

Macro Insights

WPI inflation surged to 9.68 per cent under new Base Year (2022-23)

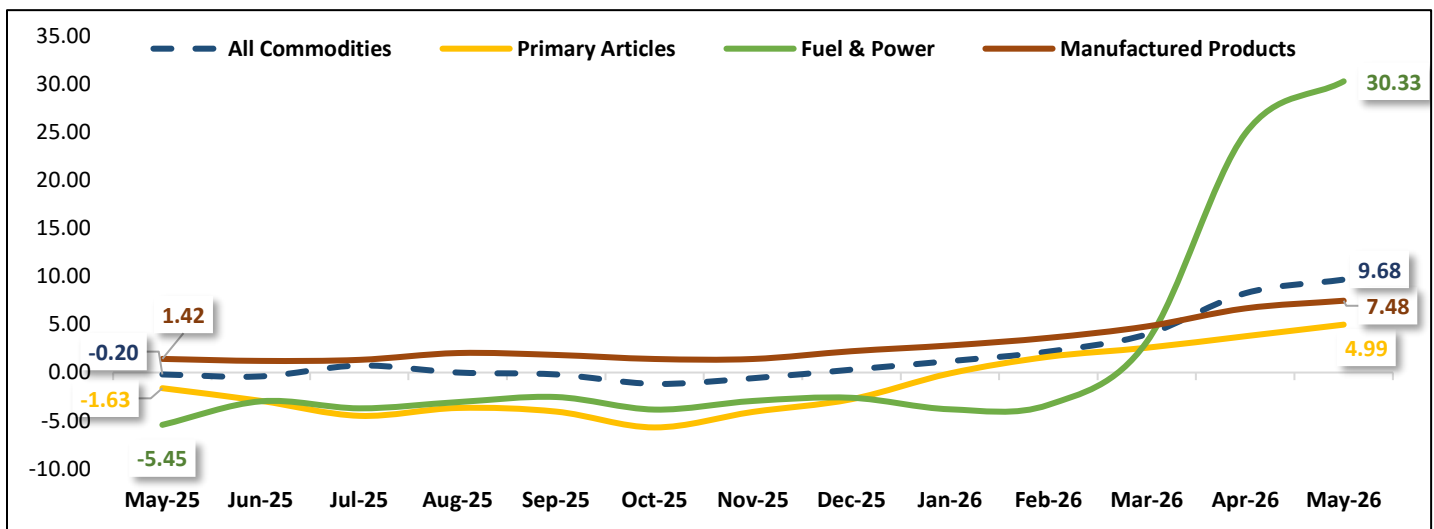
Highlights

WPI inflation spiked to 9.68 per cent in May'26

Wholesale Price Index rose to a high of 9.68% in May'26 as against 8.26% in Apr'26 as measured by new base year 2022-23.

- ☞ The acceleration in WPI was primarily due to a sharp increase in prices of crude petroleum & natural gas, mineral oils, basic metals, manufacture of chemicals and chemical products etc.
- ☞ Fuel & Power escalated to 30.33% YoY in May'26 from 24.89% in Apr'26 driven by a sharp rise in crude petroleum & natural gas (61.51% YoY) and mineral oils (49.82% YoY).
- ☞ Manufactured Products, which carry the highest weight in the WPI basket, recorded an increase in inflation to 7.48% in May 2026 from 6.68% in April 2026.
- ☞ Food inflation also edged up, rising to 4.49% in May 2026 compared to 3.11% in April 2026.

