

## CHAPTER 6

### PRICE TRENDS

Labour Bureau an attached office of Ministry of Labour and Employment, since its inception has, inter-alia, been entrusted with the responsibility of compilation, maintenance and disseminating of the Consumer Price Index for Industrial Workers. The CPI-IW is compiled as per international best practices & guidelines of ILO and dissemination of CPI-IW is Special Data Dissemination Standard (SDDS) compliant. It is released on last working day of subsequent month. CPI (IW) are compiled and released by the Labour Bureau, Ministry of Labour and Employment and are specific to population segments

- 1.1 Consumer Price Index for Industrial Workers (CPI-IW), one of the prominent economic indicators, which 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. The CPI-IW is mainly used for regulating and determination of dearness allowance (DA) being paid to large number of Central/State Government employees and also to the workers in the industrial sectors besides fixation and revision of minimum wages in scheduled employments, hence, having significant financial implications to the Public Exchequer. Further, CPI numbers are widely used as macroeconomic indicator of inflation, and also as a tool by government and central banks for targeting inflation and monitoring price stability.
- 1.2 From the month of September, 2020 the Labour Bureau has updated the Base of the old Series of CPI -IW (2001=100) to the New Base 2016=100. The main components for constructing Consumer Price Index numbers are the weights and prices. Weights are the share of actual expenditure on each commodity during the base period and base prices are the annual average of item level prices during the 2016 in respect of items retained in the index basket.
- 1.3 The definition of price adopted for the compilation of CPI is the price which a consumer/industrial worker has to pay for the specified item/variety, for the specified unit, in the selected shop of the selected market. It includes all taxes like sales tax, etc., and excludes rebates and discounts, which are universally applicable for all the customers. It is the actual price prevailing in the open market at which transaction takes place between a buyer and a seller. The Black market or unauthorized prices are, however, not taken in the compilation of index numbers. In case of rationed commodities, the fair price is taken.
- 1.4 Consumer Price Index (CPI) is a reflection of changes in the retail prices of specified goods and services over a time period, whereas Wholesale Price index (WPI) accounts for changes in the general price level of goods at the wholesale

level. WPI is the primary measure used for ascertaining inflation as it accounts for changes in prices for a given class of goods or services in a given region, during a given interval of time. Price Indices have several potential uses. The index can be said to measure the movement in prices or a cost of living.

Some notable price indices are indicated below

- I. Wholesale Price Index number-All India (WPI)
- II. Consumer Price Index number for Industrial Workers (CPI-IW)
- III. Consumer Price Index number for Agricultural Laborers (CPI-AL)
- IV. Consumer Price Index number for Rural Laborers (CPI-RL)

- 1.5 The substantial change in prices of essential commodities affect both the quantum of production and the pattern of consumption. The change in prices also makes an impact on the living conditions of people in general and poor in particular. Therefore, it is absolutely essential to keep a constant watch on price behavior. Statistically index number of prices measures changes in prices over a period of time. The price indices are calculated at the wholesale level as well as at the retail level.
- 1.6 The Wholesale Price Index (WPI) is the only general index capturing price movement in a comprehensive way and is an indicator of movement in prices of commodities in all trade and transactions. It is generally taken as an indicator of the rate of inflation in the economy. The current series of WPI reflects the change in Wholesale Prices over a period as compared to the base year (2011-12=100). The information regarding the year-wise wholesale price index from 2015-16 to 2020-21 is presented in Table 6.1.

