

# Wholesale Price Index (WPI)

The Wholesale Price Index (WPI) is an important index necessary for calculating the inflation in a country. In this article, you can understand what is this index and how it is important for the [IAS Exam](#).

Indian Economy is a major subject of the General Studies Paper-3 section in the [UPSC Syllabus](#). Students preparing for UPSC or other Government Exams must be aware of this topic in order to understand the concept of Inflation and other related topics.

## What is Wholesale Price Index (WPI)?

The Wholesale Price Index represents the price of a basket of wholesale goods. WPI focuses on the price of goods that are traded between corporations. It does not concentrate on goods purchased by the consumers.

- The main objective of WPI is monitoring price drifts that reflect demand and supply in manufacturing, construction and industry.
- WPI helps in assessing macroeconomic as well as microeconomic conditions of an economy.

## Wholesale Price Index (WPI) India

Generally, WPI and [CPI \(Consumer Price Index\)](#) are used to calculate the inflation rates. In India, Inflation rates are based on WPI which is released by the Ministry of Commerce and Industry.

The CPI is a measure that assesses the weighted average of prices of a basket of consumer goods and services, such as transportation, food, and medical care, purchased by households.

India experienced its highest inflation rate of 34.68 percent in September of 1974. And the lowest rate touched -11.31 percent in May 1976.

## WPI vs CPI

Context	WPI	CPI
<b>Definition</b>	Amounts to the average change in prices of commodities at the wholesale level.	Indicates the average change in the prices of commodities at the retail level.
<b>Publishing office</b>	Office of Economic Advisor (Ministry of Commerce & Industry)	Central Statistics Office (Ministry of Statistics and Programme Implementation)
<b>Commodities</b>	Goods only	Goods and Services both
<b>Inflation Measurement</b>	First stage of a transaction	Final stage of a transaction
<b>Prices paid by</b>	Manufacturers and wholesalers	Consumers
<b>Types of Commodities covered</b>	Manufacturing inputs and intermediate goods like minerals, machinery basic metals, etc.	Education, communication, transportation, recreation, apparel, foods and beverages, housing and medical care

Base Year	2011-12	2012
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## UPSC Questions related to WPI

### Who publishes wholesale price index?

Inflation rates are based on WPI which is released by the Office of Economic Advisor under the Ministry of Commerce and Industry.

### What is the base year for the wholesale price index?

2011-2012 is the base year for the Wholesale Price Index (WPI).

### How do you create deflation?

- High Supply and Low Demand is a major cause of Deflation.
- Other factors include a decrease in money supply or net capital outflow from the economy.

