



Report of the Committee on Price Statistics

A Committee constituted by the National
Statistical Commission

REPORT OF THE COMMITTEE ON PRICE STATISTICS

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Abbreviations

CPI-IW: Consumer Price Index for Industrial Workers

CPI-U: Consumer Price Index for Urban Areas

CPI-R: Consumer Price Index for Rural Areas

CPI-AL/RL: Consumer Price Index for Agriculture Labourers / Rural Labourers

CPI-UNME: Consumer Price Index for Urban Non Manual Employees

CSO: Central Statistics Office

DSE: Delhi School of Economics.

DIPP: Department of Industrial Policy and Promotion

DCA: Department of Consumer Affairs

DES: Directorate of Economics and Statistics

FOD: Field Operations Division

GDP: Gross Domestic Product

ILO: International Labour Organization

JNU: Jawahar Lal Nehru University

NAD: National Accounts Division

NSC: National Statistical Commission

NSSO: National Sample Survey Office

NIPFP: National Institute of Public Finance and Policy

RBI: Reserve Bank of India

TAC: Technical Advisory Committee

SPCL: Statistics of Prices and Cost of Living

WPI: Wholesale Price Index

1. Introduction

Background

1.1 The Consumer Price Index (CPI) is a measure of the average change over time in the prices paid by the consumers for a basket of consumer goods and services. Currently, there are three population segments specific CPIs namely, CPI-IW for industrial workers, CPI-AL for agricultural labour, and CPI-RL for rural labour released at national level by the Labour Bureau. Base years for CPI-IW and CPI-AL/RL are 2001 and 1986-87 respectively. CPI_IW is released at each of the selected 78 centres and all-India and CPI-AL/RL is available at specified 20 states and all-India. Price data for CPI-IW are collected by State Government officials on a part time basis and data collection for CPI_AL/RL is undertaken by the Field Operations Division (FOD) of the National Sample Survey Office (NSSO).

1.2 The Wholesale Price Index (WPI) on base 2004-05 is compiled by the Office of the Economic Adviser, Ministry of Commerce and Industry. These indices are at all-India level and are compiled weekly for major groups of 'primary articles' and 'fuel & power' and monthly for 'manufactured products'.

1.3 Population segment specific CPI numbers are not designed to reflect the behavior of prices faced by the entire population in rural and urban areas of the country. Accordingly, the Central Statistics Office (CSO) of the Ministry of Statistics and Programme Implementation has started compiling a new series of CPI for the entire urban population, viz. CPI-U, and for the entire rural population, viz. CPI-R, which reflect changes in the price levels of various goods and services consumed by the entire population in urban and rural areas respectively. These new indices are compiled at State/UT and all-India levels. Price data collection for CPI-U and CPI-R is done by NSSO (FOD) and Department of Posts respectively. In the case of

Arunachal Pradesh, Mizoram and Lakshadweep, urban price data collection is undertaken by the respective Directorates of Economics and Statistics.

1.4 Presently, different agencies are following separate data collection and/or compilation processes. In July 2010 the National Statistical Commission (NSC) constituted a 'Committee on Price Statistics' (henceforth 'the Committee') under the Chairmanship of Dr. Sudipto Mundle, Member, NSC, with the following terms of reference:

- (i) Institutional arrangements for price collection, compilation and dissemination of WPI and CPIs and assessment of inflation rates based on these indices.
- (ii) Integration of data collection machinery
- (iii) Computation of inflation rates.

Meetings Held

1.5 The Committee held three meetings in all. In its first meeting held on 26th August 2010, besides taking some attendant decisions, two sub-committees were constituted viz. (i) Sub-committee on 'Integration of price data collection for compilation of CPI-IW, CPI-U' and (ii) Sub-committee on 'De-seasonalisation of Price Indices'. In the second meeting held on 27th January, 2011, the Committee examined reports of these two sub-committees and finalized its recommendations on these issues. A draft report of the Committee was circulated to the members for their consideration and comments on 21st March 2011. The third and final meeting was held on 13th April 2011 to finalise the report.

