Kerala	0.8	4.2	6.9	-0.1	0.7	1.6	-0.4	2.1	18.3	1.2	5.0	-1.0	4
Madhya Pradesh	3.8	3.6	1.0	1.5	2.5	2.8	-0.1	3.3	20.3	1.0	2.8	-0.1	7
Maharashtra	3.5	2.0	2.1	2.2	1.7	2.2	0.3	7.5	13.0	1.3	2.4	0.5	7
NCT of Delhi	1.7	11.5	1.7	2.1	1.9	1.1	-0.1	0.6	13.9	2.5	1.3	-0.5	3
Odisha	4.5	1.3	0.0	1.0	3.5	2.1	0.6	1.9	12.6	4.6	3.4	0.2	7
Punjab	4.3	4.0	3.0	2.2	1.9	1.3	-0.4	8.1	7.7	1.9	2.4	1.3	6
Rajasthan	2.1	4.0	1.9	1.1	2.3	1.0	0.4	4.1	30.4	1.6	3.1	-0.3	6
Tamil Nadu	0.2	2.5	2.3	1.2	2.4	1.9	0.6	1.8	29.9	6.8	2.4	-0.2	6
Telangana	4.4	3.6	2.6	2.3	3.7	2.9	-0.8	7.4	36.7	2.4	5.7	1.6	11
Uttar Pradesh	4.3	2.5	0.6	1.3	3.1	2.2	0.3	2.8	23.6	1.9	2.8	0.0	5
Uttarakhand	4.4	0.2	0.9	1.2	3.0	1.8	-1.0	3.5	13.5	3.2	2.5	0.0	5
West Bengal	3.8	2.6	3.7	1.5	1.9	0.9	0.5	2.3	8.7	3.7	1.6	-0.2	5

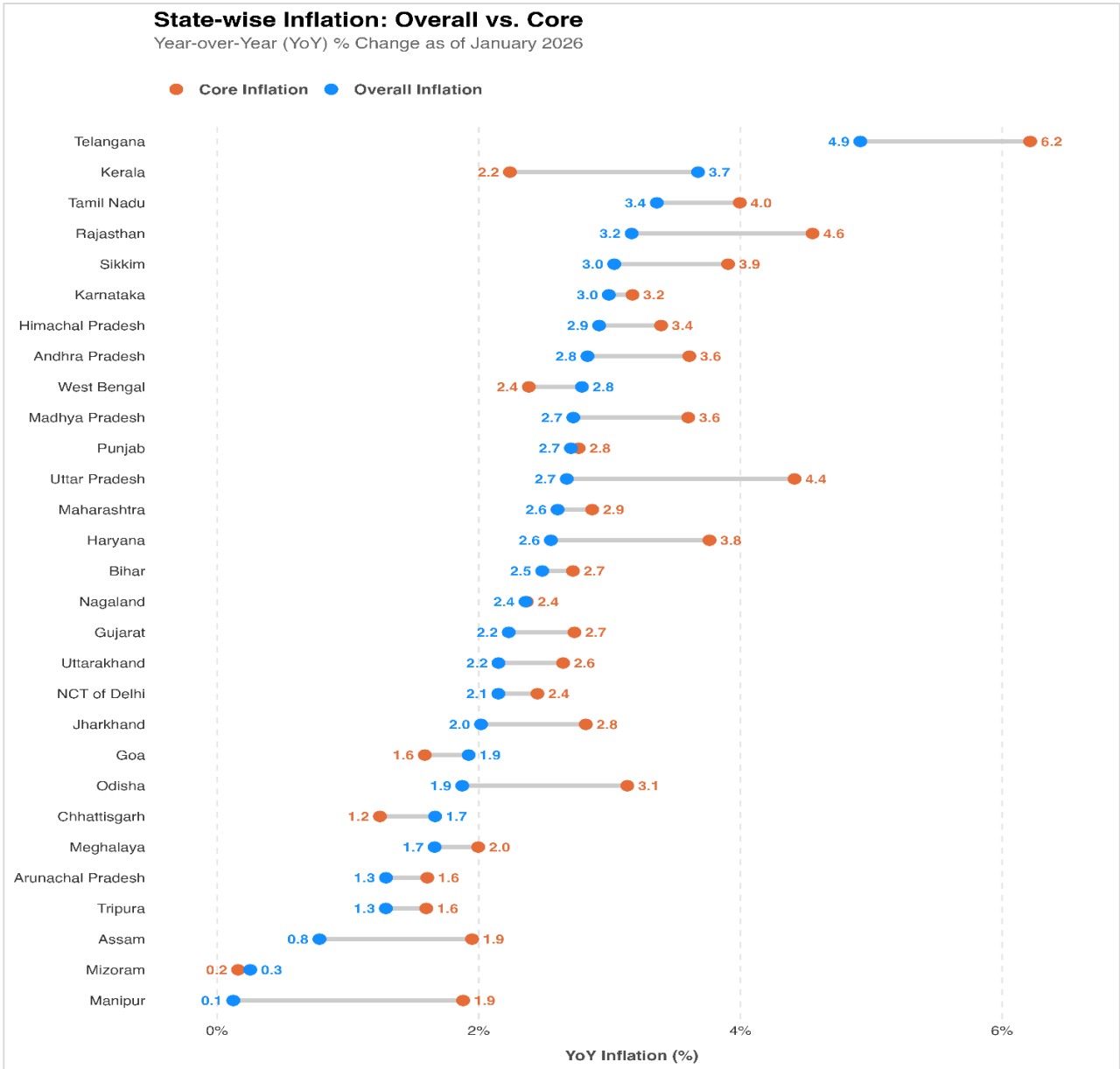
Source: NSO; SBI Research

After the bifurcation of united Andhra Pradesh, the share of Telangana in tertiary sector has jumped to 67%....



