

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:347
ANSWERED ON:26.08.2011
CALCULATION OF WPI AND CPI
Mishra Shri Mahabal

Will the Minister of FINANCE be pleased to state:

- (a) the commodities included for monitoring the Wholesale Prices Index (WPI) and Consumer Price Index (CPI) and the year in which the commodities were included in the indices;
- (b) the criteria for selection of commodities for the said purpose;
- (c) whether there has been a reduction in the WPI and CPI during the last few months;
- (d) if so, the details thereof indicating the extent of decrease registered in WPI and CPI during 2011, month-wise;
- (e) whether the Government proposes to bring changes in the periodicity of data compilation and method of calculation of WPI and CPI to make it more rational with the prevalent market scenario; and
- (f) if so, the details thereof alongwith the steps taken/proposed to be taken in this regard?

Answer

FINANCE MINISTER (SHRI PRANAB MUKHERJEE)

(a) to (f) : A Statement is laid on the Table of the House.

STATEMENT REFERRED TO IN REPLY TO LOK SABHA STARRED QUESTION NO. 347 BY SHRI MAHABAL MISHRA DUE FOR ANSWER ON AUGUST 26, 2011.

(a) to (f) The current series of WPI at base 2004-05 constitutes 676 commodities and 5482 quotations. These items in the index basket are as representative as possible, and efforts are made to include all the important items in the economy during the base year. The importance of an item in the market depends on its traded value and Gross Value of Output (GVO). At wholesale level, bulk transactions of goods and services are sought to be captured. As services are not yet covered so far, the WPI basket mainly consists of items from goods sector. In the absence of single source of data on traded value, the selection procedures followed for agricultural commodities and non-agricultural commodities are also different.

There are three consumer price indices (CPIs) traditionally released at the national level to reflect the fluctuations in retail prices of goods and services pertaining to specific segments of population in the country. The basket of CPI for Industrial Workers (CPI-IW) based on 2001 included 120-360 items over 78 centres, CPI for Agriculture Labourers (CPI-AL) and CPI for Rural Labourers (CPI-RL) both with base year 1986-87 included 260 items among 600 sample villages in 20 states. In addition there is now the new series of CPI-(U+R) based on 2010=100 for both rural and urban areas and also combined has been introduced from January 2011 and includes 456 items and 1114 quotations from 310 towns and 1180 villages. The weighting diagram is derived from Consumption Expenditure Survey (2004-05). Price indices and inflation rates for 2011 are given in table below:

WPI	CPI (IW)	CPI (AL)	CPI (RL)	CPI- (R+U)
2004-05=100		2001 =100	1986-87 =100	1986-87 =100 Combined
		2010=100		

	Index	Infla-	Index	Infla-	Index	Infla-	Index	Infla-	Index	Infla-
	tion	tion	tion	tion	tion	tion	tion	tion	tion	tion
	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)	(%)
Jan-11	148.0	9.47	188	9.30	589	8.67	588	8.69	106.0	NA
Feb-11	148.1	9.54	185	8.82	584	8.55	584	8.55	105.0	NA
Mar-11	149.5	9.68	185	8.82	585	9.14	584	8.96	106.0	NA
Apr-11	152.1	9.74	186	9.41	587	9.11	587	9.11	106.2	NA
May-11	152.4	9.56	187	8.72	592	9.63	592	9.63	107.1	NA

Jun-11	153.0	9.44	189	8.62	598	9.32	597	9.14	108.8	NA
Jul-11	154.0	9.22	–	–	604	9.03	604	9.03	110.4	NA

NA : Not available, it would be available from January 2012, when the indices for one year are available.

Note : WPI and CPI-(R+U) data for June and July 2011 are provisional and CPI-W for July 2011 would be release on 30th August 2011.

There is no proposal under consideration to change the monthly periodicity and methodology in terms of compilation of indices. However, there is a proposal to revise CPI-W current base 2001=100 to a more recent base year, preferably, 2011=100.