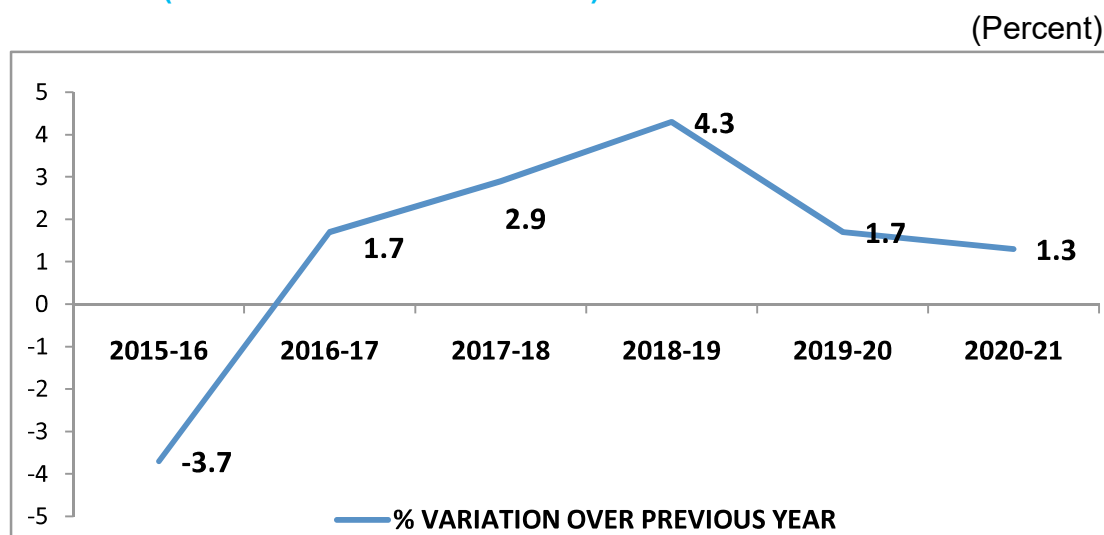
## **2. Methodology for Compilation of Whole Sale Price Index**

- 2.1 Wholesale price represents the quoted price of the bulk transaction of a commodity generally at the primary stage. The revised (current) series of Index Numbers of Wholesale Prices in India with base 2011-12 had replaced the hitherto operated WPI with base 2004-05. The current series is calculated on the principle of weighted arithmetic mean.
- 2.2 The Price relatives are calculated as the percentage ratios, which current prices bear to those prevailing in the base period. In other words, the price relative for each variety/quotation is calculated by dividing the current price by the corresponding base period (2011-12) price and multiplying the resulting figure by 100. The commodity index is arrived at as the simple arithmetic average of the price relatives of varieties/quotations selected for that commodity. The indices for the sub-groups/ groups/ major groups of commodities, in turn, are worked out as the weighted arithmetic mean of the indices of the items/ sub-groups/ groups falling under their respective heads. Being a representative of wholesale trade and transaction and also being available on a weekly basis, WPI is conventionally used as an indicator to measure the rate of inflation in the

economy.

- 2.3 The rate of inflation during the last Six years is depicted in chart 6.1.

**CHART 6.1**  
**THE RATE OF INFLATION IN INDIA**  
**(WHOLESALE PRICE INDEX) 2015-16 TO 2020-21**



- 2.4 Larger economic integration has allowed developments in international markets to trickle down to all corners of the world. At the same time, such integration has allowed developing nations to play ever more important roles in global markets. In this regard, the rise in commodity prices during this present decade highlights the growing importance of the developing world as its demand for food, energy and materials appears to have been fuelling the current commodity boom.
- 2.5 Food price inflation is one of the most talked about issues in the country today. The brunt of the same is being felt across India and across all sections of society. The farmer or the grower may not be benefited in the ratio of the rise in food prices as there are huge imperfections in the market. Demand-supply mismatches and inefficient supply mechanisms result in large price spreads between the growers and final consumers.
- 2.6 In addition to low production and productivity, the prevailing market inefficiencies -lack of coordinated efforts in public procurement, wastage due to inadequate storage facilities, etc. have been crucial in allowing food prices to rise sharply. The complex causes of the current food and agriculture crisis require a comprehensive response. The thrust of government activities is to concentrate on improving food production and productivity, increasing investments in the agriculture sector, etc. Average wholesale prices of some essential commodities in Delhi from the Year 2013 to 2020 are presented in Statement 6.1

