

**GOVERNMENT OF INDIA
MINISTRY OF LABOUR AND EMPLOYMENT**

LOK SABHA

**UNSTARRED QUESTION NO. 929
TO BE ANSWERED ON 26.07.2021**

BASE YEAR OF PRICE INDEX

**929. SHRI VELUSAMY P.:
SHRI SHANMUGA SUNDARAM K.:**

Will the Minister of LABOUR AND EMPLOYMENT be pleased to state:

- (a) whether the Government is considering the recommendations of ILO (International Labour Organisation) regarding revision of base year of price index frequently but not exceeding 10 years;**
- (b) if so, the details thereof;**
- (c) whether the shift in base year will affect the dearness allowance payable to Central/State Government employees in fixing minimum wages;**
- (d) the steps taken by the Ministry to ensure that the existing wages are not reduced due to shift in the base year;**
- (e) whether the consent of the stakeholder, labour union has been considered; and**
- (f) if so, the details thereof and if not, the reasons therefor?**

ANSWER

**MINISTER OF STATE FOR LABOUR AND EMPLOYMENT
(SHRI RAMESWAR TELI)**

(a) & (b): The new series of Consumer Price Index for Industrial Workers (CPI-IW) with base 2016=100 has been introduced w.e.f. 22nd October, 2020 with the release of index for the month of September, 2020. The International Labour Organisation's recommendation regarding revision of base year of price index at a gap not exceeding 10 years would be complied during the upcoming base revision of CPI-IW.

Contd..2/-

(c) & (d): The Dearness Allowance payable to Central/State Government employees in fixing minimum wages is decided by the Department of Expenditure, Ministry of Finance on the basis of All-India Consumer Price Index for Industrial Workers, compiled and released by Labour Bureau. Whenever index base year is shifted, a linking factor is computed as ratio of old base indices to new base indices for latest 12 months preceding the launch of new series. The linking factor, thus, derived is used for conversion of index from new base to old base and vice-versa.

(e) & (f): Base revision exercise is highly technical exercise & involves various stages of discussions & consultations with stakeholders. Various stake holders such as Central Trade Union, Employer's Organisation's, Academia, Women's Organisation etc. are consulted at various stages of index revision exercise by organizing Regional as well as National level meetings. Moreover, technical bodies namely, Technical Advisory Committee on Statistics of Prices and Cost of Living (TAC on SPCL) and National Statistical Commission (NSC) are also consulted.