2. Integration of Price data collection

2.1 The Committee noted that integration of the data collection mechanism for all the price indices, as indicated in its terms of reference, is desirable for rationalization and consistency of data flow; coordinated and timely revision of the price indices and optimum utilization of manpower for price data collection. While examining the feasibility of the proposed integration, the Committee felt that there was not much variation in the movement of prices faced by different segments of consumers in the rural markets, hence integration of price data collection for the CPI -R with CPI-AL/RL would not pose much difficulty. There are however certain complexities involved in the integration of price data collection for CPI-U and CPI-IW. A Sub-Committee headed by Dr Himanshu, Assistant Professor, JNU was constituted to examine all these aspects and give its recommendations regarding the modalities for integration of price data collection for consideration by the Committee.

2.2 In respect of urban segment there are two consumer price indices namely CPI-IW and CPI-U. The coverage of CPI-IW is confined to the manual workers engaged in seven industrial sectors viz. i) Factories, ii) Mines, iii) Plantations, iv) Railways, v) Public Motor Transport Undertakings, vi) Electricity Generating and Distributing Establishments, and vii) Ports and Docks. The prices utilised in the compilation of CPI(IW) numbers are being collected by the State Governments.

2.3 In the present set up the prices for the current series with base 2001=100 are being collected from 78 centres comprising of 289 markets. The prices are being collected by the Price Collectors and the Price Supervisors, appointed by the Labour Bureau on a part-time basis. They are generally the employees of the State Directorate of Economics & Statistics or State Labour Commissioner's office. In each

centre, there are around two hundred items for which the prices are being collected. Prices are collected weekly/monthly/six monthly.

2.4 For CPI(U) all cities/towns having population more than nine lakh (2001 Population Census) and all state/UT capitals not covered therein were selected purposively. In all 310 towns have been selected either on purposive or random basis from which 1,114 quotations (price schedules) are canvassed every month in respect of (average) 250 items.

2.5 Considering that the two price indices would provide inflation measures for a segment of the urban population and the entire urban population, the two series of price indices would be requiring price quotations from the same markets for the common population segment and other urban markets which may be similar to a certain extent for the remaining population segment for the CPI (U) prices. Thus, the integration of price collection mechanism of these two series would ensure that the two series are mutually consistent and largely based on the same underlying price data. Integration would also be economical as it would save on avoidable duplication of manpower and other resources.

2.6 Most importantly, integration would reduce avoidable confusion for the users. Although the two indices are produced for different purposes, with corresponding differences in weighting diagrams etc., a comparison of the two indices and inflation rates based on them by the users cannot be avoided since both relate to consumers in urban areas. If the price data collected through different data collection mechanisms turn out to be quite different though they pertain to the same or similar set of markets, this could give rise to divergent trends and cause undue confusion. This would also undermine the credibility of the entire data collection and compilation apparatus for constructing these indices, and raise question about their accuracy and reliability.

2.7 After examining the administrative and technical issues related to integration of data collection arrangements, the Himanshu sub-committee made the following recommendations:

- (i) To assess the feasibility of compiling the indices segment-wise (industrial workers and others) as well as by expenditure classes for each state using the data collected for CPI-U. If the existing coverage of CPI- U sample is found to be inadequate for compiling CPI - IW, then the possibility of increasing the sample size of price data for CPI - U to yield adequate coverage for compiling CPI - IW from a sub-set of the same price data must be examined. Technical Advisory Committee on Statistics of Prices and Cost of Living (TAC on SPCL) consisting of representatives of NSSO (FOD) and Labour Bureau among others, may undertake this task.
- (ii) The TAC on SPCL should also examine the utility of centre-wise CPI-IW indices, including size of the population directly covered by each centre.
- (iii) Adoption of uniform methodology to be proposed by the TAC on SPCL for compilation of various indices, which inter-alia includes the issue of fixing the specifications of items between the markets over fixed specifications within centre/state.
- (iv) The TAC on SPCL could also examine whether consumption pattern depends on the expenditure class or type of employment.

The Himanshu Sub-committee also reported that in view of the reservations expressed by Labour Bureau regarding the proposal to use one comprehensive data set, collected by a single government agency viz. NSSO for CPI-U and CPI-IW, its recommendations are not unanimous.

2.8 The Committee finds it appropriate to adopt the proposals of the Himanshu Sub-committee. At the same time, the Committee is of the view that the concerns of the Labour Bureau must be addressed while adopting the proposals of the sub-committee. In particular it is noted that while the Labour Bureau is a part of the same government, along with other agencies, it also has its own specific mandate to respond to the needs of its own stakeholders, especially the representatives of industrial workers. Hence, while integrating the data collection arrangements for CPI - U and CPI - IW, the selection of markets, price collection centres, and individual items, including product specifications and brand names, must fully meet the requirements of the Labour Bureau for producing an CPI - IW series which is robust, credible, and acceptable to the stake holders of the Labour bureau. The TAC on SPCL should be tasked to ensure this.

