

GOVERNMENT OF INDIA
MINISTRY OF STATISTICS AND PROGRAMME IMPLEMENTATION
RAJYA SABHA
QUESTION NO 21.12.2009
ANSWERED ON
RATIONALIZATION OF CPI

3526

SHRI MANOHAR JOSHI

Will the Minister of COAL AND STATISTICS AND PROGRAMME IMPLEMENTATION be pleased to state :-

- (a) whether Government is aware that the Wholesale Price Index (WPI) which is currently used as a measure of inflation is an inadequate indicator;
- (b) if so, the steps taken for an All India Consumer Price Index (CPI) to make inflation measurement more rational as recommended by the National Statistical Commission; and
- (c) the steps taken for the revision of base year more frequently to capture the changes in industrial structure on account of liberalization?

ANSWER

MINISTER OF STATE (INDEPENDENT CHARGE), MINISTRY OF COAL AND STATISTICS & PROGRAMME IMPLEMENTATION

(SHRI SRIPRAKASH JAISWAL)

- (a) The Wholesale Price Index (WPI) is generally not used to observe the changes in the prices of goods and services purchased by the consumers.
- (b) The Ministry of Statistics and Programme Implementation has taken steps to compile Consumer Price Index (CPI) numbers separately for urban and rural population considering all sections of the population as recommended by the National Statistical Commission. The Ministry has also decided to bring national CPI by merging CPI (Urban) and CPI (Rural) with appropriate weights.
- (c) With a view to reflecting adequately the changes that have taken place in the structure of the economy, WPI is revised on an average at every ten years by the Ministry of Commerce and Industry. As the weighting diagrams of CPI (Urban) and CPI (Rural) have been derived from the five yearly Consumer Expenditure Survey of the National Sample Survey Organisation, these CPI series would be revised more frequently to capture the changes in the consumption patterns of the urban and rural population.