

Consumer Price Indices

5.16 There are four consumer price indices (CPI) measuring the changes over time in the general level of prices of goods and services that four different reference population groups acquire, use or pay for consumption – CPI for Urban Non-Manual Employees (CPI-UNME); CPI for Industrial Workers (CPI-IW); CPI for Agricultural Labourers (CPI-AL) and CPI for Rural Labourers (CPI-RL) (Table 5.7). These are compiled in terms of the general standards and guidelines set by the International Labour Organisation (ILO) for all the member countries. While CPI-UNME is compiled and released by Central Statistical Organisation (CSO), Ministry of Statistics and Programme Implementation, the rest three are compiled and released by Labour Bureau, Ministry of Labour. CPI-IW is the

most well known of these indices, as it is used for wage indexation in Government and organized sector.

5.17 With differing commodity composition and weights to the various commodities and services, inflation measured in terms of the CPI-IW and CPI-AL – available only until December 2006 – have been 1.3–2.2 percentage points higher than the corresponding WPI inflation in the current year (Table 5.8).

5.18 Year-on-year, the All-India CPI-UNME was up 6.9 per cent in December 2006. Between November and December 2006, at the group level, the index was higher by 1.09 per cent in 'fuel & light', by 0.46 per cent in 'clothing, bedding & foot-wear, etc.'. However, the index of 'food, beverages and tobacco' declined by 0.61 per cent over the previous month.

S. No.	CPI-UNME	CPI-IW	CPI-AL	CPI-RL	WPI
1	Weights allocated on the basis of	Consumer Expenditure Survey			Weights allocated based on wholesale transactions
	First:1958-59 Latest: 1982-83	First:1958-59 Latest: 2001	First:1956-57 Latest:1983	First 1983 Latest 1983	
2	Base year of the current series	1984-85	2001	1986-87	1986-87 1993-94
3	No of items/ commodities in basket	146-365	120-160	260	260 435
4	No of centres/ villages	59	76	600	600 1918 quotations
5	Time lag of the index	2 weeks	1 month	3 weeks	3 weeks 2 weeks
6	Frequency	Monthly	Monthly	Monthly	Monthly Weekly

	WPI	CPI-UNME	CPI-IW	CPI-AL	CPI-RL
2001-02	3.6	4.3	5.1	1.1	1.3
2002-03	3.4	4.0	3.8	3.2	3.1
2003-04	5.5	3.9	3.7	3.9	3.8
2004-05	6.5	3.8	3.6	2.6	2.6
2005-06	4.4	4.4	4.7	3.9	3.9
2006-07#	5.0	6.6	6.3	7.2	6.9
# April-December 2006					

5.19 The rate of year-on-year inflation based on CPI-AL, after increasing from 5.6 per cent in April 2006 to 7.2 per cent in June, 2006, decreased to 6.3 per cent in July, 2006. However, thereafter it started increasing and reached 8.9 per cent in December, 2006. Of all the price indices, the CPI-AL attaches the highest weight to the food group of commodities, and CPI-AL is highly vulnerable to food prices.

Consumer Price Index- Industrial Workers- current trends

5.20 CPI-IW based year-on-year inflation, after peaking at a 7-year high of 7.6 per cent in June 2006, moderated to 6.9 per cent in December 2006 as against 5.6 per cent in December 2005. The trend of lower-than-WPI

inflation in CPI-IW was reversed in November 2005.

5.21 In the new series of CPI-IW, introduced from January 2006 with 2001 as the base, the food group has a weightage of 46.19 per cent – considerably higher than the corresponding 26.94 per cent (including those in the primary and manufactured subgroups) in the WPI. This greater importance of the food group together with the higher rate of inflation in the food group has resulted in CPI-IW inflation being higher than WPI inflation (Table 5.9).

5.22 Inflation in food items within CPI-IW, after decreasing from 5.4 per cent in January 2006 to 5.0 per cent in March 2006, showed an increasing trend since April 2006 to reach 10.0 per cent in June 2006. The decline to

Table 5.9 : Trend of WPI & CPI (IW) inflation for selected groups (per cent)

Year	Year-on-year WPI inflation			Year-on-year CPI-IW inflation		
	Items	All Commodities	Essential Commodities	Food Group	General Index	Food Group
	Weight	100.0	17.6	26.9	100.0	57.0 (Old) 46.2 (New)
2005-06	APR	5.9	4.4	2.4	5.0	2.6
	MAY	5.5	3.3	1.4	3.7	2.0
	JUN	4.3	3.1	2.0	3.3	1.6
	JUL	4.3	4.3	3.6	4.1	4.0
	AUG	3.7	4.2	2.8	3.4	3.1
	SEP	4.1	3.3	2.3	3.6	3.5
	OCT	4.7	4.0	3.0	4.2	4.1
	NOV	4.2	5.2	4.5	5.3	6.6
	DEC	4.4	4.9	5.0	5.6	6.7
	JAN	4.1	3.9	4.7	4.8	5.4
	FEB	4.0	5.1	4.4	5.0	5.2
	MAR	3.9	5.7	3.5	5.0	5.0
2006-07	APR	3.9	5.9	3.5	5.1	5.7
	MAY	4.8	7.7	4.9	6.3	8.1
	JUN	5.1	8.6	6.1	7.6	10.0
	JUL	4.8	5.4	3.3	6.7	7.2
	AUG	5.1	5.3	3.9	6.3	8.7
	SEP	5.5	7.2	6.4	6.8	8.9
	OCT	5.5	7.5	6.5	7.3	9.9
	NOV	5.5	6.6	5.7	6.3	7.8
	DEC	5.4	6.4	6.6	6.9	-

Figures of December are provisional in terms of WPI.

7.2 per cent in July 2006 proved to be temporary. The inflation in food items in CPI-IW declined to 7.8 per cent in November, 2006 from 9.9 per cent in October, 2006.

Quarterly price trend for CPI-IW (major groups)

5.23 The trend in CPI-IW based quarter-over-previous-quarter inflation (Table 5.10) indicates that the overall CPI-IW inflation during

Table 5.10 : Trend of quarterly inflation in terms of CPI (IW) for major groups

Group	(Percentage change over previous quarter)							
	Weight (%)		2005-06				2006-07	
	1982=100	2001=100	Apr-June	July-Sep	Oct-Dec	Jan-Mar	Apr-June	July-Sep
General	100.0	100.0	0.6	2.2	1.9	0.1	1.9	2.5
Food	57.00	46.20	1.4	3.5	2.7	-2.5	4.0	3.9
Pan, supari, tobacco & intoxicants	3.15	2.27	0.5	0.4	0.5	1.0	1.1	1.2
Fuel & light	6.28	6.43	-6.6	-2.4	2.7	2.2	1.6	1.3
Housing	8.67	15.27	0.0	2.0	0.0	4.5	0.0	2.5
Clothing, bedding & footwear	8.54	6.57	1.1	0.4	-0.4	1.9	1.2	0.0
Miscellaneous group	16.36	23.26	0.7	1.1	1.2	1.5	0.8	1.6

Source : Labour Bureau, Shimla/Chandigarh.

Note : Indices from January 2006 (2001=100) onward are converted to the previous base i.e. 1982=100 by applying a linking factor of 4.63 to arrive at the rate of inflation.

the second quarter of 2006-07 at 2.5 per cent was higher than 2.2 per cent in the second quarter of 2005-06 as well as 1.9 per cent in the first quarter of 2006-07. Of the six major groups in CPI-IW, three – pan, supari, tobacco

& intoxicants; housing; and miscellaneous group – witnessed acceleration of quarterly inflation between the first and second quarters of the current year.