

Metadata – Wholesale Price Index

0. Prerequisites	
0.1 Legal environment	<p>0.1.1 Responsibility for collecting, processing, and disseminating statistics</p> <p>In accordance with the <i>Government of India (Allocation of Business) Rules, 1961</i>, as amended from time to time, it is the responsibility of the Office of the Economic Adviser (OEA) in the Ministry of Commerce and Industry, Department of Industrial Policy and Promotion to compile and release the data on the wholesale price index</p> <p>The statistical system is decentralized, with the substantive responsibility resting with respective Ministries for statistics for the subjects under their charge.</p> <p>0.1.2 Data sharing and coordination among data producing agencies</p> <p>OEA shares the index and inflation numbers. The price data is collected from the manufacturing units as per the confidentiality clause under Collection of Statistics Act, 2008 and hence is not published.</p> <p>0.1.3 Confidentiality of individual reporters' data</p> <p>Although the index of prices of goods are published, individual reporter's prices are confidential.</p>
0.4 Quality management	<p>0.4.1 Quality policy</p> <p>The Minister in charge of the Ministry of Commerce and Industry is the final authority for all statistical policies relating to WPI. Under the terms of the Indian Constitution, the Minister is responsible to the Parliament.</p>
1. Integrity	
1.1 Professionalism	<p>1.1.1 Impartiality of statistics</p> <p>The technical aspects of the compilation of the index are supervised by a Working Group on Wholesale Price Index, constituted at the time of base year revision. The Minister in charge of the Ministry of Commerce and Industry is the final authority for all statistical policies relating to WPI. Under the terms of the Indian Constitution, the Minister is responsible to the Parliament.</p> <p>1.1.2 Selection of sources, methodology, and modes of dissemination</p> <p>Major changes in methodology (including changes in the base</p>

	<p>year and weights) are decided based on the recommendations of a Working Group consisting of subject-matter specialists, end-users and representatives of trade and industry, appointed from time to time.</p> <p>1.1.3 Commenting on erroneous interpretation and misuse of statistics</p> <p>The role of the Office of Economic Adviser is limited to compilation and to publication of WPI data.</p>
<p>1.2 Transparency</p>	<p>1.2.1 Disclosure of terms and conditions for statistical collection, processing, and dissemination</p> <p>Provisional Monthly WPI for All Commodities is released on the 14th of every month (next working day, if 14th is a holiday). Detailed item level WPI is put on the official website (http://www.eaindustry.nic.in/) for public use. The provisional index is made final after a period of eight weeks/two months.</p> <p>1.2.2 Internal governmental access to statistics prior to release</p> <p>Data are available to all users simultaneously with limited exceptions through the release of the Press Note in the official website of the Office of the Economic Advisor. Select Government key functionaries have access to the statistics an hour before the release in advance.</p> <p>1.2.3 Attribution of statistical products</p> <p>A Press Note prepared by the office of the Economic Advisor of the Ministry of Commerce and Industry, accompanies the release.</p> <p>1.2.4 Advance notice of major changes in methodology, source data, and statistical techniques.</p> <p>Major changes in methodology (including changes in the base year and weights) are decided based on the recommendations of a Working Group consisting of subject-matter specialists, end-users and representatives of trade and industry, appointed from time to time.</p> <p>Information on changes in methodology, if any, are given at the time of the change in the monthly bulletin <i>Index Numbers of Wholesale Prices in India</i> (Changes in methodology are normally based on the recommendations of a Working Group consisting of subject-matter specialists, end-users and representatives of trade and industry, who are appointed from time to time).</p>

