

GDP CONSUMPTION DEFLATOR

4.44 Personal consumption expenditure (PCE) is the measure of consumption in GDP. It consists of the actual and imputed expenditures of households on durable and non-durable goods and services. The PCE price index is a country-wide indicator of the average increase in the level of prices for all domestic personal consumption, derived from PCE and assumes that the consumer makes allowances for changes in relative prices by substitution, so that it rises by about 33 basis points less than the CPI. Analysis of divergent trends in WPI inflation and the consumption deflator from 2000-01 show marked deviation in 2000-01, 2003-05 and on a lesser scale, in 2002-03 and 2007-08 (Table 4.17).

Table 4.17 : Annual trends in WPI inflation and GDP deflator (%)

Year	WPI Inflation Base 1999-2000	GDP consumption 1999-2000
2000-01	7.1	3.2
2001-02	3.6	3.4
2002-03	3.4	2.7
2003-04	5.5	3.5
2004-05	6.5	2.8
2005-06	4.4	4.6
2006-07	5.4	5.5
2007-08 (QE)	4.7	3.7
2008-09 (AE)	8.4	7.8

Source : D/o Indl Policy & Promotion and CSO.