

## Consumer Price Index for Industrial Workers

5.20 In pursuance of the recommendation made by the International Labor Organization, the Second Commission on Labor and the National Statistical Commission, for early

updating of the base of the CPI-IW, Labor Bureau has completed the works relating to the shifting of the base from 1982 to 2001. All procedural, methodological and conceptual issues have been finalized under the guidance of a Technical Advisory Committee (Box 5.2).

### Box 5.2 : Revised Consumer Price Index for Industrial Workers (Base 2001=100)

- The same methodology as for the existing CPI-IW has been used; only the base has been shifted from 1982 to 2001, which was considered to be a normal year judged by broad economic factors.
- Weighting diagrams for 78 centres have been revised on the basis of a detailed consumer expenditure survey conducted by the National Sample Survey Organisation in 1999-2000 with the help of Labour Bureau, Shimla. The weighting diagram, at the all India level, is the weighted average of the weights of 78 centres. The existing weights and revised weights are indicated below:

Groups	Weighting Diagrams for CPI-IW (per cent)	
	Base 1982	Base 2001
1. Food	57.00	46.19
2. Pan, supari, tobacco and intoxicants	3.15	2.27
3. Fuel and light	6.28	6.43
4. Housing	8.67	15.27
5. Clothing, bedding and footwear	8.54	6.58
6. Miscellaneous*	16.36	23.26
<b>Grand Total</b>	<b>100.00</b>	<b>100.00</b>

\* Miscellaneous group consists of medical care, education, transport and communications, recreation and amusement, personal care and effects, laundry, domestic services, etc.

#### Consultation with all stakeholders

As per the existing practices and conventions, Labour Bureau held series of consultations with all stakeholders such as the Union and State Governments, trade unions and the employers' associations before launching the relevant data collection and construction of weighting diagrams. The State Planning and Labour Departments and the State Bureau of Economics and Statistics were also actively consulted.

The Labour Bureau also organised a multi-stakeholders meeting at Shimla on May 19-20, 2005 with trade union leaders, representatives of the employers' organisations, State labour secretaries and representatives of Central Government Ministries, amongst others.

After extensive deliberations on methodology, consumption basket, choice of centres for construction of indices, choice of markets for collection of price data and revision of weighting diagrams, all the participants, except for the trade union leaders observed that they had no objection to the release of the revised CPI series with base 2001=100.

While appreciating the hard work done by the Labour Bureau and agreeing with the need for updating the CPI series, trade union leaders opposed the release of the new series on the ground that they were not represented in the Technical Advisory Committee (TAC) and they were not consulted earlier on various issues. They particularly referred to the Report of the Rath Committee (1978), which recommended that representatives of trade unions and employers should be involved actively in the exercises on revision of CPI. Ministry of Labour and Employment has accepted the suggestion of the trade unions to reconstitute the TAC by including representatives of trade unions and employers and to examine the revised CPI series by the reconstituted TAC.