2.9 Despite the effort made by the Committee to accommodate all the concerns of the Labour Bureau, the Bureau has maintained that it is not in favour of integrating the processes of price data collection for CPI-IW. The Bureau has submitted a note of dissent, which is at Appendix B.

3. De-seasonalisation of Price Indices

3.1 Seasonal variation refers to the repetitive, regular variation within a year that is connected with the development of a time series and is caused by the cycle of seasons and other events with a yearly rhythm, such as holidays, festivals and consumer habits. In order to see the trend in *annual* changes that is embedded in observed data it is necessary to correct the time series for these regularly repeating intra-year variations. Seasonal adjustment through de-seasonalisation means the elimination of seasonal variation and its effects from a time series. De-seasonalisation is a time series analysis technique that identifies, estimates and removes seasonal variations (effects of recurring seasonal influences) from historical time series data. A seasonally adjusted series draws a clearer picture of phenomena that relate to the annualized developments of the series that are independent of seasonal variations within the year. Seasonal adjustment also makes certain critical features, such as turning points, more apparent.

3.2 Another utility of de-seasonalisation is obtaining statistically meaningful comparisons of different periods within the same year, such as month-on-month or quarter-on-quarter, as against year-on-year. Seasonal variations, irrespective of their causes, are a reflection of the fact that each period has its own basis of comparison across the years that differs from those of the other periods. Hence, direct comparison of periods of the same year in price data like CPI and WPI numbers are not appropriate if they are based only on the original data series, unadjusted for seasonal variations.

3.3 To examine the issue of deseasonalisation of price data and its inclusion in the official releases, a Sub-committee headed by Shri Ashish Kumar, ADG, NAD (Chairman) was constituted. It was also desired that in its deliberations, the Sub-

committee would take into account the Interim Report of the Advisory Group on data gaps in the Indian Economy brought out by the Planning Commission.

3.4 After deliberations, including consideration of the 'Interim Report of the Advisory Group on Data Gaps in the Indian Economy' brought out by the Planning Commission, the Sub-committee made the following recommendations:

- (i) X12 ARIMA method may be adopted uniformly for de-seasonalisation of all the price indices. The methodology may be changed to X13 ARIMA as and when it is introduced.
- (ii) For model selection, sixty months price data may be used and the selected models should be placed before the Technical Advisory Committee on Statistics of Prices and Cost of Living (TAC on SPCL) for approval. The models may be revised every year.
- (iii) Since seasonal variation is maximum in vegetables & fruits, the concerned agencies should collect price data of these items for all the months and undertake de-seasonalisation exercise using the complete price data set.
- (iv) De-seasonalisation of CPI numbers may be done at group level. In case of WPI numbers, the disaggregated levels at which de-seasonalisation is to be done, will be finalized by the RBI in consultation with Office of Economic Adviser of DIPP.

3.5 The report of the sub-committee was examined by the Committee, which then adopted the following proposals:

- The de-seasonalised indices may be prepared and released by a single agency.
- De-seasonalisation of all the existing price indices should be undertaken.

- It is recommended that Prices Unit of National Accounts Division, CSO should be the designated agency for preparing and releasing the de-seasonalized indices.
- Methodology/model should be formulated/developed by analyzing at least 60 months price data. This exercise should be undertaken by the Prices Unit of National Accounts Division, CSO in consultation with RBI. If necessary, a suitable expert organization may also be engaged for this purpose.

4. Other Issues

Centralised Budget Provision

4.1 In view of the proposed integration of the whole price collection mechanism under one umbrella, the Committee feels that a centralized budget provision for expenditure to be incurred on price data collection for all CPIs and WPI should be made in the budget of the Ministry of Statistics & PI. This is essential for unification of price collection mechanism through NSSO (FOD).

