

Update on Revised WPI & New Producer Price Indices (PPIs)

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The base year for India's Wholesale Price Index (WPI) has been revised to 2022-23 from 2011-12. Beyond the base year revision, the updated WPI series expands item coverage to 957 from 697 previously and incorporates several methodological enhancements (Refer to Table 2 for additional details). In addition to the WPI, the government has also launched the Producer Price Indices (PPIs) for the first time – covering output PPI, input PPI, and a services PPI (Refer to Table 3 for additional details).

The WPI inflation as per the revised series with base year 2022-23, accelerated to a higher-than-expected 9.7% in May 2026 from 8.3% in the previous month. While there has been an uptick in inflation across all major groups, this increase is notable for fuel & power and manufactured goods. This reflects the impact of the West Asia crisis on wholesale prices. Within fuel & power, inflation was mainly driven by strong price acceleration in crude petroleum & natural gas and mineral oils. Prices in the electricity group stayed in the deflationary zone. Within manufacturing, double-digit inflation continued for the second month in a row in case of chemicals & chemical products (13.4% in May Vs 12.2% in April) as well as basic metals (12.3% Vs 10.6%). These together have a weight of 14.5% in the overall WPI inflation.

In addition to the WPI, the government has also launched the Producer Price Indices (PPIs) for the first time. In line with the WPI inflation, the output PPI increased to 9.4% in May 2026 from 8.1% in April. Most heads of services PPI remained benign in Q4 FY26 reflecting the fact that the current surge in inflationary pressures is supply driven and not demand driven (Refer to Exhibit 2). Overall, the introduction of the output PPI, input PPI, and the services PPI is a positive step towards aligning the domestic price indices with the global practices.

Exhibit 1: Trends in WPI Inflation

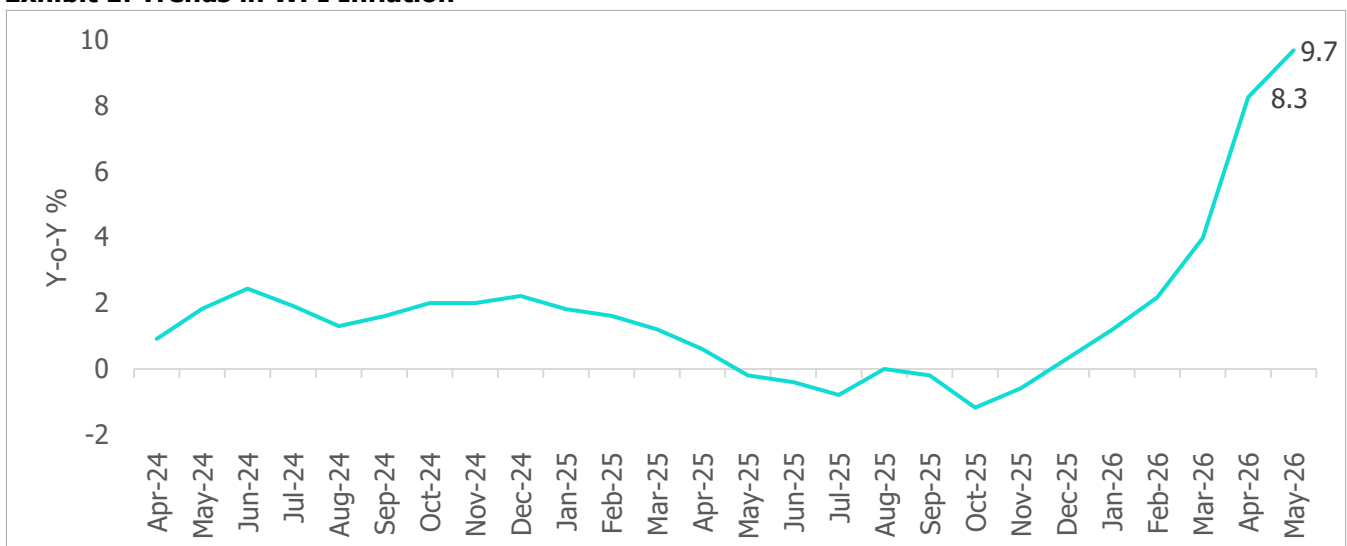
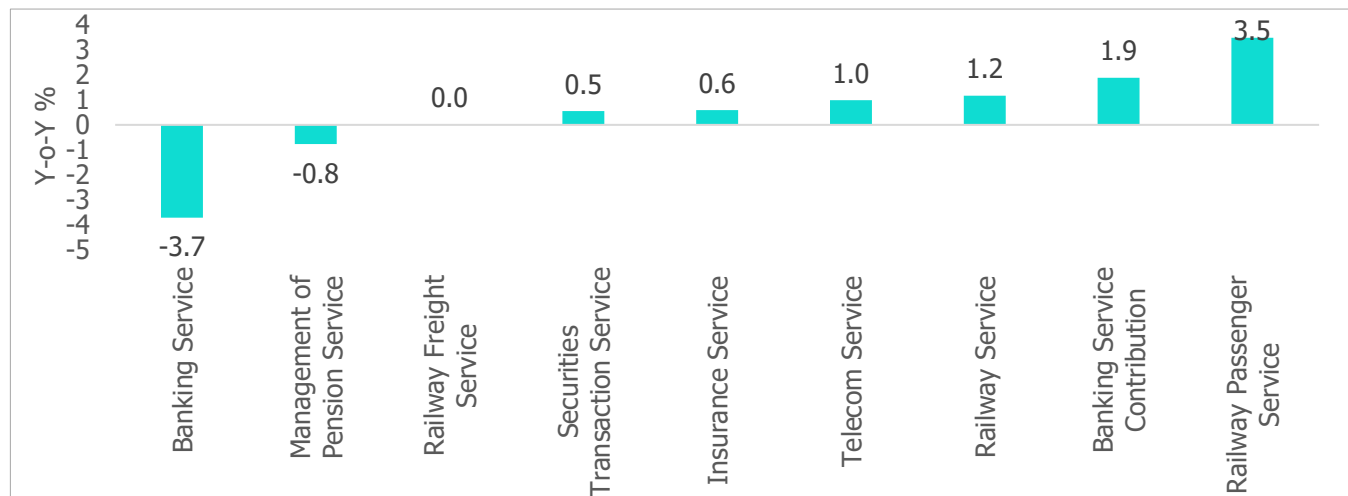


