

WHOLESALE PRICE INDEX

WPI deflation narrowed to 0.3% in November 2025; set to reverse to 0.5% inflation in December, amid rising commodity and food prices

DECEMBER 2025





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The WPI reported a lower YoY deflation of 0.3% in November 2025 vs. 1.2% in October 2025; it is also up by 0.7% sequentially.

This was mainly led by primary food articles that saw a broad-based uptick.

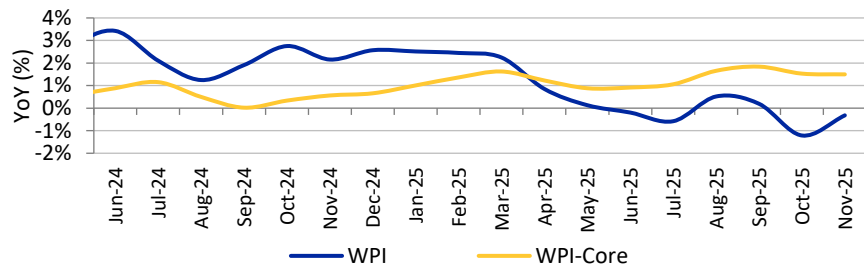
ICRA projects the WPI to re-enter the inflationary territory in December 2025 amid base effect-led uptick in food category, rising commodity prices and depreciation in USD/INR pair.

The WPI year-on-year (YoY) deflation narrowed faster than expected to 0.3% in November 2025 from 1.2% seen in the prior month (ICRA's est.: -0.6%). Even as an elevated base for primary food articles kept the print muted at (-) 4.2% in November 2025, the extent of deflation almost halved from 8.3% seen in October 2025, pushing up the headline print by as much as ~89 bps between these months. This was followed by primary non-food articles, minerals, and fuel and power, which witnessed a higher YoY print during this period. ICRA expects the WPI to have bottomed out in October 2025 and revert to an inflation of ~0.5% in December 2025. Subsequently, we project it to average above 1.5% in Q4 FY2026, pushed up by multiple factors like narrowing deflation in the food segment, uptick in global commodity price inflation, as well as depreciation in the USD/INR.

- **Sharper-than-expected rise in WPI in November 2025:** An unfavorable base, and rising prices of primary food articles and minerals led to sharper-than-anticipated narrowing of deflation to 0.3% YoY in November 2025 (ICRA exp.: -0.6%) from 1.2% in October 2025.
- **Deflation in food index halved to 2.6% YoY in November 2025 from a series-low level of 5% in October 2025:** The uptick in the food segment was on account of primary food articles (to -4.2% from -8.3% in October 2025; amid broad-based rise in 7 out of 8 sub-segments barring cereals) while manufactured food products reported a lower YoY rise (to +0.6% from +1.8%) between these months. Notably, primary food articles pushed up the headline WPI print by as much as 89 bps in November 2025 vis-à-vis October 2025.
- **WPI to re-enter inflationary zone in December 2025:** ICRA expects the WPI-food index to remain in the deflationary zone in December 2025, although the extent of the same is set to narrow further amid an unseasonal rise in vegetable prices, and dissipation of base effect. This, along with the uptick in global commodity price inflation and depreciation in USD/INR, is expected to exert some upward pressure on the headline WPI print. ICRA projects the WPI to move into a YoY inflation of around 0.5% in December 2025, and average above 1.5% in Q4 FY2026. Overall, the WPI is now estimated to average at ~0.4% in FY2026.

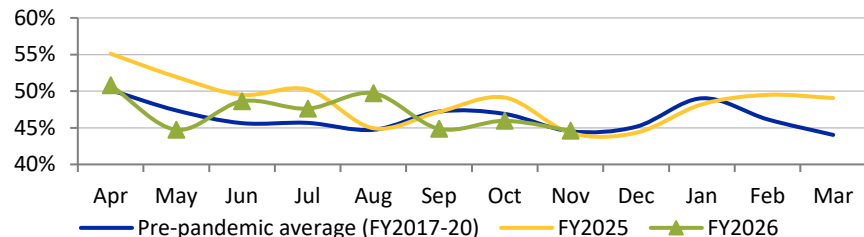
YoY deflation in WPI narrowed sharply to 0.3% in November 2025, led by primary food articles

