

## ECONOMY

# Wholesale price rise hits record high of 15.1% in April

The Hindu Bureau

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**This marks the highest inflation rate in the current data series, eclipsing 14.9% recorded in November 2021**



**Inflation in wholesale prices** hit 15.1% in April, the highest in the current data series, from 14.5% in March, driven largely by a **spike in fuel prices and food items**, especially perishables like fruits, vegetables and milk.

The previous high inflation rate recorded in the current series of the Wholesale Price Index (WPI) with a base year of 2011-12, was 14.9% in November 2021. There was no base effect at work as wholesale price inflation last April stood at 10.74%.

“The all-time high level of wholesale price inflation in April was driven by the rise in prices across the board with manufactured products and fuel and power leading the charge,” said CARE Ratings chief economist Rajani Sinha. Producers are expected to pass on the rising costs to consumers which could push retail inflation even higher from the 95-month high of 7.8% recorded in April.

Fuel and power inflation touched 38.66% in April, up from 34.5% in March, while manufactured products inflation inched up slightly from 10.7% to 10.85% and food price inflation rose from 8.7% to 8.9%. Primary articles were the only group to see a decline in inflation rate, but only eased from 15.54% in March to 15.45% in April

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Within fuel and power, inflation in LPG was recorded at 38.48%, while petrol and diesel recorded a price rise of 60.6% and 66.1%, respectively.

Among food items, inflation in potatoes was at 19.8%, while vegetables inflation hit 23.2%. Fruit prices clocked 10.9% inflation, slightly higher than the 10.6% reported in March, while wheat prices rose 10.7% as per the official data, cooling off from 14.04% in March.

The [heatwave spurred up prices of perishables](#) such as fruits, vegetables and milk, which along with a spike in tea prices pushed up the primary food inflation, ICRA chief economist Aditi Nayar said. Core-WPI inflation, which excludes food and fuel items, also hit a four-month high of 11.1% in April as producers were forced to pass on the input price pressures, [she added](#)

The demand setbacks in China leading to some correction in commodity prices could help offset the rupee's depreciation and nudge inflation in wholesale prices below 15% in May, but it would still be 'uncomfortably elevated', ICRA reckoned.

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The government attributed the high rate of inflation in April, 2022 'primarily' to the "rise in prices of mineral oils, basic metals, crude petroleum & natural gas, food articles, non-food articles, food products and chemicals & chemical products".

The inflation trend from April, when retail inflation also touched close to an eight-year high at 7.8%, is expected to spur the central bank to tighten monetary policy further with fresh interest rate hikes in June. However, economists are not convinced this could help rein in price rise too much.

"With the source of inflation being global supply issues and not exuberant domestic demand, we maintain our view that overtightening will douse the fledgling recovery without having a commensurate impact on the origins of inflationary pressures," Ms. Nayar said.

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