Exhibit 2: Inflation Across Categories of Services PPI

Source: MOSPI, CareEdge

Table 1: Components of WPI Inflation

	Weight	Jan-26	Feb-26	Mar-26	Apr-26	May-26
	%	YoY %	YoY %	YoY %	YoY %	YoY %
Primary Articles	22.8	-0.1	1.6	2.6	3.8	5.0
Fuel & Power	14.1	-3.8	-3.4	3.2	24.9	30.3
Manufactured Products	63.1	2.8	3.6	4.8	6.7	7.5
Overall WPI	100.0	1.2	2.2	4.0	8.3	9.7

Source: MOSPI, CareEdge

Way Forward

With the positive developments around the West Asia conflict, global energy prices have seen significant cooling. However, the situation remains fluid despite the recent developments. So far, OMCs and the government have absorbed much of the rise in crude prices, however the future trajectory of domestic crude oil prices will depend on the evolving global factors. Additionally, concerns around a higher probability of an El Niño event this year pose upside risks to food inflation. Against this backdrop, we expect WPI inflation to average around 7.8% in FY27 assuming Brent crude oil prices average around USD 90/bbl.

Table 2: Key Revisions in the Revised WPI Series (Base Year – 2022-23)

Revision of the Base Year
<ul style="list-style-type: none"> Base year for the revised WPI series will be 2022-23. The base year of the previous series was 2011-12.
Wider Coverage and Data Reorganisation
<ul style="list-style-type: none"> The coverage of the revised WPI series has been expanded to 957 items from 697 earlier. Inclusion of solar and wind energy and nuclear electricity under the electricity group. Crude Petroleum and Natural Gas moved from the 'Primary Articles' to the 'Fuel and Power' for better alignment with data on other major fuels.
Methodological Improvements
<ul style="list-style-type: none"> Weights of the new series are based on Gross Value of Output (GVO) for better representation of a commodity's economic significance from the lens of domestic production. Weights in the older series were based on Net Traded Value i.e. GVO + Imports – Exports. Revised WPI series incorporates improved computation methodology and better approach for imputing missing data.

Source: PIB Press Release

Table 3: Key Updates on the Producer Price Indices

Coverage
<ul style="list-style-type: none"> Like WPI, the output PPI (goods) includes all representative goods transacted in the economy. Input PPI (goods) includes all representative goods consumed by the manufacturing industry. Services PPI currently includes seven services – Banking, Securities Transaction, Insurance, Management of Pension Funds, Railways, Air (Passenger), and Telecom. The remaining services are set to be included in the next phase.
Weights
<ul style="list-style-type: none"> Weights in goods output and input PPI are computed basis the Supply and Use Tables (SUT) for 2022-23. Services PPI is released without category weights as the seven services included currently do not represent the entire services sector.

Source: Office of Economic Advisor, DPIIT, Ministry of Commerce & Industry

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