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India's New WPI Base Year (2022-23) – the Inflation Reset

18 June 2026

ECONOMY

REPORTS & SCHEMES

GS3

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18 June 2026 · 3 min read ·

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WHY IN NEWS

The Wholesale Price Index, WPI, has shifted to a new base year of 2022-23, from the earlier 2011-12, effective with the May 2026 data release. The revision updates the basket of goods to reflect current production and trade patterns.

Base-year revisions are routine but consequential, because they determine how accurately an index captures the real economy.

WHAT IS A BASE YEAR AND WHY REVISE IT

A price index measures how prices change relative to a chosen reference period, the base year, which is set to a value of 100. Over time the goods that people produce, trade and consume change. Old items lose importance, new ones appear, and quality improves. If the base year stays frozen, the index drifts away from the real economy. Periodic revision keeps the basket and its weights current, so inflation is measured against what is actually bought and sold today rather than a decade ago.

WHO COMPILES THE WPI

| INDEX | COMPILED BY | MINISTRY | CAPTURES |
|-------|--|-----------------------|-----------------------------------|
| WPI | Office of the Economic Adviser, DPIIT | Commerce and Industry | Wholesale goods prices |
| CPI | National Statistical Office, NSO (https://ujyari.com/terms/nso-mospi-statistical-architecture/) | MoSPI | Retail prices, including services |

The WPI is compiled by the Office of the Economic Adviser in the Department for Promotion of Industry and Internal Trade, DPIIT, under the Ministry of Commerce and Industry. The Consumer Price Index, CPI, is compiled by the NSO under the Ministry of Statistics and Programme Implementation, MoSPI.

WPI VERSUS CPI

The two indices serve different purposes. The WPI tracks the prices of goods at the wholesale or bulk level, before they reach the retail consumer. Crucially, the WPI has no services component. The CPI tracks retail prices and includes services such as health, education and transport, which is why it better reflects the cost of living for households.

Why CPI anchors monetary policy

Under India's flexible inflation-targeting framework, the Reserve Bank of India uses CPI inflation as its anchor, because households experience retail prices and services, not wholesale goods prices. The most recent reading shows CPI inflation at 3.9% in May 2026, up from 3.5% in April 2026, within the RBI's tolerance band. The WPI, by contrast, is more useful for tracking input-cost and producer-price pressures and for deflating certain national-accounts aggregates.

| FEATURE | WPI | CPI |
|------------------------|-----------------------|------------------------|
| Level of trade | Wholesale | Retail |
| Services included | No | Yes |
| Policy role | Producer-price signal | RBI's inflation anchor |
| Latest reading context | New 2022-23 base | 3.9% in May 2026 |

ANALYSIS

The shift to a 2022-23 base year modernises the WPI by capturing newer goods and changed weights, which improves the signal it sends about producer-level price pressures. It does not change the architecture of inflation targeting, since CPI remains the policy anchor. The revision also improves the comparability of the WPI with other recently rebased indicators, supporting more coherent macroeconomic analysis. The absence of services in the WPI remains its key conceptual limitation, which is precisely why it cannot substitute for the CPI in guiding monetary policy (<https://ujijari.com/terms/monetary-policy/>).

WAY FORWARD

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Base years for major statistical series should be revised at regular, predictable intervals so that the indices stay representative. Aligning the base years of the WPI, CPI, the Index of Industrial Production and the national accounts would strengthen consistency across the statistical system. Continued transparency in the choice of items, weights and methodology will sustain confidence in the official price statistics that underpin both policy and public debate.

UPSC RELEVANCE

For GS Paper 3, this is core to understanding inflation, index numbers and economic data. Examiners frequently test the difference between WPI and CPI, the reason CPI anchors monetary policy, and the rationale for base-year revision. The Reports, Indices and Schemes angle is direct, since the WPI is a flagship official index.

FACTS CORNER

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New base year: 2022-23, from 2011-12, effective with May 2026 data.

WPI compiled by: Office of the Economic Adviser, DPIIT, Ministry of Commerce and Industry.

CPI compiled by: NSO under MoSPI; it is the RBI's inflation anchor.

Key difference: WPI has no services component; CPI includes services.

CPI reading: 3.9% in May 2026, up from 3.5% in April 2026.

Purpose of revision: Update the basket and weights to reflect the current economy.

Sources: *PIB* (<https://pib.gov.in>), *LiveMint* (<https://www.livemint.com>)

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