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New model of Producer Price Index to capture input prices better on the anvil

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Written by **Ravi Dutta Mishra**
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The Department of Promotion of Industry and Internal Trade (DPIIT) secretary Rajesh Kumar Singh on Friday said that the department has finalised a new model of the Producer Price Index (PPI) to efficiently capture input prices in the economy and has shared it with the International Monetary Fund (IMF).

Singh during a press briefing said that the government is also working towards changing the base year of the wholesale price index (WPI) from 2011-12 adding that the government is also mulling on moving from the WPI to PPI going ahead in line with most G20 economies. Consultations regarding the same have been undertaken with the ministry of statistics and programme implementation (MoSPI), he said.

“It has to go through a process, including National Statistical Commission (NSC) but we are on the job...The model from our side is final and we have shown it to the IMF,” Singh said. Commenting on requests to change the base year of the WPI, he said this is also one of the issues that the government is considering.

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“Government, including MoSPI, looks at other statistical indicators, including the CPI and various other indicators. I suspect you can expect some sort of an update of the base year eventually, but whether there will be one particular base year or different...because our studies show that other countries have multiple base years for different types of indices,” Singh said.



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Singh said that there will be a transitional phase where both the indices will be there, but call on it is yet to be taken.

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