Trend of Wholesale Price Index (% YoY Change)



Data Source: Office of Economic Adviser, Ministry of Commerce & Industry

A. Components of WPI

WPI Inflation YoY (%)	Primary Articles		Fuel & Power		Manufactured Products		Food Index (Part of Primary Articles & Manufactured Products)		All Commodities	
	Weights	22.76%	14.11%	63.13%	24.99%	100%				
	2025	2026	2025	2026	2025	2026	2025	2026	2025	2026
March	0.46	2.58	-2.89	3.20	2.25	4.80	2.92	1.92	1.21	3.98
April	-0.28	3.78	-3.48	24.89	1.83	6.68	1.58	3.11	0.60	8.26
May	-1.63	4.99	-5.45	30.33	1.42	7.48	0.09	4.49	-0.20	9.68

Data Source: Office of Economic Adviser, Ministry of Commerce & Industry

Key Changes in the New WPI Series (Base Year 2022-23):

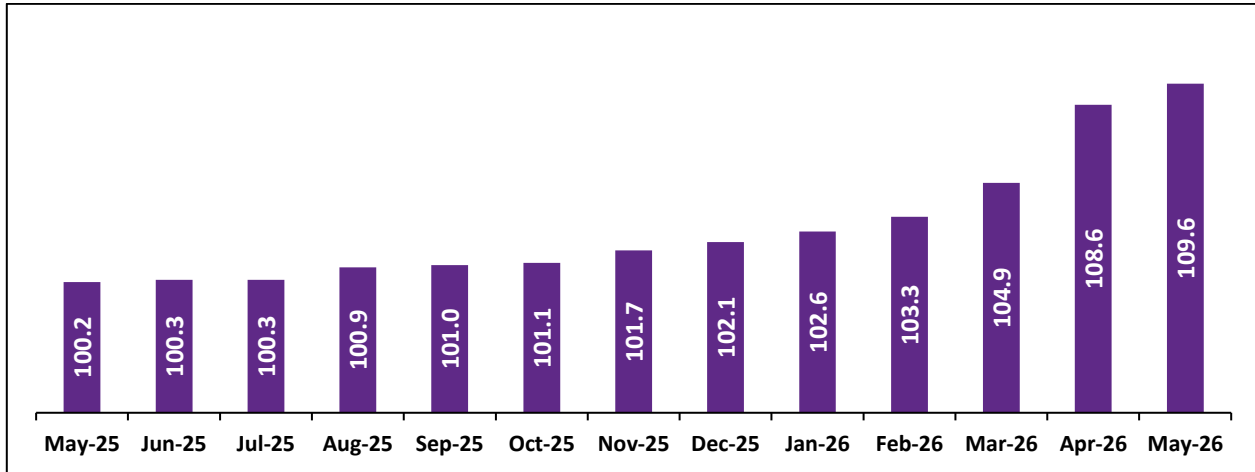
- The Government has revised the WPI base year from 2011-12 to 2022-23 to better reflect the current structure of the Indian economy.
- Along with the new WPI series, Output Producer Price Index (OPPI), Input Producer Price Index (IPPI), and Service Producer Price Indices (PPI) have been introduced, marking India’s gradual transition towards a producer price-based inflation framework.
- The revised series incorporates a substantially larger and more representative commodity basket, updated weights, renewable energy sources, and improved statistical methodologies.
- WPI and PPI will be released concurrently for the next five years to facilitate a smooth transition, after which WPI is proposed to be discontinued.
- The transition from WPI to PPI is in alignment with the global best practices adopted by advanced economies and the recommendations of the International Monetary Fund (IMF).

	Earlier WPI (Base 2011-12)	New WPI (Base 2022-23)
Base Year	2011-12	2022-23
Number of Items	697	957
Energy Basket	Conventional sources only	Solar, Wind and Nuclear Electricity added
Classification of Crude Oil & Natural Gas	Primary Articles	Fuel & Power
Weighting Method	Net Traded Value	Gross Value of Output (GVO)
Missing Price Treatment	Carry Forward method	Targeted Mean Imputation
Inflation Indicators	WPI	WPI, Output PPI, Input PPI and Service PPI