Simultaneous Release of Indices

4.2 In order to portray a consistent and holistic picture of price movements encountered by various segments/classes of the population, as well as the whole population, it is desirable that all the indices are released together, along with explanations of the variations between them. The Committee feels that an attempt may be made to release the CPI-U, CPI-R, CPI-AL/RL and WPI simultaneously by Prices Unit of National Accounts Division, CSO. The possibility of also releasing CPI-IW on the same day should be explored. In case some indices are initially released by the responsible agencies, the releases of the Prices Unit should publish all the price indices, including the latest available CPI-IW and de-seasonalized price indices, along with a explanatory note on differences between the different price indices.

5. Recommendations

5.1 Recommendations of the Committee are as follows:

- (i) Price data collection for CPI-R and CPI-AL/RL should be integrated. Suitable technical proposals for adjustment of the data set and sample size should be prepared by the TAC on SPCL.
- (ii) The Committee feels that integration of price collection mechanism for all price indices should be accomplished by entrusting the task to a single agency, namely, FOD of NSSO.
- (iii) Technical bottlenecks in integrating the datasets for CPI-U and CPI-IW should be resolved by Prices Unit of National Accounts Division, CSO in consultation with Labour Bureau. Changes in price collection scheme including, inter alia, the number of markets, centres, items, brands/specifications etc. may be submitted to the TAC on SPCL for approval.
- (iv) De-seasonalisation of all the existing price indices should be undertaken following the X12 ARIMA method and released by Prices Unit of National Accounts Division, CSO.
- (v) Methodology/model should be formulated/developed in consultation with RBI analyzing at least 60 months price data. An expert agency may be engaged for this purpose, if required.
- (vi) A centralized budget provision for data collection for all CPIs and WPI should be made in the budget of the Ministry of Statistics and Programme Implementation.

(vii) The Prices Unit of National Accounts Division, CSO should serve as the consolidated focal point for integrated release of price data, even if individual indices are initially released by the responsible agencies, it should include all the population segment wise CPIs and WPI along with the CPI-U and CPI-R together estimates of inflation rates based on the these indices. Prices Unit of National Accounts Division, CSO should also release all the de-seasonalized price indices along with associated inflation rates. These releases should be accompanied by a note explaining the differences among the different indices.

Date of the Report: 13th April 2011

	Names & Designations	Signature
1.	Dr. Sudipto Mundle, Member NSC: Chairman	Sd/-
2.	Shri Ashish Kumar, ADG, CSO (NAD): Member	Sd/-
3.	Shri V. K. Arora, ADG, NSSO (FOD): Member	Sd/-
4.	Dr. Kewal Ram, Sr. Economic Adviser (Consumer Affairs): Member	Retd.
5.	Dr. Himansu, CSR DSSS (JNU): Member	Sd/-
6.	Dr. Pami Dua, Delhi School of Economics: Member	Sd/-
7.	Shri B.N.Nanda, DG (Labour Bureau): Member	Sd/-
8.	Shri A. K. Sadhu, DDG, DIPP: Member	Sd/-
9.	Dr. Rudrani Bhattacharya, NIPFP: Member	Sd/-
10.	Shri Kali Charan, Dy. Economic Adviser (Prices), Deptt. of Economic Affairs: Member	Sd/-
11.	Shri A.B. Chakraborty, Representative from Reserve Bank of India: Member	Sd/-
12.	Dr. Arunish Chawla, Planning Commission, Govt. of India: Member	Comments are attached. Sd/-
13.	Director, DES, Govt. of Andhra Pradesh: Member	Sd/-
14.	Director, DES, Govt. of West Bengal: Member	Sd/-
15.	Director, DES, Govt. of Himachal Pradesh: Member	Sd/-
16.	Shri Sanjay Kumar, DDG (PCL Unit), CSO (NAD): Secretary Member	Sd/-

Appendix A

Compositions of the 'Committee on Price Statistics'

1. Compositions of the Committee on Price Statistics are as follows:

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| 1. Dr. Sudipto Mundle, Member NSC: | Chairman |
| 2. Additional Director General, CSO (NAD): | Member |
| 3. Additional Director General, NSSO (FOD): | Member |
| 4. Dr. Kewal Ram, Sr. Economic Adviser (Consumer Affairs): | Member |
| 5. Dr. Himansu, CSRDSSS (JNU): | Member |
| 6. Dr. Pami Dua, Delhi School of Economics: | Member |
| 7. Shri B.N.Nanda, DG (Labour Bureau): | Member |
| 8. Economic Adviser, DIPP: | Member |
| 9. Dr. Rudrani Bhattacharya, NIPFP: | Member |
| 10. Economic Adviser (Prices), Deptt. of Economic Affairs: | Member |
| 11. Representative from Reserve Bank of India: | Member |
| 12. PS to the Deputy Chairman of the Planning Commission: | Member |
| 13. Director, DES, Govt. of Andhra Pradesh: | Member |
| 14. Director, DES, Govt. of West Bengal: | Member |
| 15. Director, DES, Govt. of Himachal Pradesh: | Member |
| 16. Shri Sanjay Kumar, DDG (PCL Unit), CSO (NAD): | Member Secretary |

