

New Series of WPI

5.19 The new series of Wholesale Price Index (WPI) with base 1993-94 is ready and shall replace the current WPI series with 1981-82 base, (see Box 5.1).

BOX 5.1

The New Wholesale Price Index series with 1993-94 base

The Wholesale Price Index (WPI) is the most widely used price index in India. It is the only general index capturing price movements in a comprehensive way. It is an indicator of movement in prices of commodities in all trade and transactions. It is also the price index in India which is available on a weekly basis with the shortest possible time lag of two weeks. It is due to these attributes that it is widely used in business and industry circles and in Government and is generally taken as an indicator of the rate of inflation in the economy.

The current series of Index Number of Wholesale Prices in India with 1981-82 as base year came into existence from July 1989.

With a view to reflecting adequately the changes that have taken place in the economy since 1981-82, the Government appointed a Working Group to revise the existing WPI series and to examine the commodity coverage, selection of the base year, weighting diagram and other related issues.

The new series with 1993-94 as the base has as many as 435 items in the Commodity basket. To reflect the structural changes in the economy that have taken place over a decade, a large number of commodities have been added and a few with diminished importance have been dropped. In the revised series, "Primary Articles" contribute 98 items, "Fuel, Power, Light and Lubricants" 19 items, and "Manufactured Products" provide 318 items. The number of price quotations in the revised series is spread out to as many as 1918 quotations.

In all, there are 136 new items in the revised series. Out of that, Primary Articles account for 13, Fuel Group contributes 1 and Manufactured Products have 122 new commodities.

The revised weights of the three major groups are given below. Figures in the parentheses are the weights of the respective groups in the 1981-82 series.

- Primary Articles : 22.02 (32.30)
- Fuel, Power, Light & Lubricants : 14.23 (10.66)
- Manufactured Products : 63.75 (57.04)

Annual rates of change in the WPI calculated using both the existing and the new series are given below. It is seen that the new series starts at a higher level than the old series accounting for a relatively higher annual rate of change, but thereafter the two series virtually move in tandem.

A Comparative Statement of the Annual Indices & Annual Rates of Change (All Commodities) of the New Series (Base 1993-94=100) and the Old series (base 1981-82=100) shifted to base 1993-94.

Year	Annual Average WPI		Annual Inflation (%)	
	New	Old	New	Old
1993-94	100.0	100.0	-	-
1994-95	112.6	110.9	12.6	10.9
1995-96	122.3	119.4	8.6	7.7
1996-97	128.0	127.0	4.7	6.4
1997-98	134.4	133.1	5.0	4.8
1998-99	142.4	142.2	6.0	6.8
1999-2000*	146.2	146.0	2.7	2.7

* April-November, 1999