

**GOVERNMENT OF INDIA
LABOUR AND EMPLOYMENT
LOK SABHA**

UNSTARRED QUESTION NO:458

ANSWERED ON:23.11.2009

NEW CONSUMER PRICE INDEX

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Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether the Consumer Price Index (CPI) presently in practice has become obsolete and unrealistic;
- (b) if so, the details thereof;
- (c) whether the economists at the Indian Council for Research on International Economic Relations (ICRIER) have recently unveiled a practical CPI;
- (d) if so, the details thereof;
- (e) whether the Government proposes to introduce new modes of price indices;
- (f) if so, the details thereof; and
- (g) the weightage assigned to different commodities in the new index and the extent to which the next system of indexing is different from present system of index?

Answer

MINISTER OF STATE FOR LABOUR AND EMPLOYMENT (SHRI HARISH RAWAT)

(a) & (b): The Consumer Price Index (CPI) series presently in practice are for targetted population i.e. Industrial Workers, Agricultural / Rural Labourers and Urban Non-Manual employees. The Consumer Price Index Number for Industrial Workers, compiled by Labour Bureau, is primarily used for determination of dearness allowance component of wages / salaries of workers in the industrial establishments throughout the country as well as for Central and State Government employees. It was released with revised base 2001=100 with effect from January 2006, after consultation with stakeholders and due approval of the Technical Advisory Committee on Statistics of Prices and Cost of Living constituted by Ministry of Statistics and Programme Implementation. The Consumer Price Index Numbers for Agricultural and Rural Labourers is also compiled by the Labour Bureau with base 1986-87=100. It is primarily taken into account for fixing / revising minimum wage for employment in agriculture.

(c) to (g): According to the information received from the Indian Council for Research on International Economic Relations (ICRIER), it has emphasized that Consumer Price Index, instead of wholesale price index numbers, should be used as a measure of inflation as being practiced by majority of the countries. ICRIER has also made an attempt to construct an aggregate Consumer Price Index. The Central Statistical Organization (CSO) compiles the CPI series for Urban Non-Manual Employees (UNME). The price collection for CPI (UNME) was discontinued with effect from April 2008. However, linked all- India CPI (UNME) numbers are prepared for meeting the requirement of users. CSO has already taken an initiative for the compilation of new series of CPI separately for urban and rural population. It has also decided to bring national CPI for entire population by merging CPI Urban and CPI Rural with appropriate weights as derived from Consumer Price Expenditure Survey 2004-05 conducted by National Sample Survey Organisation. A statement giving weighting diagram for CPI Urban and CPI Rural is annexed.