Source: NSO; SBI Research

State-wise Core CPI



India Headline: 2.75%
India Core CPI: 3.38%

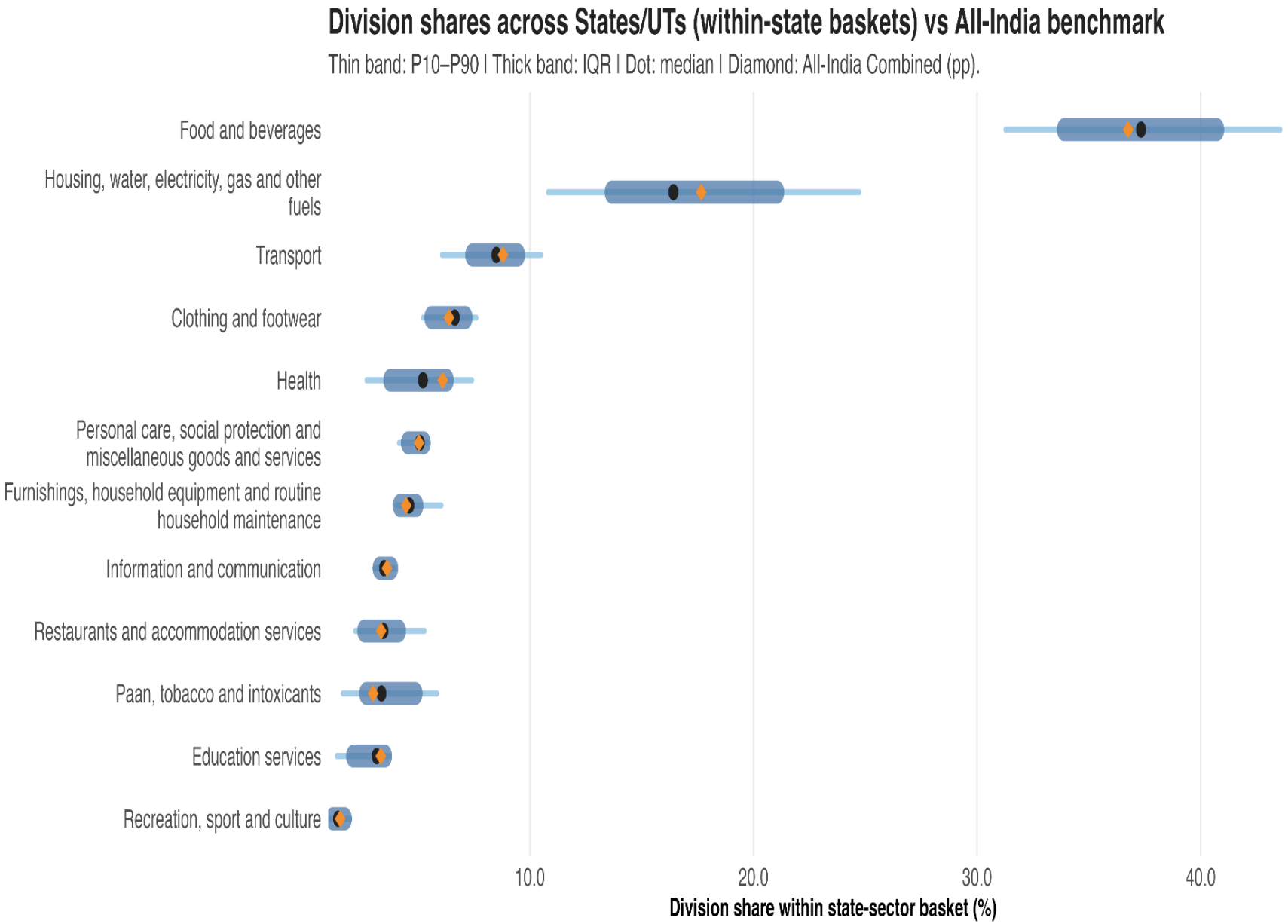
Except a few states like Kerala, WB, Chhattisgarh etc. the state wise Core CPI is greater than Overall CPI across states, though lower than India Core CPI at 3.38%

Telangana Core CPI crossed 6% mark in Jan'26

As the Jan'26 Core CPI in new series is significantly lower than the core CPI of Old series, though incomparable, we still believe the new core CPI is more resilient towards external headwinds with a lower weight

Source: NSO; SBI Research

Greater emphasis on Housing/utilities and Health at all India level when compared to State median level



Food & beverages has the **highest median share** and a meaningful spread → many states are clustered around a high food share, but some are much higher/lower

Housing/utilities shows a wide spread → some state-sector baskets are housing-heavy, some are not (big structural difference among states)

Small divisions (e.g., Information & communication, Recreation, Personal Care) show **tight ranges** → they're relatively stable across states

