

Highlights of Report on New Series of Consumer Price Index for Industrial Workers (CPI-IW) (Base 2016 = 100)

To capture the latest consumption pattern of working class families, the Labour Bureau had conducted the base revision exercise of CPI-IW to update the base year of the existing series of CPI-IW (2001=100) to the base 2016=100. The main objective of the exercise is to bring out the new series of All-India and individual centre-wise Consumer Price Indices for Industrial Workers based on the latest consumption pattern.

Highlights

1. The history of compilation & maintenance of Consumer Price Index Numbers for industrial Workers owes its origin during the First World War.
2. Compilation of index numbers on uniform and scientific lines was started only after the conduct of the Family Living Surveys by the Labour Bureau during 1958-59 at 50 important industrial centres.
3. CPI price index numbers for industrial workers made with base year 1960=100.
4. 1960=100 series is replaced by 1982=100 in 1988.
5. 1982=100 series is replaced by 2001=100 in 2006.
6. CPI-IW measures the relative changes in retail prices over a period of time in respect of a fixed set of goods and services consumed by an average working class family in a given area with reference to a base year.
7. **CPI-IW is mainly used for**
 - a) Regulating & determining dearness allowance (DA) paid to Central & State Government employees and workers in industrial sectors.
 - b) Fixation and revision of minimum wages in scheduled employments.
 - c) Widely used as macroeconomic indicator of inflation.
8. **Major Recommendations of IRC (2006) of Prof. G. K. Chadha Committee in 2006 pertaining to CPI-IW with base year 2001-100.**
 - a) Base year updation at a gap not exceeding 10 years.
 - b) Consultations with stakeholders from very beginning till the end of survey.
 - c) Standing Tripartite Committee (STC) to be constituted of all the stakeholders like Trade Unions', Employers Organisations'.
 - d) Central/State Government Departments, Women's Organisations and representatives from the newly emerging sectors.
 - e) Coverage of sectors be extended beyond existing seven sectors Number of centers to be reviewed and new upcoming centers to be added
9. The major recommendations of the committee have been considered and incorporated in the base revision of CPI-IW (new series).
10. **The new series covers the industrial workers from the existing seven sectors viz.**
 - i. Factories
 - ii. Mines
 - iii. Plantation
 - iv. Railways
 - v. Public Motor Transport Undertakings
 - vi. Electricity Generating &
 - vii. Distributing Establishments and Ports & Docks.

11. **Working class family:** At least one member of the family working as manual worker in any of the seven sectors and derives 50% or more of its income through manual work.

12. **Selection of centres**

- a) Seven sectors registered increase of 15% in industrial workers. So number of centres increased in proportion from 78 to 88.
- b) Total number of centres were allocated amongst seven groups in proportion to the employment.
- c) Distribution amongst states on the basis of industrial employment.
- d) Maximum seven centres per state.
- e) 63 centres are in both old & new, 13 centres dropped and 23 new centres added.

13. Sample Size has been arrived at by using the Coefficient of Variation (C.V) of sub-sample indices of 36 months (January, 2010 to December, 2012) for each centre.

14. The sample sizes varied at different centres from 216 to 3024.

15. Consumption pattern of the working class population at all the 88 selected centres across the country during Jan- 2016 to Dec-2016

16. The information collected are nature of employment along with industry/occupation, age, marital status, literacy level, economic status, activity status, earning strength, income/ receipts from various sources, quantity and expenditure/disbursement on various items purchased and consumed, expenditure on housing and other details, expenditure on items of non-consumption as well as investments and indebtedness with source and purpose of loan etc

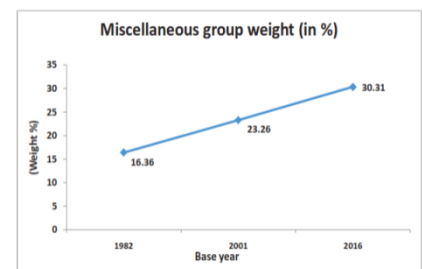
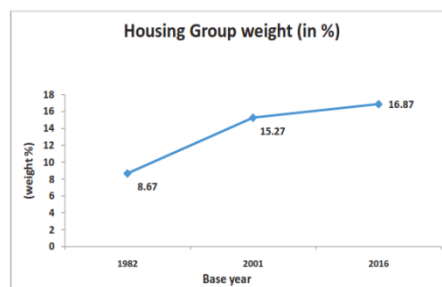
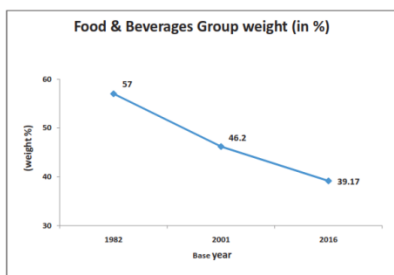
17. **The six consumption groups adopted for CPI-IW with base 2016=100 are as follows:**

- i) Food & Beverages (Further divided in to sub groups)
- ii) Pan, Supari, Tobacco &intoxicants
- iii) Clothing & Footwear
- iv) Housing
- v) Fuel & Light and
- vi) Miscellaneous (Further divided in to sub groups)

18. All -India group weights under CPI -IW 2016=100 vis -à-vis previous series

Groups	Labour Bureau			CPI(U)
	1982	2001	2016	2012
I-A Food & Beverages (Food Group)	57.0	46.2	39.17	36.29
I-B Pan, Supari, tobacco & Intoxicants	3.15	2.27	2.07	1.36
II. Fuel & Light	6.28	6.43	5.5	5.58
III. Housing	8.67	15.27	16.87	21.67
IV. Clothing & Footwear	8.54	6.57	6.08	5.57
V. Miscellaneous	16.36	23.26	30.31	29.53
General Index	100.00	100.00	100.00	100.00

19. General pattern of declining share of food group & increasing share of miscellaneous group



20. Price data is being collected from 317 markets spread across 88 centres.

21. Selection of markets & shops are done in consultation with various knowledge sources including trade union leaders, elected representatives, etc.
(For instant in Chennai, 1) Ambattor, 2) Sembium, 3) Thiruvottriyur, 4) Saidapet, 5) Pattalam& 6) Washer Manpet markets are selected for collection of prices.)
22. **The definition of price** is that, consumer/industrial worker has to pay for the specified item/variety, in the selected shop of the selected market. It includes all taxes like sales tax, etc., and excludes rebates and discounts. It is the actual price prevailing in the market.
23. **Base Price:** The base prices are the annual average of the prices collected during the period of January to December, 2016. The average is the geometric average of price data and it is least influenced by the extreme values.
24. **Index Compilation Methodology:** The main components for constructing consumer price index numbers are the weights and prices.
 - a) Weights are the share of actual expenditure on each commodity during the base period and
 - b) Base prices are the annual average of item level prices during the 2016
25. The Laspeyres index formula has been used for index compilation. *(Same method is being used in CPI (IW) base year 2001=100).*
26. In case of Public Distribution System (PDS) items due care has been taken to arrive at weighted price (PDS & Open Market) of the item.
27. The index for the housing group is revised twice in a year i.e. in January and July month of every year.
28. 'Arithmetic Conversion method' is used to work out linking factor or conversion factor of the two series i.e. 2001 & 2016. This method had been adopted for linking 1982 series with 2001 series.