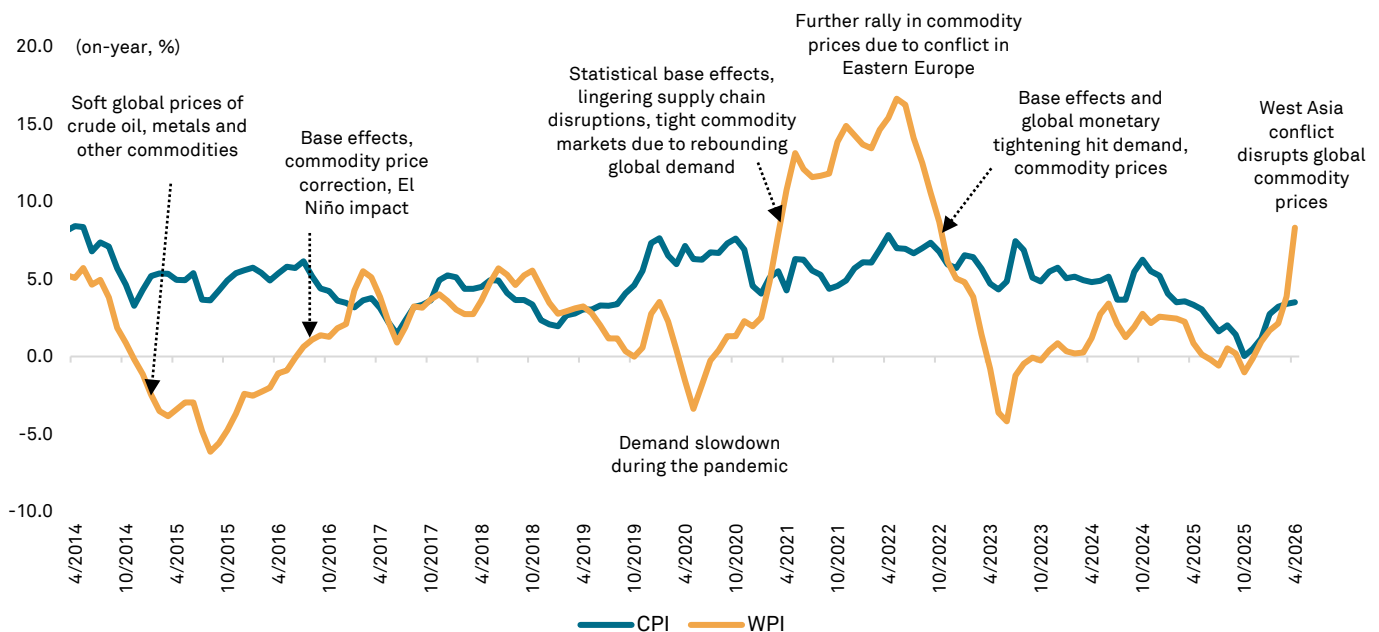


# Quickonomics

May 15, 2026

## Price parts path—again

### WPI inflation swings past CPI inflation



Note: Wholesale Price Index (WPI)-based inflation has 2012 as the base year, while Consumer Price Index (CPI) inflation is as per the revised 2024 base  
Source: Ministry of Statistics and Programme Implementation, Office of Economic Adviser, CEIC, Crisil

### Divergence between WPI and CPI

- The dichotomy between inflation based on WPI and CPI is not new. CPI inflation has always been in the positive zone unlike WPI, which tends to swing between inflation and deflation, causing divergence between the two. Data for the past 15 fiscals shows divergence in 2015-16 and 2020 on account of the pandemic
- In April 2026, WPI-based inflation (at 8.3%) decisively surpassed a benign CPI, which printed 3.5%, hit by the West Asia conflict. The upside risk to inflation from the conflict is yet to materially reflect in CPI. Between March and April, CPI inflation moved gradually to 3.48% from 3.40%, while WPI inflation spiked to 8.3% from 3.9%, reflecting higher input and energy costs
- Inflation based on the WPI has historically been more volatile than CPI inflation. Over fiscals 2017-2026, the

volatility of WPI, measured by standard deviation, was almost three times higher than that of CPI

### What caused the divergence

- WPI and CPI cover different markets. WPI captures the movement of prices in wholesale markets and reflects the economy's production structure, while CPI measures what consumers pay for goods and services
- There is a difference in the composition and weightage of the two indices. WPI excludes the services sector, which constitutes over 50% of the economy, while CPI covers goods and services
- WPI is directly affected by global commodity shocks compared with CPI. The current spike in WPI is directly linked to the West Asia conflict, with commodities and production processes impacted