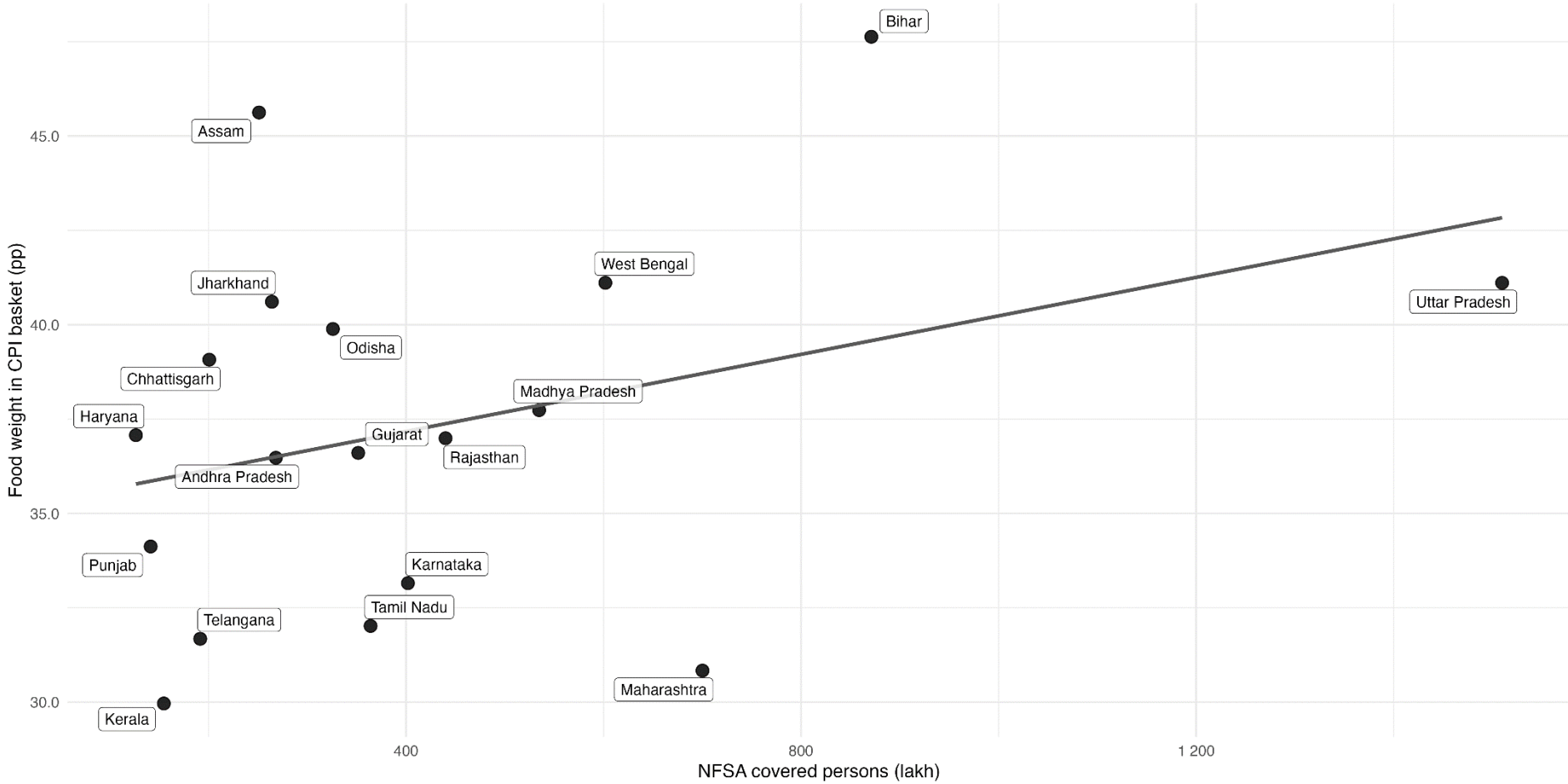
Source: NSO, SBI Research

How States' food weights placed against PDS beneficiaries

In new CPI series items distributed through PDS are excluded…however when we mapped state–wise PDS beneficiaries (major-states only) with their food weights, we have arrived at upward sloping curve indicate that more food weights assigned to the states where beneficiaries are more

Free ration coverage vs CPI Food weight (major states)

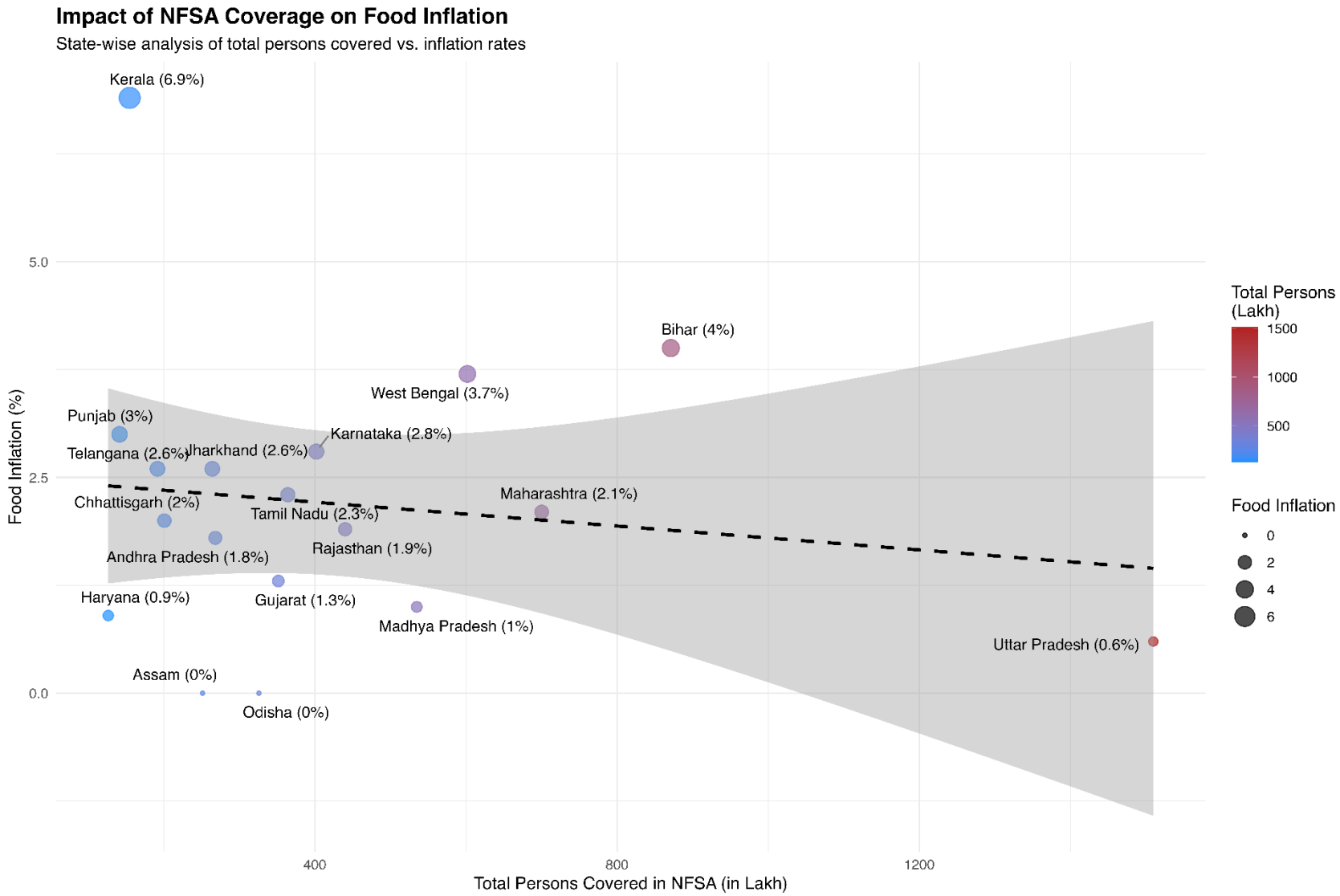
X = NFSA persons covered (lakh). Y = Food & beverages weight in state CPI basket (pp of 100).



Source: NSO; SBI Research

State-wise PDS beneficiaries vis-à-vis State's food inflation rate

…However, the situation got reversed when we plot PDS beneficiaries with States' food inflation rate



Rural CPI Inflation in old series (% YoY)			
Max in 3 years		Min in 3 years	
Major States	Jul'23	Major States	Oct'25
Jharkhand	10.0	Kerala	9.6
Telangana	9.8	Goa	6.0
Haryana	9.5	J&K	3.4
Tamil Nadu	9.4	Punjab	2.4
Rajasthan	9.3	Karnataka	2.1
Andhra Pradesh	9.0	Himachal Pradesh	1.5
Karnataka	8.7	Tamil Nadu	1.0
Odisha	8.4	Uttarakhand	0.3
Uttar Pradesh	8.2	Andhra Pradesh	-0.2
Bihar	7.7	Maharashtra	-0.2
All-India	7.6	Gujarat	-0.2
Uttarakhand	7.5	All-India	-0.3
Gujarat	7.3	West Bengal	-0.9
Himachal Pradesh	7.1	Rajasthan	-1.0
Maharashtra	6.8	Chhattisgarh	-1.0
Kerala	6.5	Haryana	-1.3
Punjab	6.5	Jharkhand	-1.3
Madhya Pradesh	6.2	Telangana	-1.5
West Bengal	6.0	Odisha	-1.9
Chhattisgarh	5.5	Assam	-2.2
J&K	5.0	Bihar	-2.3
Assam	3.6	Madhya Pradesh	-2.3
Goa	1.8	Uttar Pradesh	-2.5

