

Wholesale price inflation drops to 12.41% in August

The Hindu Bureau

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Prices for primary food articles harden, even as other segments report milder inflation



India's wholesale price inflation dropped to the lowest rate since September 2021 at 12.41% in August, from 13.93% in July, with the food segment being the only one to report higher inflation during the month at 9.93%, rebounding from a three-month low of 9.41% in July.

August's wholesale inflation is the lowest in eleven months but marks the seventeenth month in a row that it has been over 10%. Manufactured products inflation dropped to 7.5%, while fuel and power inflation corrected from 43.75% in July to 33.67%. Primary article's inflation fell slightly from 15.04% in July to 14.93% in August.

Within food items, primary food inflation rose to 12.4% in August from 10.8% in July, led by a broad-based month-on-month uptick across cereals, pulses, vegetables, fruits, condiments and spices and other food articles, rating agency ICRA said in a note.

The price rise in vegetables increased to 22.3% in August from 18.3% in July and higher

of 31.7% and eggs, meat and fish inflation moved up to 7.9% from 5.5% a month earlier, while spice inflation accelerated to 23.5% from 21.9%.

On the other hand, manufactured food products inflation eased to 5.6% from 7.2% in July, led by a sharp sequential dip in the edible oil prices in August.

“Wholesale inflation eased for a third straight month in August with an increase in food inflation offset by easing of other commodity prices including crude oil,” said Rajani Sinha, chief economist of CARE Ratings.

The wholesale inflation rate for June 2022 has been revised to 16.23% from 15.18% estimated earlier by the Office of the Economic Advisor, Ministry of Commerce and Industry. Earlier, the inflation rate for May was similarly revised upward to 16.63%, a record high.

“**Inflation in August 2022** is primarily contributed by the rise in prices of mineral oils, food articles, crude petroleum & natural gas, basic metals, chemicals & chemical products, electricity, food products etc. as compared to the corresponding month of the previous year,” the Commerce and Industry Ministry said.

“It remains to be seen if firms will pass on the benefit to final consumers. If not, then bringing retail inflation within the target range could take even longer,” Ms. Sinha said. Retail inflation resurged to 7% in August after hitting a five-month low in July.

ICRA expects WPI inflation to ease to the range of 11%-12% in September thanks to lower global commodity prices, before slipping into single digits after a gap of 18 months.

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