

May WPI inflation falls to over 7-yr low of -3.48%

Second straight month of disinflation owing to higher base and falling prices of fuel, manufactured goods

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India's Wholesale Price Index (WPI)-based inflation recessed further into deflationary territory in May, falling to over seven year low at minus 3.48 per cent, from minus 0.92 per cent in April, data released on Wednesday by the Ministry of Commerce and Industry showed.

The deflation in factory gate inflation for the second consecutive month in 2023-24 comes on the back of a higher base effect and due to a fall in prices of mineral oils, basic metals, food products, textiles, non-food articles, chemical products, crude petroleum, and natural gas.

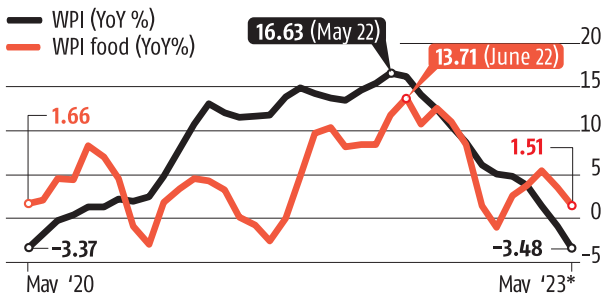
The wholesale inflation was 16.63 per cent in May 2022. Earlier, it was minus 3.7 per cent in October 2015.

Data shows the prices for manufactured items (minus 2.97 per cent) contracted further in May, from minus 2.42 per cent in April, led by a decelerated price rise in items such as beverages, apparel, cement, and mineral products.

Conversely, the prices of chemicals (minus 4.63 per cent), textiles (minus 8.28 per cent), manufactured food products (minus 6.85 per cent), fats (minus 29.54 per cent), basic metals (minus 9.8 per cent), paper products (minus 6.33 per cent), and rubber pro-



COOLING DOWN



*Provisional; WPI: Wholesale price index

Source: Ministry of Commerce

ducts (minus 3.03 per cent) contracted in May, from their levels a year ago.

Rajani Sinha, chief economist, CARE Ratings, said, "The contraction was more due to a sharper deflation in the fuel and light category owing to a broad-based decline in mineral oil prices. The prices of manufactured products eased due to an overall

decline in global commodity prices."

The prices for fuel and power saw sharp contraction to minus 9.17 per cent, from 0.93 per cent in April, on the back of contraction in the prices of liquefied petroleum gas (minus 24.35 per cent), petrol (minus 9.45 per cent), and high-speed diesel (minus 17.03 per cent).