



KAMARAJ IAS ACADEMY
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Wholesale Price Index

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Why is in news? All India Wholesale Price Index for July 2023 stands at (-) 1.36% over July, 2022

The annual rate of inflation based on all India Wholesale Price Index (WPI) number is (-) 1.36% (Provisional) for the month of July, 2023 (over July, 2022) against (-) 4.12% recorded in June, 2023.

Decline in the rate of inflation in July, 2023 is primarily contributed by fall in prices of mineral oils, basic metals, chemical & chemical products, textiles and food products.

About the index:

The Wholesale Price Index (WPI) is an index that **measures and tracks the changes in the prices of goods sold in bulk and at the wholesale level in India.**

It is calculated by the **Office of Economic Adviser**, Ministry of Commerce and Industry, Government of India.

The WPI **includes prices of various commodities** like primary articles, fuel and power, and manufactured products.

The **base year** for the Wholesale Price Index (WPI) in India is **2011-12**.

The base year is the year against which the **changes in the prices of goods and services are compared to determine the level of inflation.**

In other words, the WPI for each year is calculated with reference to the prices prevailing in the base year.

The **base year is periodically revised** to ensure that the WPI reflects the **changing pattern of trade and consumption**

Three major groups of commodities:

Primary Articles: These include food articles, non-food articles, minerals, crude petroleum, and natural gas.

Fuel and Power: This includes coal, electricity, and mineral oils.

Manufactured Products: This includes food products, textiles, chemicals, basic metals, machinery and equipment, and transport equipment.

The weights assigned to each of these three groups of commodities are revised periodically to reflect the changing pattern of trade.

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Context	WPI	CPI
Definition	Amounts to the average change in prices of commodities at the wholesale level.	Indicates the average change in prices of commodities at the retail level
Publishing office	Office of Economic Advisor (Ministry of Commerce & Industry)	National Statistical office
Commodities	Goods only	Goods and Services both
Inflation Measurement	First stage of a transaction	Final stage of a transaction
Prices paid by	Manufacturers and wholesalers	Consumers
Types of Commodities covered	Manufacturing inputs and intermediate goods like minerals, machinery basic metals, etc.	Education, communication, transport, recreation, apparel, foods and beverages, housing and medical care
Base Year	2011-12	2012 Note: Base Year to be revised.