Appendix B

Note of Dissent submitted by the Labour Bureau on the proposed Integration of Price Collection system of Consumer Price Index Numbers for Industrial Workers (CPI-IW) and Consumer Price Index Numbers for Urban Areas (CPI-U).

In pursuance of the recommendations of the Rau Court of Enquiry, the job of compilation & Maintenance of Consumer Price Index Numbers for Industrial Workers was entrusted to the Directorate of Cost Living in 1941, later named as the Labour Bureau. Under the Minimum Wages Act, 1948, Labour Bureau is the competent authority to ascertain, from time to time, the Consumer Price Index Numbers applicable to employees employed in the scheduled employments in respect of all the undertakings in the Central Sphere and the Union Territories (Notification No. LWI-24 (3) dated 24th October, 1949).

The prices for compilation of Consumer Price Index Numbers for Industrial Workers since its inception are being collected by the State Governments. The Price Collector and Price Supervisors are trained by the Labour Bureau for collection and supervision of prices. They have been familiarized with the specifications of selected items, selected shops, price collection schedules and the related instructions. Prices are collected on weekly/monthly/six monthly basis. The Price Collectors are given half a day's time for collection of prices, and in some cases where the markets are located at far off places a full day time is given, which is considered adequate. There is a three-tier price supervision mechanism to ensure the authenticity of data collected from the field. The involvement of the State Governments has ensured cost effectiveness, acceptability, transparency and stakeholders participation in the construction of this important index. The index has stood the test of time and has thrived for over 70 years.

The system of price collection has been studied by the various Index Review Committees such as Rath Committee, Seal Committee and Chadha Committee over the years and all of them have appreciated the present system of price collection after practically testing it in the field at some markets of the selected centers. The prices collected from the markets of a centre are also subject to public scrutiny. They are displayed in the offices of the State authorities and Regional offices of the Labour Bureau.

The recommendation of the Committee on Price Statistics for integration of price collection system between CPI-IW and CPI-U and between CPI-R and CPI-AL/RL is neither feasible, technically and administratively nor desirable on account of the following reasons:

1. The coverage of CPI-IW is confined to the manual workers engaged in seven selected industrial sectors, whereas, the coverage of CPI-U is the entire urban population. The consumption pattern or the baskets by the two sets of population is quite different. As a result, even if same commodities are consumed their specifications/varieties of items consumed by the two sets of population are bound to be different from one another. Hence, it is not feasible to collect the prices for these two series through canvassing under a single schedule. Even ignoring the specifications, the Percentage of common items in different States ranges between 33 per cent and 58 per cent only. One index can be a derivative or a by product of the other index only if there is 100 per cent overlap in terms of markets, commodities consumed and the exact specification of varieties of the commodities which does not exist in this case.
2. The markets/shops identified for price collection under CPI (IW) are those which cater to the daily dietary and consumption needs of the working class population and are popular among them. These markets

are generally located in the nearby residential localities of the industrial workers, whereas in case of CPI (U) markets/shops are different from those selected for the CPI-IW as urban markets are highly segmented and hence scattered. The items consumed by the upper middle class and middle class are not very often available in the outlets/markets catering to working class and captured under CPI-IW and vice-versa. While theoretically it seems feasible in practice, costs of collection and efforts would never be reduced even if one agency takes up price collection work.