Source: NSO SBI Research

Division–wise Cheapest & Dearest States

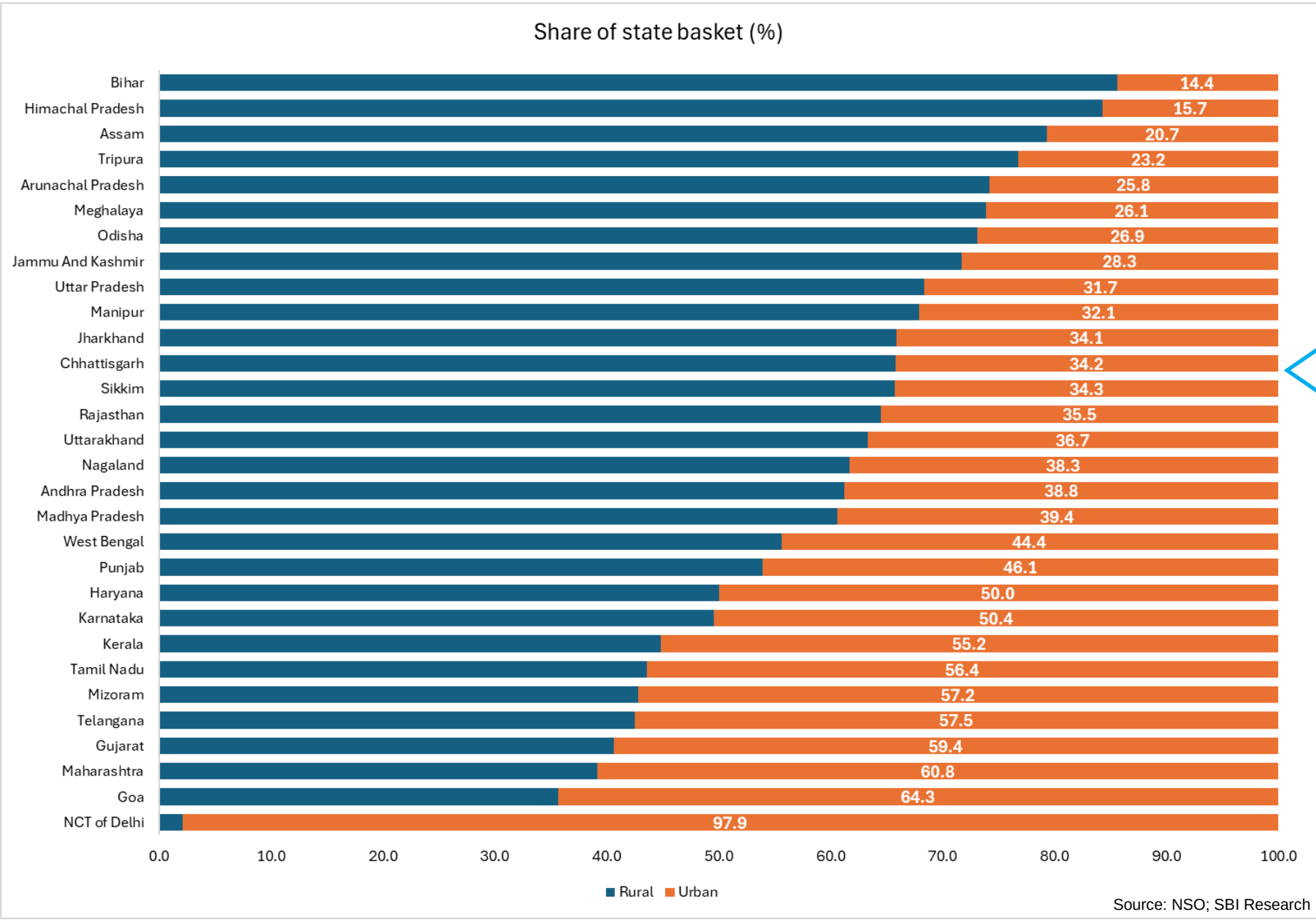
Division	Cheapest in	Dearest in
Clothing and footwear	Tamil Nadu	Odisha
Education services	Uttarakhand	NCT of Delhi
Food and beverages	Jammu And Kashmir	Kerala
Furnishings, household equipment and routine household maintenance	Kerala	Jharkhand
Health	Goa	Telangana
Housing, water, electricity, gas and other fuels	Bihar	Telangana
Information and communication	Uttarakhand	Jammu And Kashmir
Paan, tobacco and intoxicants	Chhattisgarh	Punjab
Personal care, social protection and miscellaneous goods and services	Goa	Telangana
Recreation, sport and culture	Chhattisgarh	Tamil Nadu
Restaurants and accommodation services	Jammu And Kashmir	Telangana
Transport	Kerala	Himachal Pradesh

Source: NSO; SBI Research

State x Region-wise CPI Analysis

Is new CPI taking care of growing Urbanisation?

Within State CPI Basket: Rural vs. Urban Composition



Source: NSO; SBI Research

Using the below logic we have calculated these shares from state-wise weights:

If rural + urban was the total 100 percent weight for each state, then

rural = (rural/ rural + urban) * 100

urban = (urban/ rural + urban) * 100

Implications…

Urbanisation based on CPI-2024

….We believe new CPI series has appropriately incorporated the changing pattern in urbanization

Major States	% share in urban population		Urban share in CPI-2024 basket	Chg (CPI-2024 over 2011)
	2001	2011		
Andhra Pradesh	46.6%	29.5%	38.8%	9.3%
Assam	12.9%	14.1%	20.7%	6.6%
Bihar	10.5%	11.3%	14.4%	3.1%
Chhattisgarh	20.1%	23.2%	34.2%	11.0%
Goa	49.8%	62.2%	64.3%	2.2%
Gujarat	37.4%	42.6%	59.4%	16.8%
Haryana	28.9%	34.9%	50.0%	15.1%
Himachal Pradesh	9.8%	10.0%	15.7%	5.6%
Jammu & Kashmir	24.8%	27.5%	28.3%	0.8%
Jharkhand	22.2%	24.0%	34.1%	10.1%
Karnataka	34.0%	38.7%	50.4%	11.7%
Kerala	26.0%	47.7%	55.2%	7.5%
Madhya Pradesh	26.5%	27.6%	39.4%	11.8%
Maharashtra	42.4%	45.2%	60.8%	15.6%
Nct Of Delhi	93.2%	97.5%	97.9%	0.4%
Odisha	15.0%	16.7%	26.9%	10.2%
Punjab	33.9%	37.5%	46.1%	8.6%
Rajasthan	23.4%	24.9%	35.5%	10.6%
Tamil Nadu	44.0%	48.4%	56.4%	8.0%
Telangana	0.0%	39.2%	57.5%	18.3%
Uttar Pradesh	20.8%	22.3%	31.7%	9.4%
Uttarakhand	25.7%	30.2%	36.7%	6.4%
West Bengal	28.0%	31.9%	44.4%	12.5%

