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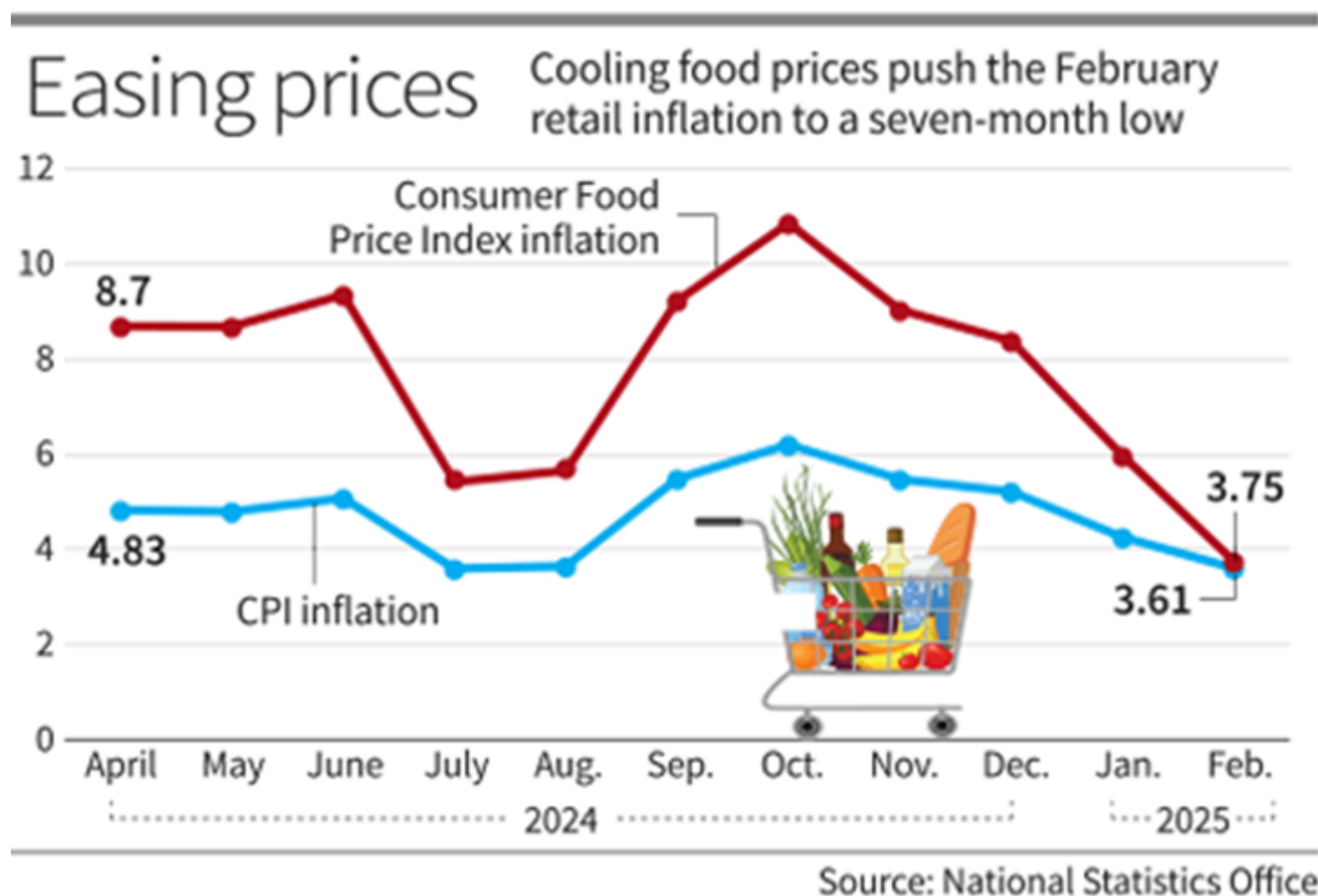
Retail inflation at 7 month low as food prices decline

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Context

India's retail inflation dipped to a seven-month low of 3.6% as **food prices eased** in February 2025, led by vegetables, pulses, and eggs. The annual change in consumer prices was 4.26% in January 2025.

The increase in the **Consumer Price Index (CPI)**, which measures the retail prices, has slowed for the fourth consecutive month and is now **lower than the Reserve Bank of India's (RBI) target inflation of 4%**. This increases the **likelihood of another 0.25% repo rate cut by the RBI next month**, say economists.



What is the Wholesale Price Index?

It measures the **changes in the prices of goods** sold and traded in bulk by **wholesale businesses to other businesses**.

Published by the Office of Economic Adviser, **Ministry of Commerce and Industry**.

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Major criticism for this index is that the general public does not buy products at wholesale price.

The base year of All-India WPI has been revised to **2011-12**

What is the Consumer Price Index?

It measures price changes from the perspective of a **retail buyer**. It is released by the **National Statistical Office (NSO)**.

The CPI calculates the difference in the price of **goods and services** such as food, medical care, education, electronics etc, which Indian consumers buy for use.

The CPI has several sub-groups including food and beverages, fuel and light, housing and clothing, bedding and footwear.

Base Year for CPI is **2012**.

The **Monetary Policy Committee (MPC)** uses **CPI data to control inflation**. In April 2014, the Reserve Bank of India (RBI) had adopted the CPI as its key measure of inflation instead of WPI

Four types of CPI are as follows:

1CPI for Industrial **Workers** (IW).

2CPI for Agricultural **Labourer** (AL).

3CPI for Rural **Labourer** (RL).

4CPI (Rural/Urban/Combined).

Of these, the **first three are compiled by the Labour Bureau in the Ministry of Labour and Employment**. **Fourth is compiled by the NSO in the Ministry of Statistics and Programme Implementation**.

What is the difference between CPI and WPI?

WPI tracks inflation at the **producer level** and CPI captures changes in prices levels at the **consumer level**.

WPI does not capture changes in the prices of **services**, which CPI does.

In WPI, **more weightage is given to manufactured goods**, while in CPI, **more weightage is given to food items**