3. The CPI-IW is Centre oriented, whereas CPI-U is compiled at State level. The prices under CPI-IW are collected from selected markets of an industrial centre whereas the prices for CPI-U are collected from various markets/areas scattered all over the State. In such a situation, the prices collected under CPI-IW at Centre level are not sufficient for compilation of CPI-U at the State level or vice-versa.
4. The prices are collected on weekly basis for food items and pan, supari, tobacco and intoxicants in CPI-IW whereas in CPI-U these are collected on monthly basis.
5. The price data collected under CPI-IW is also utilized by the State Governments in bringing out State specific series of index numbers which has made it obligatory for them to collect price data on part time basis at a meagre honorarium. With this arrangement, the present system of price data collection has become highly cost effective. The total financial implication of CPI-IW works out to only Rs. 20 lakh per annum as against about Rs.1.50 crore which the Labour Bureau pays to the NSSO for collecting prices for existing series of CPI-AL/RL.
6. The CPI-IW has huge financial implications in terms of its usage. Its acceptability among the stake holders has been established over a long

period of time as the CPI-IW is compiled on almost hundred percent response in price quotations from all the markets/centres. The involvement of State Governments in collection and supervision of price data enhances its credibility and acceptability among users. Engagement of any single Central agency in price collection/supervision will not attract such credibility and acceptability among the users.

7. The major stake holders of CPI-IW being the employers and the workers, any deviation from the existing system would require approval of a tripartite body consisting of representatives of employers, Trade Unions and the Govt. The Index Review Committee known as the Chadha Committee, which submitted its report on 22nd April 2009, has also recommended constitution of a Standing Tripartite Committee at National Level as also at Regional levels for consultation at every stage of next index revision exercise. Any misgivings about changes in the system of price collection under CPI-IW without such consultations may cause widespread resentment among workers and even industrial unrest.
8. In view of the reasons cited above, the Labour Bureau, Ministry of Labour & Employment is not in favour of any deviation from the already established, streamlined, stabilized and time tested system of price collection for Consumer Price Indices for Industrial Workers and Agricultural/Rural labourers.

This has the approval of the Secretary, Ministry of Labour and Employment.

Sd/-

(B. N. Nanda)
Director General
Labour Bureau

To,

The Chairman of the Committee on Prices

Minutes of the Meetings

1. Minutes of the first meeting held on 26th August 2010

First meeting of the Committee on price indices under the Chairmanship of Dr Sudipto Mundle, Member, National Statistical Commission (NSC), was held on 26th August 2010 in the Ministry of Statistics & PI. List of the participants is annexed.

Welcoming the participants, the Chairman briefly apprised the Committee about the genesis of formation of this Committee and issues to be addressed. At the outset, Chairman clarified that the purpose of this Committee was to rationalize and also to strengthen the price data flow mechanism used for compilation of all the existing price indices. The rationalization of data flow is required for regular revision of the price indices and also for optimum utilization of manpower. After detailed discussions, following decisions were taken:

- i. As there is not much variation in the patterns of the rural markets, integration of price data collection for the CPI (Rural) numbers with CPI(AL/RL) is feasible. There are however certain complexities involved in the integration of price data collection of CPI (Urban) and CPI (Industrial Workers). A Sub-Committee consisting of Dr Himanshu, Assistant Professor, JNU (Chairman), Shri B. N. Nanda, DG, Labour Bureau, Representative of NSSO (FOD), and Shri Sanjay Kumar, DDG, CSO (convener) has therefore been constituted to examine all these aspects and come out with a paper outlining the modalities for

consideration of the Committee. The Sub- Committee will submit its report by the end of October 2010.

- ii. The Committee will recommend that centralized budget provision for expenditure to be incurred on price collection for all CPIs and WPI should be made in the budget of the Ministry of Statistics & PI, which is essential for unification of price collection mechanism through NSSO(FOD)
- iii. To examine the issue of deseasonalisation of price data and its inclusion in the official releases, a Sub- Committee was established of Shri Ashish Kumar, ADG, NAD (Chairman); Dr Pami Dua, Professor, Delhi School of Economics; Shri M C Singhi, Senior Economic Adviser, OEA; Dr Rudrani Bhattacharya, Economist, NIPFP; Ms.Praggya Das, Director, DSIM, RBI; Dr G M Boopathy, DDG, CSO (convener). In its deliberations, the Sub- Committee will take into account the Interim Report of the Advisory Group on data gaps in the Indian Economy brought out by the Planning Commission. This Sub -Committee will submit its report by the end of October 2010.
- iv. The Committee will recommend that an attempt may be made to release the different price indices simultaneously. The Committee also felt that efforts should be made to reduce the time lag in the release of provisional and final WPI numbers.

