

## Inflation based on Consumer Price Index

11. The trend in the retail price movement as measured by the common and widely used series of Consumer Price Index for Industrial Workers CPI (IW), shows that the uptrend seen in the WPI is reflected more vigorously in the CPI (IW) in the current financial year (Table 5.3 and Fig. 5.2).

12. The increase in CPI-IW was more pronounced because the weight of food items is 57 per cent in CPI-IW as against a weight of 17.4 per cent in WPI. The 30 essential commodities in WPI have a combined weight of 21.8 while 31 essential commodities in CPI-IW have a weight of 48.8 per cent (Table 5.5 and Table 5.6). CPI-IW based inflation rate rose to an unprecedented level of 19.7 per cent in November 1998. This rate was highest recorded so far under the current series with base 1982. The high rate of growth is mainly ascribed to the sharp uptrend seen in the essential commodities, whose retail prices were higher by 25.6 per cent during the current year. Articles such as vegetables, especially potatoes, onions, arhar and moong among pulses, and edible oils were the major contributors to the uptrend in prices at retail level. Almost a similar uptrend was observed in CPI for Urban Non-Manual Employees (UNME) and CPI for Agricultural Labourers. Growth in CPI (IW) decelerated in December. The rate of inflation based on CPI (IW) for the month of December is 15.3 per cent (Table 5.3).

Year	Month	WPI	CPI	CPI	CPI
		Base 1981-82	(IW) 1982	(UNME) 1984-85	(AL) 1986-87
1994-95	APR	11.8	9.8	8.7	12.1
	MAY	12.0	10.6	9.7	13.2
	JUN	11.8	10.8	9.5	12.5
	JUL	11.6	11.1	9.9	13.4
	AUG	10.2	10.9	9.8	13.1
	SEP	8.9	11.2	9.7	12.2
	OCT	8.9	10.3	10.1	11.7
	NOV	9.8	9.8	9.1	11.1
	DEC	11.2	9.5	8.6	11.1
	JAN	12.1	9.9	9.5	10.6
	FEB	11.7	9.8	9.5	11.6
	MAR	10.6	9.7	9.9	10.8
1995-96	APR	10.0	9.7	10.3	12.2
	MAY	9.9	10.3	9.7	11.8
	JUN	9.1	10.5	10.4	12.4
	JUL	8.4	11.4	10.3	14.3
	AUG	8.8	10.9	10.2	14.4
	SEP	8.9	10.1	9.7	13.2
	OCT	8.4	10.4	9.6	11.6
	NOV	8.4	10.3	10.0	10.1
	DEC	6.4	9.7	9.2	8.2
	JAN	5.0	9.0	8.3	7.8
	FEB	4.6	8.6	8.2	6.8
	MAR	5.1	8.9	8.2	7.2
1996-97	APR	5.0	9.8	8.1	8.1
	MAY	4.5	9.3	8.8	9.0
	JUN	4.5	8.8	7.9	8.8
	JUL	6.0	8.3	8.9	7.2
	AUG	6.2	8.9	8.8	7.1
	SEPT	6.5	8.5	8.8	7.9
	OCT	6.6	8.5	8.7	8.3
	NOV	6.5	8.7	9.1	9.2
	DEC	7.5	10.4	10.3	10.5
	JAN	7.5	11.1	10.7	11.0
	FEB	7.9	10.8	10.6	11.4
	MAR	7.1	10.0	10.2	10.5
1997-98	APR	6.4	9.3	9.7	8.8
	MAY	5.8	7.3	8.1	6.2
	JUN	5.7	6.6	7.7	4.9
	JUL	4.0	5.6	5.7	3.6
	AUG	3.7	4.7	5.7	2.3
	SEP	3.8	4.9	6.0	1.5
	OCT	4.4	5.5	5.9	1.2
	NOV	3.9	4.9	5.2	0.0
	DEC	4.5	6.3	6.2	0.8
	JAN	5.8	9.7	7.9	4.6
	FEB	4.9	9.1	7.6	9.1
	MAR	5.0	8.3	7.2	8.4
1998-99	APR	5.6	8.2	7.8	4.6
	MAY	6.6	10.5	9.2	7.0
	JUN	7.5	12.4	10.5	8.9
	JUL	8.3	14.8	13.1	10.7
	AUG	8.3	15.0	12.7	11.8
	SEP	8.5	16.3	13.0	12.9
	OCT	8.3	18.6	14.5	15.6
	NOV	8.4 *	19.7	15.5	18.3
	DEC	6.5 *	15.3	12.4	NA
	JAN	4.6 *	NA	NA	NA

\* Provisional.