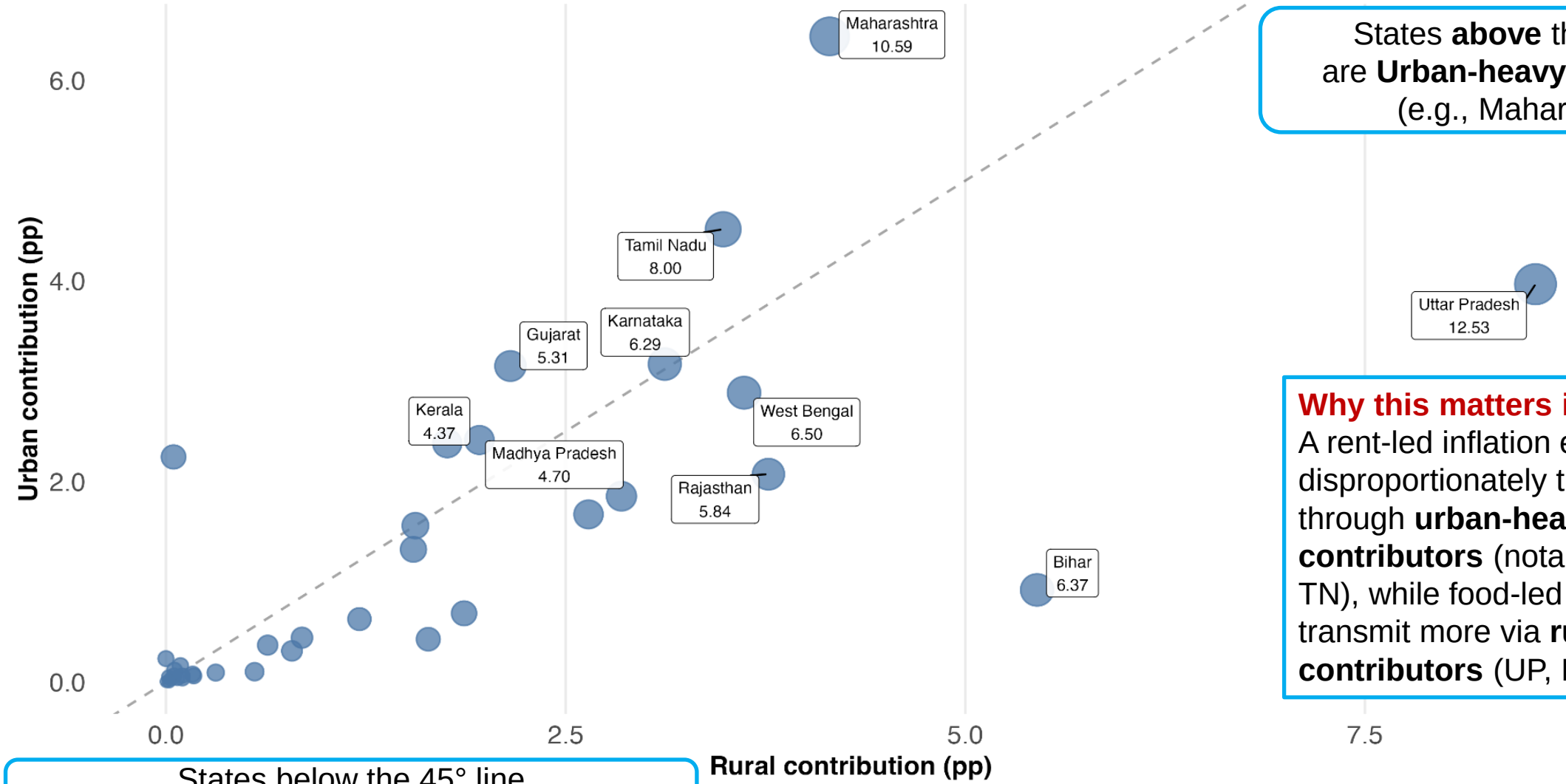
Source: NSO; SBI Research

If we assume that Urban share in CPI-2024 reflects a trend for growing urbanization in the country, then Certain states exhibited at least >15% increase in urbanisation

State drivers of Rural vs Urban CPI

Which states drive the CPI basket? (Rural vs Urban contribution)

Each dot is a State/UT; size = Combined. Dotted line indicates equal Rural and Urban contribution.



States **above** the 45° line are **Urban-heavy** contributors (e.g., Maharashtra)

States below the 45° line are Rural-heavy contributors (e.g., Bihar, UP)

Why this matters in practice: A rent-led inflation episode will disproportionately transmit through **urban-heavy contributors** (notably Maharashtra, TN), while food-led inflation will transmit more via **rural-heavy contributors** (UP, Bihar).

Source: NSO; SBI Research

Regional Deviation Heat Map: Urban

CPI inflation is a weighted story. If a state's basket is structurally different, the same price shock transmits differently

We compare each State x Sector basket's **division mix** against an **All-India benchmark mix** (within Rural and within Urban), and show deviations in percentage points

This heatmap shows where a state's CPI basket is structurally more exposed (overweight) or less exposed (underweight) to each division compared with the All-India basket

Housing, Water, Electricity, Gas and Fuels show the maximum drift across states. Furniture, Information and Communication, Personal Care, Recreation…the least.This clearly indicates the importance of digital and discretionary spends across the spectrum of states

State CPI baskets vs All India benchmark (deviation, pp): Urban

Major states by total deviation. Positive = overweight; Negative = underweight.