The meeting ended with a vote of thanks to the Chair

List of Participants, who attended the meeting of the 'Committee on Price Statistics' held on 26th August 2010 at Central Statistics Office (CSO), Sardar Patel Bhawan, New Delhi:

1. Dr. Sudipto Mundle, Chairman
2. Shri Ashish Kumar, ADG, CSO
3. Shri V.K.Arora, ADG, FOD
4. Shri M.C.Singhi, SEA, DIPP
5. Dr. Pami Dua, Delhi School of Economics, DU
6. Ms. Rudrani Bhattacharya, NIPFP, New Delhi
7. Dr Himanshu, Asstt. Professor, , CSRD, SSS, JNU
8. Shri B.N.Nanda, DG, Labour Bureau
9. Shri A.K.Sadhu, DDG, OEA, DIPP
10. Dr. Arunish Chawla, PS to Deputy Chairman, Planning Commission
11. Shri P.Prakasam, Director, DES AP
12. Shri K.K.Mondal, DES Kolkatta, West Bengal
13. Shri Pardeep Maria, Adviser, DSIM, RBI, Mumbai
14. Ms Praggya Das, Director, DSIM, RBI, BKC, Bandra, Mumbai,
15. Shri Kalicharan, DEA, Dept. of Economic Affairs
16. Dr G.M.Boopathy, DDG, CSO
17. Shri M.V.S Ranganadham, DDG, NSC
18. Shri S.K.Gupta, DDG, CSO
19. Sh Sanjay Kumar, DDG, CSO

2. Minutes of the second meeting held on 27th January, 2011

List of the participants is annexed.

At the outset, the Chairman welcomed all the members and other participants, recapitulated the mandate of the Committee and requested the Chairmen of the two Sub-committees constituted on 26th August 2010 (one on De-seasonalisation of Price Indices and the other on Integration of price collection for CPI (Urban) and CPI (IW)) to explain their recommendations for discussion.

De-seasonalisation of Price Indices

Explaining various recommendations, the Chairman of the 'Sub-committee on De-seasonalisation of price indices' stated that de-seasonalisation is required for comparison of month to month or quarter to quarter variations in the price indices and also for other purposes. For this, it is necessary to analyze at least 60 months data before finalizing a model. Detailed discussion took place on the various aspects and following decisions were taken:

- De-seasonalisation of all the existing price indices should be done.
- The de-seasonalised indices may be released by a single agency.
- Methodology/model should be formulated/developed by analyzing at least 60 months price data and suitable expert agency may be engaged for this purpose, if required.

Integration of price collection for CPI (Urban) and CPI (IW)

The Chairman emphasized that the mandate of that Sub-Committee was limited to the integration of the price data collection process, so that different indices could be computed from a single dataset collected by a single agency as recommended by the NSC. Briefing the recommendations, the Chairman of the 'Sub-committee on Integration of price collection for CPI (Urban) and CPI (IW)'

stated that consensus was arrived to resolve technical bottlenecks in integration of price collection. However, the Sub-committee remained inconclusive on the issue of data collection by a single agency. These issues were discussed at length and the following decisions/agreement emerged:

- Suggestion for resolving technical bottlenecks in integration of price collection for CPI (Urban) and CPI (IW) may be placed before the appropriate committee for consideration.
 - All the members, except representative from Labour Bureau, agreed on data collection by a single agency. Labour Bureau was requested to provide their dissent note on this issue, if any.
5. The meeting ended with a vote of thanks to the Chair.

List of the participants, who attended the meeting of the 'Committee on Price Statistics' held on 27th January 2011 at Central Statistics Office (CSO), Sardar Patel Bhawan, New Delhi.

1. Dr. Sudipto Mundle, Member (NSC).....Chairman
2. Shri Ashish Kumar, ADG (NAD)
3. Dr. Kewal Ram, Sr. Economic Adviser (Consumer Affairs)
4. Dr. Himansu, CSRDSSS (JNU)
5. Dr. Pami Dua, Delhi School of Economics
6. Shri B.N.Nanda, DG (Labour Bureau)
7. Shri A.K. Sadhu, Economic Adviser (DIPP)
8. Dr. Rudrani Bhattacharya, NIPFP
9. Shri A.K. Chakraborty, Adviser, RBI
10. Shri M.V.S.Ranganadham, DDG (NSC)
11. Dr. G.M.Boopathy, DDG (NAD)
12. Shri Sarvesh Kumar, DDG (FOD)
13. Shri S.K.Gupta, DDG (PCL)
14. Shri Sanjay Kumar, DDG (PCL)
15. Shri Arunish Chawla, Planning Commission
16. Shri Harbinder Singh, DDG, Labour Bureau
17. Shri R.K.Gupta, Director, Labour Bureau
18. Shri S.S.Negi, Director, Labour Bureau
19. Shri Pradeep Chauhan, Director, DES, Himachal Pradesh
20. Shri D.K.Sinha, Joint Director (PCL)
21. Dr. Sanjay Kumar, Assistant Director (PCL)

3. Minutes of the third meeting held on 13th April, 2011

The list of the participants is annexed.