EXHIBIT: YoY deflation in headline WPI narrowed to 0.3% from 1.2% in Oct 2025; while core-WPI inflation remained unchanged at 1.5%, despite a favorable base (amid elevated global commodity prices)



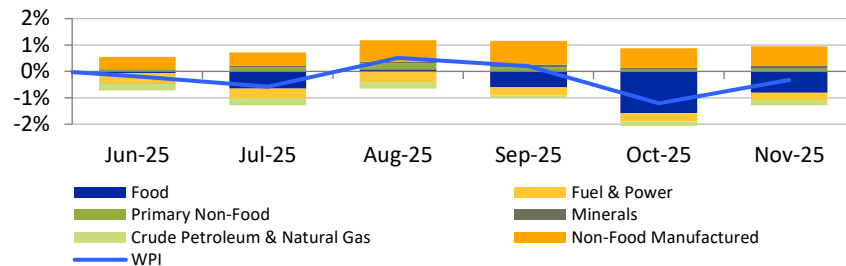
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

EXHIBIT: Nevertheless, the share of items in WPI basket* reporting a sequential increase in prices fell to ~44.6% from 46.0% in October 2025, while slightly exceeding the average for November FY2017-20 (44.5%)



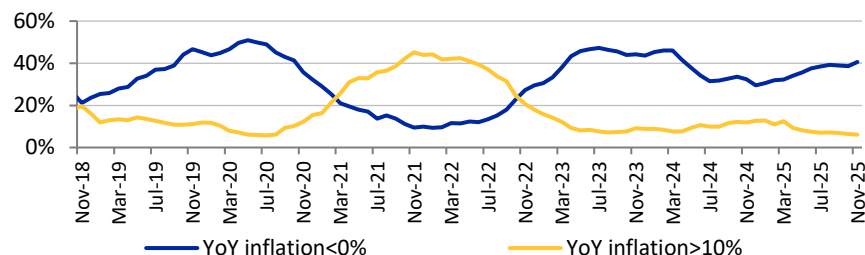
*Based on the 697 items covered in the WPI basket; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; CEIC; ICRA Research

EXHIBIT: Primary food articles pushed up the headline WPI print by as much as ~89 bps between Oct and Nov 2025, followed by minerals (~6 bps); while CPNG and manufactured food products dampened the print by ~14 bps



CPNG: Crude petroleum and natural gas; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

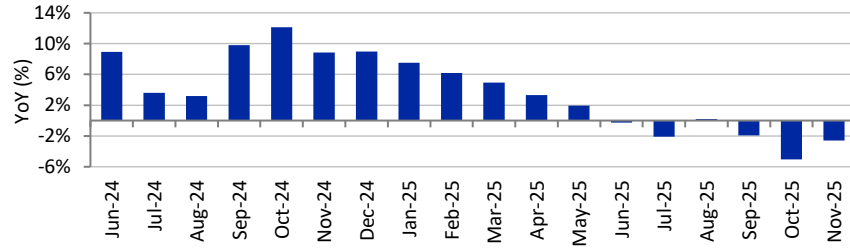
EXHIBIT: Additionally, the share of items in the WPI basket that reported a double-digit YoY inflation rate (>10%) eased somewhat to 6.0% in November 2025 from 6.3% in the prior month



*Based on the 697 items covered in the WPI basket; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; CEIC; ICRA Research

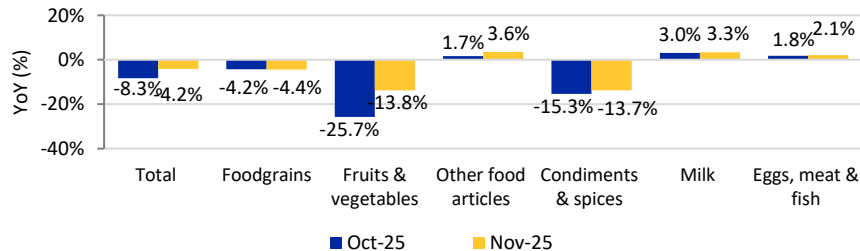
WPI food-index reported a lower YoY deflation in November 2025 vis-à-vis October 2025; it rose by 1.6% sequentially

