

Gangwar Releases Compendium on Consumer Price Index for Industrial Workers

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Union Minister of State (I/C) for Labour & Employment Shri Santosh Kumar Gangwar today released the Compendium on Consumer Price Index for Industrial Workers (Volume I-IV, 1945 to 2020). Speaking on the occasion, Shri Gangwar said, digitization of historical data on CPI-IW for more than seven decades in the shape of compendium will bridge the data gap on the subject & it will be an inspiration to other agencies compiling price indices or other statistics to follow the suit. He said, the Compendium is a first of its kind publication and is being released at a time when the Labour Bureau, a pioneer public institute in this country on index compilation and labour statistics, is celebrating the centenary year of its formation. It contains detailed and comprehensive information and explanations on compiling consumer price index (CPI). Labour Bureau began compiling the index since 1945. Collating index at one place right from its inception till date in the form of a compendium was keenly felt keeping in view the interests of a variety of institutional and individual stakeholders.

There had been a number of Consumer Price Index series available in the country from time to time for specific purposes and almost every series had undergone a periodic revision. In old times, the series published had limited reach to related agencies and were also available only at aggregated level. With a view to fulfilling the demand of the users, Labour Bureau started publishing Annual Report on Consumer Price Index for Industrial Workers from 1995, providing subgroup index for every centre. Taking this further, bringing all information on CPI for Industrial Workers on base 1944, 1949, 1960, 1982 and 2001 together at one place in the form of compendium will be of great importance for the researchers and policy makers.



Secretary, Labour & Employment Shri Apurva Chandra said, that the compendium on consumer price index for industrial workers is a milestone achieved by the Labour Bureau & it will open a new prism to analysis on price index and related subject. He said, the compendium envelops index numbers at broad group levels for individual centres and All-India. The information ranges from interim series of 1944 and 1949 to 1960 to 1982 and to the latest gone by series of base 2001 for the period January, 1945 to August, 2020. The huge

amount of data in terms of time and space dictated us to split this compendium in four volumes. Every volume encapsulates chapters introducing the readers with general characteristics of the CPI elaborating both the theory and the practice of index compilation. It also throws light on the chronological developments of the CPI-IW index compiled by the Labour Bureau since its inception. In the appendix, tables presenting index figures of the series at broad group levels have been provided. The first volume has chapters related to interim series and index data on base 1944 and 1949 for the period January, 1945 to March, 1954 and for April, 1954 to July, 1968 respectively. The second volume provides index data on 1960 series for the period August, 1968 to September, 1988. The third and fourth volume gives the similar information on base 1982 for the period October, 1988 to December, 2005 and on base 2001=100 for January, 2006 to August, 2020. The quantum of information on CPI-IW at one place in the form of this compendium will serve as a reference for researchers, policy makers, students, etc. interested in understanding price indices and inflation trends.



Director General of Labour Bureau, Shri D.P.S. Negi said that the compendium on CPI-IW, the mainstay of Labour Bureau India, is the beginning of digitization process of data on labour and price statistics stored in its warehouse. He said the Consumer Price Index for Industrial Workers is being compiled by the Labour Bureau since 1945. In the very beginning, it was known as Working Class Cost of Living Index Numbers which later in May, 1955 following the decision of the Indian Labour Conference changed to Consumer Price Index Numbers for Working Class to remove the confusion that the indices measure the change in retail prices paid by the working class consumers for goods and services entering into the average family consumption in the base period and do not indicate the changes in actual cost of living due to causes other than price changes.

The Consumer Price Index is the most used out of the numerous statistical products that are currently available to the common man. For millions of individuals whose wages are linked to a consumer price index series, the index is almost a household word. The extent to which their real wages are protected from erosion on account of price rises depends on the quality and reliability of the consumer price index series. As such, it becomes necessary to examine critically the consumer price index numbers that are currently being published and used with a view to assuring the users of their reliability and also standardizing the concepts and methods of compilation.