**STATEMENT 6.1**  
**Average Wholesale Prices of Selected Commodities in Delhi- 2013-2020**

S. No	Commodities	Unit	2013	2014	2015	2016	2017	2018	2019	2020
1.	Wheat (308)	Per Quintal	1745	1725	1770	1800	1900	2100	2150	2100
2.	Gram (garra)	Per Quintal	3300	3450	4200	4690	4500	4550	4300	4325
3.	Rice (Basmati)	Per Quintal	5800	6250	6300	6500	6800	7600	8150	7450
4.	Dal Arhar (Split)	Per Quintal	6500	6400	10200	11820	7000	7100	5450	8875
5.	Dal Moong (Chhilka)	Per Quintal	6300	6550	8425	9050	6800	6950	5700	8987
6.	Dal Urd (Chhilka)	Per Quintal	4700	5950	10200	11720	6900	6900	7800	9025
7.	Mustard Oil (Kachi Ghani)	15 Kg tin	1250	1340	1390	1490	1350	1400	1450	1790
8	Ghee (desi) No.1	15 Kg Tin	4300	4200	5250	6800	10000	10500	16000	7500
9.	Ghee (Vanapati)	15 Kg Tin	1125	1050	1000	1200	1250	1275	1265	1400
10	Kerosene Oil	Per liter	NA	NA	NA	NA	NA	NA	NA	NA
11	Hard Coke)	Per 40 kg	NA	NA	NA	NA	NA	NA	NA	NA
12	Meat	Per Quintal	26000	25500	22500	34500	28000	32000	40000	45000
13	Eggs	Per 100 No.	340	400	400	540	400	425	450	500
14	Chillies (Red )	Per Quintal	8100	9000	NA	9500	12000	12500	13500	17000
15	Turmeric	Per Quintal	7400	8000	9500	9800	9000	9500	11000	10500
16	Sugar	Per Quintal	3250	3300	3825	4150	3800	3500	3575	3580
17	Gur	Per Quintal	2850	2900	2900	4000	4200	4400	4200	4000
18	Potato	Per Quintal	710	750	1675	1800	750	850	1500	2200
19	Onion (Dry)	Per Quintal	1100	1200	1000	2375	1600	1200	950	2200

Source: - Directorate of Agricultural Marketing, GNCTD.

### 3. Consumer Price Index for Industrial Workers CPI (IW)

- 3.1 Consumer Price Indices are generally used for measuring the trends of retail prices of the most common items of daily consumption. The Directorate of Economics and Statistics, Government of NCT of Delhi collect retail prices of essential commodities from the selected markets viz Tilak Nagar, Subzi Mandi, Shahdara, Yamuna Vihar/ Bhajanpura, Mangol Puri, Azadpur, Bawana, Najafgarh, Kotla Mubarakpur Govindpuri/ Kalkaji and Samai Pur Badli on a weekly and monthly basis. These rates are provided to Labour Bureau, Shimla for the compilation of Consumer Price Index Number for industrial workers. Labour Bureau, Shimla has been compiling and releasing Consumer Price Index on a monthly basis for 88 selected centers in India, including Delhi. The base year of the current series of the CPI for industrial workers is 2016=100. The old series of base year 2001=100 was replaced by new series base 2016=100 since September 2020. The present series i.e 2016=100 has included

eleven selected markets in Delhi for data collection of CPI for industrial workers as mentioned above.

- 3.2 The Labour Bureau Shimla proposed the New Schedule for the replacement of old series base year 2001=100. For new Series base year 2016=100, the process for the collection of prices was started simultaneously. Five markets i.e Bawana, Najafgarh, Tilak Nagar, Bhajanpura/ Yamuna Vihar and Kotla Mubarakpur were added and whereas two existing/old markets i.e Rani Bagh and Moti Nagar were deleted for the new series 2016=100.
- 3.3 It is pertinent to mention that the Labour Bureau, Ministry of Labour & Employment Shimla vide letter no.114/1/2013-CPI dated 03.11.2020 for, CPI (IW) on the New Base Year 2016=100 and consequent upon the advent of New Series 2016=100, the Old Series base year 2001=100 is discontinued w.e.f. 03.11.2020.

