

# July WPI inflation slows slightly to 11.2%

Price gains in primary articles, food and fuel and power moderate, manufactured products see uptick

SPECIAL CORRESPONDENT  
NEW DELHI

Inflation in wholesale prices slowed marginally to 11.2% in July, from June's 12.1%, with the pace of price gains in primary articles, food as well as fuel and power moderating. Manufactured product prices, on the other hand, gained momentum last month.

On a month-on-month basis, the Wholesale Price Index (WPI), however, increased 0.6% in July from June 2021.

Inflation in fuel and power at the wholesale level was at 26% in July, slowing from 36.7% in May and 32.8% in June, while manufactured products inflation accelerated from 10.9% in June to 11.2% in July. The Food Index saw 4.46% inflation compared with 6.66% in June.



**Better supply:** Supply-side measures helped keep the primary food index flat, says ICRA's Nayar. ■ SHIV KUMAR PUSHPAKAR

**"The high rate of inflation in July 2021 is primarily due to low base effect and rise in prices of crude petroleum & natural gas; mineral oils; manufactured products like basic metals; food products; textiles; chemicals and chemical products as compared to the corresponding**

month of the previous year," the office of the Economic Adviser in the Commerce and Industry Ministry said in a statement.

ICRA chief economist Aditi Nayar attributed the deceleration in WPI inflation for the second month in a row, from 13.1% in May, to a fa-

vourable base effect and a softening of food price pressures. The uncertainty related to the variant of the coronavirus had arrested the rise in commodity prices, which had also helped, she added.

However, headline WPI inflation is expected to remain in double digits until October, giving little respite to the RBI's Monetary Policy Committee on the prices front, according to the economist.

## 'Focus on growth'

Finance Minister Nirmala Sitharaman said that retail inflation was now well below the 6% ceiling for monetary policy and was expected to remain below it.

"I wouldn't allow it to worry me as I focus on growth, and we are constantly monitoring price trends and ensuring supply constraints are

removed swiftly and if needed, import relaxations are being done so that the economy and consumers don't suffer over essential items," the minister said.

**"Reflecting the base effect and the supply-side measures taken by the government related to pulses and oilseeds, the primary food index was flat at the year-ago level in July 2021, after having reported a year-on-year inflation for the previous five months," said Ms. Nayar.**

"With rising tomato prices posing some concern, we expect the wholesale food index to record a mild inflation in August 2021, before slipping into disinflation for the next few prints, aided by the base effect," she noted. ICRA expects core-WPI inflation to have peaked at 10.8% in July, Ms. Nayar added.