

## **Consumer Price Index Numbers for Industrial Workers CPI(IW) Base: 1987=100**

### **Background**

- Consumer Price Index Numbers for Industrial Workers CPI (IW) are being compiled, maintained and disseminated by Economic & Statistical Organisation, Punjab.
- These Index Numbers are being utilised for fixation and revision of wages & determination of variable Dearness Allowances payable to workers in some organised sectors of the economy.
- For this purpose, Price Statistical Cell was established in this office to collect weekly retail prices from different selected centres of the State through District Statistical Offices to prepare monthly index.
- Consumer Price Index Numbers for working class are prepared on the basis of information received in respect of six selected centres namely Abohar, Bathinda, Dhariwal, Nangal, Patiala and Phagwara. These centres were selected keeping in view their industrial importance.
- At present, this index is based on 1986-87 'Family Income & Expenditure Survey' and its base year is 1987=100 and it is compiled by using laspeyres formula.

### **Methodology for Compilation for CPI (IW)**

- In the first stage for the compilation of Consumer Price Index Nos. Price Quotations of 152 items are being collected weekly from two shops of selected centre at distt. level and these prices are averaged month-wise for a centre. It comprises of 63 food items and 89 other items. For each item price relative calculated by applying laspeyres formula .

$$\frac{P_1}{P_0} \times 100$$

Where P1 is current price

Po is Base price

It can be termed as item-wise index. Group/sub-group index is calculated by applying the following formula.

$$\frac{\sum IW}{\sum W}$$

Where I is item-wise index

W is item-wise weight

After this general index is calculated by applying the above formula for major group indices.

Each centre has a different weighting diagram e.g. Patiala Centre consist of the following groups:

SN	Group	Weight
<b>1</b>	<b>Food</b>	<b>53.3</b>
a	Cereal & Products	18.30
b	Pulses and Products	4.23
c	Oil and Fats	12.09
d	Meat, Fish and Eggs	1.54
e	Milk and Products	31.73
f	Condiments and Spices	4.22
g	Vegetables and Fruits	11.37
h	Other Food	16.52
<b>2</b>	<b>House Rent</b>	<b>15.7</b>
<b>3</b>	<b>Pan. Bidi and Intoxicants</b>	<b>1.5</b>
<b>4</b>	<b>Fuel and Lighting</b>	<b>6.6</b>
<b>5</b>	<b>Clothing, Bedding and Footwear</b>	<b>9.8</b>
<b>6</b>	<b>Miscellaneous</b>	<b>13.1</b>
a	Medical Care	5.43
b	Education & Recreation	20.88
c	Transport & Communication	14.20
d	Personal Care & Effects	19.24
e	Others	40.25

- Each group/sub-group is allotted a weight of 100 out of which further item-wise weights are allotted.

### **Base Updation**

- The consumption pattern of the working class population undergoes change over a period of time; therefore, it becomes necessary that the consumption basket is updated from time to time in order to maintain the representative character of the index and also to ensure a more realistic CPI series.
- The process for updating consumer Price Index Number for industrial Workers from Base 1987=100 to the new base year as per the decision of labour bureau is also in the process. Labour Bureau has also finalized 88 centres from all India and four centres namely Jalandhar, Ludhiana, Amritsar and Sangrur from Punjab.
- In this regard State Level Technical Advisory Committee has also been constituted. In its 2<sup>nd</sup> meeting held on 11.4.2013, six centres namely Bathinda, Patiala, Fatehgarh Sahib, Hoshiarpur, Kapurthala and Ajitgarh were selected.
- For sampling procedure, sector/centre-wise information in respect of manual labour has been received from the department of Labour, Punjab. The sample size to conduct the working class Family Income and Expenditure Survey is being finalized.