

# WPI turns positive after 8 mths in Nov as food, mineral prices jump

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Breaking the seven-month-long deflationary streak, India's Wholesale Price Index (WPI)-based inflation rate turned positive in November. The data released by the Ministry of Commerce and Industry on Thursday showed that the inflation in factory gate prices touched an eight-month high of 0.26 per cent in November, up from minus 0.52 per cent in October.

This return of the wholesale inflation rate to positive territory comes on the back of a fading high base effect and an increase in the prices of food articles, minerals, machinery and equipment, computers and electronics, optical products, motor vehicles, and transport equipment, among others, compared to the corresponding month of the previous year.

Earlier in November last year, the wholesale inflation

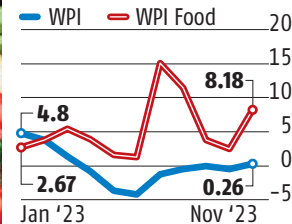


rate stood at 6.12 per cent. Inflation in food prices rose to a three-month high of 8.18 per cent from 2.53 per cent in the previous month, led by an acceleration in the prices of onion (101.24 per cent), pulses (21.64 per cent), vegetables (10.44 per cent), paddy (10.44 per cent), fruit (8.37 per cent), and milk (7.95 per cent).

Meanwhile, the prices of other food articles like wheat (2.55 per cent), cereals (7.12 per cent), and protein-rich items like eggs, meat, and fish (1.44 per cent) decelerated during

## TRACKING PRICE RISE

(% chg Y-o-Y)



Note: Oct and Nov figures are provisional  
Source: Ministry of Commerce and Industry

the month.

Besides, the data also showed that though the deflation in prices of manufactured products (minus 0.64 per cent) narrowed, it continued for the ninth consecutive month in November, compared to minus 1.13 per cent in October. This was led by a continued contraction in the prices of food products (minus 1.64 per cent), vegetable and animal oil (minus 18.43 per cent), textiles (minus 3.52 per cent), paper (minus 8.28 per cent), chemicals (minus 6.13 per cent), metals

(minus 1.54 per cent), rubber (minus 0.86 per cent), and steel (minus 3.81 per cent).

Moreover, the contraction in fuel prices (minus 4.61 per cent) continued for the seventh consecutive month, led by the continuing contraction in prices of high-speed diesel (minus 13.07 per cent). However, the prices of petrol (0.69 per cent) and liquefied petroleum gas (5.57 per cent) saw acceleration in the month.

Rajani Sinha, chief economist at CARE Ratings, says that the WPI crossed into positive territory for the first time in this financial year (2023-24, or FY24) due to a sharp uptick in wholesale food inflation along with the fading base effect pushed, even as deflation persisted in manufacturing products and fuel and power segments.

"For the remainder of FY24, we expect subdued WPI inflation below 2 per cent. Upside risks could emanate from food price pressures," added Sinha.