

Consumer Price Index

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- CPI measures the change in prices paid by the
- Ultimate consumers in the retail market.
- Since different classes of consumers' consumption
- Patterns vary; there can be differences in the price
- Increase in the basket of commodities consumedly
- Poor people and rich people. So, in India, we had
- Earlier three CPI indices for Different class of
- Consumers and in 2010 we **Designed 3 new CPI**
- **Indices:**
 - CPI – Industrial Workers (CPI -IW): This index measures the change in the price of commodity basket consumed by the industrial workers
 - CPI – Agricultural Labourers (CPI -AL): This index measures the change in the price of commodity basket consumed by the agricultural labourers
 - CPI – Rural Labourers: This index measures the change in the price of commodity basket consumed by the rural labourers these indices are published monthly by Labour Bureau under the Ministry of Labour and Employment for all India as well as States and Union Territories. Since the above three indices covered only a segment of the population and not the overall nation, we Designed three more indices of CPI
- **CPI – Rural:** This index measures the change in the price of commodity basket consumed by the rural Population
- **CPI – Urban:** This index measures the change in the price of commodity basket consumed by urban population
- **CPI – Combined:** It is computed by combining CPI Rural and CPI Urban Index The base year for the above three indices is 2011-12 and are published monthly by the National Statistical Office (NSO), Ministry of Statistics and Programme Implementation.

WPI:

- Wholesale Price Index (WPI) represents the price of goods at a wholesale stage i.e. goods that are sold in bulk and traded between organizations instead of consumers
- In India, the wholesale price index is divided into three groups:
 - Primary Articles (20.1% of total weight)
 - Fuel and Power (14.9%) and
 - Manufactured Products (65%)

Comparing WPI and CPI

The primary use of WPI is to understand an inflationary trend in the economy as a whole. However, CPI is used for adjusting income and expenditure streams for changes in the cost of living.

- WPI is based on wholesale prices for primary articles, administered prices for fuel items and ex-factory prices for manufactured products. On the other hand, CPI is based on retail prices, which include all distribution costs and taxes.
- Prices for WPI are collected on a voluntary basis while price data for CPI are collected by investigators by visiting markets.



- CPI covers only consumer goods and consumer services while WPI covers all goods including intermediate goods transacted in the economy.
- WPI weights primarily based on national accounts and enterprise survey data and CPI weights are derived from consumer expenditure survey data.

