

Revised base year for Consumer Price Index for Industrial Workers

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In news

Recently, the Labour and Employment Ministry revised the base year of the Consumer Price Index for Industrial Workers (CPI-IW) from 2001 to 2016

Key changes

- The base year has been **revised to reflect the changing consumption pattern**, giving more weightage to spending on health, education, recreation and other miscellaneous expenses, while reducing the weight of food and beverages.
- It was stated by the Labour Bureau that in the future, the Bureau would work towards **revising the index every five years**.
- The reduction in weight to spending on food and beverages indicated an increase in disposable income.
- As per the revised series, **the weight to food and beverage was reduced from 46.2% to 39%, while spending on housing increased from 15.2% to 17%**
- The number of centres, markets and the sample size for working-class family income and expenditure survey was all increased.
- **The number of items directly retained in the index basket has increased to 463 items as against 392 items in the 2001 series**
- **The weight of food and beverages has declined over time whereas the weight of miscellaneous groups** (health; education and recreation; transport and communication;

personal care and effects; household goods and services etc.) **has increased substantially under 2016 series** vis-à-vis earlier series.

- **The weight of the housing group has reported an increasing share over a period of time**
- **Before the latest revision, the series was revised from 1944 to 1949;1949 to 1960; 1960 to 1982 and 1982 to 2001**