	Clothing and footwear	Education services	Food and beverages	Furnishings, household equipment and routine household maintenance	Health	Housing, water, electricity, gas and other fuels	Information and communication	Paan, tobacco and intoxicants	Personal care, social protection and miscellaneous goods and services	Recreation, sport and culture	Restaurants and accommodation services	Transport
West Bengal	-0.1	-0.1	3	-0.5	1.9	-0.5	0.1	0	-0.6	-0.5	-0.1	-2.7
Uttarakhand	0.8	0.1	-1.5	0.2	-0.9	-1.2	0.2	1	0.5	-0.1	0.7	0.4
Uttar Pradesh	0.9	-0.1	3.5	0.2	0.4	-3.2	-0.2	0.6	-0.1	0.6	-1.3	-1.2
Tripura	1.8	-1.5	5.9	0.4	1.8	-6.1	-1.1	2.7	-0.5	0.3	-1.3	-2.4
Telangana	-0.3	1.6	-2.8	-0.3	-0.7	-0.9	0.2	1.2	0.5	0.7	1.4	-0.6
Tamil Nadu	-0.7	0.1	-1.5	-0.5	0.1	-1.9	0	-0.2	0.8	0.2	2	1.6
Sikkim	1.5	-2.9	7.5	2.1	-2.7	-7.3	-0.7	3.6	-0.3	0.7	1.6	-3.2
Rajasthan	0.5	1.1	0.7	0	-0.8	0.4	0	-0.6	-0.2	-0.4	-1.8	1.1
Punjab	1.8	-0.3	0.8	-0.3	1.6	-3.8	0.3	-0.8	-0.3	-0.4	1.8	-0.4
Odisha	1	-2	1.4	-0.2	-0.8	-2.3	0.1	0.8	0.7	0.1	0.5	0.7
Nagaland	3.2	-2.1	8.7	1.8	-2.6	-7.1	-0.2	1.6	0.1	-0.2	-1.7	-1.6
Mizoram	0.9	-3	2.5	0.9	-2.3	-5.3	1.5	2.8	0.2	-0.4	0.4	1.8
Meghalaya	0.8	-0.1	2.9	1.1	-2.2	-3.4	0	2.4	-0.3	0	-1	-0.4
Manipur	-0.4	1	6.9	1	-1.6	-8.3	-0.3	2.4	-0.2	-0.1	-2.1	1.6
Maharashtra	-0.4	0.6	-3.7	-0.1	0	6	0.1	-1.1	-0.2	-0.3	-0.6	-0.2
Madhya Pradesh	0.7	0.7	0.8	0.3	0.1	-3.5	-0.1	1.3	0.5	0.4	-1.6	0.4
Kerala	-1.1	-1.3	-3.2	0.7	2.6	1.3	0.7	-1.1	0.3	-0.2	-0.9	2.2
Karnataka	-1	0.4	-1.8	0.2	-0.6	1.7	-0.1	0.5	0	0.2	0.8	-0.4
Jharkhand	1	0.3	2.5	0.1	-0.4	-1.3	0.2	-0.7	0	-0.2	-1.1	-0.5
Jammu And Kashmir	0.3	-0.6	0	-0.8	-0.6	6.8	-0.7	-0.3	-0.8	-0.5	-2	-0.8
Himachal Pradesh	2.5	1.2	-1.9	0.2	-0.7	-2.1	0.1	1	0.6	-0.2	1.5	-2.3
Haryana	0.9	-1.4	1.8	0.5	-1.5	3.3	-0.6	0.2	-0.6	0.3	-1.5	-1.3
Gujarat	-0.1	0.3	1.4	-0.3	-0.6	-1.6	-0.4	-0.8	-0.6	-0.1	2	0.8
Goa	-1.4	-3.9	0.9	-0.6	-1.2	11.3	-1.4	-0.4	-1.6	-0.1	-1.2	-0.3
Chhattisgarh	0.7	-1.1	2.5	0.4	0	-3	-0.2	1.9	-0.2	-0.5	-1.2	0.7
Bihar	0.3	-0.7	9.7	-0.3	0.1	-4.2	-0.7	-0.3	-0.4	0.1	-1.3	-2.3
Assam	-0.1	-2.2	3.8	0.1	-1.6	-1.6	-0.3	1.6	0.1	-0.5	2.2	-1.4
Arunachal Pradesh	-0.3	-1.8	7	1.3	-1.5	-10.1	-0.4	3.9	0.6	0.3	1.1	0
Andhra Pradesh	0.2	-0.2	1.3	-0.1	0.6	-2.3	0.2	0.2	0.6	0	-0.4	-0.2

(**Positive (green)** = that division is *more important* in that State×Sector basket than the all-India sector benchmark.

Negative (orange) = *less important*.

Deviation (pp) -10.0 0.0 10.0

Source: NSO; SBI Research

Regional Deviations Heat Map: Rural

Even in Rural Areas Housing, Water, Electricity, Gas and Fuels continue to show the maximum drift across states..Information and Communication, Personal Care, Recreation…the least.This clearly indicates the importance of digital and discretionary spends across the spectrum of states

(**Positive (green)** = that division is *more important* in that State×Sector basket than the all-India sector benchmark.

Negative (orange) = *less important*.

State CPI baskets vs All India benchmark (deviation, pp) : Rural

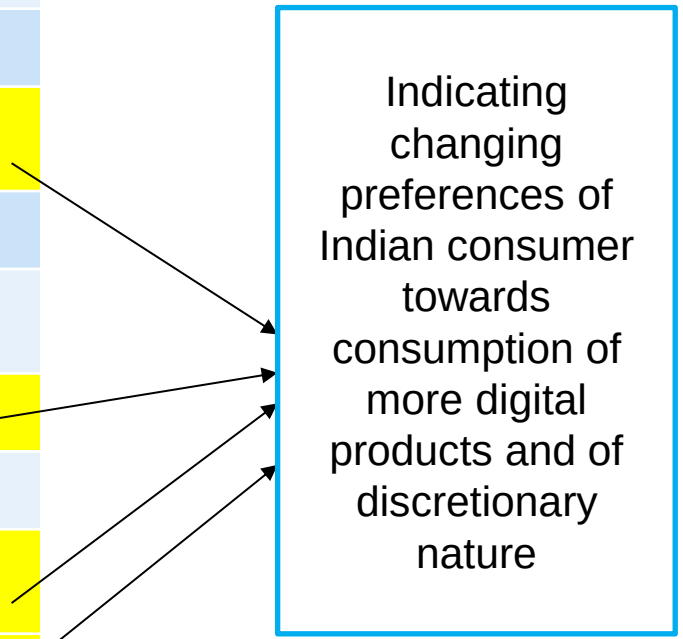
Major States by total deviation. Positive = overweight; Negative = underweight.

