

**GOVERNMENT OF INDIA
FINANCE
LOK SABHA**

UNSTARRED QUESTION NO:1694
ANSWERED ON:23.03.2012
NEW METHODOLOGY FOR MEASURING INFLATION
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Will the Minister of FINANCE be pleased to state:

- (a) whether the Government has adopted a new methodology for measuring inflation in the country since January 2012;
- (b) if so, the facts in this regard alongwith the difference between the old and new methods and the details of its possible benefits; and
- (c) the increase in food inflation in January 2012 vis-a-vis last year as per the new methodology alongwith the reasons of this increase?

Answer

MINISTER OF STATE IN THE MINISTRY OF FINANCE (SHRI NAMO NARAIN MEENA)

(a) & (b) Central Statistical Office (CSO) has launched a new series of Consumer Price Indices (CPI) base 2010=100 beginning January, 2011. The new series provide indices separately for rural, urban and All India with a further disaggregation covering all States and Union Territories. Compared to the sector specific CPIs which are separately compiled for Industrial Workers, CPI (IW), Agricultural Labourers, CPI (AL) and Rural Labourers, CPI (RL), the new CPI better reflects the consumer prices and has a wider coverage.

(c) Annual Inflation based on new CPI series is available only from January 2012. Inflation for corresponding months of previous year therefore is not compiled. Annual inflation rates of January and February 2012 for rural, urban and all India in respect of food, non-food and total are indicated in the table below.

Table: Rates of inflation based on new series of CPI (percent)

Food#	Non-food		Total			
	Jan-2012	Feb-2012	Jan-2012	Feb-2012	Jan-2012	Feb-2012
Rural	4.14		6.33	11.48	10.99	7.28 8.36
Urban	3.92	7.21	10.79	10.72	8.25	9.45
All India	4.06	6.65	11.02	10.83	7.65	8.83

Excluding intoxicants.

Note: February 2012 figures are provisional