2. The third meeting of the 'Committee on Price Statistics' was held on 13.04.2011 to finalize the report, which was circulated to the members on 21st March 2011 for their consideration and comments. The draft report was discussed para-wise. Comments and modifications suggested by the members were incorporated in the report. Director General (Labour Bureau) stated that the Bureau is not in favour of integrating the processes of price data collection for CPI-IW and CPI-U. He submitted a note of dissent also, which was included in the report as Appendix B.

3. It was decided that the finalized report would be circulated to all members for their signature. The Chairman thanked all the members for their cooperation in accomplishing the tasks assigned to the Committee and bringing out this report. The meeting ended with the vote of thanks to the Chair.

List of the participants, who attended the third meeting of the 'Committee on Price Statistics' held on 13.04.2011 at Central Statistics Office, Sardar Patel Bhawan, New Delhi.

1. Dr. Sudipto Mundle, Member (NSC).....Chairman.
2. Shri Ashish Kumar, ADG (NAD).
3. Dr. Himansu, CSRDSSS (JNU).
4. Shri B.N.Nanda, DG (Labour Bureau).
5. Shri A.K. Sadhu, Economic Adviser (DIPP).
6. Dr. Rudrani Bhattacharya, Economist (NIPFP).
7. Shri Abhiman Das, Director, RBI.
8. Dr. G.M.Boopathy, DDG (NAD).
9. Shri Sarvesh Kumar, DDG (FOD).
10. Shri Sanjay Kumar, DDG (PCL), CSO.
11. Shri Kali Charan, Dy. Economic Adviser, Ministry of Finance.
18. Shri S.S.Negi, Director, Labour Bureau.
12. Shri K. Vijay Kumar, Joint Director, DES Andhra Pradesh.
13. Smt. Anuja Bapat, Director (PCL), CSO.
14. Shri D.K.Sinha, Joint Director (PCL), CSO.
15. Dr. Sanjay Kumar, Assistant Director (PCL), CSO.

Comments of Dr. Arunish Chawla, Planning Commission, Govt. of India

1. Even after the sub-committee of the Expert Group suggested reasonable solutions to all their demands, it was surprising that Labour Bureau chose to add a note of dissent. We strongly oppose this note of dissent. It is a fundamental principle, that statistics must always be collected by a neutral body, at arms length from any user agency, who would always be seen as an interested party. This undermines the credibility of the price statistic being collected. Sensitive data, like prices, must always be collected by a single unified agency like the Central Statistical Organisation, which has a large enough presence throughout the length and breadth of the country.

2. Labour Bureau collects its data through state organizations. This introduces a great degree of heterogeneity and errors. Planning Commission has a long experience of the use of price indices in poverty estimates, and the price data compiled by the Labour Bureau has often been problematic (Deaton and Tarrozi, 2000; Deaton, 2003).

3. Labour Bureau compiles CPI-IW from only 78 centres, whereas the CSO has set up an elaborate urban price data collection system in 310 towns and cities, which includes all state capitals and prominent towns/cities.

4. Industry now-a-days includes the construction sector, which has been growing very fast and employs a large number of wage workers. From this point of view, CPI-IW is not even truly representative of the industrial workers.

5. The Expert Committee has made a very sensible suggestion that field data must be collected by a unified agency namely the CSO. Labour Bureau can always select

its own weighting diagram and even use a subset of the centres from which the CSO data is compiled, and then use it for compiling its own index. This, in no way, takes away its freedom and independence, and yet, the reliability of price statistics in the country would be greatly enhanced.

6. This will be a major reform in the collection and release of prices statistics in the country, we fully supports the majority and near consensus views of the Expert Committee of Price Statistics set up by the National Statistical Commission.

Sd/-

(Arunish Chawla)

Planning Commission,

Government of India.