

File No. P-36017/116/2018-BE-III
Government of India
Ministry of Commerce & Industry
Office of the Economic Adviser
(Wholesale Price Division)

Udyog Bhawan, New Delhi
Dated 13th of May, 2019

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To,
Shri Gorantla Ashok Babu
Assistant Manager
L & T Construction.

Subject: Information sought by Shri Gorantla Ashok Babu, Assistant Manager, L & T Construction.

Ref: Your RTI application dated 24th of April, 2019.

Sir,
This has reference to your application under 'RTI Act 2005' regarding the above sited subject.

2. The base year of the All-India WPI has been revised from 2004-05 to 2011-12. The commodity basket has been selected afresh reflecting structural changes in the economy. As such there may not be one to one correspondence between items of the 2004-05 and 2011-12 series. **The new series is effective from April 2017. Data of the new series of WPI (base year: 2011-12) have been provided from April-2012 to March, 2017 in the website: eaindustry.nic.in for the purpose of research & analysis only.** Users should keep in mind that movement of price index of the common items may not be similar in the two series because of change of weighting pattern, increase of source agencies, change of specifications and reclassification / regrouping. **Once the WPI on a new base year is released, the earlier base year is discontinued.** For a set of items in the old basket, there may be one-to-one (the common items between the two series given in the website), one-to-many or many-to-one matching items. There may be some cases where the name of the item in old series is not exactly matching with the name in the new series, but there is an item in the new series which is otherwise technically same with the old series item. Similarity of the item should be decided carefully by the users. The users have to decide the items in the new series which are matching with the items of the old series used in the Escalation Clause.

3. There is strictly no one-to-one match among the items in the two series. Items under various groups of old basket may be part of a different group or a number of sub-groups in the new basket. It is reiterated that users have to decide the items in the new series which are matching and comparable with the items of the old series used in the Escalation Clause. Due to practical limitations, index basket can never be exhaustive in terms of its inclusiveness of commodities. The selection most important commodities in the index groups and subgroups is ensured. In the Wholesale Price Index (WPI), which has continued to be constructed since 1942, efforts have been made to make its basket comprehensive and representative through its system of weighting diagram and commodity composition both at the aggregate level and also at the level of groups/sub groups.

4. **Regarding, linking of WPI Series 2004-05 with 2011-12:** In view of the conceptual and methodological difference between the 2004-05 and 2011-12 series, **the OEA does not prescribe or recommend to data users any particular method of linking, for conversion of index figures from one series to another.** However as in the past, in order to maintain continuity in the time series data on wholesale price index, it is imperative to provide a linking factor so that the new series may be compared with the earlier one. OEA has been using the arithmetic conversion method. According to this method, the ratio of the annual average WPI, for the respective major group, between the two series becomes the conversion factor.

The linking factors for conversion of indices of the series with 2011-12 as its base to the earlier base of 2004-05 up to major group level have been as follows:-

	Average WPI in 2011-12 (with base year 2004-05)	Linking Factor
All commodities	156.1	1.561
Primary articles	200.3	2.003
Fuel & Power	169.0	1.690
Manufactured products	139.5	1.395

Linking factor given for conversion of WPI (2011-12) indices to WPI (2004-05) series should be used from April 2017 onwards.