2. Methodology	
2.1 Concepts and definitions	<p>2.1.1 Concepts and definitions</p> <p>Analytical framework: The Wholesale Price Index (WPI) Number Series (Base 2004-05 = 100) was replaced by current WPI Series (Base 2011-12 = 100) with effect <u>from April, 2017</u>. Baskets of commodities for the new series are distributed over 3 major groups namely: (1) Primary articles; (2) Fuel and Power; and (3) Manufactured Products. These major groups are further divided into different Groups/sub-groups/ sub-sub groups depending on the size and nature of a major group or group etc.</p>
2.2 Scope	<p>2.2.1 Scope</p> <ul style="list-style-type: none"> • Scope of the data <p>Item coverage: The current series consists of 117 primary articles, 16 fuel and power items, and 564 manufactured products covering all important items transacted in the economy. The index is based on 8331 quotations (983 for primary articles, 442 for fuel and power, and 6906 for manufactured products).</p> <p>The price data are collected on a self-disclosure basis from individual reporters as well as from official sources. Apart from private Manufacturing Units, data is also collected from some government agencies.</p> <ul style="list-style-type: none"> • Exceptions to coverage <p>WPI concerns the entire geographical territory of the Country.</p>
2.3 Classification/sectorization	<p>2.3.1 Classification/sectorization</p> <p>Classification:</p> <p>National Industrial Classification (2008) has generally been used in respect of the Major Group "Manufactured products".</p>
2.4 Basis for recording	<p>2.4.1 Valuation</p> <p>The prices of the commodities are reported in Rupee terms. WPI comprises of all possible transactions at first point of bulk sale in the domestic market. However, there are, in practice, many points of bulk sale, such as for agricultural items for which it refers to the mandi price; for minerals, it refers to ex-mine prices; and for petroleum products it refers to Refinery Transfer Price (RTP). For Manufactured Products, the prices are defined</p>

	<p>as the “basic/list price – rebate/trade discount”.</p> <p>2.4.2 Recording basis</p> <p>Prices are collected weekly for primary articles and fuel & power group and monthly for manufactured products. The effective prices for Manufactured Products used for compilation has been changed to be defined as the "basic/list price – rebate/trade discount", thus leaving out any indirect taxes such as Central Excise Duty (CED) as part of price definition. Provisional WPI is released with a time lag of two weeks of the reference month and is initially provisional. After eight weeks, the index is finalized and final figures are released and then frozen thereafter. Thus, no further changes are incorporated in the index after 10 weeks. Because of this approach, delayed responses from data sources can only be included retrospectively only up to 8 weeks. The inflation rate is calculated on point-to-point basis i.e. on the basis of variation between the provisional index of the latest month of the current year and final index for the corresponding month of the previous year.</p> <p>Types of prices: Wholesale Price for compilation of WPI represents all possible transactions at first point of bulk sale in the domestic market.</p>
<p>3. Accuracy and reliability</p>	
<p>3.1 Source data</p>	<p>3.1.1 Source data collection programs</p> <p>Collection of price data for Manufacturing Products from establishments has been done under the Collection of Statistics (CoS) Act, 2008. Apart from manufacturing establishments, data is also collected from some government agencies. Price data pertaining to Primary Articles and Fuel & Power are mainly collected from administrative Ministries/Departments, Public Sector Undertakings (PSUs) and State Government Departments.</p> <p>Sources of weights: The weighing diagram for the WPI series has been derived on the basis of Gross Value of Output. The output values at current prices wherever available at appropriate disaggregation, have been obtained from the National Accounts Statistics (NAS) maintained by M/o Statistics & Programme Implementation. The same have been reallocated and aggregated to conform to the structure of WPI basket.</p>
<p>3.3 Statistical techniques</p>	<p>3.3.1 Source data statistical techniques</p> <p>Compilation of lowest level indices: First, the item level indices (i.e. elementary price index) are calculated using "Jevons</p>

Index formula", which uses the Geometric Mean (GM) of Price Relatives (i.e. the price change). Price relatives are calculated as the percentage ratios, i.e. by dividing the current price by the base period price and multiplying the quotient by 100. These elementary indices are the lowest level of aggregation where prices are combined into price indices.

Aggregation formula: The elementary price indices are aggregated using weighted arithmetic mean to obtain higher level (at sub-group/ group/ major group/ All Commodities level) indices using Laspeyre's index formula, which has a fixed base-year weighting diagram operative through the entire life span of the series.