EXHIBIT: The deflation in WPI-Food index almost halved to 2.6% (+8.9% in November 2024) from a series-low 5.0% in October 2025 (+12.1% in October 2024), as the base normalised



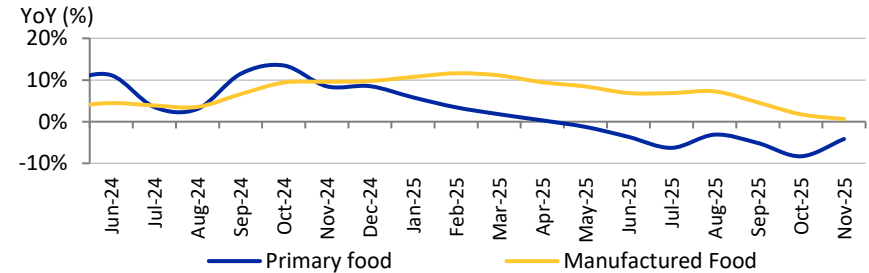
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: Within primary food articles, there was a broad-based uptick (7 out of 8; barring cereals) in November 2025 vs. October 2025, with narrower deflation in vegetables, pulses, spices, etc.



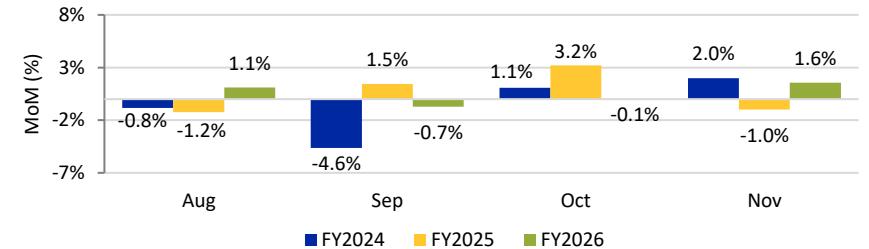
Foodgrains includes cereals and pulses; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: This was mainly led by primary food articles (to -4.2% from -8.3% while manufacturing food products reported a lower YoY rise (to +0.6% from +1.8%) in November 2025 vs. October 2025



Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

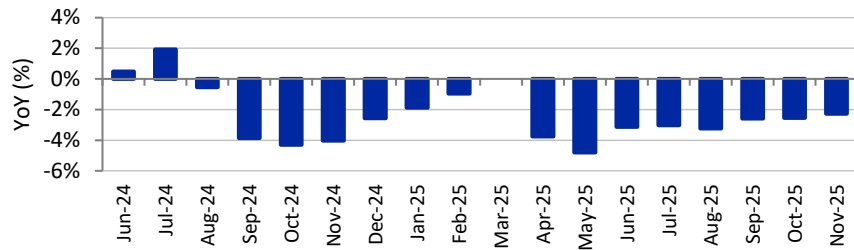
EXHIBIT: Even as WPI-food index remained muted at (-) 2.6% compared to last year, an uptick of 1.6% was recorded over October 2025 (in contrast to a fall of 1.0% MoM in November 2024)



Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

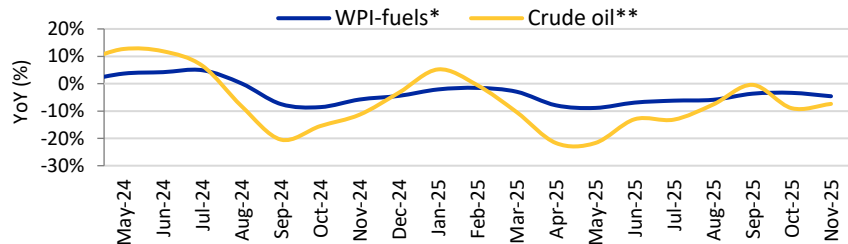
While crude petroleum saw sharper deflation in November 2025 vis-à-vis October 2025, that for fuel and power narrowed

EXHIBIT: Fuel and power continued to see a deflation, with the extent of the same narrowing to 2.3% in November 2025 from 2.6% in October 2025, driven by electricity (to -0.9% from -5.8%)