**STATEMENT 6.2**  
**CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS IN DELHI**  
 (Base Year 2016=100)

Group	Group	WEIGHT (%)	2020	2021	% Change
1	Food & Beverages	36.13	114.7	117.9	2.8
2	Pan, Supari, Tobacco & Intoxicants	0.84	131.3	129.7	-1.2
3	Clothing & Footwear	5.43	110.9	130.4	17.6
4	Housing	24.29	116.9	118.9	1.7
5	Fuel & Light	7.05	78.6	97.8	24.4
6	Miscellaneous	26.26	110.8	113.5	2.4
General Index		100.00	111.8	116.4	4.1

*Source: - Labour Bureau, Shimla.*

- 3.4 The Index is separately prepared for six groups and then combined by assigning weights to each group. The highest weight is assigned to food & beverages group at 36.13 percent, followed by miscellaneous at 26.26 percent, housing at 24.29 percent, fuel & light at 7.05 percent, clothing and footwear at 5.43 percent, and pan, supari, tobacco and intoxicants at 0.84 percent respectively. The consumer price index number for industrial workers in Delhi during 2020 and 2021 is presented in Statement 6.2.
- 3.5 It may be inferred from Statement 6.2 that the annual average consumer price index increased from 111.8 in 2020 to 116.4 in 2021 registering an increase of 4.6 points. The increase in CPI for industrial workers in Delhi was recorded at 4.1 percent during 2021 over the last year 2020.

- 3.6 The index for food & beverages group increased from 114.7 in 2020 to 117.9 in 2021 registering an increase of 3.2 points (2.8 per cent). Index for pan, supari, tobacco & intoxicants increased from 131.3 to 129.7 registering an decrease of 1.6 points (-1.2 per cent). Index for clothing and footwear group increased from 110.9 to 130.4 registering an increase of 19.5 points (17.6 per cent). The index under housing has also increased from 116.9 to 118.9 recorded an increase of 2.0 points (1.7 per cent). The index of fuel and light increased from 78.6 in 2020 to 97.8 in 2021 registering a increase of 19.2 points (24.4%). Under the miscellaneous group, there are certain items like Household Goods & Services, Health, Transport & Communication, Recreation & Entertainment, Education, and Personal Care & Effects. The index in this group increased from 110.8 to 113.5 registering an increase of 2.7 points (2.4 per cent). Thus the maximum increase was in Fuel & Light, followed by Clothing & Footwear, Food & Beverages, Miscellaneous, Housing, while pan, supari, tobacco & intoxicants was decreased.

#### 4. Price Situation in Other Metros

- 4.1 Price rise has been the major issue for the majority of citizens in the country. Growth means a better life for our kids. In the last couple of years, prices of essential commodities have gone up. Barring seasonal fluctuations in some commodities like onion, potato and wheat due to decline in arrivals, inclement weather in major producing areas, transportation bottlenecks, increase in the cost of movement and lower stocks, the retail prices of most of the essential commodities have exhibited a steady trend in all metro cities in India. The information regarding the consumer price index for industrial workers in metro cities in India during the year 2019 to 2021 is presented in Statement 6.3.

