

**GOVERNMENT OF INDIA  
FINANCE  
LOK SABHA**

UNSTARRED QUESTION NO:5871

ANSWERED ON:11.05.2012

DETERMINATION OF WPI CPI AND GDP

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**Will the Minister of FINANCE be pleased to state:**

- (a) whether the Government has taken note of the contradiction among the figures used for determination of Consumer Price Index (CPI), Wholesale Price Index (WPI) and Gross Domestic Product (GDP);
- (b) if so, the details in this regard indicating the nature of the said contradiction alongwith the reasons therefor;
- (c) the difference in said indexes as per estimated inflation rate in the country in January 2012 in comparison to January 2011;
- (d) the names of the agencies which release figures relating to the financial progress of the country and whether the Government has laid down any parameter to verify the said figures;
- (e) if so, the details thereof;
- (f) whether the Government proposes to resolve the controversy and remove the confusion arising out of the contradictory figures during the last few days and restructure the method of calculation of WPI and CPI to make it more rational;and
- (g) if so, the details thereof alongwith the steps taken/proposed to be taken in this regard?

**Answer**

MINISTER OF THE STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) to (e) A price index is an indicator of the average price movement over time of a fixed basket of goods and services. The composition of the basket of goods and services is made keeping in to consideration whether the changes are to be measured at retail, wholesale or at producers level etc. The basket will also vary for economy- wide, regional, or sector specific series. At present, separate series of index numbers are compiled to capture the price movements at retail and wholesale level in India.

The details of year-on year inflation rates based on Consumer Price Indices (CPIs), Wholesale Price Index (WPI) and implicit Gross Domestic Product (GDP) deflator is-indicated below:

Indices	Base year	Year-on-Year	Inflation (%)
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	January 2011	January 2012
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WPI	2004-05=100	9.47	6.89
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CPI for Industrial Worker	2001=100	9.30	5.32
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CPI for Agricultural Labourer	1986-87=100	8.67	4.92
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CPI for Rural Labourer 1986-87=100 8.69 5.27

CPI New Series (All India) 2010=100 Not Available 7.65

GDP Deflator (implicit inflation) 2004-05=100 7.95 (Oct-Dec 2010) 7.68 (Oct-Dec 2011)

In India the price index data collection has evolved to meet the requirements of specific sections of the population.

Historically, Wholesale Price Index (WPI) data is collected, compiled and released by Office of Economic Adviser, Ministry of Commerce & Industry. Consumer Price Indices (CPIs) for Industrial Workers, Agriculture Labourers and Rural Labourers are compiled and released by Labour Bureau, Ministry of Labour & Employment and CPI new series (Rural, Urban and Combined) is compiled and released by Central Statistical Office, Ministry of Statistics & Programme Implementation. These agencies have developed necessary expertise in their respective fields and requisite systems are in place to ensure the correctness and reliability of price data being collected by these agencies.

(f) & (g) Differences between inflation rates measured in terms of various price indices occur due to differences of weighting diagram, base year, commodity basket and coverage. Base year, commodity basket and their weights are also revised periodically for these indices to better reflect the price changes.