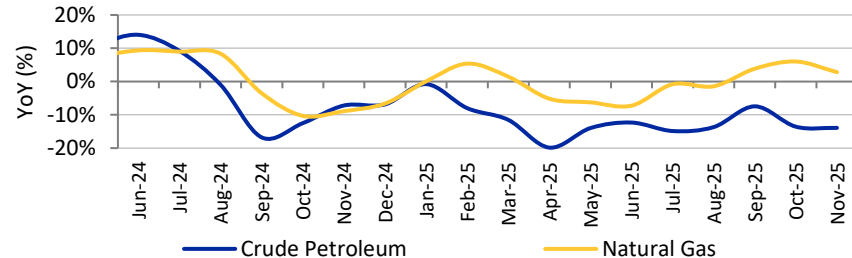
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

EXHIBIT: Deflation in WPI-fuels* (to -4.6% from -3.4% in Oct 2025) widened amid a deeper deflation in mineral oils (-3.4% vs. -2.2%; constituting greater weight of ~8.0% in fuel) as well as crude oil prices



*WPI-fuels comprises of fuel & power and crude petroleum & natural gas, and has a weight of 10.4% in the WPI; **Average price of Indian Basket of crude oil in INR terms; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

EXHIBIT: The YoY deflation in crude petroleum and natural gas widened to 8.7% in Nov 2025 (-7.7% in Nov 2024) from 7.5% in Oct 2025 (-11.8% in Oct 2024), led by both crude petroleum, and natural gas

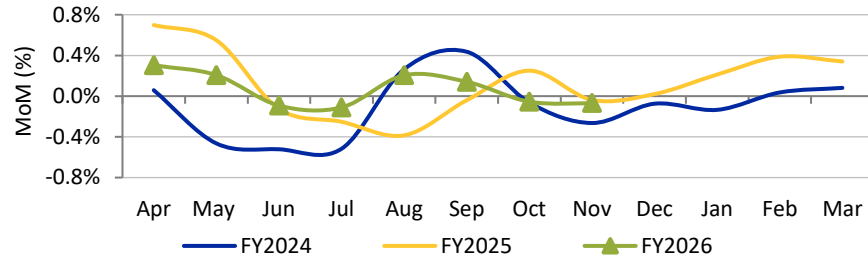


Source: Office of the Economic Advisor, Ministry of Commerce and Industry, Gol; ICRA Research

- The WPI index for crude petroleum for November 2025 is 5.9% lower than the final level for September 2025, narrower than the 7.2% dip in the average monthly international crude oil prices of the Indian basket (in Rs./bbl terms) between these months.
- **This suggests that the print for November 2025 may subsequently undergo a downward revision.**

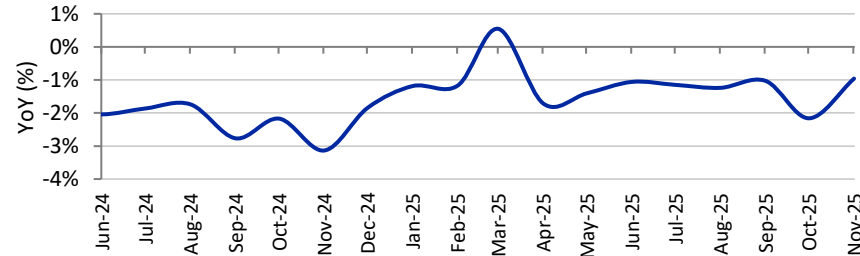
Farm inputs persisted in deflationary zone in November 2025, while industrial raw materials remained flat

EXHIBIT: The core-WPI fell by 0.1% MoM in November 2025, against the flat trend seen in November 2024 (0.0% MoM); the index has risen by 0.5% between March 2025 and November 2025 vs. 0.7% in the year ago period



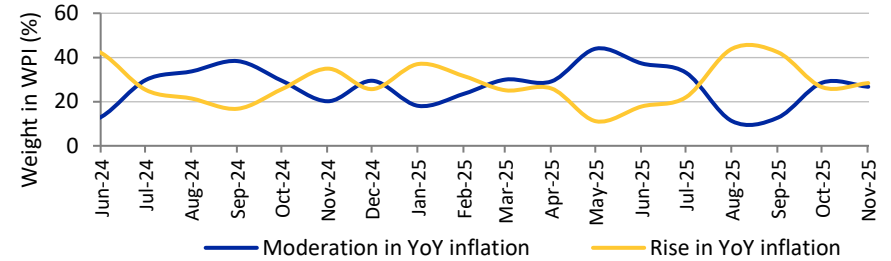
Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: WPI-farm inputs remained in the contractionary zone for the eighth consecutive month, even as the extent of the same narrowed to 1.0% from 2.2% in Oct 2025, led by HSD, electricity, and agri and forestry machinery



