No.F.1/5/2026-PPD
Government of India
Ministry of Finance
Department of Expenditure
Procurement Policy Division

709, Chanderlok Building,
Janpath, New Delhi
13.07.2026

OFFICE MEMORANDUM

Subject: Adoption of Producer Price Indices (PPIs) in place of Wholesale Price Index (WPI) in price escalation/ price adjustment clauses of future Government procurement contracts.

The Producer Price Index (PPI) is a more internationally accepted index compared to Wholesale Price Index (WPI) used in government contracts to define escalation.

2. Department for Promotion of Industry and Internal Trade (DPIIT) will be publishing the Producer Price Index (PPI). Ministries/ Departments are encouraged to adopt Producer Price Index (PPI) in place of Wholesale Price Index (WPI) in all price escalation clauses of future contracts, once PPI becomes available.

3. For any further clarification w.r.t PPI, Ministries/ Departments may contact the Office of the Economic Adviser, DPIIT and may refer to the FAQs issued on the website of the Office of the Economic Adviser.

3. This issues with the approval of the Competent Authority.

13/7/26

(Praveen Kujur)
Under Secretary to the Government of India
Tel: 011- 23733771
Email: praveen.kujur@nic.in

To:
Secretaries & Financial Advisors of all Ministries/ Departments of Government of India.