

WPI Hits 3.5-Year High of 8.3% in April

Prices of crude, natural gas, metals and minerals rise; economists see imminent increase in retail fuel prices

Our Bureau

New Delhi: India's wholesale inflation accelerated to a 42-month high of 8.3% from a year earlier in April, as the West Asia crisis weighed on prices of crude oil, natural gas, metals, and minerals, showed official data released Thursday. Inflation surged from 3.9% in March.

Economists say the sharp rise has raised the risk of its cascading effects on retail inflation. The Wholesale Price Index (WPI)-based inflation stood at 0.9% in April 2025.

Retail inflation edged up to 3.5% year-on-year in April, compared to 3.4% in March, but economists expect it to cross 4% in May.

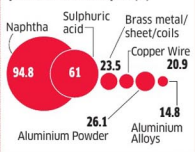
"The first sign of the impact of war on the Indian economy has been seen in the WPI inflation number for April," said Madan Sabnavis, chief economist, Bank of Baroda. "This is a direct result of the global developments which have manifested on the oil front."

Inflation in the fuel and power

Ripple Effect



Input costs of industrial products rise in April (%)



Fuel & power inflation surged **24.7%**

Crude petroleum inflation jumped **88.1%**

Aviation turbine fuel cost rose **142.6%**

Economists expect WPI inflation to rise to **9% in May**

segment spiralled to 24.7% year-on-year in April from 1.1% in March. Crude petroleum prices spiked to 88.1% from 51.6% a month earlier.

Prices of petrol (32.4%), diesel (25.2%), and liquefied petroleum gas (10.9%) rose sharply, highlighting supply-side pressures.

Despite a 50% jump in global oil prices, the government has maintained pump prices since the Iran war broke out on February 28. Ho-

wever, prices of premium petrol, bulk diesel, and commercial LPG have seen an increase.

"So far, oil marketing companies and the government have absorbed much of the rise in crude prices, but a prolonged period of elevated oil prices may lead to some pass-through to consumers," said Rajani Sinha, chief economist at Care-Edge Ratings, adding that concerns around a higher probability

of an El Nino event this year pose upside risks to food inflation.

The ratings agency expects WPI inflation to average around 7.8% in FY27 under the base-case scenario. Ind-Ra expects wholesale inflation to climb to 9% in May while Icra expects it to rise even higher.

Economists are expecting an imminent increase in retail fuel prices.

"Retail fuel prices have been maintained since the start of the conflict, but a ₹5/litre hike for both petrol and diesel is imminent in May, as crude oil prices remain elevated," said Aastha Gudwani, India chief economist at Barclays. She added that the rise in gold and silver import duty could further push inflation by 10 basis points when fully passed on to consumers.

Sabnavis said while WPI inflation is not a target for Monetary Policy Committee, it is known that with a lag, these prices also get transmitted to the Consumer Price Index component through higher input costs.

Input costs also rose in April for several industrial products, inclu-

ding naphtha (94.8%), sulphuric acid (61%), brass metal/sheet/coils (23.5%), copper wire (20.9%), aluminium powder (26.1%) and aluminium alloys (14.8%). Aviation turbine fuel cost also rose 142.6%.

Core WPI (non-food manufactured items) inflation hit a 43-month high of 5% in April.

MANUFACTURING, FOOD

Manufactured products, which account for 64.23% of the WPI basket, saw inflation rise to 4.6% in April from 3.4% in March. Out of 22 manufactured sub-groups, 21 recorded price increases, including textiles (7.3%), basic metals (7%) and chemical products (5.1%).

Inflation in primary articles rose to 9.2% in April from 6.4% in March. Food, which accounts for around a quarter of the WPI basket, increased 2.3% from 1.9%. Among key food categories, prices of cereals and pulses fell by 0.3% and 4%, respectively. However, vegetable prices rose 0.5%, though potato and onion prices slipped 30% and 26.5%, respectively.