

Planning Commission
Ministry of Planning, Development & Special Initiatives
Economic Policy Wing
(Money, Prices & Fiscal Policy Section)

Consumer Price Index is considered the most common measure of general inflation. It measures changes in the cost of buying included in the fixed basket of goods and services and generally indicates inflation rate in the country. The current CPI series cover 40 urban centres with 76 market in the country depending upon the size of the city and covers 487 items in the basket of goods and services. The markets have been chosen keeping in view the volume of sales, assuming that majority of the consumers buy goods from these markets. The basket of goods and services comprises of 12 major commodity groups

CPI inflation General, increased by 9.3% on year-on-year basis in July 2020 as compared to an increase of 8.6% in the previous month and 8.4% in July 2019. On month-on-month basis, it increased by 2.5% in July 2020 as compared to an increase of 0.8% in the previous month and an increase of 1.8% in July 2019.

Sensitive Price Indicator (SPI) on YoY increased by 13.5% in July 2020 as compared to an increase of 11.5% a month earlier and an increase of 8.9% in July 2019. On MoM basis, it increased by 2.8% in July 2020 as compared to an increase of 1.4% a month earlier and an increase of 1.0% in July 2019.

Wholesale Price Index (WPI) on YoY basis increased by 3.2% in July 2020 as compared to an increase of 0.9% a month earlier and an increase of 13.3% in July 2019. WPI inflation on MoM basis increased by 5.4% in July 2020 as compared to a decrease of 0.3% a month earlier and an increase of 3.1% in corresponding month of last year i.e. July 2019.

Period Average and YoY % Change

Index	Average July- July % changes			July over July % changes		
	2020-2021	2019-2020	2018-2019	2020	2019	2018
CPI (National)	9.26	8.37	6.66	9.26	8.38	6.66
CPI(Urban)	7.83	8.71	6.71	7.83	8.71	6.71
CPI(Rural)	11.47	7.87	6.59	11.47	7.87	6.59
SPI	13.49	8.90	4.21	13.49	8.90	4.21
WPI	3.23	13.28	16.30	3.23	13.28	16.30

Overview (YoY)

- **CPI inflation General**, increased by 9.3% on year-on-year basis in July 2020 as compared to an increase of 8.6% in the previous month and 8.4% in July 2019.
- **SPI inflation (YoY)** increased by 13.5% in July 2020 as compared to an increase of 11.5% a month earlier and an increase of 8.9% in July 2019.
- **WPI inflation (YoY)** increased by 3.2% in July 2020 as compared to an increase of 0.9% a month earlier and an increase of 13.3% in July 2019.
- **Urban CPI inflation** increased by 6.7% on year-on-year basis in July 2020 as compared to an increase of 7.4% in the previous month and 7.8% in July 2019.
- **Rural CPI inflation** increased by 9.7% on year-on-year basis in July 2020 as compared to an increase of 9.9% in the previous month and 7.4% in July 2019.
- **NFNE (Urban)** non-food non-energy Urban CPI increased by 5.3% on (YoY) basis in July 2020 as compared to an increase of 6.5% in the previous month and 8.2% in July 2019.
- **NFNE (Rural)** increased by 7.6% on (YoY) basis in July 2020 as compared to an increase of 8.8% in the previous month and 7.8% in July 2019.

CORE INFLATION ANALYSIS

- Measured by **non-food non-energy Urban (NFNE) CPI** increased by 5.3% on (YoY) basis in July 2020 as compared to an increase of 6.5% in the previous month and 8.2% in July 2019. On (MoM) basis, it increased by 0.6% in July 2020 as compared to increase of 0.4% in previous month, and an increase of 1.8% in corresponding month of last year i.e. July 2019.
- Measured by **non-food non-energy Rural CPI** increased by 7.6% on (YoY) basis in July 2020 as compared to an increase of 8.8% in the previous month and 7.8% in July 2019. On (MoM) basis, it increased by 0.9% in July 2020 as compared to an increase of 0.7% in previous month, and an increase of 2.0% in corresponding month of last year i.e. July 2019.

The Urban Consumer Price Index of July 2020 increased by 2.15% over June 2020 and increased by 7.83% over July 2019. Top few commodities prices which varied from previous month are given below: -

Food Items

Increased: Eggs (10.82%), Tomatoes (179.19%), Wheat (7.42%), Condiments and Spices (7.57%), Fresh vegetables (23.84%), Potatoes (4.58%) and Chicken (2.6%)

Decreased: Pulse gram (2.39%), Fresh fruits (6.24%), Pulse masoor (6.27%), Pulse mash (2.71%), Wheat Flour (1.51%) Gram whole (2.7%) and Cooking Oil (1.34%).

Non-food Items

Increased: Motor fuel (27.01%), Liquefied Hydrocarbons (7.27%), House Rent (1.58%) and Medicines (1.04).

Decreased: Transport (7.55%).

The Rural Consumer Price Index of July 2020 increased by 3.02% over June 2020 and increased by 11.57% over corresponding month of the last year. Top few commodities which varied from previous month are given below: -

Food Items

Increased: Eggs (13.84%), Tomatoes (241.4%), Wheat Flour (1.73%), Wheat (10.84%), Potatoes (5.33%), Chicken (2.58%), sugar (3.67%), Meat (1.82%), Milk fresh (1.23%), and Rice (2.96%).

Decreased: Pulse Moong (13.42%), Fresh fruits (6.62%), Pulse Gram (4.98%), Besan (4.42%), Pulse Masoor (4.06%) Gram Whole (4.0%)

Non-food Items

Increased: Motor Fuels (29.61%), Plastic Products (3.49%), Household Equipment (2.47%), Cotton Cloth (2.45%), House Rent (2.47%), Construction Input Items (1.45%).

Decreased: Transport Services (5.17%).

GLOBAL COMMODITY PRICE TREND

In energy commodities, crude oil average price for June, 2020 increased from \$39.4/bbl to \$42.1/bbl. Natural Gas Index rose to 35.7 index points in July 2020 from 34.1 index points in June, 2020.

In non-energy commodities, global average price of Tea increased from \$ 2.84 to \$ 3.02 per kg, Palm Oil increased from \$652 mt to \$694 mt, Wheat US HRW remained constant to \$198.4 mt and Wheat US SRW risen from to \$200.5 mt to \$212.7 mt, Sugar world price also remained the same at \$0.27 per kg, Cotton price increased from \$1.49 per kg to \$1.51 per kg, global price of Chicken Meat fell from \$1.57 per kg to \$1.51 per kg; Beef Meat decreased from \$5.10 per kg to \$4.70 per kg, and Gold increased from \$1,732 per toz to \$1,847 per toz for the month of July, 2020.

CONCLUSION

Consumer Price Inflation registered rise of 9.3 percent in July 2020 on YoY bases. Easing of corona virus lockdown resulted in gradual resumption of economic activities which pushed demand of goods and services thereby resulted an increase in prices. The prices of essential food items across the country increased in July following a drop in production due to Covid19 lockdown and increased petroleum prices. The impact of increase in fuel prices and disturbance in supply chain of food items is expected to be realised during the coming months