Producer Price Indices

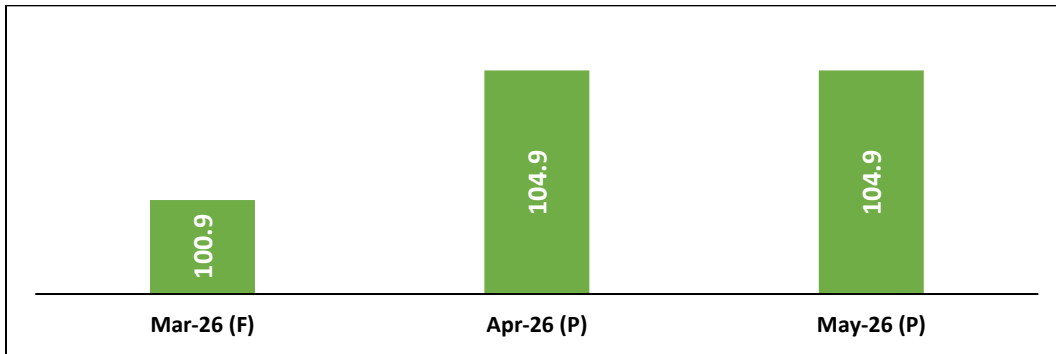
B. Output PPI (OPPI)

- The Output Producer Price Index (OPPI) with base year 2022-23 will provide a measure of price changes received by domestic producers for their output. The index is compiled on a monthly basis using basic prices.



C. Trial Input PPI (IPPI)

- A Trial Input Producer Price Index (IPPI) (only for the manufacturing sector) has been introduced on an experimental basis from March 2026 onwards. The index measures price movements of inputs used by manufacturers, helping assess the extent of cost pressures faced by producers and how it is passed on to output produced. It is compiled using purchasers’ prices.



D. Service PPI

- Service Producer Price Indices have been introduced in a phased manner, with coverage initially extended to Banking, Securities Transactions, Insurance, Management of Pension Fund, Railways, Air (Passenger) and Telecom services.
- Service PPIs broaden India’s inflation measurement framework beyond goods, improving the assessment of price developments across the services sector. These indices are compiled on a quarterly basis.

S. No.	Service PPI	2025-26 Q4(P)
1	Securities Transaction Service Price Index	91.7
2.a	Banking Service Price Index	100.9
2.b	Banking Service Contribution Index	129.7
3	Management of Pension Funds Service Price Index	103.8
4	Insurance Service Price Index	102.8
5	Telecom Service Price Index	112.2
6	Railway Service Price Index	103.3
6.a	Railway Freight Service Price Index	103.2
6.b	Railway Passenger Service Price Index	103.5
7	Air (Passenger) Service Price Index	106.9

Views:

- Under the revised WPI series (Base Year 2022-23), the overall WPI index increased to 109.9 in May'26 from 108.8 in Apr'26, pushing wholesale inflation higher to 9.68% YoY, indicating firming price pressures across the economy.
- Fuel & Power inflation emerged as the principal contributor to WPI inflation. Higher prices of crude petroleum, natural gas and mineral oils reflected the transmission of global energy shocks into domestic wholesale prices amid escalating geopolitical tensions in West Asia.
- Inflationary pressures became increasingly broad-based, with sectors such as basic metals, chemicals, rubber, plastic products, textiles, electrical equipment etc witnessing higher prices. Rising input, freight and logistics costs are indicating mounting cost pressures across the manufacturing value chain.
- A key structural reform accompanying the new WPI series is the introduction of the Producer Price Index (PPI) framework, comprising Output PPI, Input PPI and Service PPIs. This framework will provide a more comprehensive assessment of inflation by tracking price movements across inputs, outputs and services, enabling policymakers and businesses to better understand cost transmission across the economy and strengthening inflation monitoring.
- Going forward, WPI inflation is likely to remain elevated and volatile due to geopolitical uncertainties, potential supply disruptions in global energy markets and exchange-rate movements. Any adverse impact from an El Niño could affect agricultural output and food prices, adding to inflationary pressures in the coming months.

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