WPI inflation rate (%)	Feb-26	Mar-26	Apr-26
Minerals	11.5	3.2	12.1
Crude petroleum	-1.3	51.6	88.1
Natural gas	-4.7	3.9	24.9
Liquefied petroleum gas	-4.6	-1.5	10.9
Furnace oil	-15.5	9.7	74.2
Manufacture of vegetable and animal oils and fats	0.4	1.7	4.4
Manufacture of basic chemicals	3.4	4.0	7.8
Manufacture of fertilisers and nitrogen compounds	1.3	2.6	3.6
Manufacture of paint, varnishes and similar coatings	-0.3	0.1	2.2
Manufacture of plastics and synthetic rubber in primary form	-0.3	1.8	8.8
Manufacture of polyester chips or polyethylene terephthalate chips	-4.5	5.5	16.7
Manufacture of rubber and plastic products	-0.2	1.0	2.1
Manufacture of other non-metallic mineral products (glass and ceramic)	0.5	1.3	2.3
Manufacture of basic metals	4.9	4.0	7.0

Source: Office of Economic Adviser, Crisil

## Rising WPI hints at higher retail inflation

- The divergence between the two indices will continue, with WPI inflation printing higher than CPI in the current fiscal, in sharp contrast to the last fiscal
- Higher wholesale inflation is known to transmit to retail inflation. Empirical analysis cited in the minutes of the Monetary Policy Committee meeting of February 2021 suggests that while the pass-through from a 1% change in WPI inflation in non-food manufactured products to CPI inflation in core goods is likely to be ~0.20%, it is much lesser for overall CPI core inflation and even lesser for headline CPI inflation. However, this pass-through is time-varying and depends on the output gap. Non-food manufactured inflation in April jumped to 5.0% from 3.7% in March
- We expect retail inflation to print higher at 5.1% in the current fiscal compared with 2% last fiscal on account of the following:
  - Rising WPI inflation means higher input costs for industry. This puts pressure on the margins of companies. Faced with significant rise in input costs, companies will start passing the same to end-consumers (WPI to CPI transmission) to avoid excessive pressure on margins
  - Persistently high global crude oil prices make pass-through to domestic cooking and transportation fuel prices an imperative. The government has raised the cost of petrol, diesel and compressed natural gas
  - A depreciating rupee also adds to the cost of imported inputs
  - Food inflation can face pressure from disrupted agricultural production due to heatwaves and an expected below-normal monsoon driven by El Niño conditions
  - Statistical low-base effect, given retail inflation was 2.0% in fiscal 2026

---

## Analytical contacts

**Dharmakirti Joshi**  
Chief Economist  
dharmakirti.joshi@crisil.com

**Bhavi Shah**  
Junior Economist  
bhavi.shah@crisil.com

## Media contacts

**Ramkumar Uppara**  
Media Relations  
Crisil Limited  
M: +91 98201 77907  
ramkumar.uppara@crisil.com

**Roma Gurnani**  
Media Relations  
Crisil Limited  
M: +91 70662 92142  
roma.gurnani1@ext-crisil.com

**Sanjay Lawrence**  
Media Relations  
Crisil Limited  
M: +91 89833 21061  
sanjay.lawrence@crisil.com

---

### About Crisil

Crisil is a global, insights-driven analytics company. Our extraordinary domain expertise and analytical rigour help clients make mission-critical decisions with confidence.

Large and highly respected firms partner with us for the most reliable opinions on risk in India, and for uncovering powerful insights and turning risks into opportunities globally. We are integral to multiplying their opportunities and success.

Headquartered in India, Crisil is majority owned by S&P Global.

Founded in 1987 as India's first credit rating agency, our expertise today extends across businesses: Crisil Ratings, Crisil Intelligence, Crisil Coalition Greenwich and Crisil Integral IQ.

Crisil's global workforce operates in the Americas, Asia-Pacific, Europe, Australia and the Middle East, setting the standards by which industries are measured.

For more information, visit [Crisil.com](https://www.crisil.com)

Connect with us: [LinkedIn](#) | [Twitter](#)

### Crisil Privacy

Crisil respects your privacy. We may use your personal information, such as your name, location, contact number and email id to fulfil your request, service your account and to provide you with additional information from Crisil. For further information on Crisil's privacy policy please visit <https://www.crisil.com/content/crisilcom/en/home/crisil-privacy-notice.html>.