

GOVERNMENT OF INDIA
MINISTRY OF FINANCE
DEPARTMENT OF ECONOMIC AFFAIRS

LOK SABHA
UNSTARRED QUESTION NO. 3965
TO BE ANSWERED ON AUGUST 10, 2018

WPI AND CPI

3965. SHRIMATI PRATYUSHA RAJESHWARI SINGH:

Will the Minister of FINANCE be pleased to state:

- (a) whether the Wholesale Price Inflation (WPI) has started showing increasing trend and marking the ninth consecutive month in which it has been showing positive trend;
- (b) if so, the details thereof and the reasons therefor;
- (c) whether WPI is the main measures of inflation; and
- (d) if so, the details thereof and the reasons for not measuring inflation on the basis of Consumer Price Index (CPI)?

ANSWER

MINISTER OF STATE IN THE MINISTRY OF FINANCE
(SHRI PON RADHAKRISHNAN)

(a) & (b) Inflation based on Wholesale Price Index (WPI) during the last nine months is presented in Table 1. WPI inflation stood at 5.8 per cent in June, 2018. The rise in WPI inflation in recent months is largely due to increase in inflation of fuel & power and manufactured products.

Table 1: Inflation based on WPI (Base 2011-12=100) (in per cent)

	Oct-17	Nov-17	Dec-17	Jan-18	Feb-18	Mar-18	Apr-18	May-18	Jun-18 (P)
WPI	3.7	4.0	3.6	3.0	2.7	2.7	3.6	4.4	5.8

Note: (P) – Provisional

(c) & (d): Inflation based on the Consumer Price Index (Combined) (CPI-C) is now taken as the key measure of inflation by the Reserve Bank of India (RBI) to anchor its monetary policy. Inflation is also measured on the basis of the Wholesale Price Index (WPI) to measure the impact of price changes at the wholesale level.
