

**GOVERNMENT OF INDIA
COMMERCE AND INDUSTRY
LOK SABHA**

UNSTARRED QUESTION NO:2781

ANSWERED ON:07.12.2009

IMPACT OF WPI ON INDUSTRIAL PRODUCTION

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Will the Minister of COMMERCE AND INDUSTRY be pleased to state:

- (a) Whether the proposal of new base year for calculating the industrial production will affect the industrial scenario in the country as compared to the existing system;
- (b) If so, the details thereof alongwith the new items which are to be included in the basket of commodities to determine the new Wholesale Price Index (WPI);
- (c) Whether the new system for calculating the price variation in manufacturing products/ commodities will show the real picture of the industrial production/prices of commodities; and
- (d) If so, the details thereof?

Answer

THE MINISTER OF STATE IN THE MINISTRY OF COMMERCE & INDUSTRY (SHRI JYOTIRADITYA M. SCINDIA)

(a) to (d): The revision of the base year of the Wholesale Price Index (WPI) and the Index of Industrial Production (IIP) from 1993-94 to 2004-05 is intended to capture the structure and composition of the industrial scenario in the country accurately and better reflect the changes that have taken place in the structure of the economy. Commodity/product basket of both WPI and IIP will be finalized on the basis of their relative importance and regular availability of price/production data. Both WPI and IIP will continue to be compiled on the principle of weighted arithmetic mean with fixed base year weights.