The Laspeyre's formula used $I = \frac{\sum W_i I_i}{\sum W_i}$

where,

Sum represents the summation operation.

I = Index No. of wholesale prices of all commodities.

W_i = Weight assigned to ith item/sub-group/group/major group

I_i = Index of the ith item/sub group/group/major group

Reference period: 2011-12 = 100.

3.3.2 Other statistical procedures

Seasonal items: There are a number of agricultural commodities, especially, some fruits and vegetables, which are of a seasonal nature. Such seasonal items are handled in the index in a special manner. When a particular seasonal item disappears from the market and its prices are not quoted, the index of such an item ceases to get compiled and its weight is distributed over the remaining items and new seasonal items, if any, in the concerned sub-group, on pro-rata basis.

Other Aspects

A new "**Food Index**" is being compiled combining the "Food Articles" under "Primary Articles" and "Food Products" under "Manufactured Products". Together with the Consumer Food Price Index released by M/o Statistics & Programme Implementation, this would help monitor the price situation of food items better.

In order to address important technical issues such as substitution of source of data, change in specification of

	products and other data/methodological issues which require continuous review on a dynamic basis so that the new WPI series remains relevant till the life of the series, an institutional mechanism has been established for the first time for facilitating seamless substitution of dormant source, dynamic revision of item list of products and the panel of factories through a high level Technical Review Committee (TRC) .
3.5 Revision studies	3.5.1 Revision studies and analyses The present series of WPI with base year 2011-12 has been released in May 2017 (effective from April 2017).
4. Serviceability	
4.1 Periodicity and timeliness	4.1.1 Periodicity Monthly 4.1.2 Timeliness On 14th of a month, or if 14th is a holiday, on the next working day after the end of the reference month.
4.3 Revision	4.3.1 Revision schedule The data are provisional when first released and are subject to revision. This status is indicated in the press release. The data become final eight weeks after the end of the reference month.
5. Accessibility	
5.1 Data	5.1.1 Statistical presentation Data are disseminated on the wholesale price index (WPI), a fixed weight Laspeyre's Index (2011-12=100). In the WPI (2011-12) series significant improvement in concept, coverage and methodology has been made. In the revised WPI basket, the number of items has been increased to 697 from 676 in previous series. The current series consists of 117 primary articles, 16 fuel and power items, and 564 manufactured products. The index is based on 8331 quotations (983 for primary articles, 442 for fuel and power, and 6906 for manufactured products). The price data are collected on a self-disclosure basis from individual reporters as well as from official sources. Apart from private Manufacturing Units, data is also collected from some government agencies. 5.1.2 Dissemination media and format

	<ul style="list-style-type: none"> • Electronic - On-line bulletin or data <p>Provisional monthly WPI for All Commodities is released on 14th of every month (next working day, if 14th is holiday). Detailed item level WPI is put on official website (http://www.eaindustry.nic.in/) for public use. The provisional index is made final after a period of eight weeks/ two months.</p> <p>5.1.4 Simultaneous release</p> <p>The CPI (IW) and CPI (AL/RL) data are released simultaneously to all interested parties by the Labour Bureau by issuing the Press Releases/Notes on Consumer Price Index (Industrial Workers) and Consumer Price Index (Agricultural and Rural Labourers). The data are simultaneously posted on the Labour Bureau's official website at http://labourbureau.gov.in.</p> <p>The broad-based CPI (Rural, Urban, and Combined) data are released simultaneously to all interested parties by the Ministry of Statistics and Programme Implementation by issuing the press release <i>Press Note on Consumer Price Index</i>. The data are subsequently posted on the Ministry of Statistics and Programme Implementation following website: https://mospi.gov.in/web/mospi/press-release.</p>
<p>5.2 Metadata</p>	<p>5.2.1 Dissemination of documentation on concepts, scope, classifications, basis of recording, data sources, and statistical techniques</p> <p>Documentation on the methodology and data sources used in compiling the wholesale price index is available in the Official website of the Office of Economic Advisor (http://eaindustry.nic.in).</p>
<p>6. Nodal Officer</p>	
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