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WPI Soars to 5.13% in Sept

Weaker rupee may continue to push up wholesale inflation, impact retail prices

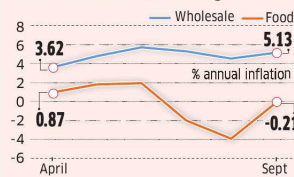
Our Bureau

New Delhi: India's wholesale price inflation (WPI) rose to 5.13% in September from 4.53% in August, pointing to likely further rise in retail inflation going ahead.

Data released last week showed a moderate rise in India's retail inflation to 3.77% in September from 3.69% in the previous month. "While crude oil prices have cooled in the recent sessions, and the excise duty and VAT cuts would provide some relief for fuel prices, the weaker rupee would continue to push up the WPI in the ongoing month," said Aditi Nayar, principal economist at ICRA. "This

Wholesale Problem

Food and fuel drive WPI higher



remains a crucial risk for the CPI inflation trajectory as well."

In its last monetary policy review, the Reserve Bank of India kept key interest rate, the repo rate, steady at 6.5% even as it changed its stance to 'calibrated tightening' from 'neutral'.

The next policy review is on December 5.

The rise in wholesale inflation was largely due to narrower disinflation in food articles and high fuel inflation. The disinflation (negative inflation) for food articles narrowed to 0.21% in September from 4.04% in August.

In the wholesale basket, the pace of decline in inflation slowed for onions, and eggs and meat while inflation for potatoes firmed up to 80.1% in September from 71.9% in August. This could point to a firming of the retail vegetables prices going ahead.

Fuel inflation remained high at 16.65% in September against 17.73% in August.

Manufactured goods, which make up a nearly two-thirds of the Index, saw a steady wholesale inflation at 4.2% in September compared with 4.4% in the previous month.