The history of compilation & maintenance of CPI for industrial Workers owes its origin to the deteriorating economic condition of the workers on account of abnormal rise in prices following the World War I. As a result of sharp rise in prices and the cost of living, some Provincial Governments started conducting Family Budget Enquiries and compilation of Working Class Cost of Living Index Consumer Price Index Numbers for Industrial Workers in the country. But none of them was entirely satisfactory.

The interim series of working class cost of living index was categorized into Labour Bureau series and State series. The Labour Bureau series was on common base 1944=100 whereas State series were based on varying

bases. They were brought on common base in consonance with Labour Bureau series to compile an All-India series late in 1952 but soon after it was revised to another base of 1949 through arithmetic shifting. The Interim series on base 1944 had 24 centres which increased to 27 in base 1949 after adding three more State series. The interim series remained in use till July, 1968 when new series on uniform base as 1960 got ready to use in August, 1968.

In pursuance of the recommendations made by the Rau Court of Enquiry, the job of compilation & maintenance of CPI for Industrial Workers was taken over by the Central Govt. in 1941. However, the compilation of index numbers on uniform and scientific lines was started only after the conduct of the Family Living Survey by the Labour Bureau during 1958-59 at 50 important industrial centres, spread over length and breadth of the country, under the guidance of the Technical Advisory Committee on Cost of Living Index Numbers and compilation of Consumer Price Index Numbers for Industrial Workers on base 1960=100. Since then the compilation and maintenance of Consumer Price Index Numbers are being done by the Labour Bureau on a continuous basis. The series was revised twice on base 1982 equal to 100 and 2001 equal to 100 and remain in effect from October, 1988 to December, 2005 and January, 2006 to August 2020 respectively.

The Labour Bureau is the competent authority under the Minimum Wages Act, 1948 to ascertain, from time to time, the Consumer Price Index Numbers applicable to employees employed in the Scheduled employments in respect of all the undertakings in the Central Sphere and the Union Territories.

Many methodological improvements introduced in survey and sampling, schedule designing and canvassing, data cleaning and tabulation, weights derivation and average price calculation and index computation enhanced the reliability of the index. The revised series was always broader in scope and coverage in comparison to earlier series and some of the salient features and improvements are elucidated as under-

- In 1960 series, coverage of industrial workers was limited to 3 sectors namely Factories, Mines and Plantations.
- It was extended to 7 sectors in 1982 for conducting Working Class Family Income & Expenditure Survey by including four more sectors viz. i) Railways, ii) Public Motor Transport Undertakings, iii) Electricity Generating and Distributing Establishments, and iv) Ports and Docks. The same set of sectors was again covered in 2001 series.
- Number of working class families covered in the survey for collecting information on income and expenditure was increased from 23,460 families in 1960 to 32,616 families in 1982 and to 41,040 families in 2001.
- Number of centres was increased from 50 in 1960 series to 70 in 1982 and to 78 in 2001 series.
- Number of markets also increased from 142 in 1960 to 226 in 1982 and to 289 in 2001 series.
- Number of items retained in index basket increased from 175 in 1960 to 260 in 1982 and to 392 in 2001 series.
- In 1982 and 2001 series, the weight for ration price is determined on the basis of actual availability of the rationed items in the ration shops as against the criterion of admissibility adopted in old series.
- The housing index of self-owned houses was calculated on the basis of rent movement of comparable rented houses in subsequent series as against the rent index kept frozen at 100 in the old series.

Since the release of 2001 series in March, 2006, various Central Trade Unions had been pressing for a review of these index numbers by a high powered tripartite Committee. Accordingly, the Ministry of Labour & Employment constituted an Index Review Committee under the Chairmanship of Prof. G.K. Chadha, a member of Prime Minister's Economic Advisory Council in November, 2006 to review and report on various aspects of CPI-IW including methodology for deriving the weighting diagram, methods of compilation and linking factor, to study and report on the existing price collection procedures and machinery of price collection and to make recommendations for further improvement. The Committee after detailed discussions and deliberations on various aspects of the index, made certain recommendations to be incorporated in the next revision of the series which were duly included in the new series on base 2016=100 launched in September, 2020.

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