**TABLE 5.5**  
**Annual Rate of Inflation in Essential Commodities**

(Per cent change)

	Weight (%)		Annual rate of inflation Nov/Nov			
			CPI Based		WPI Based	
	CPI	WPI	1998-99	1997-98	1998-99	1997-98
GENERAL INDEX	100.00	100.00	19.7	4.9	8.5	3.9
Rice	12.45	3.69	13.1	3.2	13.9	2.3
Whole wheat	4.43	2.25	9.0	0.9	14.7	-9.0
Wheat atta	1.75	0.76	17.7	-5.4	13.3	-9.8
Jowar	0.46	0.42	32.0	-4.0	0.2	1.5
Bajra	0.16	0.18	3.3	4.4	6.6	2.9
Moong	0.53	0.20	22.7	-5.6	14.5	-0.5
Gram	0.08	0.41	4.3	19.8	-1.8	20.9
Masur	0.41	0.05	28.7	-19.8	43.0	-28.1
Arhar	1.69	0.27	80.4	-26.6	88.9	-30.0
Urad	0.35	0.15	31.8	-21.1	26.4	-19.0
Coconut oil	0.09	0.17	29.3	-27.9	-7.0	11.2
Groundnut oil	2.27	0.53	36.9	-6.2	27.7	-2.3
Mustard oil	1.44	0.28	103.3	-6.8	84.2	-8.4
Vanaspati	0.78	0.52	36.9	-3.0	-0.2	-0.4
Goat meat	2.12	0.52	7.2	5.9	5.2	8.2
Fresh fish	1.31	0.51	5.3	11.3	8.8	21.3
Milk	5.52	1.96	7.4	6.0	12.1	5.8
Salt	0.15	0.04	5.4	2.5	0.7	0.1
Chillies	0.63	0.32	69.9	-33.8	35.7	-19.6
Onion	0.67	0.16	246.9	13.7	300.6	5.6
Potato	1.23	0.47	156.7	-32.6	418.2	-54.6
Sugar	2.24	2.01	2.0	21.5	0.3	16.6
Gur	0.47	1.75	1.2	15.3	5.3	23.3
Tea leaves	0.82	0.56	34.6	15.1	-2.7	60.8
Soft coke	0.80	0.35	8.6	16.5	4.1	1.8
Kerosene oil	1.82	0.87	11.3	10.2	-0.1	0.0
Matchboxes	0.23	0.23	1.0	2.6	-0.1	8.6
Washing soap	1.33	0.59	4.0	4.6	-1.7	7.2
Long cloth	0.20	0.36	5.1	5.9	0.0	2.9
Dhoties	0.35	1.19	4.5	4.3	4.2	2.8
Sarees	2.05		7.4	5.7		
<b>Essential commodities</b>	<b>48.83</b>	<b>21.77</b>	<b>25.6</b>	<b>0.2</b>	<b>19.8</b>	<b>2.2</b>

**TABLE 5.6**  
**Movement of CPI (IW) — Major Commodity Groups**

(Per cent Change)

Major Group	Weight (%)	1997-98				1998-99			
		Apr-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Apr-Jun	Jul-Sep	Oct-Nov	Apr-Nov
<b>General</b>	<b>100.00</b>	<b>8.3</b>	<b>1.1</b>	<b>1.7</b>	<b>3.0</b>	<b>5.0</b>	<b>5.3</b>	<b>4.3</b>	<b>15.3</b>
Food	57.00	7.5	0.8	1.9	3.4	7.7	5.6	6.4	20.9
Pan, supari, tobacco	3.15	9.5	4.7	0.8	1.5	1.4	2.6	1.0	5.1
Fuel & light	6.28	9.3	1.9	1.3	4.3	0.9	1.7	2.3	5.0
Housing	8.67	15.2	0.0	2.1	0.0	0.0	19.2	0.0	19.2
Clothing, bedding, footwear	8.54	4.3	1.4	0.4	1.4	1.0	0.3	1.0	2.4
Miscellaneous group	16.36	9.2	0.0	3.6	4.0	1.1	2.4	1.0	4.6
Essential commodities	48.83	5.8	-0.1	0.1	2.6	5.2	8.9	4.8	20.0

**Fig. 5.2**

**Annual Inflation – WPI and CPI(IW)**

(Since Apr 1994 to Dec 1998)