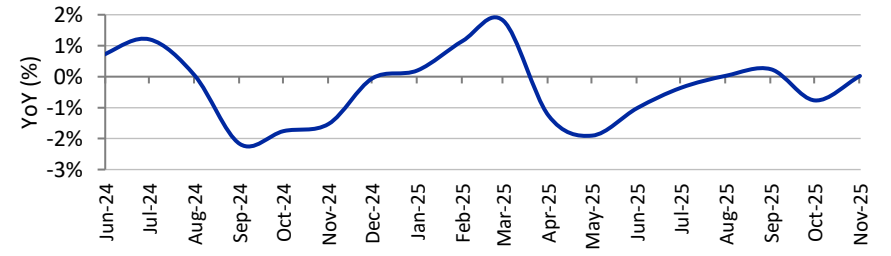
*Comprises primary non-food articles, minerals, coal, aviation turbine fuel, high speed diesel, naphtha, bitumen, furnace oil, lube oil, petroleum coke, electricity, cotton yarn, and paper and paper pulp from WPI; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

EXHIBIT: The weight of sub-sectors of core-WPI seeing a moderation in their YoY print eased to ~27% from ~29% in October 2025, while those reporting an uptick rose to ~28% from ~27%



Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

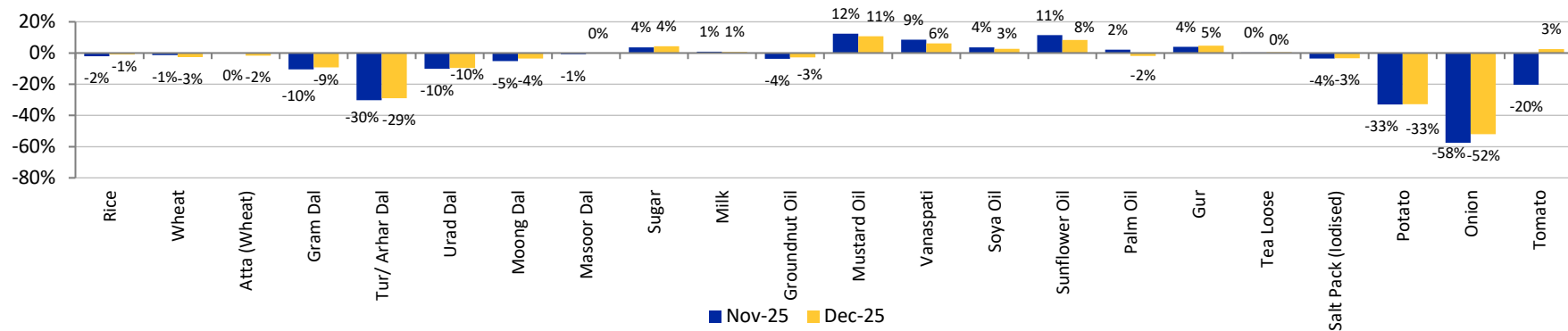
EXHIBIT: The index for WPI-Industrial raw materials remained largely flat YoY in November 2025 (-0.8% in October 2025), amid sharper inflation in primary non-food articles, minerals, electricity, petroleum coke, etc.**



**Comprises high speed diesel, fodder, electricity, fertilisers, pesticides and agricultural and forestry machinery from WPI; Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; ICRA Research

OUTLOOK: WPI-food print to move upwards in December 2025 amid adverse base

EXHIBIT: YoY trends in wholesale prices in November 2025 and December 2025*

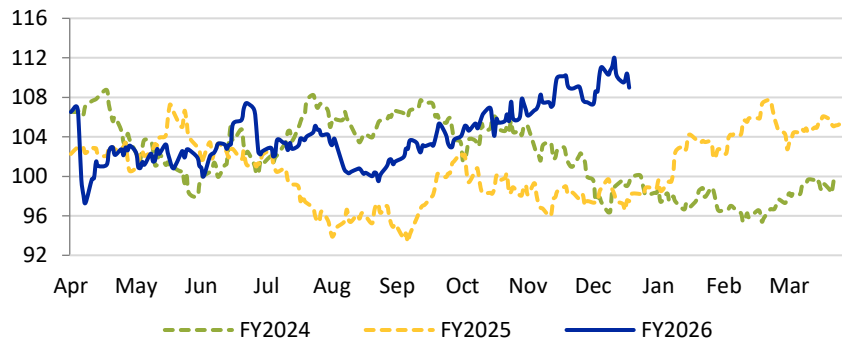


*Till December 14, 2025; Source: Department of Consumer Affairs; CEIC; ICRA Research

