

Covid-19 Govt defers updation of CPI base year for industrial workers

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A standing committee tasked with looking into the process had approved the new series with some modifications in the last week of February, but those changes cannot be implemented because of the outbreak and the lockdown.

NEW DELHI: The government has deferred updating of the base year of the Consumer Price Index for industrial workers by at least six months due to the Covid-19 outbreak. A standing committee tasked with looking into the process had approved the new series with some modifications in the last week of February, but those changes cannot be implemented because of the outbreak and the lockdown.

“Even if work resumes in April, we may roll out the new series only by the year end,” a top Official said. After the modifications are made, the new series will be vetted by the Standing committee. Once approved by the standing committee, the new series would be placed before a Committee of unions, employer representatives and the government.

“Work has come to a standstill because of the lockdown. More field work will only happen when industrial units become fully operational,” the official said. The base year of the index currently stands at 2001. The new series will have 2016 as the base year, taking into account changes in the consumption basket of industrial workers over the 15-year period.

The index measures change in the prices of goods and services consumed by industrial workers in reference to a base year. The plan is to use the geometric mean in place of the arithmetic mean to arrive at the new series, besides enhancing the number of industrial centres to 87 from 78.

According to DK Pant, chief economist at India Ratings, while annual salary revisions of industrial workers will continue based on the existing series, it is not a true reflection of their consumption pattern, which may have changed drastically over 15 years.