

Movement in Consumer Price Index

5.19 Retail price inflation, commonly measured by the Consumer Price Index for Industrial Workers (CPI-IW), after touching a peak of 5.1 per cent in April 2003, decelerated more or less steadily to 3.5 per cent in March 2004 (Table 5.8 and Figure 5.2).

5.20 There is a strong case for revising the current series of CPI-IW that has 1982 as the base year. A more recent base year, and a new weighting scheme is needed to make the CPI-IW series capture the changing economic environment in a more realistic manner. The current series is not only outdated in terms of the base year, but also does not adequately reflect the changes that consumption patterns have undergone over the last two decades. For example, food has a weight of 57 per cent, while the fuel group has a weight of only 6 per cent and services (lumped in the miscellaneous group) are not adequately represented in the current CPI-IW series. This weighing pattern may not be appropriate for current times. Keeping in view this need for change, the index is being revised, and

Table 5.8: Point-to-point inflation based on CPI (IW)—1982=100

(Per cent)

Month	2001-02	2002-03	2003-04
APR	2.3	4.7	5.1
MAY	2.5	4.7	4.7
JUN	3.4	4.2	4.4
JUL	4.0	3.9	4.2
AUG	5.2	3.9	3.1
SEP	4.7	4.3	2.9
OCT	4.2	4.1	3.3
NOV	4.9	3.6	3.1
DEC	5.2	3.2	3.7
JAN	4.9	3.4	4.3
FEB	5.2	3.9	4.1
MAR	5.2	4.1	3.5
Average	4.3	4.0	3.9

preliminary work in this regard has already been completed.

5.21 Quarterly movement of WPI and CPI inflation by major groups in 2002-03 and 2003-04 are presented in Tables 5.9 and 5.10.

Table 5.9 : Movement in the Wholesale Price Index by quarter over previous quarter*(Per cent)*

Commodity group	Weight	2002-03				2003-04			
		Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
All commodities	100.00	1.3	2.1	0.5	1.3	2.2	0.5	1.4	1.6
Primary articles	22.03	1.9	2.8	0.5	0.3	3.1	-0.8	1.3	-0.4
Fuel, power, light & lubricants	14.23	0.9	2.9	0.8	2.7	1.0	0.7	1.7	2.7
Manufactured products	63.75	1.2	1.6	0.3	1.1	2.3	1.0	1.3	2.0

Source : Office of Economic Adviser, Ministry of Industry.

Table 5.10 : Movement in the CPI (IW) by quarter over previous quarter*(Per cent)*

Commodity group	Weight	2002-03				2003-04			
		Qtr 1	Qtr 2	Qtr 3	Qtr 4	Qtr 1	Qtr 2	Qtr 3	Qtr 4
		Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar	Apr-Jun	Jul-Sep	Oct-Dec	Jan-Mar
General	100.00	1.1	2.3	0.7	-0.4	2.1	1.0	0.7	0.2
Food	57.00	-0.3	4.6	0.5	-1.7	3.1	1.0	0.7	-0.8
Pan, supari, tobacco & intoxic.	3.15	-0.6	1.5	0.5	0.7	0.9	1.3	0.8	1.3
Fuel & light	6.28	-3.9	8.1	2.3	1.7	2.1	-0.4	1.6	3.3
Housing	8.67	-7.6	11.3	0.0	2.5	0.0	2.3	0.0	1.5
Clothing, bedding & footwear	8.54	-1.1	2.3	-0.4	1.0	0.8	0.5	-0.5	1.1
Miscellaneous group	16.36	-2.3	5.2	1.4	0.9	0.6	0.7	0.9	1.0

Source : Labour bureau, Shimla/Chandigarh.