

Inflation based on Consumer Price Index

5.20 Consumer Price Index for Industrial Workers - CPI(IW) is the most popular index used for monitoring the movement of retail prices. This index had recorded sharp rise of 8.9 percent during 1998-99 including a record annual inflation rate of 19.7 percent in November 1998. This trend was however reversed during 1999-2000, which started with the CPI(IW) based annual inflation rate of 8.4 percent in April 1999 decelerating continuously to reach a low of 0.9 percent in

October, 1999 and zero per cent in November 1999. This rate was the lowest recorded so far under the current CPI(IW) series with base 1982. In December it was still at a low of 0.5 percent. Low inflation rate in the current fiscal year was the consequence of stability in retail prices seen in most of the food items which together have a weight of 57 percent in the CPI(IW). Another significant feature this year was the narrowing gap in the WPI and CPI(IW) based inflation rates and their virtual convergence in September, 1999, (see Table 5.3, 5.6 & Fig.5.2).

TABLE 5.5
Annual Rate of Inflation in Essential Commodities

(Per cent)

	Weight (%)		Annual rate of inflation Nov/Nov			
			CPI Based		WPI Based	
	CPI	WPI	1999-2000	1998-99	1999-2000	1998-99
GENERAL INDEX	100.00	100.00	0.0	19.7	2.9	8.1
Rice	12.45	3.69	6.3	13.1	9.7	14.5
Whole wheat	4.43	2.25	12.5	9.0	16.6	15.8
Wheat atta	1.75	0.76	9.9	17.7	8.9	16.3
Jowar	0.46	0.42	13.4	32.0	22.0	1.3
Bajra	0.16	0.18	25.4	3.3	20.9	8.6
Moong	0.53	0.20	-2.2	22.7	-2.4	16.4
Gram	0.08	0.41	-6.4	4.3	-1.0	-0.8
Masur	0.41	0.05	0.9	28.7	-1.4	41.5
Arhar	1.69	0.27	-17.5	80.4	-12.3	74.3
Urad	0.35	0.15	10.2	31.8	10.4	29.1
Coconut oil	0.09	0.17	19.5	29.3	14.9	-8.6
Groundnut oil	2.27	0.53	-18.1	36.9	-12.2	22.3
Mustard oil	1.44	0.28	-33.5	103.3	-26.6	78.0
Vanaspati	0.78	0.52	-26.1	36.9	-4.6	-0.5
Goat meat	2.12	0.52	2.4	7.2	-2.1	5.4
Fresh fish	1.31	0.51	3.0	5.3	-2.0	10.6
Milk	5.52	1.96	4.5	7.4	5.7	12.1
Salt	0.15	0.04	3.7	5.4	-7.3	0.0
Chillies	0.63	0.32	-12.6	69.9	-5.7	39.9
Onions	0.67	0.16	-65.0	246.9	-69.1	331.5
Potatoes	1.23	0.47	-46.6	156.7	-64.0	279.5
Sugar	2.24	2.01	1.3	2.0	2.1	0.1
Gur	0.47	1.75	-5.1	1.2	2.6	-2.1
Tea leaves	0.82	0.56	-3.7	34.6	15.4	-5.6
Soft coke	0.80	0.35	9.9	8.6	0.0	4.1
Kerosene oil	1.82	0.87	11.1	11.3	-1.8	-0.1
Matchboxes	0.23	0.23	1.9	1.0	-0.1	0.0
Washing soap	1.33	0.59	2.1	4.0	-0.7	0.7
Long cloth	0.20	0.36	5.1	5.1	0.0	0.0
Dhoties	0.35	1.19	2.3	4.5	2.6	1.6
Sarees	2.05	—	0.6	7.4	—	—
Essential comm.	48.83	21.77	-5.1	25.6	-1.0	17.0

TABLE 5.6
Movement of CPI (IW) — by major commodity groups

(Per cent Change)

Major Group	Weight (%)	1998-99					1999-2000			
		Apr-Jun	Jul-Sept	Oct-Dec	Jan-Mar	Apr Mar	Apr-Jun	Jul-Sep	Oct-Nov	Apr-Nov
		General	100.00	5.0	5.3	2.1	-3.5	8.9	1.4	2.1
Food	57.00	7.7	5.6	2.2	-7.5	7.5	1.6	3.0	2.4	7.2
Cereals & Products	20.47	0.3	5.2	4.7	3.5	14.3	0.5	2.9	2.1	5.5
Pulses & Products	3.59	0.8	9.6	12.8	-16.7	3.8	5.6	2.2	2.5	10.7
Oils & Fats	5.03	18.3	20.8	-3.9	-13.3	19.0	-9.5	4.6	-3.1	-8.3
Meat, Fish & Eggs	4.29	3.9	-1.8	-0.2	0.4	2.3	2.2	-1.4	2.4	3.2
Milk & Products	6.45	4.2	2.2	-0.3	1.3	7.6	2.4	0.3	0.5	3.2
Condiments & Spices	3.18	4.3	39.9	-5.3	-29.0	-1.8	2.1	8.8	3.4	14.8
Vegetables & Fruits	5.71	42.0	-8.3	2.9	-29.8	-5.9	11.3	7.0	12.2	33.6
Other Food	8.28	4.3	2.1	0.4	-0.2	6.7	1.4	1.2	0.2	2.9
Pan, supari, tobacco etc.	3.15	1.4	2.6	1.2	4.0	9.5	3.3	0.2	0.7	4.3
Fuel & Light	6.28	0.9	1.7	2.6	0.6	5.8	1.7	2.2	1.3	5.2
Housing	8.67	0.0	19.2	0.0	6.5	26.9	0.0	2.8	0.0	2.8
Clothing, bedding & footwear	8.54	1.0	0.3	1.0	1.7	4.1	1.0	-1.3	1.0	0.7
Misc. Group	16.36	1.1	2.4	4.2	1.8	9.8	1.0	0.7	2.2	4.0
Medical Care	2.59	1.3	2.5	17.7	1.9	24.4	0.4	0.8	0.0	1.2
Edu., Rec. & Amusement	3.14	1.3	2.2	0.9	1.5	6.0	0.6	1.2	0.2	3.0
Transport & Communication	2.65	0.0	4.7	0.0	1.0	5.7	1.0	0.2	10.2	11.6
Personal Care & effects	3.31	2.2	1.8	2.1	2.5	8.9	1.0	1.5	0.5	3.0
Others Misc.	4.67	0.8	2.4	1.5	1.8	6.6	1.2	1.0	0.5	2.7

Fig. 5.2

Annual Inflation — WPI and CPI (IW)
(April 1997-98 to Dec. 1999-2000)

