

Wholesale inflation at five-month low in July

Softens on account of moderation in inflation for food items, crude oil

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New Delhi, 16 August

India's wholesale inflation in July eased to a five-month low of 13.93 per cent as vegetables, milk, and fuel became cheaper, but it remained in double digits for a 16th month.

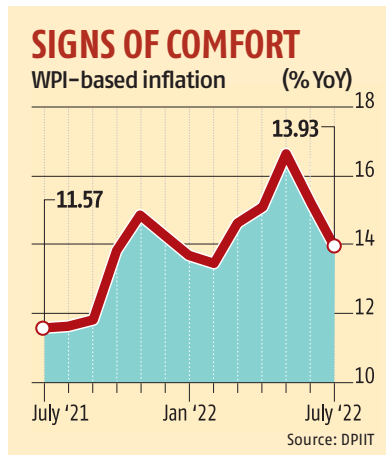
Wholesale Price Index-based (WPI) inflation stood at 13.43 per cent in February, 15.18 per cent in June, and at a record high of 16.63 per cent in May.

WPI inflation rate for May 2022 was revised to a record high of 16.63 per cent year-on-year, from 15.88 per cent estimated earlier. "Inflation in July, 2022 is primarily contributed by rise in prices of mineral oils, food articles, crude petroleum & natural gas, basic metals, electricity, chemicals & chemical products, food products etc. as compared to the corresponding month of the previous year," said a government statement.

WPI inflation softened on account of a moderation in the inflation for food items, core-WPI, crude petroleum and natural gas, and primary non-food articles, said Aditi Nayar, chief economist at ICRA. "The WPI-food inflation dipped to single-digits in July 2022, led by primary food articles, with a sharp correction in vegetable prices, led by tomatoes amid incoming fresh supplies and a moderation in manufactured food products owing to a sequential dip in edible oil prices following the Government of India's (GoI's) measures and a dip in global prices," Nayar said.

Primary articles, which constitute 22.6 per cent of the WPI index, grew 15.04 per cent in July 2022 compared to 6.34 per cent in July 2021. WPI inflation in primary articles that mainly comprises food and non-food articles, sequentially eased from 19.22 per cent in June 2022 to 15.04 per cent in July 2022. Vegetable prices increased 18.25 per cent in July 2022 as compared to a contraction of 8.30 per cent seen in July 2021. However, the inflation was 56.75 per cent in June 2022.

Milk price increased from 2.5 per cent in July 2021 to 5.45 per cent in July 2022. On a monthly basis, milk price dropped



Inflation: Things may get better towards Sept-end, says Khara

State Bank of India Chairman Dinesh Khara on Tuesday said that things might get better on the inflation



front towards the end of September. He said the supply side constraints getting addressed and crude oil prices trending low will help ease the situation. PTI

from 6.35 recorded in June 2022.

Fuel inflation, which has 13.15 per cent weighting in WPI, increased from 27.01 per cent in July 2021 to 43.75 per cent in July 2022 as prices of high speed diesel rose. Fuel prices increased month-on-month from 40.38 per cent witnessed in June 2022. Manufactured products, which have 64.23 per cent weighting in the WPI inflation, registered a decline from 11.46 per cent in July 2021 to 8.16 per cent in July 2022. Prices of manufactured products, comprising manufactured food products, basic metals and other items, dropped from 9.19 per cent in June 2022.

Mother Dairy, Amul hike milk prices

SANJEEB MUKHERJEE

New Delhi, 16 August

Popular milk brands Amul and Mother Dairy have decided to raise their milk prices by ₹2 per litre from Wednesday to compensate for the increase in procurement costs.

The hike — which comes days before Janmashtami celebrations and months ahead of the flush season when milk supplies usually rise — may impact household budgets because milk is one of the most widely consumed items.

For dairy companies, milk procurement costs have risen due to the increase in feed meal rates for farmers. In the case of milk, 70-80 per cent of the price that a consumer pays is directly passed on to farmers as purchase price.

According to Mother Dairy, in the past five months, farm prices of raw milk have alone firmed up by 10-11 per cent, while the cost of feed and fodder has witnessed a significant rise due to the heatwave observed earlier in the country and on account of the extended summer season.

The recent moderation in the WPI inflation has largely been driven by a correction in global commodity prices following fears of a global slowdown and a dip in some domestic food prices, said Nayar. "With the continuing downtrend in commodity inflation and recent appreciation in the INR vs \$, WPI inflation is expected to ease further to 12-13 per cent in August 2022, and average at 13 per cent in Q2 FY23, lower than the 15.7 per cent seen in Q1 FY23. We see a likelihood of the first single-digit WPI inflation print by October 2022, after a gap of 18 months, if the downtrend in commodity prices sustains," said Nayar.