### STATEMENT 6.3

#### CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS IN METRO CITIES IN INDIA – 2019 to 2021

(Average Annual Index)

No	Year	All India	% Change	Delhi	% Change	Kolkata	% Change	Chennai	% Change	Mumbai	% Change
1	2019	110.2	7.6	107.5	10.3	118.6	5.0	113.4	5.3	107.2	6.2
2	2020	116.4	5.6	111.8	4.0	124.2	4.7	118.2	4.2	112.3	4.8
3	2021	122.0	4.8	116.4	4.1	126.0	1.4	122.5	3.6	116.6	3.8

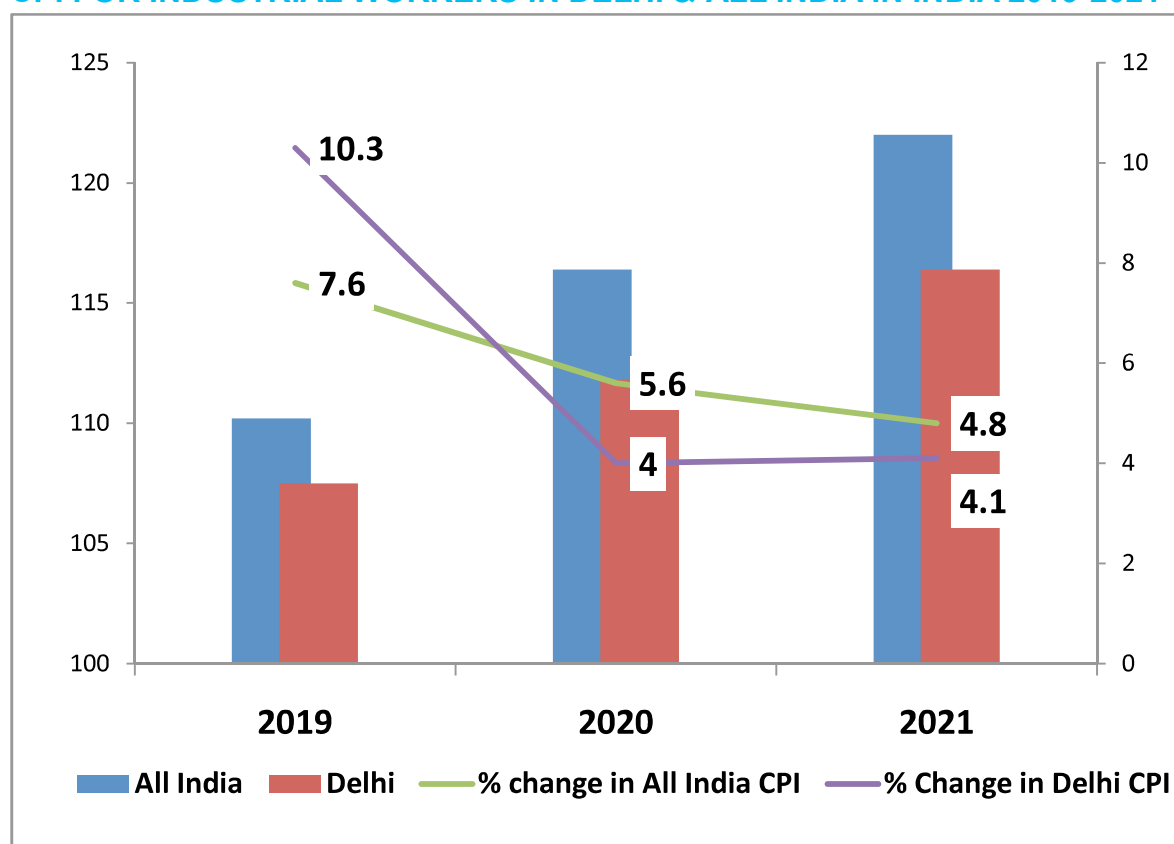
Source: - Labour Bureau Shimla,

Notes: - \* Converted figure according to the base year 2016=100.

Base year 2001=100 changed to 2016=100 w.e.f September 2020

- 4.2 It may be observed from Statement 6.3 that the average consumer price index number (General) for the year 2021 in All India was recorded at 122.0. For Kolkata, it was 126.0 followed by Chennai 122.5, Mumbai 116.6, and Delhi 116.4 respectively. The group-wise Price index numbers for industrial workers of metro cities in India during 2020 and 2021 is presented in table 6.2.
- 4.3 The CPI for industrial workers in Delhi and all India during the years from 2019 to 2021 is depicted in Chart 6.2.

