

WPI inflation falls to 14-mth low of 0.39%

SHIVA RAJORA

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Inflation based on the wholesale price index (WPI) declined to a 14-month low of 0.39 per cent in May from 0.85 per cent in April on the back of a dip in food and fuel prices, according to the data released by the Commerce and Industry ministry on Monday. Price rise also decelerated in the manufactured products category, the data showed.

Prices of primary food articles (-1.56 per cent) declined for the second month in a row. The trend was led by a double-digit decline in the prices of vegetables (-21.6 per cent), pulses (-10.4 per cent), potato (-29.4 per cent) and onion (-14.4 per cent).

Protein-rich food like eggs, meat and fish declined by 1.01 per cent — the second month in a row. The price rise in cereals (2.56 per cent), paddy (0.96 per cent) and wheat (5.75 per cent) decelerated during the month. Meanwhile, the price rise in other food items like fruits (10.17 per cent) and milk (2.66 per cent) accelerated during the month.

Fuel and power prices declined 2.27 per cent in May. The drop in global commodity prices, especially of mineral oils, led to a further decline in the prices of petrol (-8.5 per cent) and high-speed diesel (-5.61 per cent) for the 12th and 25th consecutive month, respectively.

Cooking gas price, however, accelerated 0.25 per cent during May. The pace of price rise in manufactured products fell to 2.04 per cent in the month.

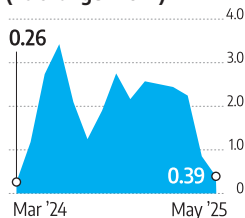
The drop in WPI inflation comes days after India's retail inflation moderated to a 75-month low of 2.82 per cent in May, aided by a double-digit dip in vegetable prices and the deepest decline in pulses prices in over six years.

Rajani Sinha, chief economist, CareEdge Ratings says that the outlook for food inflation has improved considerably with positive indicators such as favorable prospects for agricultural production due to above normal monsoon, recent reductions in basic customs duties on edible oils, and adequate reservoir levels expected to keep food prices in check.

“With the ongoing disinflationary trend in food prices as suggested by daily price data so far, the wholesale inflation is expected to stand at around 0.4 per cent in June. The conflict between Israel and Iran has added fuel to the global economic uncertainty which is already marred by tariffs-led volatility,” said Paras Jasrai, associate director, India Ratings.

Declining trend

WPI-based inflation
(% change Y-o-Y)



Note: Figures for April '25 and May '25 are provisional
Source: Ministry of Commerce