- As per the early data for December 2025 (until Dec 14), the average wholesale prices of as many as 10 of the 22 available food items hardened sequentially in the month. These include rice, some pulses (like *tur*, *moong*, and *masoor dal*), edible oils (like groundnut, soya, and sunflower oil), loose tea, salt, and tomato.
- Among the key cereals, rice has reported a slight sequential uptick of 0.1% in the ongoing month so far (vs. -0.4% in Nov 2025 and -1.0% in Dec 2024; likely affected by delayed kharif harvesting), while wheat displayed the second straight month of sequential dip (-0.1% vs. +1.3% in Dec 2024; amid healthy trends seen in rabi sowing relative to the slow start seen last year). Moreover, among the key vegetables, tomato prices increased sharply by ~12% MoM during December 1-14, 2025 after the steep ~15% MoM rise in the prior month (amid robust winter demand and supply shortfalls owing to untimely rains in Oct 2025) while potato and onion prices dipped by ~3% and ~1% MoM, respectively.
- On a YoY basis, as many as 14 of the 22 items reported a higher inflation reading in December 2025 so far vis-à-vis November 2025, including rice, all pulses (while reporting deflation), sugar, groundnut oil, gur, tea, salt, and TOP vegetables (although potato and onion continued to report deep deflation). **ICRA expects the WPI-food index to remain in the deflationary zone in December 2025 (-2.6% in November 2025), although the extent of the same is likely to narrow further, as the favourable base dissipates.**

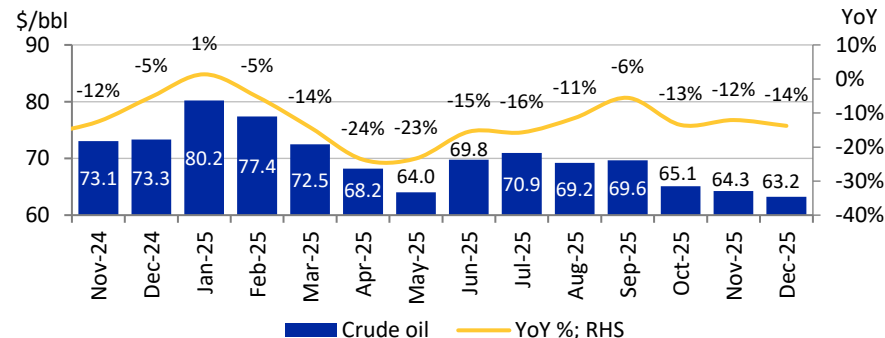
OUTLOOK: YoY prints for global commodity prices hardened in December 2025