**CHART 6.2**  
**CPI FOR INDUSTRIAL WORKERS IN DELHI & ALL INDIA IN INDIA 2019-2021**



## 5. NEW SERIES OF CPI (IW) WITH BASE YEAR 2016=100

- 5.1 It may be observed from Statement 6.4 that as per new base year (2016=100), the Consumer Price Index Number (General) during the year 2020-21 among the metro cities, Delhi has lowest inflation rate (3.0%) whereas, Kolkata has highest inflation rate (4.6%) followed by Chennai (4.4%) and Mumbai (4.1%). At all India level inflation rate is 5.0% observed during the year 2020-21.



**STATEMENT 6.4**

**CONSUMER PRICE INDEX FOR INDUSTRIAL WORKERS IN ALL INDIA AND METROCITIES (Financial Year wise)  
(NEW BASE YEAR 2016=100)**

	<b>2019-20</b>	<b>2020-21</b>	<b>In %</b>
<b>All India</b>	112.0	117.6	5.0
<b>Delhi</b>	109.1	112.4	3.0
<b>Mumbai</b>	108.7	113.2	4.1
<b>Chennai</b>	114.5	119.5	4.4
<b>Kolkata</b>	119.6	125.1	4.6

**CONSUMER PRICE INDEX NUMBERS ON BASE 2012=100 RELEASED BY NATIONAL STATISTICAL OFFICE, MoSPI, GOVT OF INDIA**

- 5.2 The National Statistical Office (NSO), Ministry of Statistics and Programme Implementation is releasing CPI (Rural, Urban, Combined) on Base 2012=100 every month. Month wise comparative picture of Inflation rates based on CPI(Combined) in Delhi and All India are depicted in Statement 6.5 (for the months of January, 2020 to December, 2020) & in Statement 6.6 (for the months of January, 2021 to December, 2021).

**STATEMENT 6.5**

**INFLATION RATES BASED ON CONSUMER PRICE INDEX (COMBINED) IN DELHI AND ALL INDIA- FOR THE MONTHS OF JANUARY, 2020 TO DECEMBER, 2020 (WITH NEW BASE YEAR 2012)**

<b>Year</b>	<b>Month</b>	<b>DELHI (%)</b>	<b>ALL INDIA (%)</b>
2020	January	4.69	7.59
2020	February	3.46	6.58
2020	March	2.88	5.84
2020	April	*	7.22
2020	May	*	6.26
2020	June	1.69	6.23
2020	July	3.6	6.73
2020	August	3.58	6.69
2020	September	4.78	7.27
2020	October	3.85	7.61
2020	November	3.36	6.93
2020	December	1.23	4.59
Annual Inflation Rate		3.31	6.63

\* Inflation rate cannot be calculated as the data is not provided by NSO due to COVID pandemic for year 2020.



**STATEMENT 6.6****INFLATION RATES BASED ON CONSUMER PRICE INDEX (COMBINED) IN DELHI AND ALL INDIA- FOR THE MONTHS OF JANUARY, 2021 TO DECEMBER, 2021 (WITH NEW BASE YEAR 2012)**

<b>Year</b>	<b>Month</b>	<b>DELHI (%)</b>	<b>ALL INDIA (%)</b>
2021	January	1.83	4.06
2021	February	2.94	5.03
2021	March	3.49	5.52
2021	April	*	4.23
2021	May	*	6.30
2021	June	6.86	6.26
2021	July	5.28	5.59
2021	August	5.31	5.30
2021	September	4.89	4.35
2021	October	6.15	4.48
2021	November	7.04	4.91
2021	December	6.55	5.66
Annual Inflation Rate		5.03	5.14

\* Inflation rate cannot be calculated as the data is not provided by NSO due to COVID pandemic for year 2021.