

CPI, WPI AND PPI

CONSUMER PRICE INDEX (CPI)

- The Consumer Price Index is the name given in India to the index that shows the rate of inflation at the retail level (CPI). The CPI basket comprises **448 items in rural and 460 items in urban.**
- There were four Consumer Price Indices in the economy, each covering a different socioeconomic group. **Consumer Price Index for Industrial Workers (CPI-IW), Consumer Price Index for Agricultural Laborers (CPI-AL), Consumer Price Index for Rural Laborers (CPI-RL), and Consumer Price Index for Urban Non-Manual Employees (CPI-UNME)** were the four indices.
- CPI is now using a new series based on the **base year 2012=100** for all of India as well as States/UTs separately for rural, urban, and combined. Consumer Price Indices are published by the **Central Statistics Office (CSO), Ministry of Statistics and Program Implementation (MOSPI).**

WHOLE SALE PRICE INDEX (WPI)

- In India, this is the most widely used method for calculating the inflation rate. The Wholesale Price Index is the index used to calculate wholesale inflation (WPI).
- This rate of inflation is commonly referred to as headline inflation. The **Office of Economic Advisor, Ministry of Commerce and Industry** publishes the WPI. The base year is aligned with CPI as **2012=100**.
- Prior to 2014, the RBI used WPI to make the majority of its policy decisions. However, the WPI-based inflation calculation was not false proof. WPI displays the total price of a **commodity basket of 697 items**.
- The RBI shifted to CPI for policy decisions beginning in 2014.

PARAMETER	CPI	WPI
Meaning	It reflects the average change in prices paid by consumers at the retail level.	It reflects changes in average wholesale prices for goods sold in bulk.
Published by	National Statistical Office (NSO), Ministry of Statistics and Programme Implementation & Labour Bureau	Office of Economic Advisor (Ministry of Commerce & Industry)
Base Year	2012	2011-2012
Frequency of Publishing	Monthly (14th of every month)	Primary articles, fuel, and power on a Weekly basis (Generally Thursdays) Overall index on monthly basis.

Source	The CPI's item weights are based on average household expenditures gathered from consumer expenditure surveys.	The WPI's item weights are based on production values.
Measured at	Final stage of transaction	First stage of transaction
Price paid by	Consumers	Wholesale dealers and manufacturers.
Number of items	448 items in rural and 460 items in urban	697 (including Primary, fuel & power and manufactured products)
Weightage of food items	The food group has a weight of 39.06%.	The food group (Food articles and manufactured food products) account for 24.4% of the total weight.
Status of services	Services are included in the CPI (like housing, education, medical care etc)	Services are not included in the WPI.
Commodities included	Education, communication, transportation, recreation, clothing, foods and beverages, housing and medical care etc.	Minerals, machinery, basic metals, and other manufacturing inputs and intermediary items etc

PRODUCER PRICE INDEX

- The Producer Price Index or PPI is an index that **measures the average price change of goods and services**. It can be calculated either when the goods leave the place of production or as they enter the production process.
- In the case where the goods leave the production place, it is known as ***Output PPI***.
- Similarly, ***Input PPI*** is when goods enter the production process.
- The PPI measures price movements from the seller's point of view. Conversely, the consumer price index (CPI), measures cost changes from the viewpoint of the consumer. In other words, this index tracks changes to the cost of production.

PRODUCER PRICE INDEX (PPI)	CONSUMER PRICE INDEX (CPI)
PPI is an estimate of the change in average prices that the producer receives which are not always what the consumer pays for it.	Consumer Price Index (CPI) measures the change in average prices that the consumer pays to the retailer.

PRODUCER PRICE INDEX (PPI)	WHOLESALE PRICE INDEX (WPI)
The Producer Price Index or PPI is an index that measures the average price change received by the producer excluding the indirect taxes.	The Wholesale Price Index represents the price change of a basket of goods and includes some taxes levied. The distribution costs are also considered in WPI.
It tracks price change in both the goods and the services sector, giving a clear picture of the inflation in the country.	The services sector which contributes to 60% of the GDP is not included in WPI.