	Clothing and footwear	Education services	Food and beverages	Furnishings, household equipment and routine household maintenance	Health	Housing, water, electricity, gas and other fuels	Information and communication	Paan, tobacco and intoxicants	Personal care, social protection and miscellaneous goods and services	Recreation, sport and culture	Restaurants and accommodation services	Transport
West Bengal	-0.2	0.4	5.4	-0.4	1.2	-2.3	0.4	-0.2	-0.3	-0.3	0	-3.7
Uttarakhand	1.4	0.5	-3.6	0.1	-1.2	1.8	0.1	0.9	0.2	0.2	0.2	-0.7
Uttar Pradesh	0.7	0.2	2.6	-0.2	0.5	-2.9	-0.4	0	0.3	0.4	-0.5	-0.7
Tripura	1.3	1	-0.2	0.3	0.5	0.5	-1.5	1.7	-1.1	0.7	-0.5	-2.6
Telangana	0.8	0.1	-4.6	-0.4	0	0.3	0.7	3.2	0.4	-0.1	-0.4	0.1
Tamil Nadu	-1.2	0.1	-5.7	-0.2	-0.3	1.9	0.4	0.2	0.2	0.2	1.6	2.7
Sikkim	0	-1.5	-0.6	3.4	-4.1	-4.9	-0.4	5	0.2	0.8	4.9	-2.8
Rajasthan	0.3	0.2	-1.7	0.4	-1.3	-0.3	-0.3	-0.2	0.3	-0.3	1.4	1.4
Punjab	0.6	0.8	-5.2	0	1.6	2	0.2	-2	-0.6	-0.2	1.2	1.6
Odisha	0.1	-0.3	0.9	-0.2	-0.1	1.3	-0.1	0.1	0	-0.5	-0.2	-1.1
Nagaland	3.2	-0.3	2.8	3.1	-4	-3.2	0	1.5	0.2	-0.2	-1.7	-1.5
Mizoram	-0.2	-1.3	-0.3	1.3	-3.3	-0.7	2	3.1	-0.1	-0.4	0.8	-1
Meghalaya	0.3	-0.7	5.8	0.9	-5	-4.5	-0.5	5.3	-0.7	1	-0.8	-1.4
Manipur	-1.7	1	4	0.7	-3	-4.3	-0.2	2.2	0.4	0.2	-0.3	1.2
Maharashtra	-0.2	0.1	-4.5	-0.2	1	3.2	0.2	-1.5	0.2	0	-0.3	2.1
Madhya Pradesh	1.1	0	0.1	0.4	-0.2	-4.1	-0.3	2.6	0.2	0.1	-1	1.1
Kerala	-2.1	-0.9	-8.5	-0.5	2.8	6.6	0.8	-2.4	-0.2	0.1	-0.4	4.7
Karnataka	-1.3	-0.2	-4.1	0.5	-0.9	3.1	0.6	0.2	0.1	0.2	0.7	1.1
Jharkhand	0.3	-0.2	2.7	0.3	-0.5	-1.4	-0.1	-0.2	-0.2	-0.2	-0.1	-0.3
Jammu And Kashmir	0	0.3	-0.7	-0.2	-2.2	10.5	-0.9	-1.7	-1.5	-0.1	-1.2	-2.2
Himachal Pradesh	1.1	0.4	-2.9	0.7	0	2.3	0	-1.1	0.2	0.1	0.2	-1
Haryana	-0.2	0.9	0.1	-0.2	-1.2	4.8	-0.3	-0.9	-0.8	0.1	-1.5	-0.9
Gujarat	0	-1.1	1.9	-0.2	-0.5	1.4	-0.1	-0.8	-0.5	-0.4	-0.4	0.5
Goa	-2.8	-1.9	-6.4	-0.6	-2.4	18	-1	-1.8	-1.5	0.4	-1.4	1.4
Chhattisgarh	0.9	-1.8	0.4	-0.3	-1.5	-1	-0.3	3.3	0.4	-0.5	-0.3	0.6
Bihar	0.1	0.1	6.9	0.4	0.2	-4.1	-0.3	-0.7	0.1	0.1	0.1	-2.8
Assam	0.1	-1.1	6.7	0.2	-3.1	-3.3	0.2	2.5	-0.1	-0.4	0.2	-1.9
Arunachal Pradesh	-0.5	-1	3	0.9	-4.5	-4.6	-0.2	3.9	0.5	0.3	1.8	0.2
Andhra Pradesh	-1	-0.1	-2.4	-0.2	1.1	2.4	0.4	-0.2	-0.3	-0.2	-0.2	0.8

Source: NSO; SBI Research

Regional Deviation Heat Map: Urban+Rural Interpretation

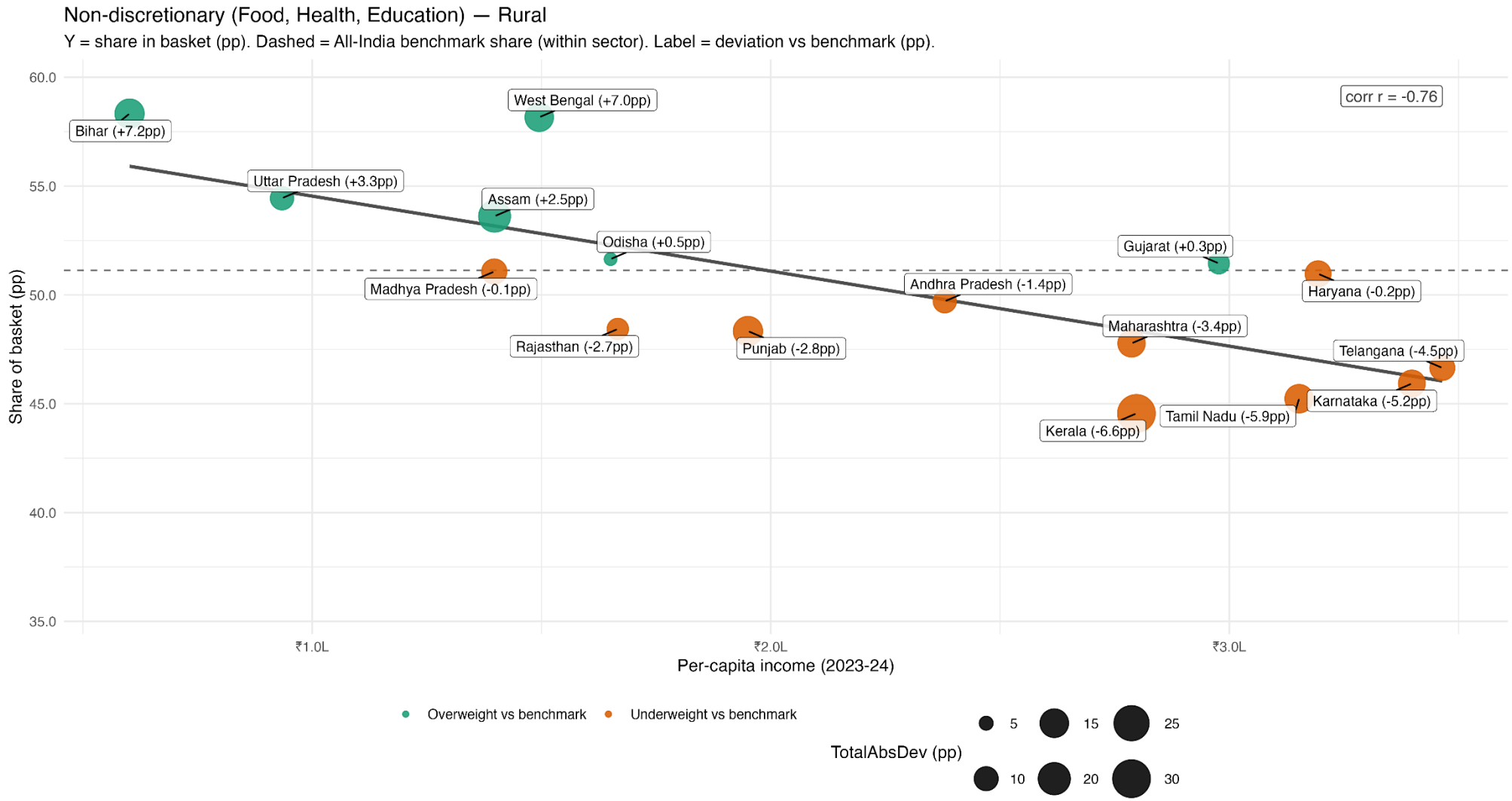
Division	States having more weights wrt All india	States having less weights wrt All india
Clothing and footwear	Nagaland, HP	Goa, Kerala
Education services	Telangana, HP	Goa, Sikkim, Nagaland
Food and beverages	Bihar, All NE states	Maharashtra, Kerala
Furnishings, household equipment and routine household maintenance	All states have equal focus	
Health	Kerala, WB	All NE states
Housing, water, electricity, gas and other fuels	Goa, J&K	All NE states
Information and communication	All states have equal focus	
Paan, tobacco and intoxicants	All NE states, Chhattisgarh	Kerala, Maharashtra
Personal care, social protection and miscellaneous goods and services	All states have equal focus	
Recreation, sport and culture	All states have equal focus	
Restaurants and accommodation services	Assam, Gujarat	Manipur, Rajasthan
Transport	Kerala, TN	Sikkim, WB



