

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

STARRED QUESTION NO:415

ANSWERED ON:31.07.2009

PRICE INDICES

Joshi Dr. Murli Manohar;Singh Shri Rajiv Ranjan (Lalan)

Will the Minister of FINANCE be pleased to state:

- (a)whether the current system of collection of data for the purpose of monitoring prices is faulty;
- (b)if so, the details thereof and the action taken thereon;
- (c)whether the Union Government has adopted or proposes to consider a new strategy in this regard; and
- (d)if so, the details thereof?

Answer

FINANCE MINISTER(SHRI PRANAB MUKHERJEE)

(a) to (d) : A statement is placed on the Table of the House.

Statement referred to in reply to Lok Sabha Starred Question No. 415 By Dr. Murli Manohar Joshi and Shri Rajiv Ranjan Singh Alias Lalan Singh regarding "PRICE INDICES" due for answer on JULY 31, 2009

The Ministry of Finance is not involved in data collection for price monitoring and only reports inflationary trends in the various price indices. The departments associated with the data collection process are the Department of Industrial Policy and Promotion for wholesale price data used in computing the wholesale price index (WPI); the Labour Bureau for retail price data used in computing the consumer price indices for industrial workers (CPI-IW), rural labour (CPI-RL) and agricultural labour (CPI-AL); the Central Statistical Organization for retail price data for the consumer price index for urban non-manual employees (CPI-UNME); and the Department of Consumer Affairs for data on both wholesale and retail prices of essential commodities.

The WPI price data collection completely excludes the services sector and the receipt of input on weekly prices in manufactured products is very low. In the absence of legal backing for and a dedicated data collection system, the data is received on a voluntary basis from Government Ministries and attached offices, commodity boards, oil companies, individual industrial units, leading manufacturers, business houses, chambers of commerce and trade associations. The CPI-IW uses the retail prices from popular working class-patronized markets for price sensitive food items on a weekly basis, for items known to vary less frequently on a monthly basis and for services which do not show much change on a six-monthly/yearly basis. Price collection for the CPI-UNME has been discontinued since April 2008. Retail price data for CPI-RL and CPI-AL are collected by the National Sample Survey Organisation from 600 sample villages in 20 States on a monthly basis.

The National Statistical Commission, 2001 recommended that the Central Statistical Organisation compile a single national consumer price index by computing the CPI (Urban) and CPI (Rural) separately and then combining them together into an All-India index. Data collection for CPI (Urban) has started. Concurrently, the WPI series is being upgraded with base year 2004-05=100 in lieu of the existing one with base year 1993-94=100.