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WPI April 2026: Wholesale Inflation Surges to 42-Month High at 8.30 Per Cent

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CURATED & WRITTEN BY

**Bharat Choudhary**

UPSC Educator & Content Creator

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WHY IN NEWS

The **Office of the Economic Adviser, Department for Promotion of Industry and Internal Trade (DPIIT), Ministry of Commerce and Industry**, on **May 14, 2026** released the **Wholesale Price Index (WPI)** data for **April 2026**. Headline WPI inflation rose to **8.30 per cent year-on-year**, sharply higher than **3.88 per cent in March 2026** – a **42-month high**. The principal driver was a **24.71 per cent year-on-year jump in the Fuel & Power group**, the steepest reading for that group **since September 2022**.

HEADLINE NUMBERS

INDICATOR	APRIL 2026	MARCH 2026	DRIVER
Headline WPI (YoY)	8.30 per cent	3.88 per cent	Fuel & Power
Month-on-month change	3.86 per cent	–	Crude/petroleum
Fuel & Power (YoY)	+24.71 per cent	–	Petrol +32.40 per cent; HSD +25.19 per cent
Primary Articles (YoY)	+9.17 per cent	–	Vegetables, fruits
Manufactured Products (YoY)	+4.62 per cent	–	Basic metals, chemicals
WPI Food Index (YoY)	+2.31 per cent	+1.85 per cent	–

WHAT DROVE THE SPIKE

Fuel & Power – the Principal Driver

- Petrol +32.40 per cent year-on-year
- High-Speed Diesel (HSD) +25.19 per cent year-on-year

- LPG, kerosene and aviation turbine fuel also up sharply
- Reflects the **Strait of Hormuz war-risk premium** and crude trading near **USD 95-100 per barrel** in late April

Primary Articles

- Vegetables and fruits saw sharp YoY rises on **base effects** – April 2025 had been a low month
- Minerals and crude petroleum sub-group also up

Manufactured Products

- Basic metals and chemicals (intermediate inputs) rose on input-cost pass-through
- This is the WPI sub-group where **CPI rigidity** is most visible – price stickiness is higher than in primary articles

WPI STRUCTURE – BASE YEAR 2011-12

GROUP	WEIGHT (PER CENT)
Primary Articles	22.62
Fuel & Power	13.15
Manufactured Products	64.23
All Commodities	100.00

A revision of the WPI base to **2017-18** has been under consideration by the **Working Group constituted under Ramesh Chand, NITI Aayog Member (2018-19)**. The new base would re-weight services-linked inputs.

WPI VERSUS CPI – A KEY DISTINCTION

PARAMETER	WPI	CPI-COMBINED
Compiled by	Office of the Economic Adviser, DPIIT, Ministry of Commerce & Industry	NSO, MoSPI
Base year	2011-12	2012
Includes services?	No	Yes
Used for	Producer-side, GDP deflator	Monetary policy anchor (RBI MPC)
Inflation-targeting?	No	Yes (4 per cent +/- 2 per cent)
Coverage	Wholesale prices of goods	Retail prices of goods and services

The **flexible inflation-targeting framework** under **Section 45ZA-ZN of the RBI Act, 1934** (inserted in **2016**) anchors monetary policy on **CPI-Combined**, not WPI. The April CPI-Combined is released by NSO around the 12th of each month – the same April reading came in at **3.16 per cent** (illustrative), suggesting the producer-consumer gap.

WHY DOES WPI DIVERGE FROM CPI?

- **WPI excludes services** which weigh ~28 per cent of CPI-Combined
- **WPI excludes taxes** (excise, GST) – the CPI does include taxes
- WPI tracks **bulk wholesale transactions**; CPI tracks the household basket
- A spike in fuel WPI may not pass through immediately to CPI because of **administered pricing of LPG/kerosene, VAT/Excise buffers, and OMC absorption** at the retail level
- Conversely, services-heavy CPI inflation (rents, health, education) is missed by WPI

RBI'S LIKELY RESPONSE

- The **6-member Monetary Policy Committee (MPC)** under **RBI Governor Sanjay Malhotra** (in office since December 2024) anchors monetary policy on **CPI-Combined**
- The April WPI spike is a **price-pressure signal** but not a direct trigger for the policy repo rate

- However, sustained fuel-CPI pass-through could constrain rate-cut headroom; the **June 2026 MPC** review will be watched

SECTORAL IMPLICATIONS

Producers

- **Margin compression** for manufacturing units with inelastic output prices
- Higher input costs likely to flow into **June PMI** softening (Manufacturing PMI)

Government Finance

- Each USD 10/barrel increase in crude raises India's import bill by **~USD 12-14 billion**
- Subsidy outgo on LPG (under PMUY) and kerosene pressured
- Pressure to revisit **excise duty cuts on petrol/HSD** by the Centre, and **VAT cuts** by States

MSMEs

- Most exposed to wholesale input-price shocks; pass-through to retail limited by demand elasticity
- TReDS-based receivables financing may help – but does not absorb commodity shocks

UPSC RELEVANCE

GS Paper 3 – Indian Economy

- Inflation measurement and inflation targeting
- WPI vs CPI – methodology and policy use
- Energy security and current account vulnerability
- Monetary policy transmission

GS Paper 2 – Statutory Bodies

- Constitutional and statutory architecture of the RBI; MPC framework under RBI Act, 1934

Mains Angles

- 1 Distinguish WPI and CPI in design and policy use. Why does India target CPI-Combined?
- 2 India's CAD is vulnerable to oil-price shocks. Discuss the policy buffers available to the Centre and the RBI.

- 3 Should the WPI base year revision be expedited? Examine in light of structural change in the Indian economy.

Wholesale Price Index; compiled by the **Office of the Economic Adviser, DPIIT, Ministry of Commerce and Industry** (NOT MoSPI); base year **2011-12**; three major groups – Primary Articles (22.62 per cent), Fuel & Power (13.15 per cent), Manufactured Products (64.23 per cent); released monthly on the **14th** (or next working day).

Released by **National Statistical Office (NSO), MoSPI**; base year **2012**; covers urban + rural; weighted by Modified Mixed Reference Period (MMRP) household consumption.

4 per cent +/- 2 per cent on CPI-Combined; set by Central Government in consultation with RBI under **Section 45ZA, RBI Act, 1934**; current target valid till 2026.

Monetary Policy Committee; six members (three RBI – Governor, Deputy Governor in charge of monetary policy, one Executive Director; three external nominated by the Central Government); Governor has casting vote; meets **at least four times a year** (usually six).

Implicit price deflator = Nominal GDP / Real GDP; uses both WPI and CPI weights in compilation.

Headline = all items; **Core** = excludes food and fuel (more stable – reflects underlying demand pressure).

Central Statistical Office (CSO) and National Sample Survey Office (NSSO) merged in **2019** to form the **National Statistical Office (NSO)** under MoSPI.

Carries **~20-21 million barrels per day** – about 20-25 per cent of global seaborne oil trade; the principal upside risk to crude.

~85+ per cent of consumption; Russia, Iraq, Saudi Arabia, UAE and US are the top suppliers.

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