Source: NSO; SBI Research

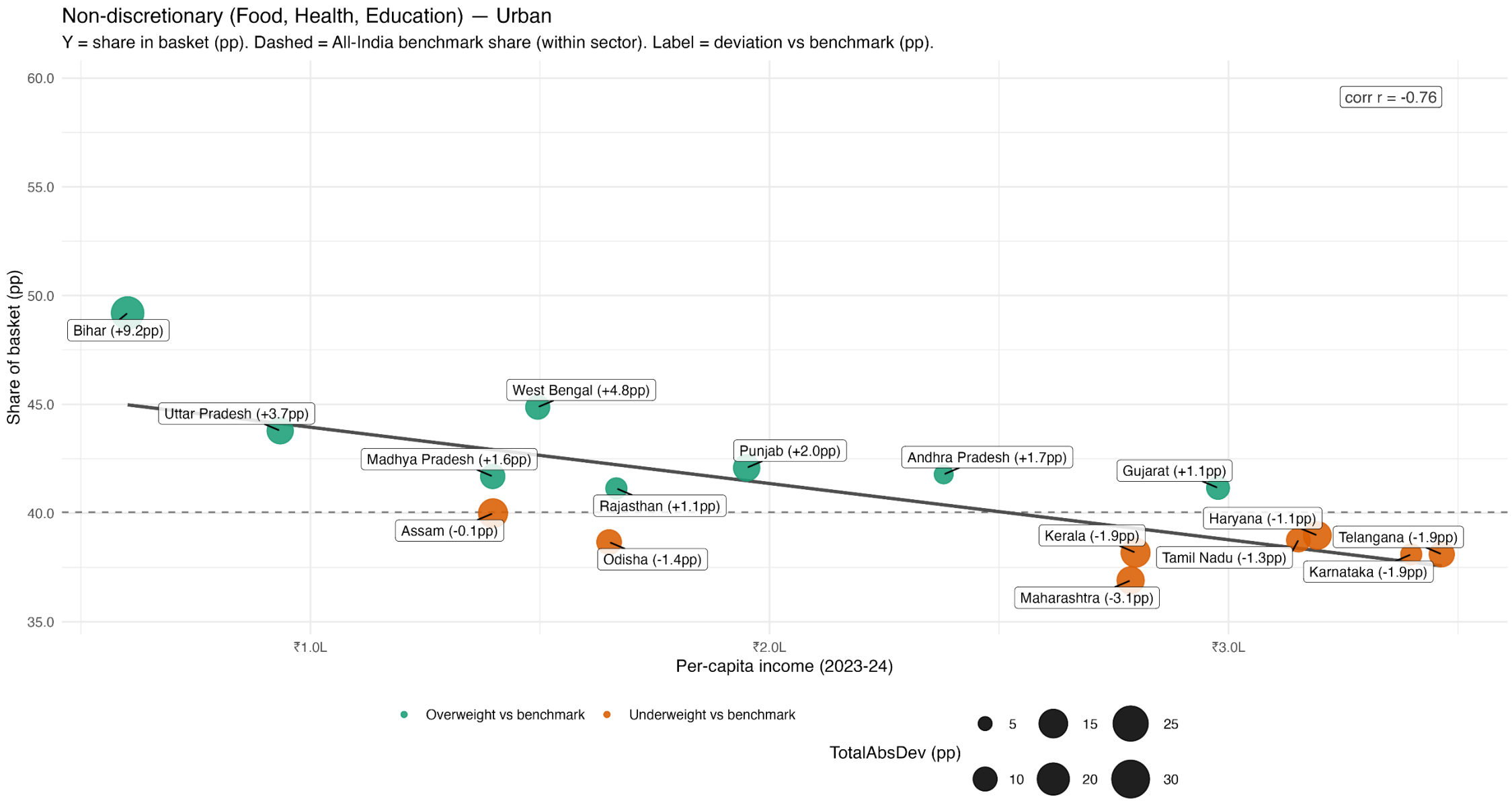
Engel Curve based on weights is holding for India for Non-discretionary items… in RURAL

>>> The states with more per capita income (based on NSDP) given less weight to non-discretionary items in new CPI as compared to national food weight in rural



Source: NSO; SBI Research

….As well as more prominently in URBAN



Source: NSO; SBI Research

Bubble size = ΣIdevI across 12 divisions (structural divergence).

Regional Deviations: Certain Examples

Rural baskets: the biggest outliers are "Housing-heavy, Food-light"

The "most structurally different" Rural states are:

•**Goa**: Total |dev| **39.5 pp**, driven by **Housing… +18.0 pp** (overweight) and **Food & beverages −6.4 pp**(underweight)

•**Kerala**: Total |dev| **30.0 pp**, **Housing… +6.6 pp**, **Food −8.5 pp**

Takeaway:
Rural consumption structure isn't uniform : a few states' rural baskets look "less food-centric" and much more weighted to housing/utilities than the all-India rural benchmark.

Urban baskets: outliers are "Food-heavy, Housing-light" in some smaller states/UTs

•**Sikkim (Urban)**: Total |dev| **34.2 pp**, **Food +7.5 pp**, **Housing… −7.3 pp**

•**Nagaland (Urban)**: Total |dev| **31.0 pp** (also food-overweight per the same block)

Takeaway:
Urban "structure risk" is concentrated in smaller states/UTs where the urban basket diverges sharply from the national urban template — especially Food vs Housing.

Same state can behave differently in Rural vs Urban

Example: Sikkim is a great "two-panel" story:

•**Sikkim (Rural)**: notable **Paan/tobacco +5.0 pp** and **Housing… −4.9 pp**

•**Sikkim (Urban)**: **Food +7.5 pp**, **Housing… −7.3 pp**.

Takeaway:
The "same geography" can have *different inflation sensitivities* depending on whether you're looking at Rural or Urban consumption structure.

Total |dev| summarizes how far the entire basket mix is from the benchmark

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