EXHIBIT: Trends in the Bloomberg commodity price Index



*Data for FY2026 is up to December 12, 2025; Source: Refinitiv, ICRA Research

EXHIBIT: Trends in prices of Indian basket of crude oil

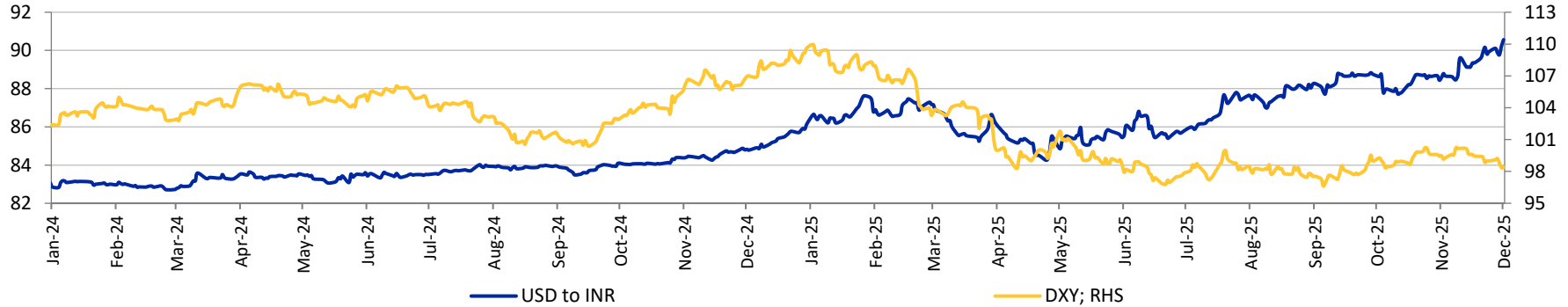


*Data for December 2025 is up to December 12; Source: PPAC, CEIC, ICRA Research

- Global commodity prices have been on an upward trajectory since September 2025, rising by 2-3% sequentially in each of the months. During December 1-12, 2025, the average value of the Bloomberg Commodity Index rose by 1.7% sequentially and was 12.6% higher on a YoY basis (vs. +10.8% YoY in Nov 2025). **The uptrend in the index has largely been led by sharp gains in precious metals (such as gold and silver), as well as hardening in prices of some industrial metals (such as copper, aluminum and zinc; amid structural metal demand for electrification, clean energy purposes, etc. as well as supply side lag from mining underinvestment and geopolitical developments) and grains (soyabean).**
- On the other hand, the average price of the Indian basket of crude oil declined sequentially for the third consecutive month to \$63.2/bbl during December 1-12, 2025, the lowest level seen since March 2021. Moreover, on a YoY basis, the contraction in the same widened to 13.8% so far (vs. -12.1% in Nov 2025). This is largely on account of supply glut from greater-than-anticipated oil production by US and OPEC+ and weak global demand which is keeping the oil prices in check despite adverse geopolitical developments (Ukraine drone and missile attacks on Russia's oil tankers and refineries as well as new US and EU sanctions on Russian oil companies).

OUTLOOK: Headline WPI expected to revert to an inflation of ~0.5% in December 2025

EXHIBIT: Trends in USD/INR and Dollar Index (DXY)



*Data for December 2025 is up to December 12; Source: CEIC; RBI; ICRA Research

- Following the announcement of US tariffs effective August 1, 2025, the USD/INR pair depreciated by 3.5% as on December 12, 2025 relative to end-July 2025, weighed down by risk of sentiments from steep US tariffs and penalties that has led to heavy FII equity outflows (-\$7.5 billion between Aug-Dec 2025 so far). In CYTD (until Dec 12), the INR depreciated by 5.9% against \$.
- The pair breached the 89/\$-mark on November 21 and subsequently the 90/\$ mark in a short while on December 3, 2025. In December 2025 so far (until Dec 12), it averaged at an all-time low of 90.00 vs. 88.82 in November 2025, which is likely to weigh on landed cost of imports in the ongoing month.
- **With a further depreciation in the USD/INR, hardening commodity prices, and unseasonal rise in vegetable prices, and despite softening crude oil prices, ICRA expects the WPI to move into a YoY inflation of ~0.5% in December 2025, and subsequently average above ~1.5% in Q4 FY2026. The WPI is now likely to average ~0.4% in FY2026.**

Table A.1: Trend in Monthly WPI Inflation

	Weight	YoY Inflation				MoM
		September-25	September-25	October-25	November-25	November-25
		Initial	Revised	Initial	Initial	Initial
WPI	100.00	0.1%	0.2%	-1.2%	-0.3%	0.7%
Primary Articles	22.62	-3.3%	-3.1%	-6.2%	-2.9%	2.1%
- Food	15.26	-5.2%	-5.1%	-8.3%	-4.2%	2.5%
- Non-Food	4.12	3.1%	3.6%	1.5%	2.3%	1.3%
- Minerals	0.83	6.8%	8.6%	5.6%	10.4%	4.5%
- Crude Petroleum and Natural Gas	2.41	-3.8%	-3.8%	-7.5%	-8.7%	-1.6%
Fuel and Power	13.15	-2.6%	-2.6%	-2.6%	-2.3%	1.0%
- Coal	2.14	0.4%	0.4%	0.4%	0.4%	0.0%
- Minerals Oils	7.95	-3.6%	-3.6%	-2.2%	-3.4%	-0.7%
- Electricity	3.06	-1.3%	-1.3%	-5.8%	-0.9%	6.7%
Manufactured Products	64.23	2.3%	2.3%	1.5%	1.3%	-0.1%
- Food	9.12	4.6%	4.6%	1.8%	0.6%	-0.2%
- Non-Food	55.11	1.8%	1.8%	1.5%	1.5%	-0.1%

Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; CEIC; ICRA Research

Table A.2: Trend in Monthly Inflation related to Non-Food Manufactured Products

	Weight	YoY Inflation				MoM
		September-25	September-25	October-25	November-25	November-25
		Initial	Revised	Initial	Initial	Initial
Non-Food Manufactured Products	55.11	1.8%	1.8%	1.5%	1.5%	-0.1%
Beverages	0.91	1.0%	1.0%	1.0%	0.7%	-0.1%
Tobacco Products	0.51	2.0%	2.1%	3.2%	2.5%	-0.1%
Textiles	4.88	1.7%	1.8%	1.9%	1.9%	0.1%
Wearing Apparel	0.81	1.7%	1.6%	1.7%	2.2%	0.4%
Leather and Related Products	0.54	1.8%	1.9%	1.3%	1.3%	0.1%
Wood and Products of Wood and Cork	0.77	0.9%	1.1%	1.6%	1.7%	-0.1%
Paper and Paper Products	1.11	0.4%	0.3%	0.4%	1.4%	0.1%
Printing and Reproduction of Recorded Media	0.68	2.9%	2.9%	2.2%	1.7%	-0.1%
Chemicals and Chemical Products	6.47	0.4%	0.4%	0.4%	0.1%	-0.2%
Pharmaceuticals, Medicinal Chemical and Botanical Products	1.99	1.2%	1.2%	1.9%	1.4%	-0.1%
Rubber and Plastics Products	2.30	0.2%	0.3%	-0.5%	-0.1%	-0.3%
Other Non-Metallic Mineral Products	3.20	2.5%	2.1%	2.0%	0.6%	-0.6%
Basic Metals	9.65	-0.2%	0.0%	-1.6%	-1.2%	-0.1%
Fabricated Metal Products, except Machinery and Equipment	3.15	0.4%	0.5%	1.5%	0.5%	-0.7%
Computer, Electronic and Optical Products	2.01	0.3%	0.2%	0.8%	0.1%	-0.9%
Electrical Equipment	2.93	1.6%	1.5%	1.5%	1.6%	0.1%
Machinery and Equipment	4.79	1.2%	1.1%	1.4%	1.9%	0.3%
Motor Vehicles, Trailers and Semi-Trailers	4.97	0.8%	0.9%	0.7%	0.8%	0.0%
Other Transport Equipment	1.65	5.3%	5.3%	4.8%	4.1%	-0.3%
Furniture	0.73	3.2%	2.9%	2.2%	0.7%	-0.2%
Other Manufacturing	1.06	32.3%	32.3%	28.3%	31.0%	1.9%

Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; CEIC; ICRA Research

Table A.3: Sub-sectors with items having major contribution in the WPI Inflation

Sub-Group (weight; %)	Item Description	Weight (%)
Primary Food Articles (22.62)	Milk	4.44
	Paddy	1.43
	Wheat	1.03
Primary Non-food Articles (4.12)	Industrial Wood	0.89
	Raw Cotton	0.66
	Fodder	0.53
Minerals (0.83)	Copper Concentrate	0.33
	Iron Ore	0.21
	Phosphorite	0.11
Crude Petroleum and Natural Gas (2.41)	Crude Petroleum	1.95
	Natural Gas	0.46
Fuel and Power (13.15)	HSD	3.10
	Electricity	3.06
	Petrol	1.60
Manufactured Food Products (9.12)	Vegetable and Animal Oils and Fats	2.64
	Grain Mill Products	2.01
	Dairy Products	1.17
Non-Food Manufactured Products (55.11)	Basic Metals	9.65
	Chemicals and Chemical Products	6.47
	Motor Vehicles, Trailers and Semi-Trailers	4.97

Source: Office of the Economic Advisor, Ministry of Commerce and Industry, GoI; CEIC; ICRA Research



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